



AUSTRALIAN
LOCAL GOVERNMENT
ASSOCIATION

2024 NATIONAL STATE OF THE ASSETS REPORT

Future proofing our communities

JULY 2024



2024 NATIONAL STATE OF THE ASSETS REPORT

Future proofing our communities

The cycling paths, roads, bridges, libraries, airports and recreation centres that create healthy, sustainable, productive and liveable communities are built and managed by local governments.

We create jobs, build social cohesion, support lifelong learning, improve local amenity, and support every aspect of Australians' lives.

Together, we do this on only around three percent of the nation's taxes.

This National State of the Assets Report (NSoA) is the latest in a series of reports we have commissioned to monitor and assess how councils are addressing the challenges of maintaining council infrastructure.

The key finding in this year's report is that eight per cent of local government infrastructure assets are in poor condition, with significant defects needing intervention and repair.

Encouragingly, this is an improvement on the previous report from 2021, which identified that 10 per cent of local government infrastructure was in poor condition.

This improvement can be attributed to a significant increase in federal funding for local community infrastructure and services from both Coalition and Labor Governments over the past three years.

This increased funding has been welcomed by councils and communities and is delivering tangible benefits across the country.

It is vital that we continue to invest in our communities, so the costs of infrastructure renewal aren't passed on to future generations.

Often the infrastructure funding councils receive is limited to delivering new projects and doesn't include support for ongoing maintenance.

It is untied funding – including through federal Financial Assistance Grants – that allows us to sustainably manage our local community infrastructure and services.

With you, ALGA continues to advocate for Financial Assistance Grants to be restored to at least one per cent of Commonwealth taxation revenue, so we can maintain, refresh and revitalise the local facilities and services that Australians use every day.



Cr Linda Scott
ALGA President

Summary

ALGA commissioned the NSoA Report to help councils and our communities understand whether the state of local government infrastructure is improving, getting worse or staying the same.

The 2024 NSoA Report shows within existing resources and capacity constraints the condition, function and capacity of local government assets has improved slightly since the 2021 report.

This report shows while overall 65 to 71% of local government infrastructure assets are in good condition, function, and capacity around 20 to 30% are in fair condition, function, capacity, and less than 10% are reported poor to very poor.

It is estimated the replacement cost of all poor to very poor assets is between \$50 to \$55bn.

The estimated replacement cost of assets in fair condition, function, capacity is estimated to be in the order of \$143bn - \$179bn.

Analysis of each infrastructure category show that while there is variation between categories, each require attention and additional investment beyond current levels if the condition, function and capacity of these assets are to improve.

While not all poor and fair rated infrastructure needs immediate replacement, it is important that each infrastructure asset is assessed to fully understand the implications including the risks associated with each asset when it exceeds its design life.

Of note is the need to monitor and communicate the trade-offs on performance, cost and risk associated with balancing needs, expectations with the financial realities of what can be afforded in the short, medium and long term.

This is particularly important in growing and declining population centres.

The task of monitoring the performance of local government assets in all categories is resource intensive, requiring skilled professionals to make careful judgements on the remaining life of a vast array of materials.

This report highlights the importance of reliable and credible data to support decision-making and the critical role of asset management planning and long-term financial plans in every council.

When surveyed for this year's report, many councils expressed higher confidence in their condition assessment data compared to function and capacity data.

This highlights the need for continued capacity building within the sector to develop, strengthen and implement credible, reliable and up to date asset management and long-term financial plans.



Background

The Australian Local Government Association (ALGA) is the national voice of local government, representing 537 councils.

Local government employs 208,800 people in almost 400 occupations, which is nearly 10% of the total public sector.¹

Collectively, local government is responsible for one-third of all Australia's public infrastructure assets.²

Around 75% of local councils are in regional, rural, and remote areas compared to 25% located in urban metropolitan areas.

Effective stewardship of community infrastructure assets ensures that they are available and functional for current and future generations, promoting a high quality of life and supporting economic stability and growth.

This publication is based on the findings of the 2024 NSoA Technical Report prepared by the Institute of Public Works Engineering Australasia (IPWEA) in partnership with ALGA.

The 2024 NSoA Report is the sixth in a series of comprehensive reports commissioned by ALGA with the aim to better understand the scope and magnitude of local governments role in managing its non-financial assets.

NSoA reporting is based on survey data provided by 458 councils (approximately 85% of all councils) across eight community infrastructure asset categories.

¹ ABS Public sector employment and earnings September 2023

² ABS 2024, GFS Cat. N° 5512.0, 2022-23



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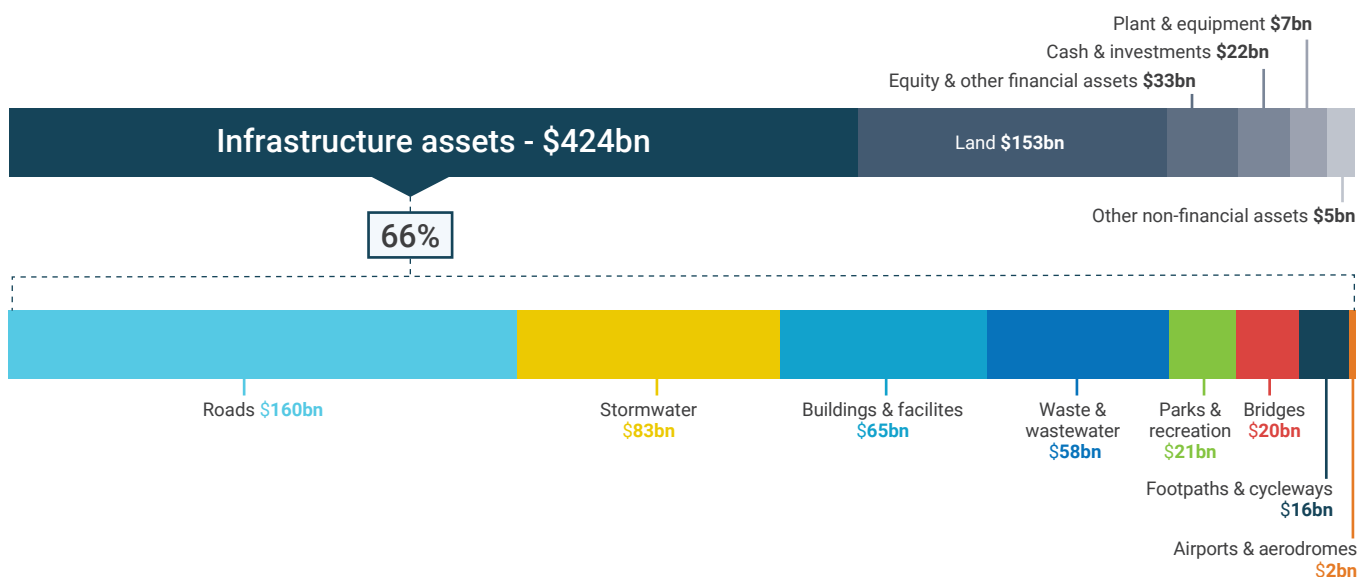


Local government is asset intensive

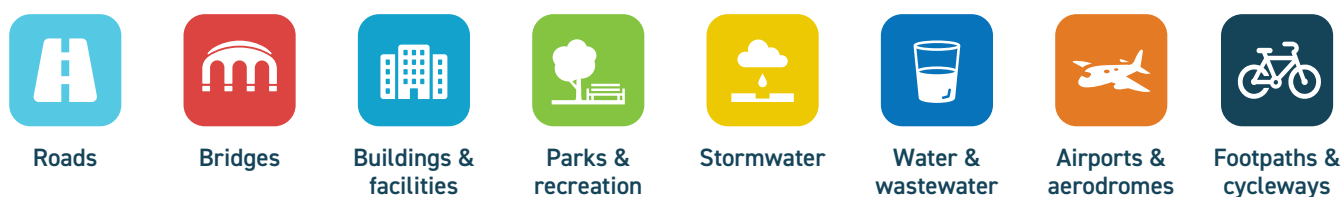
Of the three levels of government in Australia, local government is by far the most asset intensive. With around \$60bn of total revenue in 2022-23, this number is dwarfed by the \$643bn value in total assets under its control.

Infrastructure assets that provide services to our communities account for \$424bn (66%) or approximately two-thirds of the total asset portfolio.³

Figure 1: Comparison of financial and infrastructure assets controlled by local government.



Asset Categories include:



NSoA collects data on three core indicators: condition, function and capacity measured as a proportion of the total replacement cost in each asset category.

- ▶ **Condition** - Quality - *How good is the service?*
- ▶ **Function** - Suitability - *Is it the right service?*
- ▶ **Capacity** - Utilisation - *Do we need more or less of these services?*

They are assessed as: ■ **Good** ■ **Fair** ■ **Poor**

Headline findings

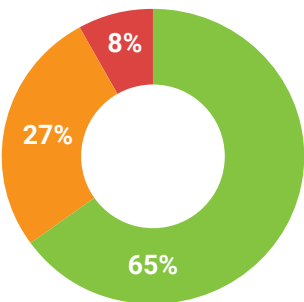
Condition

On average:

8% of local government infrastructure assets are in **poor condition** with significant defects requiring higher order cost and interventions.

27% of local government infrastructure assets are in **fair condition** with defects requiring regular and/or significant maintenance to reinstate the service.

65% of local government infrastructure assets are in **good condition** infrastructure has minor defects but will require increasing planned maintenance.



Good Fair Poor

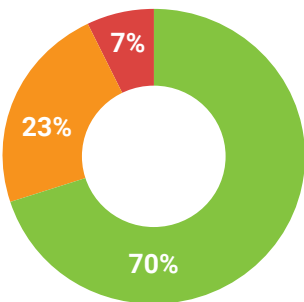
Function

On average:

7% of local government infrastructure assets have **poor function** and have limited ability to meet a program/service needs.

23% of local government infrastructure assets have **fair function** with most meeting program/service needs with some inefficiencies and ineffectiveness.

70% of local government infrastructure assets have **good function** satisfying program/service delivery needs in an acceptable manner.



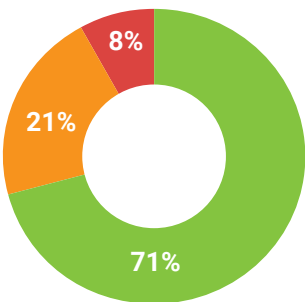
Capacity

On average:

8% of local government infrastructure assets have **poor capacity** with demand exceeding or well below design capacity displaying significant operational issues.

21% of local government infrastructure assets have **fair capacity** with demand approaching design capacity and operational problems occurring.

71% of local government infrastructure assets have **good capacity** with utilisation within design capacity and occasional operational problems experienced.



Commentary

These results demonstrate that approximately 65% to 70% of local government assets are in relatively good condition, function reasonably well and are utilised within their original design capacity.

However, around 20% to 30% are in fair condition, function, capacity, and less than 10% are poor to very poor.

This is a small improvement on the 2021 results in part due to the increased funding for local government over this period.

Despite increased investment, the estimated replacement cost of all infrastructure assets in poor condition, function, and capacity is estimated to be in the order of \$50 to \$55 billion, close to the \$60 billion received in total annual revenue for the 2022-23 financial year.

The estimated replacement cost of assets in fair condition, function, capacity is estimated to be in the order of \$143bn - \$179bn.

While not all poor and fair infrastructure needs immediate replacement, it is important each item of infrastructure be regularly assessed to fully understand the risks and implications of not maintaining assets in fair and poor condition, function and capacity.



Roads

Local roads make up approximately 38% of total local government infrastructure assets representing 77% of the national road network by length.

These roads are vital for supporting Australians to travel to their jobs, schools, social gatherings and health services, and supporting businesses to transport their goods to market.

Sealed and unsealed roads have a replacement cost of \$250bn. Despite ongoing investment from councils, the 2024 NSoA Report shows \$23.1bn are in poor condition, \$18.7bn have poor function and \$17.0bn have poor capacity.

The local roads network is comprised of 39% sealed road (length 265,000 km), and 61% (length 413,000 km) unsealed roads.

These results indicate that 9% of sealed roads are in poor condition. This is one percentage higher than reported in 2021.

13% of unsealed roads are in poor condition. This is one percentage lower than reported in 2021.

The replacement cost of sealed roads in poor condition is \$19.2bn.

The replacement cost of unsealed roads in poor condition, many of which are in the regional, rural, and remote areas, is \$3.9bn.

The replacement cost of sealed roads in poor condition is much higher due to the higher costs of replacing them compared to unsealed roads.

Poor to very poor roads can have significant social, safety and productivity implications at a local level as well as at a national level. For example, a poor section of road resulting in delays on an important freight route can have a significant negative impact on local, regional, state and ultimately national productivity.

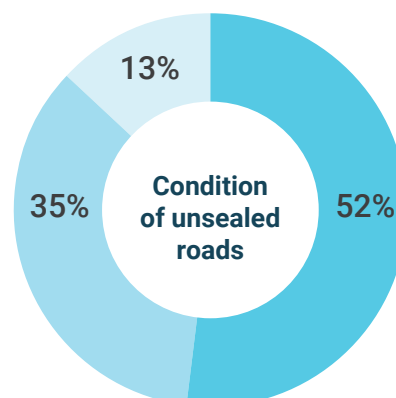
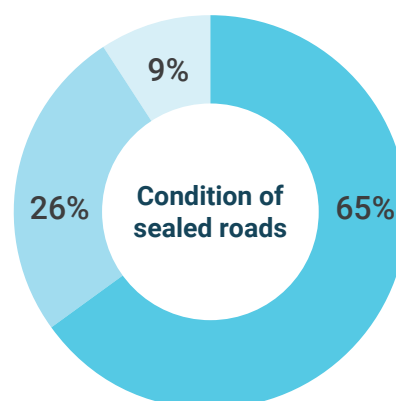
At a community and business level poor roads compromise access to goods and services, create bottlenecks for freight and increase risk to road safety generally.



38% of total local government infrastructure

\$250bn replacement cost

\$23.1bn are in **poor condition**
\$18.7bn have **poor function**
\$17.0bn have **poor capacity**



Good Fair Poor

Bridges

Bridges are an important part of the road transport network. They come in many forms from multi-lane concrete road bridges and major culverts to single-lane timber structures located in many rural areas.

These assets are high-cost investments and have a high consequence of failure if not maintained properly.

Load restrictions or bridge failure can have major safety, social and economic implications.

Local councils have responsibility for more than 22,000 bridge structures. Many timber bridges are old and do not meet the requirements of the modern transport fleet.

Bridges make up 5% of total local government infrastructure and have a replacement cost of \$31bn.

The 2024 NSoA Report shows the value of bridges totalling \$2.1bn are in poor condition, \$2.0bn have poor function and \$2.1bn have poor capacity.

Results show 6% of concrete bridges are in poor condition, a one percentage point increase from 2021.

The replacement cost of concrete bridges in poor condition is \$1.7bn.

18% of timber bridges are in poor condition, the same amount reported in 2021.

The replacement cost of timber bridges in poor condition is \$365M.

For more than 70 years, road authorities including local governments have invested in timber bridge maintenance and construction. These investments have been essential in keeping these bridges safe and open to traffic. Yet, despite this investment, many bridges remain beyond their original design life and are not fit for purpose.

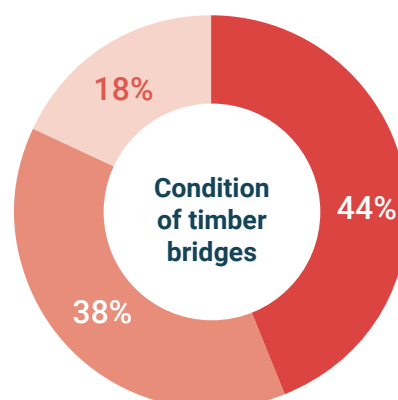
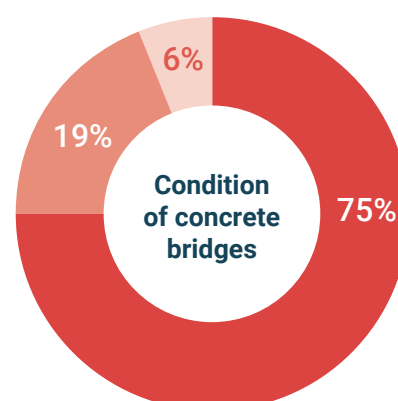
In part, this is because grant funding appears to be allocated to structures on 'high order' roads while many local government timber bridges are located on 'low order' roads having many 'first and last mile' implications if left in a poor state of repair.



5% of total local government infrastructure

\$31bn replacement cost

\$2.1bn are in **poor condition**
\$2.0bn have **poor function**
\$2.1bn have **poor capacity**



Good Fair Poor

Buildings & facilities

There are many buildings and facilities managed by local government.

Compared to most other local government assets, council buildings and facilities serve a multitude of functions. For a typical local government, these functions can include:

- ▶ **Administration**
Building permits | Information and records | Town planning
- ▶ **Community services**
Art galleries | Cultural centres | Libraries | Recreation | Young and aged care
- ▶ **Public meetings**
Council Chambers | Community halls
- ▶ **Public works**
Offices | Depots

Buildings and facilities make up 15% of total local government infrastructure and have a replacement cost of \$102bn.

The 2024 NSoA Report shows in total \$8.3bn are in poor condition, \$7.2bn have poor function and \$8.3bn have poor capacity.

Results show that 8% of buildings and facilities are in poor condition, a two-percentage point improvement from the 10% reported in 2021. This can be attributed to an increase in community infrastructure funding for councils since the last report was published.

Buildings are complex assets with many material components lasting anywhere between two and 80+ years. In addition, changing standards and expectations add to the complexity of managing these assets. The demand for greater energy efficient systems in council buildings is one example.

While some council buildings are under the direct management of local government, many are managed on a day-to-day basis by other entities such as sporting clubs, community groups or other such parties that may have built on council land under a lease arrangement. Ultimately, ownership resides with the council and remains on the balance sheet.

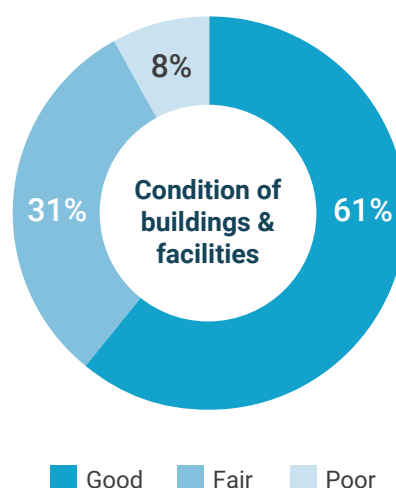
Understanding the remaining life of critical components helps determine the timing of future outlay requirements ensuring the asset provides the services the community expect. It is therefore critical that data and information systems are configured to support this objective.



15% of total local government infrastructure

\$102bn replacement cost

\$8.3bn are in poor condition
\$7.2bn have poor function
\$8.3bn have poor capacity



Parks & recreation

Australians spend a lot of time visiting local parks and recreational facilities.

A typical park includes a variety of features and amenities designed to provide recreational, social, and environmental benefits to the community. While the specific offerings can vary based on the park's size, location, and the community's needs, common elements found in many local parks include:

- ▶ Green spaces and landscaping
- ▶ Playgrounds
- ▶ Sporting facilities
- ▶ Restrooms
- ▶ Picnic and BBQ areas
- ▶ Lighting and safety features
- ▶ Parking areas

Parks and recreation assets make up 5% of total local government infrastructure and have a replacement cost of \$32bn.

The 2024 NSoA Reports shows \$2.9bn are in poor condition, \$1.9bn have poor function and \$2.1bn have poor capacity.

Results show 9% of parks and recreation assets are in poor condition, a one percentage point increase from the 8% reported in 2021.

The task of monitoring the performance of parks and recreation assets is highly resource intensive.

Park assets have a higher operating cost ratio compared to any other asset category considered in this report. For example, regular mowing, inspection of equipment and vegetation requires a skilled workforce, and high usage can lead to significant wear and tear on facilities, necessitating frequent repairs and replacements.

With limited space in urban areas many councils are required to be more creative by building park projects that provide mutual benefits, such as public access spaces that also serve as flood control.

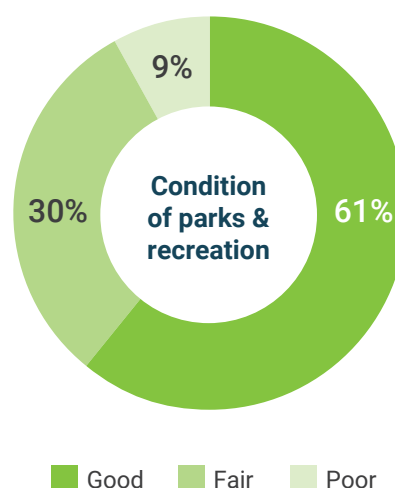
Councils must navigate these challenges to provide high-quality, accessible, and sustainable parks for their communities.



5% of total local government infrastructure

\$32bn replacement cost

\$2.9bn are in **poor condition**
\$1.9bn have **poor function**
\$2.1bn have **poor capacity**



Stormwater

Stormwater systems range from large open channel storm drains and flood detention basins to water sensitive urban designs and natural riverine systems.

While stormwater management is the responsibility of both state and local governments, local government manages stormwater infrastructure assets valued at approximately \$83bn.

Stormwater assets make up 20% of total local government infrastructure and have a replacement cost of \$130bn.

The 2024 NSoA Report shows \$7.9bn are in poor condition, \$13.4bn have poor function and \$15.2bn have poor capacity.

Results show 6% of stormwater assets are in poor condition, the same amount reported in 2021.

As our cities, towns and suburbs expand the increased run off due to the greater number of impervious surfaces, (ie more concrete, paved roads and roofing) increases. Coupled with increasing intense rainfall events, there is potential to overwhelm the existing stormwater infrastructure networks, which were designed for lower levels of rainfall intensity and runoff.

Most stormwater assets in Australian urban areas are made of concrete and generally have a design life between 100 and 150 years. In many towns and cities most of their drainage infrastructure is decades old and designed to meet standards which are no longer appropriate.

Many of the country's legacy urban stormwater systems are struggling with the high cost of retrofits needed to address urban flooding and climate change. Upgrading large networks of aging systems underneath densely populated areas carries significant costs and engineering challenges.

Rural areas serviced by open channel drains are not typically designed to achieve urban drainage outcomes.

Consequently, rural drains will need to be upgraded or replaced with ones that are more appropriate when urban areas expand into these locations.

With few dedicated funding sources, multi governance and ownership structures, expansive networks of aging assets, increasingly stringent water quality regulations, and concerning climate change projections, the expected performance of stormwater systems is likely to decline without sufficient and effective intervention.



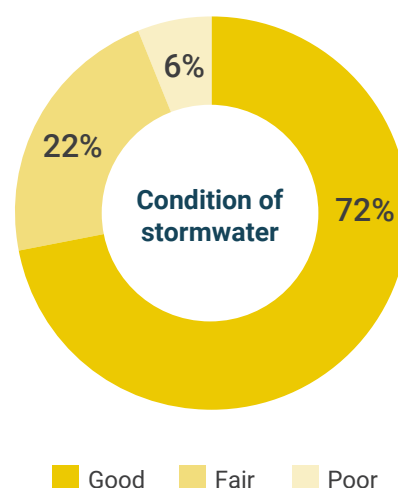
20% of total local government infrastructure

\$130bn replacement cost

\$7.9bn are in **poor condition**

\$13.4bn have **poor function**

\$15.2bn have **poor capacity**



Water & wastewater

Water and wastewater infrastructure directly affects our public health. When it's working properly, it provides us with safe drinking water and limits the pollution of our local rivers and streams.

Local government, primarily in regional and rural parts of New South Wales and Queensland are responsible for the pipes, pumps and treatment facilities that bring clean water to our homes, and collect, and treat wastewater, all of which is essential to the day-to-day functioning of our communities.

Around 50 South Australian councils currently operate more than 175 Community Wastewater Management Systems (CWMS) throughout that state.

Water and wastewater assets make up 14% of total local government infrastructure and have a replacement cost of \$91bn.

The 2024 NSoA Report shows \$9.5bn are in poor condition, \$4.4bn have poor function and \$5.5bn have poor capacity.

Results show that 10% are in poor condition, a six percentage point improvement from that reported in 2021.

For regional towns, water utilities often rely on a single supply source, with no physical link to an alternative bulk water supply. The lack of supply diversification creates further water security risks for these communities.



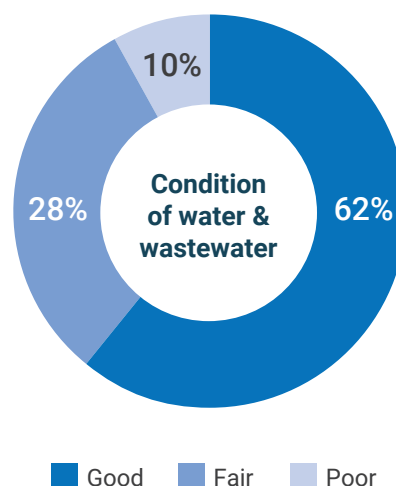
14% of total local government infrastructure

\$91bn replacement cost

\$9.5bn are in **poor condition**

\$4.4bn have **poor function**

\$5.5bn have **poor capacity**



Airports & aerodromes

In Australia, there are around 340 airports certified or registered by the Civil Aviation Safety Authority as having significant regular passenger transport services and about 2,000 much smaller aerodromes, airfields, and landing strips across the country.

Except for several defence and private airfields, most of the remaining airports are owned and operated by approximately 200 local government entities in the regional, rural, and remote areas of the country, each having a fundamental role in serving both their local communities and the Australian economy more broadly.

In the 1950s, ownership of many Australian Government owned airports was transferred to local governments and between 1989 and 1993 they were given full management and financial responsibility for them.

Under the transfer deeds, councils are obliged to continue owning and operating these aerodrome facilities unless they receive federal government permission to close or privatise.

These local government-controlled airports and aerodromes provide essential services for the local community including passenger transport, tourism, postal services, air ambulances, emergency services, crop dusting, surveying, and flight training. In some cases, the airport is the only means of passenger access to and from the local community.

The composition of these airports typically include land, runways, taxiways, aprons, control tower, general aviation storage and maintenance facilities, terminal and administration buildings, parking, roads, drainage, water and wastewater systems, power supply and associated operating assets that provide essential services to a range of customers.

Airport and aerodrome assets make up less than 1% of the total infrastructure and have a replacement cost of \$3.6bn.

It is estimated \$437M are in poor condition, \$504M have poor function and \$513M have poor capacity.

Many regional airports in Australia operate at a loss each year and are heavily dependent upon cross-subsidisation from other local government functions that face multiple and competing demands on their limited financial resources.



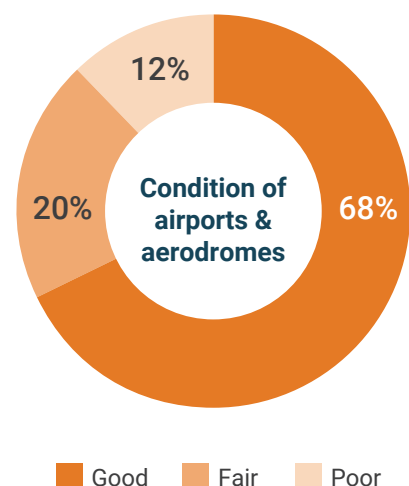
1% of total local government infrastructure

\$3.6bn replacement cost

\$437M are in **poor condition**

\$504M have **poor function**

\$513M have **poor capacity**



Footpaths & cycleways

Footpaths and cycleways are integral components of the country's transportation infrastructure, promoting active travel, reducing traffic congestion, and encouraging healthier lifestyles.

Each footpath and cycleway is designed to cater to specific user needs and environmental contexts, promoting safety, accessibility, and enjoyment for all users.

Footpaths common in cities and towns, provide safe walkways for pedestrians along streets and through neighbourhoods.

Footpaths in some circumstances can be shared by pedestrians and cyclists and are typically wider to accommodate both types of users.

Cycleways can be separated off-road facilities that physically separate cyclists from motor vehicle traffic. On-road cycleways are typically marked on the road on the outer edge of the carriageway.

Footpaths and cycleways make up 4% of total local government infrastructure and have a replacement cost of \$25bn.

The 2024 NSoA Report shows \$1.4bn are in poor condition, \$1.5bn have poor function and \$1.6bn have poor capacity.

Results show 6% are in poor condition.

With the advent of e-scooters, and other off-road mobility devices, councils are having to contend with increasing conflict between users.

Careful planning and community engagement that considers innovative solutions can work towards overcoming these obstacles and promote active transportation in a safe and accessible way.



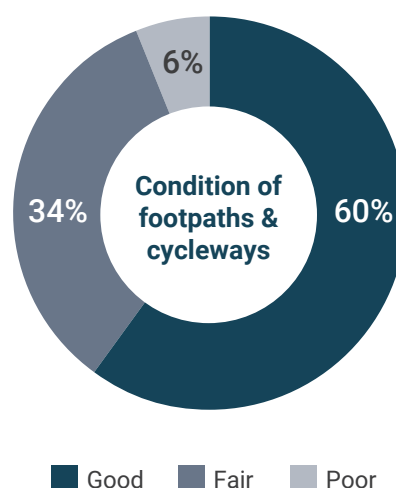
4% of total local government infrastructure

\$25bn replacement cost

\$1.4bn are in poor condition

\$1.5bn have poor function

\$1.6bn have poor capacity





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