Shire of Coolgardie

Asset Management Plan

2026-2036

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EXECUTIVE SUMMARY

This Asset Management Plan (AMP) has been prepared to assist the Shire of Coolgardie with long-term financial planning and to support the delivery of Council services to the community through its infrastructure assets. These assets include buildings, roads, footpaths, stormwater drainage, parks and recreation facilities, landfill infrastructure, sewerage systems and other supporting infrastructure. Council has a stewardship role in managing infrastructure and land assets with an estimated replacement value of approximately $293 million, which provide the foundation for the delivery of essential community services across the district.

The primary purpose of this AMP is to ensure that infrastructure assets continue to provide the required levels of service to the community in the most cost-effective and sustainable manner. Effective asset management enables Council to plan for the maintenance, renewal and replacement of infrastructure over time, ensuring that assets remain fit for purpose and capable of supporting the current and future needs of the community.

The total infrastructure portfolio has an estimated replacement value of approximately $293 million and a current fair value (depreciated replacement cost) of approximately $151 million. The effective and efficient management of this portfolio is essential to ensure that assets are maintained at appropriate service levels while remaining financially sustainable and affordable for the community.

Based on current condition assessments and lifecycle modelling, the projected renewal expenditure required to maintain existing service standards averages approximately $9.41 million per annum over the next ten years. This represents the estimated annual investment required to ensure assets are renewed at the appropriate time and continue to meet the required service levels. Actual renewal expenditure will vary from year to year depending on the timing of individual asset renewal programs and major capital projects

What is an asset?

An asset is an item of property owned or controlled by Council that provides value and supports the delivery of services to the community. Council's assets include a wide range of infrastructure such as roads, footpaths, buildings, parks and playgrounds, stormwater drainage systems and other public infrastructure.

What is an asset management plan?

An AMP is a strategic document that assists Council to effectively manage its infrastructure and other assets to deliver an agreed standard of service to the community. The AMP outlines the maintenance, renewal and replacement requirements for each asset group and identifies the level of investment required over the next ten years to ensure assets continue to meet defined service standards.

What is a service level?

A service level (or level of service) refers to a defined standard against which the performance of an asset or service can be measured. Service levels may relate to factors such as quality, reliability, accessibility, responsiveness, environmental outcomes and cost.

How do we determine service levels?

Service levels are determined through a combination of legislative requirements, strategic objectives, operational considerations and feedback from the community. These factors help ensure that the services delivered through Council's infrastructure assets align with community expectations and available resources.

How do we determine when renewals are required?

Asset renewal requirements are determined by assessing the ability of an asset to continue providing the required level of service. This involves regularly reviewing the condition, performance and remaining useful life of assets, and using this information to prioritise renewal or replacement works.

Why does Council need an Asset Management Plan?

Under section 5.56 of the **Local Government Act 1995**, local governments are required to prepare a Plan for the Future. While this requirement specifically refers to the Community Strategic Plan and the Corporate Business Plan, Asset Management Plans and Long-Term Financial Plans form key supporting documents within the Integrated Planning and Reporting framework. These documents assist Council to plan for the long-term sustainability of infrastructure assets and are also used to calculate and monitor key asset sustainability ratios.

Introduction

Shire Profile

The Shire of Coolgardie is a regional local government located in the eastern Goldfields of Western Australia, approximately 550 kilometres east of Perth. The Shire covers a vast area of more than 37,000 square kilometres and includes the historic town of Coolgardie as well as the major mining and residential centre of Kambalda. Established during the Western Australian gold rush of the 1890s, Coolgardie was once one of the largest towns in the colony and played a pivotal role in the development of the Goldfields region. Today, the Shire retains strong connections to its rich mining heritage while continuing to support modern resource operations and regional service industries.

The local economy of the Shire of Coolgardie is closely linked to the resources sector, with gold and nickel mining forming a significant component of economic activity in the region. The Shire provides essential infrastructure and services to support both resident communities and the transient workforce associated with mining operations. In addition to its industrial base, the Shire is known for its heritage tourism, historic architecture and unique outback character, attracting visitors interested in the region's pioneering history and its role in Western Australia's development.

Purpose

Asset management is critical to achieving a local government's strategic goals within an Integrated Planning and Reporting framework. Asset Management Policies, Asset Management Strategies and Asset Management Plans are informed by, and in turn inform, the community aspirations and service requirements outlined in the Strategic Community Plan. These documents also play a key role in guiding the development and delivery of the local government's strategic direction, service plans, projects and operational activities through the Corporate Business Plan.

Effective asset management supports the preparation of robust Long Term Financial Plans and Annual Budgets, ensuring that the local government has the financial capacity to sustainably deliver services and infrastructure required by the community both now and into the future.

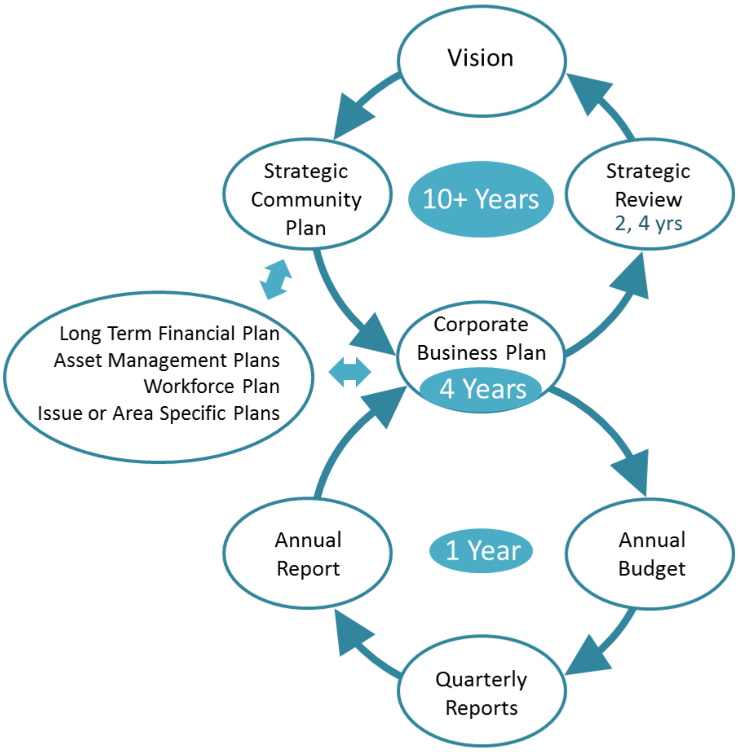
The Asset Management Plan (AMP) outlines the current condition and performance of the Shire's asset portfolio, as well as the maturity of its asset management practices. It identifies the improvements required to ensure that assets continue to support the levels of service expected by the community, as articulated in the Shire's Strategic Community Plan and Asset Management Policy.

Goals and objectives

- The primary objective of this Asset Management Plan is to ensure that the assets owned and operated by the Shire of Coolgardie are effectively managed through appropriate maintenance, renewal and capital investment, so that the required levels of service are delivered both now and into the future.
- In general terms, the cost of maintaining an asset can be reduced through well-planned maintenance programs rather than relying on reactive or unplanned maintenance. However, excessive planned maintenance can also lead to inefficient expenditure. Effective asset management therefore seeks to optimise the timing of infrastructure renewals so that assets are replaced before unplanned maintenance costs become excessive, while also avoiding premature replacement before the asset has reached the end of its useful life.
- The Shire's objective in managing its assets is to deliver the required levels of service in the most cost-effective and sustainable manner for both current and future communities.
- To achieve this objective, several key goals have been identified in alignment with the Shire's strategic vision, including:
- Ensuring the effective management of the Shire's assets in accordance with corporate policies, strategies and objectives, as well as relevant statutory and legislative requirements.
- Maintaining assets that are safe, accessible, appropriately maintained and capable of meeting the needs of the community in a sustainable manner.
- Identifying and planning for the appropriate levels and sources of capital investment required to meet asset renewal and replacement needs.
- Maximising the service potential of existing assets through appropriate utilisation, maintenance and lifecycle management.
- Achieving improved value for money through decision-making processes that consider whole-of-life costing and long-term financial implications.
- Minimising the Shire's exposure to risk arising from asset failure or deterioration.

Overview

The core components of the Integrated Planning and Reporting Framework consist of the Strategic Community Plan, Corporate Business Plan, Long Term Financial Plan, Asset Management Plans, Workforce Plans, Area Specific Plans and the Annual Budget. Below is an outline of the Integrated Planning and Reporting Cycle.



Activities undertaken to ensure alignment between the Asset Management Plans and other elements of the Integrated Planning and Reporting Framework include:

- Supporting the ongoing development and review of asset management policies, strategies and service levels.
- Capturing and evaluating proposals where new assets, upgrades, renewals or asset disposals are involved, using whole-of-life costing principles to inform decision making.
- Considering asset requirements associated with any future organisational changes identified within the Workforce Plan.
- Maintaining an up-to-date asset register and undertaking regular asset condition assessments to provide an accurate understanding of the current state of assets and the extent of renewal or upgrade required to maintain acceptable service levels.
- Monitoring key asset management and financial sustainability ratios to assess performance and long-term asset sustainability.
- Regularly reviewing risk assessments and associated mitigation strategies to ensure that risks relating to critical assets are appropriately managed and minimised.

The effective management of assets is essential to the sustainable delivery of local government services. Infrastructure assets must support the needs and expectations of the community, in alignment with the Strategic Community Plan and the Corporate Business Plan.

Local governments manage significant portfolios of long-lived infrastructure assets. As such, it is important to plan and prioritise the maintenance, renewal and replacement of existing assets, as well as the acquisition of new assets. This requires a long-term, whole-of-life approach to asset management.

Effective asset management also supports the preparation of robust Long Term Financial Plans and Annual Budgets, ensuring that the local government has the financial capacity to deliver its strategic priorities and maintain service levels into the future.

Vision

The Shire of Coolgardie recognises that maintaining a sustainable local government requires a careful balance between the services expected by the community and the financial capacity of the community to fund the infrastructure required to deliver those services. In pursuit of this balance, the Shire's vision is to develop and maintain a robust and mature asset management system that supports informed decision-making and long-term financial sustainability. This system encompasses strong governance frameworks, skilled personnel, effective processes, appropriate tools and reliable asset data to ensure that the Shire's infrastructure and facilities are managed in a cost-effective and fit-for-purpose manner. By adopting a disciplined approach to asset planning, the Shire aims to ensure that its assets continue to meet the current and future needs of residents, businesses and visitors across the district.

Central to this vision is the recognition that sustainable asset management relies on transparent and evidence-based planning. Through detailed lifecycle planning, condition assessments and long-term cost forecasting, the Shire can present clear information to the community about the true cost of maintaining, renewing or expanding infrastructure assets. This enables meaningful engagement with stakeholders when considering future options. Communities naturally seek improved facilities and may resist the retirement or rationalisation of existing assets; however, when the long-term financial implications are clearly understood, more informed and balanced discussions can occur. In this way, asset management planning becomes a critical tool for supporting responsible decision-making and aligning community expectations with the Shire's financial capacity.

Asset Management Plans form a key component of the Shire's Integrated Planning and Reporting framework established under the Local Government Act 1995 and guidance issued by the Department of Creative Industries, Tourism and Sport. Within this framework, three core asset planning outputs guide the Shire's approach: the Asset Management Policy, the Asset Management Strategy and the Asset Management Plans themselves.

Asset Management Policy

An Asset Management Policy outlines a local government's asset management objectives, targets and plans. It establishes a platform for service delivery and provides the framework that enables the Asset Management Strategy and Plans to be produced. The Asset Management Policy must support a 'whole of life' and 'whole of organisation' approach to asset management. The Administration develops the Asset Management Policy for consideration and adoption by the Council, based on Council priorities and community needs.

Asset Management Strategy

An Asset Management Strategy outlines how the local government's assets will meet the service delivery needs of its communities into the future, enable the local government's Asset Management Policy to be achieved, and ensure that asset management is established as an integral part of the local government's IPR suite. This includes the governance and management arrangements for asset management.

Asset Management Plans

Asset Management Plans define levels of service and should be linked to the Strategic Community Plan and Corporate Business Plan. They should be developed for all major asset classes, including but not limited to, roads, drainage, paths, parks and buildings. As mentioned above, there is discretion in the form of documentation, according to the size and nature of the asset base involved.

Activities to ensure alignment between Asset Management Plans and other elements of the Integrated Planning and Reporting Framework suite include:

- Supporting ongoing policy and strategy development for the management of assets, and service level reviews.
- Capturing and evaluating proposals wherever new assets, upgrades, replacements, or asset disposals are involved, utilising whole of life costings.
- Including asset requirements associated with any future changes identified in the Workforce Plan.
- Maintaining an up-to-date asset register and asset condition assessments to show the current state of the assets and provide an indication of the extent of upgrade or renewal required to keep the asset at an acceptable level.
- Monitoring asset ratios.
- Regularly review risk assessment and strategies to ensure that risks to critical assets are managed and minimised.

Governance and Management Arrangements

Good governance and management arrangements ensure that asset management is adequately linked to service delivery. Governance and management arrangements within the Asset Management Plan("AMP") shall be identified as;

- Key roles and positions to undertake asset management.
- The asset management roles and responsibilities.
- Address staff resourcing, funding and training needs.
- Implement high level audit or oversight mechanisms for AMP development and service delivery.
- Implement mechanisms for reporting AMP progress against elements of the plan for the future.

These arrangements should be reviewed annually to determine ongoing and future governance and management requirements and their financial impacts.

Data and Systems

Systems should be put in place for the collection and analysis of asset management data to ensure the following;

- development of efficient maintenance and capital works programs
- asset management performance is adequately measured over time
- infrastructure gaps are identified
- minimum reporting requirements prescribed under the legislation are achieved

When data systems are used, adequate links must be made between asset management and financial systems, particularly in the recording and management of capital expenditure and allocations for depreciation, maintenance, renewal and upgrade.

Skills and Processes

Programs of continuous improvement that instil a 'whole of organisation', best practice approach to asset management should be implemented. In partnership with appropriate peak bodies and agencies, ongoing training in key asset management topics such as improving condition assessments, valuation of assets and accounting treatment should be provided to administration staff. Elected members should be provided with training to help them understanding the importance of asset management.

Relevant Legislation

The AMP has been prepared giving consideration to the following legislative practices;

Local Government Act & Regulations
Land Administration Act 1997
Building Act 2011
Occupational Health & Safety Act 1984
Aboriginal Heritage Act 1997
WA Disability Services Act 1993
Conservation & Land Management Act 1984
Environmental Protection and Biodiversity Conservation Act 1999
Country Areas Water Supply Act 1947 & Regulations 1981
Waterways Conservation Act 1976 & Regulations 1981
Heritage Act of Western Australia
Road Traffic Act 1974 & Various Regulations
Main Roads Act 1930
Road Traffic Code 2000
Building Regulations 2012
Department of Creative Industries, Tourism & Sport Circulars & Guidelines
OAG Circulars & Guidelines
OAG Circulars & Guidelines

Stakeholders

Asset management is critical to meeting local government strategic goals within an Integrated Planning approach. Asset Management Policies, Asset Management Strategies and Asset Management Plans are informed by, and in turn inform, the community aspirations and service requirements in the Strategic Community Plan. They are also integral to developing and delivering the local government's strategic direction, service plans, projects and operational plans in the Corporate Business Plan.

The Shire has engaged the community through the development of the Strategic Community Plan 2023-2033 and identified the key priorities for service delivery. The following sets out the key objectives relating to infrastructure asset management and the commitment for the provision and management of infrastructure assets.

Defining Levels of Service

What is it?
The defined service quality for a particular activity (e.g. roads) or service area (e.g. street lighting) against which service performance can be measured. Defining the levels of service that will be provided by the asset portfolio is a key process in the development of Asset Management Plans.

Who is involved?

Community:
The Community provides service requirements, expectations and satisfaction input as part of the local government's ongoing community engagement activities.

Council:
Council will then approve the determined levels of service.

Local Government Administration:
The CEO & staff are then required to provide all relevant information to assist Council to make informed decisions as well as reviewing and defining service levels to align with reviews of the Strategic Community Plan and Asset Management Plans.

Key issues facing the Shire and local governments throughout Australia include:

- Ageing infrastructure requiring attention not previously needed or planned for, which may represent a backlog.
- Long lived assets such as roads, drainage and buildings present challenges as their condition and longevity can be difficult to forecast.
- Increased demand, in terms of quality and standards, and for higher levels of service and competing priorities.
- Increasing cost of plant, materials and labour required to operate, maintain and construct infrastructure assets.
- Ongoing cost shifting from state to local government across several service areas.

As assets are usually acquired during specific periods of strong economic growth or of economic stimulus, the financial burdens of renewing also appear in peaks and troughs many years later.

The creation of new assets also presents financial challenges in terms of funding for initial construction, but even more so for ongoing operations, maintenance and replacement costs over the whole of life of the asset. Asset management is about ensuring that the Shire has the necessary plans in place so that funds and resources are available at the appropriate time to address ageing assets to ensure that they can provide ongoing delivery of services at an acceptable level.

Future Considerations

Future Demand
The ability to predict future demand for services enables the Shire to plan and identify the best way of meeting that demand. Drivers affecting demand include political factors, economic factors, social factors, changes in demographics, changes in technology, new assets from growth, legislation changes, tourism growth and climate change.

Political Factors
Local government policy changes, as well as State government service reallocation, can often affect the demand for community services. For example, a cut in funding would place more pressure on municipal revenue to fund infrastructure projects. This could result in lower levels of service being delivered to the community. Conversely, increases in funding could also have a distinct effect, as they often require construction of new assets.

Economic Factors
The economy of the Shire of Coolgardie is strongly influenced by the resources sector, particularly gold and nickel mining across the broader Goldfields region. While the Shire has a relatively small permanent population, mining activity generates significant economic activity through employment, contracting services and demand for local infrastructure such as roads, aerodromes and waste facilities.

The cyclical nature of commodity markets means that fluctuations in gold and nickel prices can influence investment, workforce numbers and regional economic stability. As a result, future planning must consider the potential impacts of changes within the mining sector, ensuring that infrastructure and asset investment decisions remain sustainable while still supporting the economic opportunities generated by resource development in the region.

Factors
The last national census revealed that the population of the Shire is 902. It is not expected that there will be any significant increase in population in the next 10 years.

Demographic Change
Factors affecting demand for infrastructure include population growth, changes in demographics, customer preferences and expectations. An ageing population will mean a greater need for aged care facilities and disability access. Increase in age of population will also require improvements for other infrastructure and services.

Changes in Technology
Changes in material and construction techniques could lead to improved service levels and asset standards and ultimately reduced maintenance requirements. However, it is difficult to predict whether newer materials, construction and maintenance techniques will affect demand.

New Assets from Growth
The new assets required to meet growth will be acquired from land developments and constructed by the Shire. Acquiring these new assets will commit the Shire to fund ongoing operations and maintenance costs for the period that the service provided from the asset is required.

Legislation
The Shire is bound to meet a range of legislative requirements which if altered, could affect the Shire's management obligations. A current legislative driver of change is the amendment of the Local Government Act 1995. The Act promotes integrated planning and ensures that long term financial planning, asset management planning and workforce planning become standard business practices for all local governments. This means that a majority of WA local governments will have to notably improve their current practices and processes, which the Shire is currently working towards.

Tourism Growth
Tourism can have a significant effect on assets. An increase in tourism will result in higher utilisation of assets, and this in turn would mean the Shire will incur higher costs for asset maintenance, upgrade and replacement.

Climate Change
There is increasing evidence that the Earth's climate is changing, which could have direct and indirect impacts on assets. This could be from a range of factors including changing climatic conditions and fluctuations in seasons.

Whole of Life Asset Management Strategies

An integral part of asset management is service delivery and taking a long-term view of forward planning with the use of forward works programs. The whole of life needs of assets is also impacted by the demand for the service, the level of service provided, and the willingness of the Shire to accept risks.

Operations

Includes regular activities (that do not affect the assets' physical condition) to provide services such as public health, safety and amenities. These activities affect service levels, including quality and function through, for example, street sweeping and grass mowing frequency, cleaning frequency and opening hours of building and other facilities.

Maintenance

Includes all actions necessary for retaining an asset as far as practicable in an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. Maintenance may be classified into routine, reactive, planned and specific maintenance work activities:

- **Routine maintenance (Preventative)** is the regular on-going work that is necessary to keep assets operating, and prevent untimely and costly failures, e.g. regular servicing of an air conditioner.
- **Reactive maintenance** is unplanned repair work carried out in response to identified failure or breakdown of service, e.g. repair pathway damaged due to burst water main.
- **Planned maintenance** is repair work that is identified and managed through a maintenance management program. These activities include inspections, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improving maintenance and service delivery performance.
- **Deferred maintenance** includes works that are identified for maintenance but unable to be funded or to be undertaken when required.

Renewal

Renewal expenditure relates to major works undertaken to restore, rehabilitate, replace or renew an existing asset so that it can continue to provide its original intended level of service. Renewal works do not increase the asset's design capacity or service potential but instead extend the useful life of the asset by returning it to its original or an equivalent required condition. Expenditure that increases the capacity, functionality or service level of an existing asset is classified as upgrade or expansion expenditure.

New and upgrade

New works are projects that create an asset that did not previously exist and are typically undertaken to meet increased demand, service gaps or strategic development objectives.

Upgrade or expansion works involve improving an existing asset to increase its capacity, functionality or level of service beyond its original design. These works are often undertaken in response to population growth, changing community expectations, regulatory requirements or environmental considerations.

Expenditure on new assets and the upgrade or expansion of existing assets identified in the Shire's 15-year Capital Works Program is incorporated into the Long-Term Financial Plan. These projects are generally funded through a combination of external funding sources, including government grants and contributions, together with limited Shire resources where required.

Disposal

Disposal includes any activity associated with disposal of a decommissioned asset, including sale, demolition or relocation. No disposal strategy has been developed for Shire infrastructure assets at this stage. Any cash flow resulting from asset disposals have been included in the Shire's Long Term Financial Plan.

Risk management

The risk assessment process involves the identification of credible risks, an evaluation of the likelihood of those risks occurring, and an assessment of the potential consequences should they eventuate. These factors are used to determine an overall risk rating, which informs the prioritisation and evaluation of risks.

Where risks are assessed as unacceptable, appropriate mitigation strategies and risk treatment plans are developed and implemented to reduce the likelihood and/or impact of the identified risks to an acceptable level.

Asset Portfolio

The primary purpose of Council's asset portfolio is to support and enable the effective delivery of services to the community in a cost-efficient and sustainable manner. Council assets are acquired through a variety of means, including direct purchase, construction of new infrastructure, or transfer from developers and other external parties. These assets form the foundation of the Shire's service delivery and play an important role in supporting community wellbeing, economic activity and environmental management.

Council's objective is to provide infrastructure that meets the required service standards for the community while ensuring that assets are managed in a financially responsible manner. This involves balancing service expectations with the long-term costs associated with operating, maintaining and renewing infrastructure assets. Through effective asset management practices, the Shire seeks to ensure that infrastructure continues to deliver benefits to both the current community and future generations.

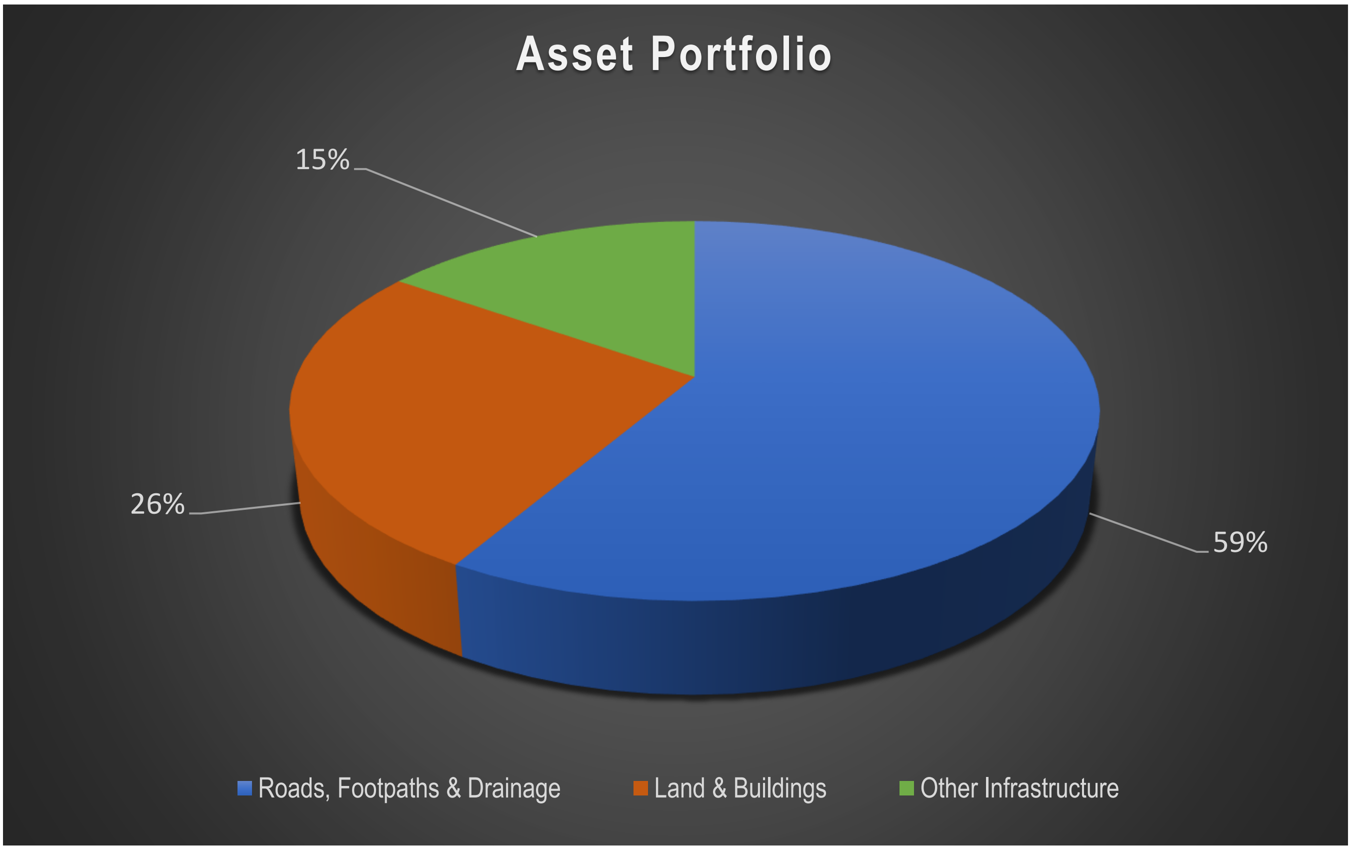
Infrastructure assets are therefore essential to the provision of many core local government services. The range of infrastructure assets managed by the Shire and the services delivered through these assets are outlined in the table below;

Table: Council Assets and Current Replacement Values

Asset Class	Description	Services Provided	Estimated Replacement Value
Land & Buildings	Building and facilities including town halls, shire administration, sporting clubs and heritage buildings	Facilities for community services and general community activities including tourism	$76,941,962
Furniture & Equipment	Information and communications technology and office equipment	Support delivery of Council services and activities	$1,046,198
Plant & Equipment	Heavy plant and small plant such as vehicles and equipment	Support delivery of Council services and the mobility of staff	$3,175,549
Roads	Sealed and unsealed roads, road pavements, sub-base and other related road assets	Roads of significance to allow regional development and community transportation needs	$162,180,876
Footpaths	All footpath structures including concrete, asphalt, brick paving and unsealed	Access needs of pedestrians	$6,647,349
Drainage	Stormwater drainage infrastructure including pipes, culverts, pits, headwalls, open drains, channels and associated structures used to manage surface water runoff.	Manages stormwater runoff to reduce flooding risk, protect road infrastructure and property, and maintain safe and effective use of the transport network and surrounding land.	$2,290,002
Parks & Ovals	Public open space assets including parks, sporting ovals, landscaped areas, irrigation systems, playgrounds, turf surfaces, fencing and associated recreational infrastructure.	Provides recreational, sporting and community spaces that support active lifestyles, social interaction and community wellbeing, while contributing to the amenity and liveability of the Shire.	$5,841,908

Sewerage	Wastewater infrastructure including sewer mains, pump stations, treatment systems, lagoons and associated pipes, pits and control equipment used to collect, convey and treat wastewater.	Provides safe and reliable wastewater collection and treatment to protect public health, support community services and minimise environmental impacts within the Shire	$10,233,381
Other Infrastructure	Public open space assets including parks, sporting ovals, landscaped areas, irrigation systems, playgrounds, turf surfaces, fencing and associated recreational infrastructure.	Provides recreational, sporting and community spaces that support active lifestyles, social interaction and community wellbeing, while contributing to the amenity and liveability of the Shire.	$20,314,501
Landfill	Waste disposal infrastructure including landfill cells, liners, leachate systems, access roads, fencing, weighbridge facilities and associated waste management infrastructure.	Provides safe and compliant disposal of municipal and commercial waste, supporting environmental protection, public health and sustainable waste management within the Shire.	$4,087,316
TOTAL			$292,759,041

The graph below shows the asset portfolios as a percentage of Council's total asset value. The Asset Categories are expressed as a percentage of the Total Replacement Value.



Financial Assessment

Valuation of infrastructure assets

The asset register used as part of the financial reporting system is currently separate from the asset management inventory used for asset management planning. The Shire will consider looking at asset management information systems that can provide a sufficient level of detailed information to the financial system. Below is a table showing the scheduled revaluation dates.

Asset Class	Last Valuation Completed	Next Valuation Due Date
Land & Buildings	Jun-22	Jun-27
Furniture & Equipment *	Jun-19	N/A
Plant & Equipment *	Jun-19	N/A
Roads	Jun-23	Jun-28
Footpaths	Jun-23	Jun-28
Drainage	Jun-23	Jun-28
Parks, Ovals & Playgrounds	Jun-22	Jun-27
Sewerage	Jun-22	Jun-27
Other Infrastructure	Jun-22	Jun-27
Landfill Assets	Jun-22	Jun-27

***** Following a change to Local Government (Financial Management) Regulation 17A in November 2020, Plant and Equipment type assets (being plant and machinery and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

The following asset classes and useful lives have been applied in the modelling.

Asset Class	Useful Life
Land & Buildings	3-50 years
Furniture & Equipment	3-40 years
Plant & Equipment	5-20 years
Roads - Formation	not depreciated
Roads	15-90 years
Footpaths	20-60 years
Drainage	75 years
Parks & Ovals	5-50 years
Sewerage	10-100 years
Kerbing	60 years
Other Infrastructure	2-50 years
Landfill Assets	6.5 years
Right of Use Assets	3-7 years

Forecast Expenditure & Cash Flows

A significant proportion of the Shire's infrastructure network has historically been funded through various State and Commonwealth government grants. In many cases, these assets were constructed or accepted without full consideration of the long-term financial implications associated with their ongoing operation, maintenance and eventual renewal. As a result, a large portion of the Shire's asset base is now approaching the later stages of its useful life and will require substantial renewal or replacement in the coming years.

As these assets age, their serviceability continues to decline while maintenance requirements and associated costs increase. Under current funding levels, together with existing methodologies and operational practices, it is becoming increasingly challenging for the Shire to maintain the existing levels of service expected by the community. This highlights the importance of robust asset management planning to ensure that future infrastructure investment decisions are sustainable and aligned with the Shire's long-term financial capacity.

Renewal Surplus / (Shortfall)

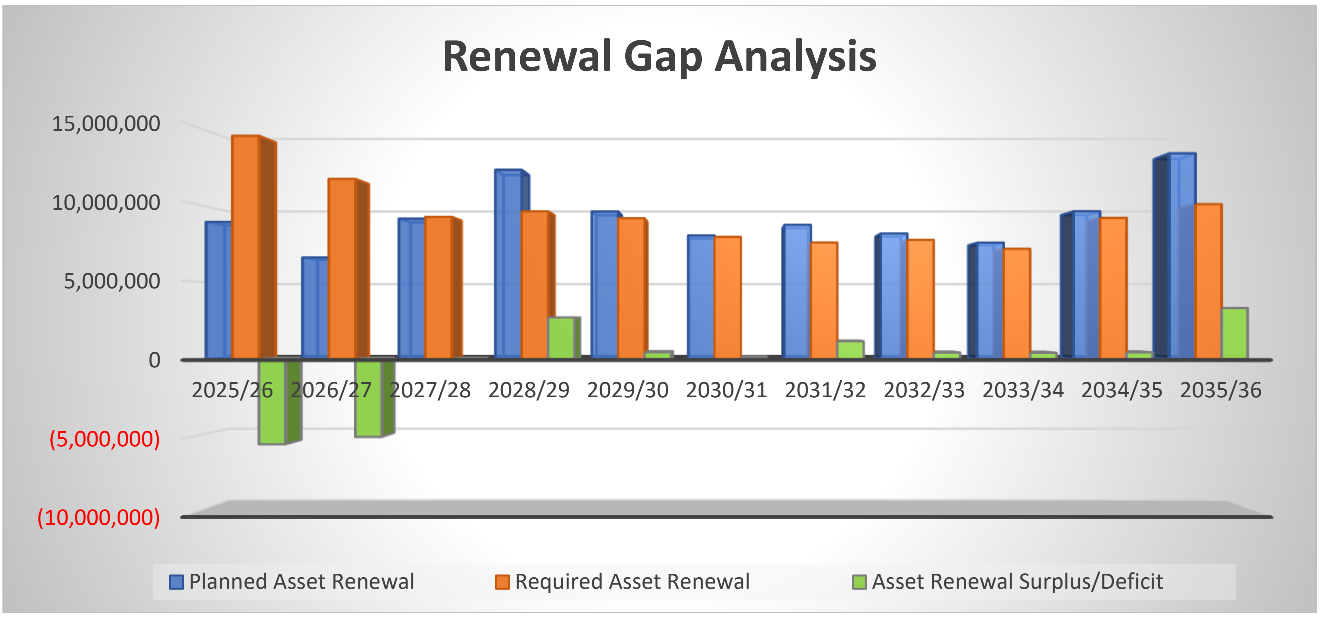
Providing services in a sustainable manner will require matching of forecasted asset renewal and replacement expenditure to meet agreed service levels, with the corresponding capital works program accommodated in the Long-Term Financial Plan.

The Table below shows the surplus / (shortfall) between forecast required renewal and replacement expenditure and the planned expenditure accommodated in the Long-Term Financial Plan.

Year	Planned Asset Renewal	Required Asset Renewal	Asset Renewal Surplus/Deficit
	$	$	$
2025/26	8,878,921	14,453,563	(5,574,642)
2026/27	6,571,387	11,662,910	(5,091,523)
2027/28	9,094,355	9,203,615	(109,260)
2028/29	12,254,355	9,560,752	2,693,603
2029/30	9,550,000	9,117,240	432,760
2030/31	8,000,000	7,902,478	97,522
2031/32	8,691,500	7,544,525	1,146,975
2032/33	8,126,000	7,713,528	412,472
2033/34	7,532,500	7,135,166	397,334
2034/35	9,566,000	9,137,771	428,229
2035/36	13,322,000	10,024,391	3,297,609
TOTAL	**101,587,018**	**103,455,940**	**(1,868,922)**

The Asset Renewal Surplus / (Deficit) column represents the difference between the required asset renewal expenditure and the planned renewal expenditure identified within the Long-Term Financial Plan (LTFP). A surplus indicates that the Shire is renewing infrastructure at a rate greater than the forecast requirement, while a deficit indicates a gap between the forecast asset renewal or replacement needs and the planned renewal funding provided in the LTFP.

Below is a graphical summary of the Renewal Gap Analysis;



In the first two years of the plan there is a noticeable gap in asset renewal expenditure; however, this position improves over the course of the 10-year planning period as planned renewal projects are progressively delivered and the cumulative position moves towards balance.

Any identified renewal gaps or surpluses will be addressed through the ongoing development and refinement of the Shire's Asset Management Plans. These plans provide guidance on future service levels and the resources required to deliver those services. Where necessary, Council will review future services, service levels and associated costs in consultation with the community to ensure that infrastructure assets are managed in a financially sustainable manner over the long term.

The asset renewal ratios over the planning period are also influenced by several significant funded projects included in the capital works program. These include the refurbishment of the Coolgardie Swimming Pool ($6 million in FY28-29), the reconstruction of Bayley Street ($7.5 million in FY29-30) and the implementation of the Micro Grid project ($4 million in FY32-33). As these projects are largely externally funded, they create fluctuations in the asset renewal ratios in the years in which the works are undertaken.

Like any strategic planning document, this AMP is based on a number of underlying assumptions. The AMP reflects the currently anticipated timing of asset renewal across the Shire's infrastructure portfolio. Asset renewal requirements have been determined using current estimates of replacement costs together with the remaining useful life of individual assets, assessed based on available condition information or asset age. Maintaining, and where possible improving, the accuracy and completeness of the asset inventory will assist in aligning the priorities identified within both the LTFP and the AMP. Other factors, including the availability of grant funding and the level of available cash reserves, may also influence Council's ability to deliver planned capital projects.
Addressing any funding shortfalls or surpluses associated with infrastructure renewal may involve a combination of the following actions:

- Improving the accuracy and completeness of data within the asset inventory to better understand asset performance and identify when assets are no longer able to meet required service levels.
- Improving methodologies and operational practices used in maintenance, operations and renewal activities to optimise whole-of-life costs.
- Identifying and managing risks associated with the delivery of services through infrastructure assets.
- Review service levels to balance community expectations and costs.
- Identifying assets that are surplus to operational requirements and arranging for their disposal to reduce future operating and maintenance costs.
- Engage with the community to ensure services meet needs and remain affordable.
- Developing partnerships with other organisations or levels of government where opportunities exist to improve service delivery outcomes.

Through these measures, the Shire seeks to ensure that infrastructure assets are managed in a financially sustainable manner while continuing to deliver appropriate levels of service to the community.

Evaluation & Reporting

Asset management programs should include evaluation mechanisms to measure their effectiveness against the targets and outcomes of the Asset Management Strategy and Plans.

Local governments should also report the short and long-term service delivery levels provided by their asset portfolios in the Annual Report and seek community feedback on the performance of their asset portfolios.

A series of performance indicators, in the form of financial ratios set out below, have been used to assess the financial performance of the Shire in the form of asset sustainability ratios.

Asset Consumption Ratio

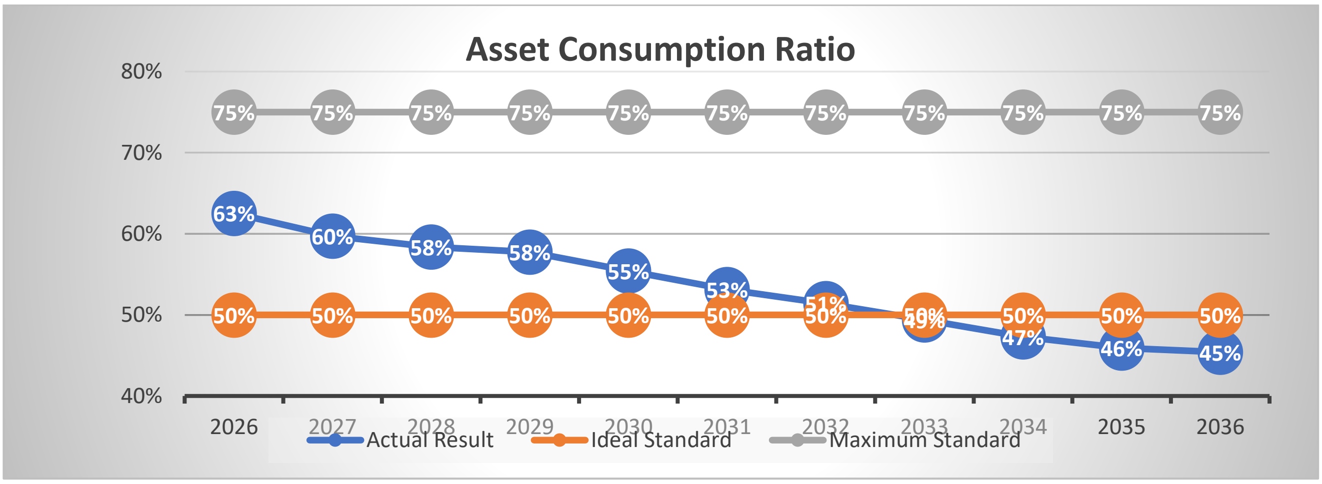
This ratio measures the written down current value of the local government's depreciable assets relative to their current replacement cost, or "as new" value. It provides an indication of the overall age and condition of the Shire's physical asset base and the extent of future capital investment that may be required to maintain service levels.

The recommended standard for this ratio is 0.50, while the maximum standard is achieved when the ratio reaches 0.75.

A result within the middle of this target range generally indicates that the Shire is renewing assets at a sufficient level to maintain the average age and condition of its asset base over the 10-year planning period.

The Shire is forecast to remain between the recommended and maximum standard from FY26-32, which suggests that a significant portion of the asset base is in a "mid-life" stage. The ratio then drops below the recommended standard from FY33-36. This indicates that the asset base is progressively ageing and may require increased renewal investment in future years.

This ratio is calculated using the written down value and current replacement cost of depreciable assets. As a result, it can be influenced by the accuracy and completeness of asset valuation data



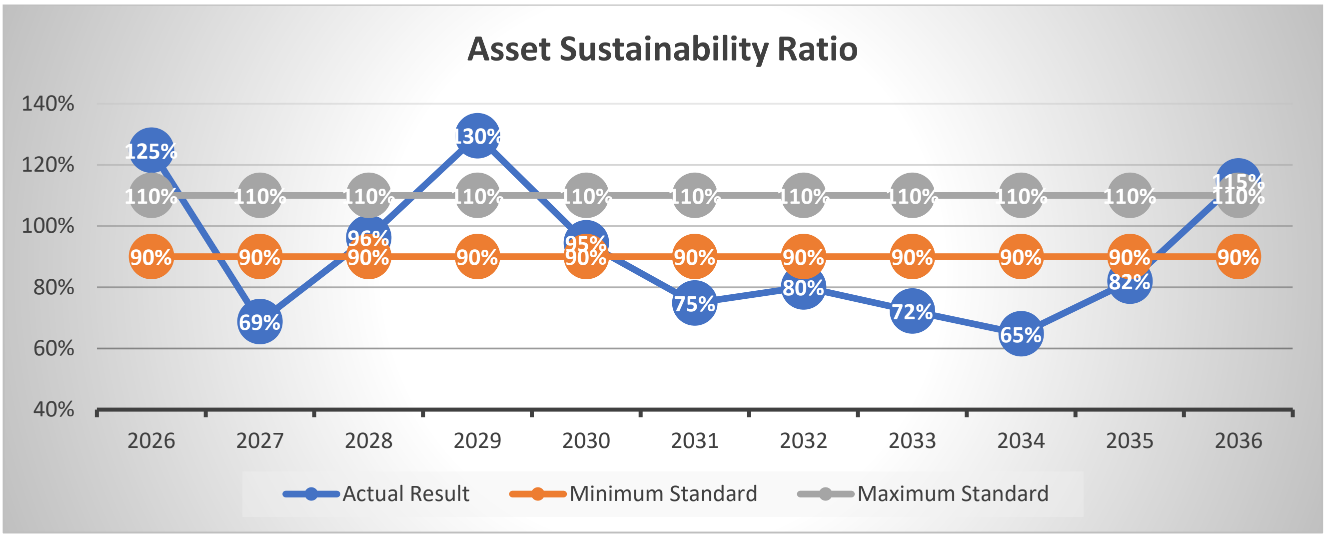
Asset Sustainability Ratio

This ratio indicates whether the local government is renewing or replacing its existing non-financial assets at the same rate that its overall asset base is wearing out. It is calculated by comparing capital expenditure on asset renewal or replacement with the depreciation expense for the same period.

The basic standard for this ratio is 0.90, while the maximum standard is achieved when the ratio reaches 1.10. The objective is to maintain capital renewal expenditure at a level that is neither too low (below 0.90) nor excessively high (above 1.10), with the optimal outcome being around 1.00. A ratio close to 1.00 indicates that assets are being renewed at approximately the same rate that they are depreciating.

The ratio is higher in the first year of the forecast period as a result of the Shire addressing a backlog of infrastructure projects. In the following year (FY27), the ratio falls below the recommended standard due to the completion of this backlog and a strategic focus on rebuilding cash reserves.

A further spike occurs in FY29 when several major externally funded capital projects are scheduled. Following this period, the ratio trends below the recommended standard between FY31-35 as the Shire prioritises loan repayments and moderates capital renewal expenditure during this period.



Asset Renewal Funding Ratio

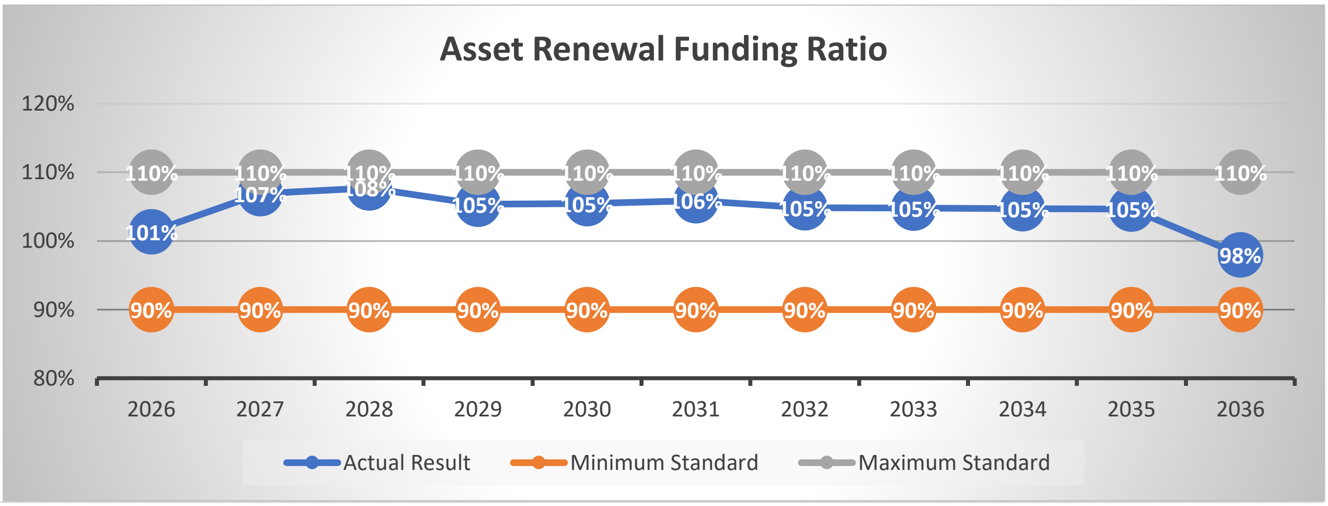
This indicator measures the ability of the local government to fund its projected asset renewal and replacement requirements over the long term. It compares the financial resources available for asset renewal with the forecast asset renewal expenditure identified through the LTFP and supporting Asset Management Plans.

The LTFP makes annual provisions to renew assets once their condition has deteriorated beyond an acceptable service level threshold. As asset renewal requirements can vary from year to year depending on asset condition and lifecycle timing, this may result in fluctuations in both short-term and long-term funding requirements. The reliability of this ratio is therefore dependent on the accuracy and completeness of the underlying Asset Management Plans.

The basic standard for this ratio is 0.75, while the maximum standard is achieved when the ratio reaches 1.10. A ratio of 1.00 (or 100%) indicates that projected asset renewals are fully funded. A result between 0.80 and 1.00 suggests a minor funding gap, while a result below 0.80 may indicate a more significant funding shortfall that could result in asset renewal backlogs over time

It should be noted that this ratio is directly influenced by the assumptions, asset condition data, and replacement cost estimates contained within the Asset Management Plan. As such, the ratio may change if there are significant updates to asset valuations, lifecycle assumptions, or renewal forecasts.

Based on the current projections within the LTFP, the Shire is expected to remain within the recommended standard for the duration of the planning period, indicating that sufficient financial capacity exists to fund forecast asset renewal requirements.



Improvement Plan

In every asset management plan, an improvement plan is included. All strategic plans require continuous development to improve the quality of planning. The following asset management areas are suggested as worthy of focus in the future. Council will look to undertake improvements actions within each of the initiatives identified in the table below;

CATEGORY	IMPROVEMENT OBJECTIVES	TARGET
Levels of Service	Council will document the community's level of service for its core asset classes and has processes in place to measure, meet and maintain those levels of service.	26/27
Governance and Management	Asset Management Plans inform an agreed delivery program of new, expansion, upgrade, renewal, and maintenance projects.	26/27
Asset Management Plans	The Asset Management Plans need to reflect what both the Council and community expect.	26/27
Skills and Processes	Council has robust asset management processes and skilled staff engaged in learning programs to maintain and enhance asset management skills and capabilities.	26/27
Data and Systems	All Council infrastructure assets are to be recorded within the Shire's asset management databases. Understanding of the whole of life cost of building, operating, replacing, and disposing of assets is an important element of this practise. .	26/27
Evaluation	Service/Operational Plans that identify how Council provides and manages assets for the community. Asset performance will be monitored and reported against the Levels of Service.	26/27