

PARADISE COUNCIL – SUMMARY I&

Context

Paradise Council is located in the outer metropolitan fringe east of Adelaide, offering urban and rural lifestyles.

Council is a growing municipality and is the custodian of an extensive range of community assets that deliver a range of services.

To ensure the appropriate infrastructure is in place for current and future generations, Paradise Council is required to adopt an Infrastructure & Asset Management Plan to guide investment decisions.

The Purpose of the I& Plan

The purpose of the Infrastructure & Asset Management Plan is to:

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

The Infrastructure & Asset Management Plan provides a summary of the infrastructure assets, their performance and actions required to achieve the objectives outlined in the Strategic Management Plan.

Council's Community Vision, formed following extensive deliberative engagement, identified the community's aspirations for the future of the Council.

Any trade-offs on performance, cost, and risk will be reviewed as part of ongoing deliberative engagement with the community. Where risks are considered high, due assessment and control measures will be employed to ensure exposure is minimised as much as possible.

The Approach

Paradise Council's goal in managing infrastructure assets is to meet the required level of service in the most cost-effective manner.

The Infrastructure & Asset Management Plan incorporates the asset management policy and strategy by incorporating a whole of lifecycle approach to forecast the outlays required to deliver the strategic objectives outlined in the Strategic Management Plan.

Future operating, maintenance, and capital renewal outlays are based on sustaining current 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.

The combined forecast lifecycle outlays required are balanced with the funds made available in the 10-year Financial Plan ensuring services are provided at an affordable level.

All dollar values in this document are presented in 'real terms' (i.e., net of inflation) as of 30 June 2022.

The Assets and Services we provide

Community values, stakeholder expectations and sustaining services at an affordable level are typically high on the agenda for ratepayers and members of the community.

Council's infrastructure assets provide a wide range of services throughout the municipality.

• Local Roads	1000 km
• Footpaths & Cycleways	500 km
• Bridges & Major Culverts	85
• Buildings, monuments & structures	450
• General waste, recycling & organics	
• Parks, playgrounds & open space	700
• Stormwater management	500 km

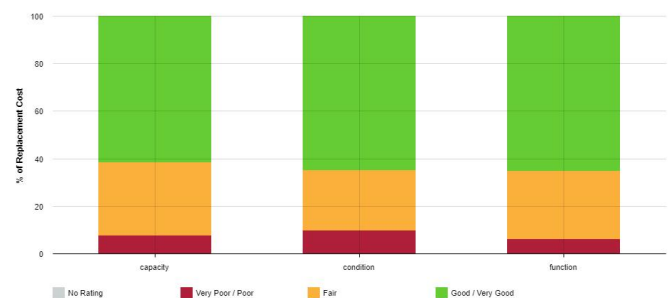
Council also enforces various federal, state, and local laws, such as:

- Public health,
- Traffic, parking, and
- Animal management.

The Gross Replacement Cost of the depreciable assets supporting these services is estimated at \$95M, depreciating at 1.6% or \$1.6M per year (based on current useful life assessments) resulting in a written down value of \$63M as of 30 June 2022.

Infrastructure Asset Performance

The infrastructure assets supporting these services are overall well maintained and operate at a high standard.



State of the Assets

PARADISE COUNCIL – SUMMARY I&

Approximately 8% or \$7.6M of the infrastructure assets are below desired performance levels. The estimated replacement cost of these assets is:

- Kangaroo Ck Bridge \$1.6M
- Saints Swimming Pool \$1.4M
- Magpie Park \$1.3M
- Blues Creek Flood Plan \$1.2M
- Local Roads \$0.8M
- Hawk Public Hall \$0.7M
- Footpaths & Cycleways \$0.6M

The primary focus is to ensure the ongoing provision of safe and fit for purpose infrastructure, access to essential services, timely response to defects and failures ensuring interruptions to services is kept to a minimum.

Future Demand

The main demands for new and/or altered services are created by:

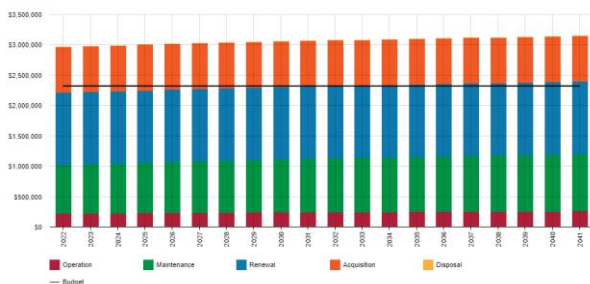
- Population and demographic changes,
- Changing regulations,
- Climate change, and/or
- Increasing costs

These will be managed through a combination of applying non-asset solutions, managing existing assets and acquiring new ones. Demand management strategies include:

- Monitoring and reporting performance and expectations,
- Communicating risks,
- Identifying assets for disposal, and/or
- Adjusting service levels in consultation with the community.

What does it Cost?

The forecast lifecycle outlays required over the next 10-years to deliver on the strategic objectives in the Strategic Management Plan is estimated to cost \$30M or \$3M on average in outlays per year (in real terms).



Forecast lifecycle outlays required to deliver on the objectives in the Strategic Management Plan

Maximising service delivery from our assets and operating at optimal efficiency is our primary focus. Without timely maintenance and capital investment being undertaken when needed, a decline in service, increase in lifecycle costs and risk is likely to occur.

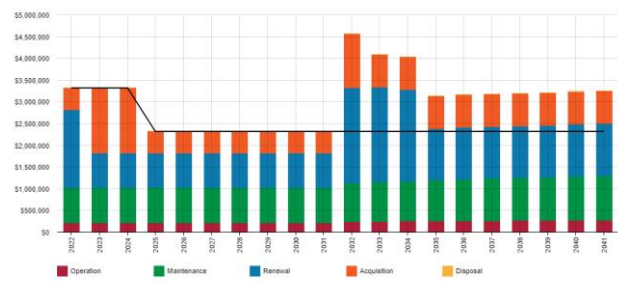
What we will do

The available funding of outlays in Council's long-term financial plan (LTFP) for the same period is \$23.2M or \$2.3M on average per year (in real terms) which is 77% of the estimated cost to deliver services.

The planned budget falls short by \$6.8M or \$0.68M on average per year in financing the outlays required to deliver on the strategic objectives outlined in the Strategic Management Plan.

Deliberative engagement with community ensures we focus on providing services in line with community needs and expectations. We will do this by:

- Improving efficiency by operating, maintaining, replacing, and upgrading of local roads, footpaths & cycleways, public buildings, parks & open space, waste, and stormwater assets in accordance with service targets set in each of the detailed Asset Management Plans,
- Regularly communicating the service, cost, and risk trade-offs of delivering an affordable service level scenario, and
- Increasing borrowings by \$3M in the short-term to replace a number of high-risk assets (\$1M) and deliver priority upgrade/new projects to meet demand (\$2M).



Forecast Lifecycle outlays balanced with the 10-year Financial Plan

Within the first 10-years of the planning period, we will therefore increase the available funds to \$26.2M or \$2.6M on average per year to deliver an estimated:

- \$10.2M in operational and maintenance activities,
- \$9.0M in capital renewal projects, and
- \$7.0M in capital upgrade/new projects.

Modelling shows that the LTFP can remain financially sustainable when borrowing this additional \$3M without any additional unplanned impact on rates or charges.

PARADISE COUNCIL – SUMMARY I&

What we cannot do

The cost of outlays for priority works and services that cannot be provided in the first 10-years of the planning period is \$3.8M or \$380,000 on average per year, resulting in a deferral of approximately:

- \$0.5M increased operational costs to operate and maintain new and existing assets,
- \$2.8M in priority capital renewal projects, and
- \$0.5M in priority capital upgrade/new projects.

Managing the Risks

There are risks associated with providing any service and we have identified the major risks as:

- Financing the estimated remaining \$3.8M (13%) shortfall in priority projects, programs, and activities to deliver on all the Strategic Management Plan objectives over the next 10-years, including
- Forecast increasing maintenance and servicing costs (in real terms) over the next 10-years due to the acquisition of new and upgraded assets have not been allowed for, and
- Accelerated deterioration of several ageing assets.

We will endeavour to manage these risks within available funding limits by:

- Improving efficiency by ensuring preventative maintenance schedules are maintained and enhanced,
- Investigating procurement strategies and alternative cost-effective treatments to reduce replacement and lifecycle costs,
- Improving management and prioritisation processes for capital renewal and upgrade programs,
- Undertaking sample annual condition, function, and capacity reviews to better understand performance and report status to the community, and
- Balancing community expectations with an affordable and sustainable service delivery model.

Subject to outcomes of the above it may still be necessary to spend more on managing assets to maintain services in future. This will be closely monitored over time and outcomes will be reported in future plan updates.

The Next Steps

The medium to long-term outlook suggests that priorities should remain focused on ensuring operations, maintenance and replacement of existing assets remain at sustainable levels whilst monitoring

and responding to demand and growth challenges as they occur.

The actions resulting from this summary I& are:

1. To employ a continuous improvement strategy to assess and report on the condition, function, and capacity of Council-controlled assets,
2. Develop and confirm current and desired levels of service in consultation with the community to understand sustainable and affordable levels of service, and
3. Assess remaining life of our assets and align with up-to-date performance data and knowledge aligned with the financial reports.