BUILDING WAROONA 2030

Asset Management Strategy 2022 – 2032

About this document

The Asset Management Strategy incorporates all asset classes of infrastructure and is part of an overall framework that provides for the sustainable management of current and future assets.

The objective of the Strategy is to present information about assets, provide evidence of responsible asset management and compliance, and summarise required funding to meet levels of service.

This document is available in alternative formats such as large print, electronic, audio or Braille, on request.

"The Shire of Waroona stretches from sea to scarp between the Indian Ocean and the Darling Scarp, featuring pristine beaches, coastal lakes, fertile farmlands and peaceful jarrah forests. Covering a total area of 835km2, the Shire includes the localities of Waroona, Hamel, Lake Clifton and Preston Beach".

Document Control		
Date	**Details**	**Author**
	Draft for Adoption by Council	Brad Vitale
26/04/2023	Revision Adopted by Council	Karen Oborn

Contents

Waroona – Past, Present & Into the Future

Waroona has provided a home for generations, from the days when Indigenous Australians roamed the coastal areas in spring and summer, and the hills in autumn and winter.

Settlers began to arrive in the area in the late 1830's, although Drakesbrook (later to be known as Waroona) did not come into its own until the Pinjarra to Picton railway line was opened in 1893. The town catered to the needs of the mill workers with a post office, general store, blacksmith, a number of hotels come boarding houses, churches, doctor and dentist.

The farms supplied butter, fruit and vegetables for the men of the mills, and chaff for the horse teams that hauled the logs. As is many of the small towns of the time, dances, picnics and football formed the core of social life within the community and to this day Waroona still proves to be a successful sporting and extremely social community.

Today, agriculture, mining, manufacturing and tourism are important contributors to the local economy.

Waroona is an evolving district that services the diverse, social and economic needs of a growing community. The strong agricultural heritage will continue to guide any future district developments, particularly in Waroona and Hamel, and its enviable location on the Indian Ocean and along with the Yalgorup National Park will, influence future considerations for Preston Beach and Lake Clifton.

The population is expected to grow over the next thirty years. With this growth comes challenges, but smart planning and a focus on broadening the economic base will open up significant opportunities for tourism, commercial investment, employment and education.

The long-term vision for Waroona is to create a district distinctive by its creativity, liveliness, activity and vibrancy, attracting new investment, seizing opportunities to develop and expand its business sector, and encourage innovation and collaboration, while providing an enticing array of lifestyle attractions.

The Shire of Waroona is excited about its future.

Chief Executive Officer's Message

The Shire of Waroona provides assets for the community including roads, bridges, buildings, drainage, footpaths and public open space. Careful planning and coordination of local government infrastructure is fundamental to the economic and social wellbeing of our communities. Assets, public utilities and services make possible our wide range of lifestyle choices and standards of living. The Asset Management Strategy is a summary of the framework and programs that are linked to effective and well-structured asset management practices in the endeavour to achieve a safe and functional infrastructure portfolio that meets community expectations and delivers financial sustainability.

This Strategy covers all assets controlled by the Shire of Waroona with the purpose to assist the Council and Staff to make informed decisions on the allocation of resources to manage these assets and communicate this information to the public. The key objective is to address four key issues for local government:

1. What assets do we currently have?
2. What is the current asset management position, including current and forecast future needs and adequacy of funding?
3. Where do we want to be?
4. How will we get there?

In developing this Strategy, consideration was given to the following key elements to ensure it achieves the desired policy outcomes and effective corporate governance:

- Asset management plans for each asset group
- Defining levels of service
- Linking to the Long-Term Financial Plan
- Governance and management arrangements
- Data and system requirements
- Improvement of skills and processes

The Asset Management Strategy is reviewed annually, at which time it is amended and extended as new plans are identified and priorities change. Once again, I would like to acknowledge the input received from individuals within our organisation who have assisted greatly in the preparation of this document. The Council and Staff remain committed to creating an environment that supports moderate, high quality, sustainable growth.

Mark Goodlet
Chief Executive Officer

About the Asset Management Strategy

The Asset Management Strategy incorporates all asset classes of infrastructure and is part of an overall framework that provides for the sustainable management of current and future assets.

The objective of the Strategy is to present information about assets, provide evidence of responsible asset management and compliance, and summarise required funding to meet levels of service.

Integrated Planning & Reporting Framework	
Strategic Community Plan	Community vision, strategic direction, long and medium term priorities and resourcing implications with a horizon of 10 years.
Corporate Business Plan	Four year delivery program, aligned to the Strategic Community Plan and accompanied by four year financial projections.
Annual Budget	Financial plan for the current year.

Informing Strategies	
Long Term Financial Plan	10 year financial plan.
Asset Management Plans	Approach to managing assets to deliver chosen service levels.
Workforce Plan	Shaping the workforce to deliver organisational objectives now and in the future.
Place & Area Specific Plans	Any other informing strategies.

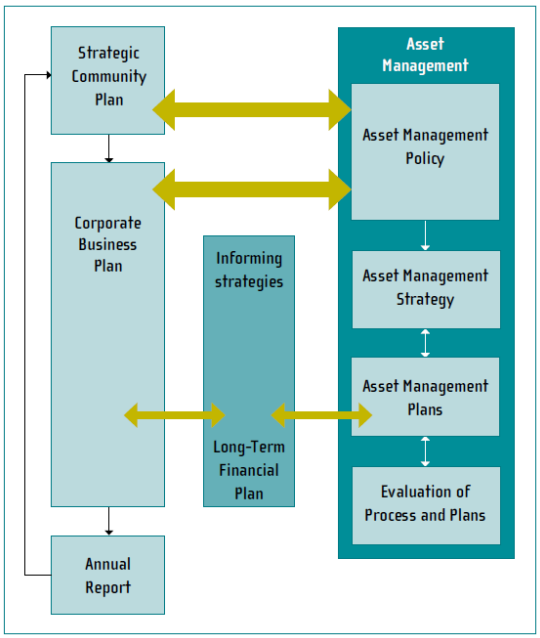


Figure 1: Elements of the Integrated Planning & Reporting Framework. Source: Department of Local Government, Sport & Cultural Industries.

Our Shire

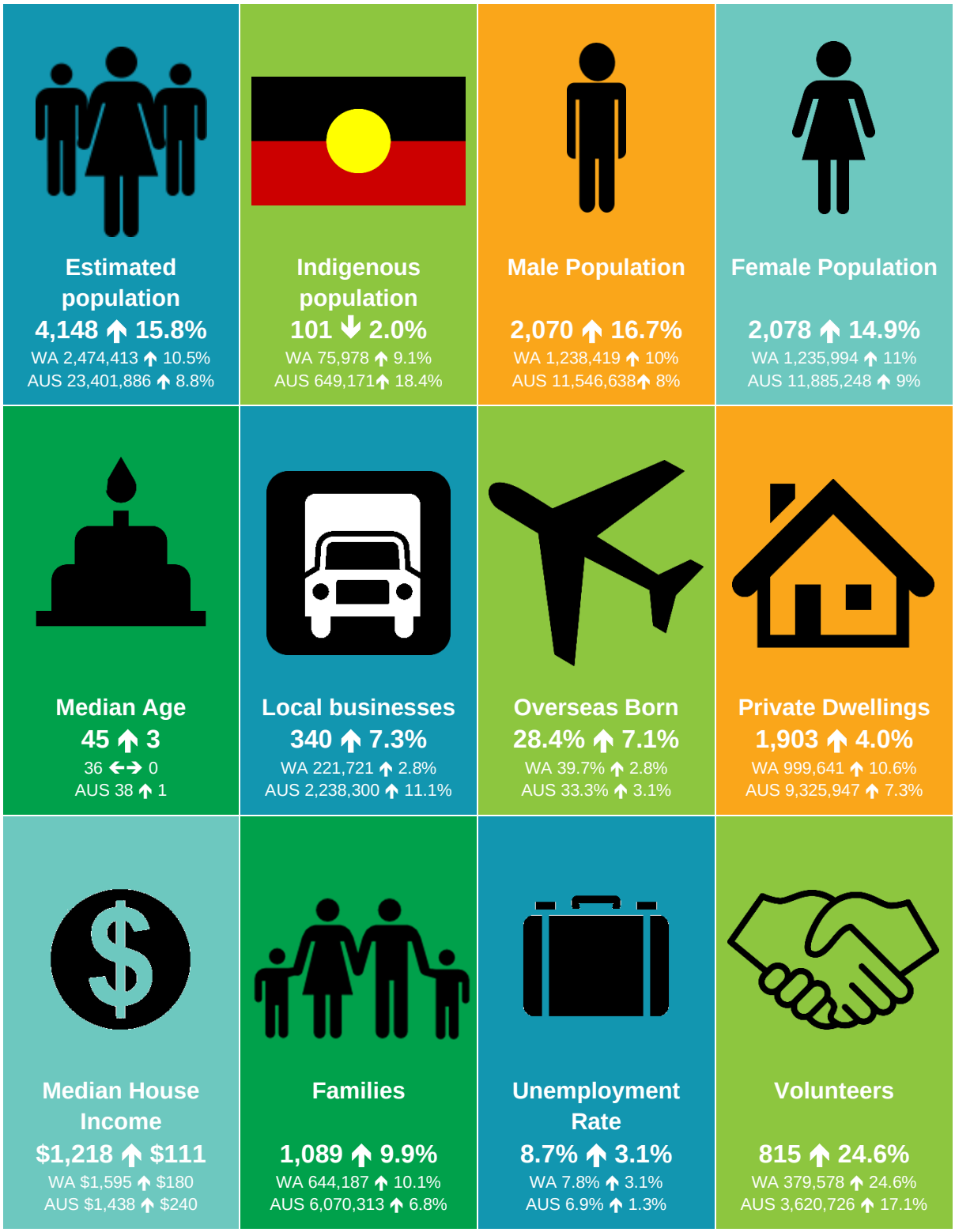


Figure 2: Shire of Waroona Statistics. Source: Australian Bureau of Statistics 2016 Census.

Our Council

Cr Mike Walmsley
Shire President

Cr Naomi Purcell
Deputy Shire President

Cr John Mason

Cr Karen Odorisio

Cr Dion Pisconeri

Cr Laurie Snell

Cr Vince Vitale

Our Staff

Mark Goodlet
Chief Executive Officer

- Strategy
- Elections
- Major Projects
- Council Services
- Business Improvement

Ashleigh Nuttall
Director Corporate & Community Services

- Finance
- Human Resources
- Governance
- Risk Management
- Information Technology
- Customer Service
- Library Services
- Community Development
- Recreation Services
- Tourism

Karen Oborn
Director Infrastructure & Development Services

- Technical Services
- Works & Services
- Waste Management
- Community Safety
- Planning Services
- Regulatory & Building Services
- Environmental Services
- Asset Management

Service Areas

The Shire of Waroona is responsible for a range of functions, facilities and services including:

- Services to properties and the community;
- Regulatory services;
- General administration; and
- Process of government

Office of the Chief Executive Officer		
Department	**Services**	
Strategy	• Integrated planning and reporting	• Master planning
Elections	• Elections	
Major Projects	• Major projects	
Council Services	• Council services	
Business Improvement	• Continuous improvement	• Business management
Corporate & Community Services		
Department	**Services**	
Finance	• Budgeting • Finance / Accounting • Loans / Investments • Grants management	• Rates • Payroll • Asset accounting / management
Human Resources	• Human resources management • Recruitment	• Workforce planning • Workplace health and safety
Governance	• Policies and procedures • Delegations • Registers	• Audit • Local laws
Risk	• Insurance • Risk management	• Business continuity
Information Technology	• Information technology • Records • Freedom of information	• Public information disclosure
Customer Service	• Customer service • Licensing • Facility bookings	• Marketing / Engagement and media
Library Services	• Library services	
Community Development	• Place attraction • Community development	• Events
Recreation Services	• Recreation services	• Club development
Tourism	• Visitor Centre	• Tourism

Infrastructure & Development Services		
Department	**Services**	
Technical Services	• Design and investigation • Asset management • Subdivision and development application referrals	• Project management • Extractive industry • Grants management (assets)
Works & Operations	• Buildings • Parks and gardens • Maintenance, capital and operations	• Infrastructure • Plant and fleet
Waste Management	• Collection services	• Disposal services
Community Safety	• Emergency services • Bushfire Mitigation • Bush Fire Brigades	• Closed circuit television • Community Safety Services
Planning Services	• Strategic planning • Statutory planning	• Environmental planning • Heritage services
Regulatory Services	• Building approvals • Environmental health services	• Ranger services • Preston Beach volunteer rangers
Environmental Services	• Reserves, Native Vegetation and Foreshore Management	• Biosecurity and pest control • Biodiversity and Conservation
Asset Management	• Asset Management Planning & Programming	• Asset Management Program Delivery

Vision, Mission & Values

Vision

The Shire of Waroona will create a sense of place and identity, embracing creativity, our natural environment and a strong and diverse economy.

Mission

We will be an organisation, with a can-do attitude that strives for service excellence, continued improvement and a commitment to outcomes.

Values

Our values are A REALITY:

A – Accountable

R – Respect

E – Excellence

A – Accessible

L – Leadership

I – Innovative

T – Transparent

Y – Yours

Focus Areas & Aspirations to 2030

Asset Management Overview

The Shire of Waroona is responsible for providing a number of community focused services. In doing so, the Shire must ensure that its infrastructure assets and community facilities are maintained in accordance with well-developed asset management programs and strategic forward plans to enable these services to meet community needs. Asset management is recognised as a practicable and financially responsible means of managing Council's assets by ensuring that the assets continue to provide a specified level of service delivery to defined standards over their entire life.

The Shire of Waroona Asset Management Strategy provides the framework to deliver optimum operational performance of Council's infrastructure assets in the most cost-effective manner. The Strategy aims to provide a more formalised and transparent approach to asset management. It provides mechanisms to clearly define its asset renewal and asset maintenance practices and to mitigate risk.

The Asset Management Strategy informs the Asset Management Plans, developed for each major Asset class. It has been prepared in accordance with the Shire of Waroona's Strategic Community Plan. It has also been compiled to comply with Local Government Regulatory requirements including the Integrated Planning and Reporting Framework.

This Strategy informs several Asset Management Plans, which in essence form the Strategies appendixes. Each Asset Management Plan informs the works [program for that Asset class. The works programs are reviewed as a part of the budget planning process;

- (Appendix A) **Buildings & Facilities Asset Management Plan**
  - Shire offices and facilities, community buildings, sporting clubs, halls, structure, roof, fit out and mechanical services, land
- (Appendix B) **Roads & Bridges Asset Management Plan**
  - Roads, subgrade, sealed pavement, gravel sheet, surface kerbing, table drain, traffic bridges, pedestrian bridges
- (Appendix C) **Footpaths, Cycleways & Trails Asset Management Plan**
  - Concrete, bitumen, gravel, paving, boardwalks
- (Appendix D) **Drainage Asset Management Plan**
  - Pipes, pits, culverts
- (Appendix E) **Parks, Streetscape & Other Infrastructure Asset Management Plan**
  - Parks, Street trees, playgrounds, outdoor furniture, ovals, sports fixtures, lighting, infrastructure, pontoons, shelters, hardware
- (Appendix F) **Plant, Furniture & Equipment Asset Management Plan**
  - Internal and external furniture, vehicles, machinery, software, electronics equipment
- (Appendix G) **Land, Reserves, Native Vegetation & Foreshore Asset Management Plan**
  - Weir, Waterways, Camping Grounds, Reserves, Native Vegetation, Woodlands, Coastal dunes and foreshores.

Asset Valuation Summary

Asset Group	Replacement Cost	Fair Value (Depreciated Value)	Annual Depreciation Expense 21/22
Plant & Equipment	$3,860,779	$2,851,672	$216,785
Land	$20,051,000	$20,051,000	0
Buildings (revalued)	$42,847,500	$24,345,505	$369,774
Roads Infrastructure	$82,279,385	$75,801,295	$1,684,241
Furniture & Equipment	$352,498	$170,203	$44,508
Other Infrastructure	$18,282,348	$15,551,142	$699,414
TOTAL	**$167,673,510**	**$138,770,817**	**$3,014,772**

Table 1: Summary of asset costs, values and expenses 21/22 Asset register. Source: Shire of Waroona.

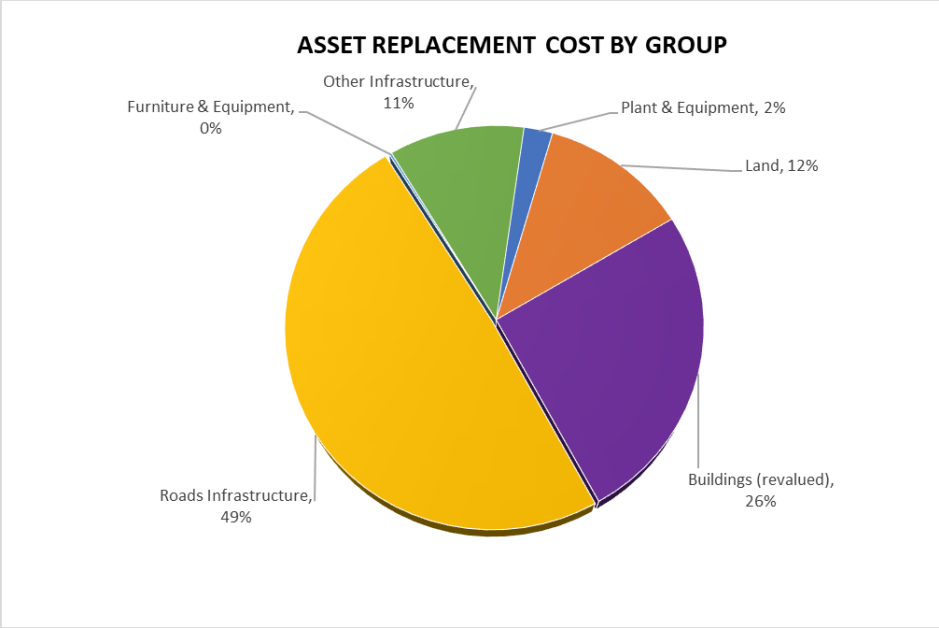


Figure 3: Graph of asset replacement costs by asset type in Asset Register. Source: Shire of Waroona.

Leased Assets

The Shire leases a number of land and building assets to third parties, predominantly community groups and sporting clubs.

Vested Land

The Shire has a number of Crown reserves for which it holds management orders. All improvements on vested land are accounted for in the appropriate asset register.

Introduction

The Shire of Waroona owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services to the community, with a replacement value of $167 million. The Asset Management Strategy has been developed to ensure that Council continues to provide effective, comprehensive and sustainable management of its infrastructure and asset portfolios.

Council plans to operate and maintain its asset portfolio to achieve the following objectives:

- Communicate the current condition of all Shire infrastructure and review the budgets/practices used to operate and maintain them;
- Undertake financial planning by adopting a life cycle approach to asset budgeting;
- Develop cost effective management strategies for the long term;
- Define a level of service for infrastructure assets to meet community needs;
- Understand and meet the demands of growth through demand management and infrastructure investment; and
- Avoid disruptions to services by managing risk associated with asset failures.

The Asset Management Strategy is the means for outlining the key elements involved in managing the Shire of Waroona's assets. It combines management, financial, engineering and technical practices to ensure that the level of service required by the community is provided at the lowest term cost within the limits of any fiscal constraints that may be imposed by Council.

Purpose & Scope

The purpose of the Strategy is to:

- Demonstrate responsible stewardship by Council;
- Provide a basis for customer consultation to determine appropriate levels of services;
- Define and articulate how the asset is and will be managed to achieve the organisation's objectives;
- Achieve savings by optimising whole of life assets;
- Manage risk and asset failure; and
- Support long term financial planning.

Strategy Format

The Asset Management Strategy follows the framework set out in Asset Management Framework and Guidelines for Western Australian Local Governments, from the **Department of Local Government, Sport and Cultural Industries**. An Asset Management Strategy outlines how the local government's asset portfolio will:

- Meet the service delivery needs of its communities into the future.
- Enable the local government's Asset Management Policy to be achieved.
- Ensure that asset management is established as part of the local government's plan for the future.

It prioritises and articulates the delivery of community service needs through the development of Asset Management Plans for each major asset class.

The Asset Management Strategy responds to four questions put to the local government:

1. What assets do we currently have?
2. What is the current asset management position, including current and forecast future needs and adequacy of funding?
3. Where do we want to be (in relation to the plan for the future)?
4. How will we get there?

It is recommended that the Asset Management Strategy be developed considering the following key elements to ensure it achieves the desired policy outcomes and effective corporate governance:

1. Asset Management Plans.
2. Defining Levels of Service.
3. Linking to the Long-Term Financial Plan.
4. Governance and management arrangements.
5. Data and system requirements.
6. Improvement of skills and processes.

(REF: Part 1 - Asset Management Framework for Western Australian Local Governments p13.)

Asset Management Plans Format

Asset Management Plans define current levels of service and the processes local governments use to manage each of their asset classes. They should be developed for all major asset classes, including, but not limited to: roads, buildings, drainage, paths and parks and infrastructure.

Asset Management Plans should include:

- Reference to an asset register (which records all assets and their location, acquisition, disposal, transfer and other relevant transactions based on best current information and random condition/performance sampling).
- Defined levels of service for each asset category or particular actions required to provide a defined level of service in the most cost-effective manner.
- Demand forecasting.
- Risk management strategies.
- Financial information such as asset values, depreciation rates, depreciated values, capital expenditure projections for new assets as a result of growth, or to renew, upgrade and extend assets.
- Strategies to manage any funding gaps.
- Consideration of alternative service delivery solutions (leasing, private/public partnerships, shared services arrangements).
- Information on ‘whole of life’ costing including changes in service potential for assets.
- A schedule for asset performance review and plan evaluation.
- An asset management improvement program.
- Clear linkages to other strategic documents such as the Corporate Business Plan, Long Term Financial Plan and Annual Budget.

The key steps in preparing an asset management plan are illustrated below.

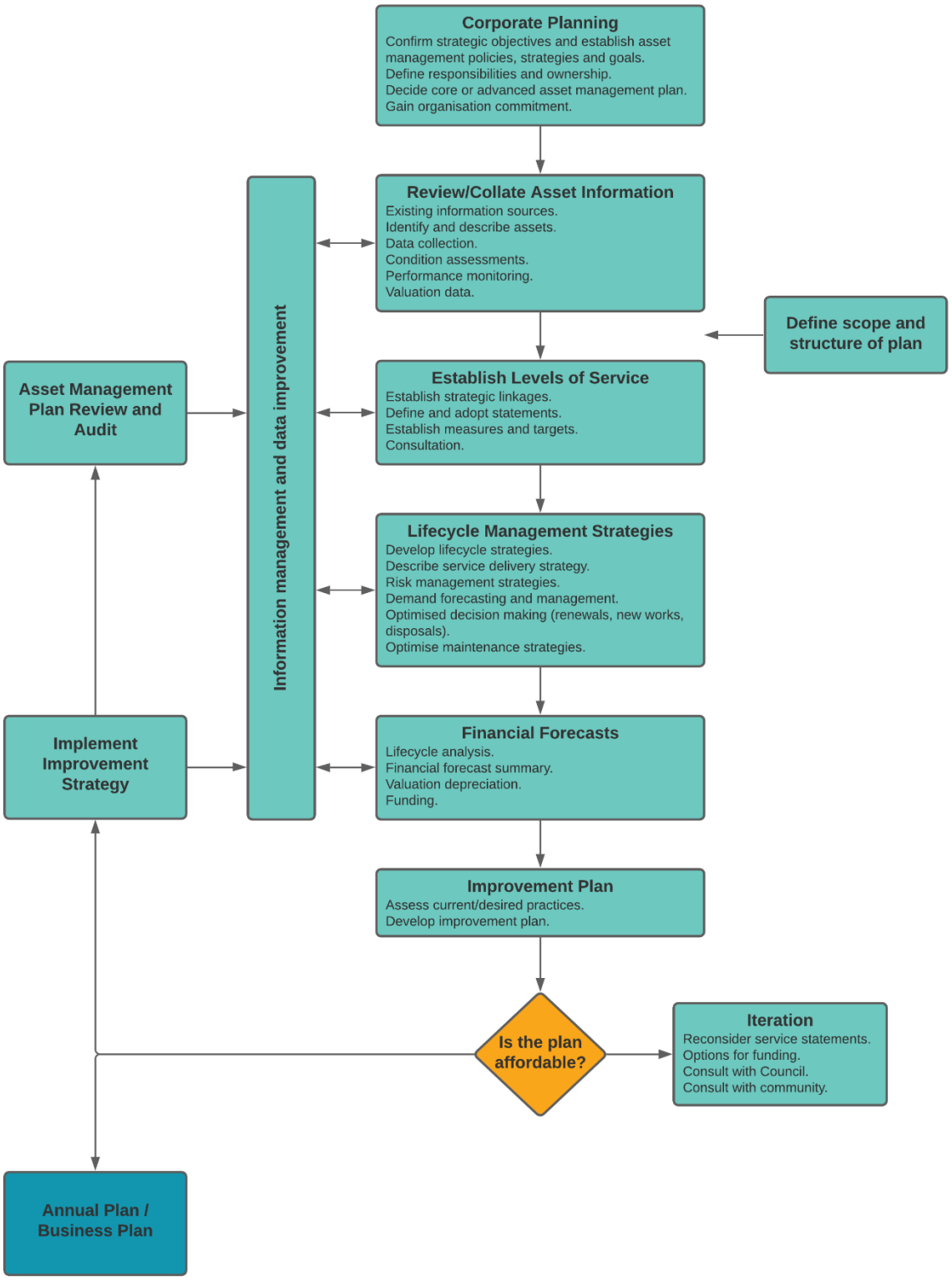


Figure 4: Steps to Prepare an Asset Management Plan. Source: Public Works Engineering Australia International Infrastructure Management Manual.

Key Stakeholders

Stakeholders include any person, agency, organisation or group that have any interest in or that are affected by the assets owned and managed by Council.

Stakeholder	Expectation
Councillors	Meeting community needs, sound management and allocation of resources, good governance
Employees / Contractors	Safe working environment
Community residents and businesses	Value for money, equitable and responsible service, well maintained assets
Road users	Well maintained assets specific to user needs
Insurers	Appropriate risk management policies and practices, safe working environments, well maintained assets
Emergency services and utilities	Accessible road network and readily available data
Public transport	Well maintained assets specific to user needs
Tourists	Well maintained assets, accessible services, safe facilities
Cyclists	Well maintained assets, accessible services, safe facilities
Government	Systems in place to sustain infrastructure, accountability and transparency

Links to Corporate Strategies

The Asset Management Strategy is prepared under the direction of the vision, goals and objectives in the Strategic Community Plan. This Strategy is a crucial component of the Shire planning process, linking with the following documents:

- Strategic Community Plan 2020 – 2030;
- Corporate Business Plan 2022 – 2026;
- Long Term Financial Plan 2022 – 2032;
- Workforce Plan 2020 – 2024;
- Policies; and
- Asset Management Plans and Delivery Programs

Core Approach to Asset Management

The Asset Management Strategy has been developed in accordance with the Department of Local Government, Sport and Cultural Industries' Integrated Planning and Reporting Framework to assist the Shire in driving future budgeting requirements whilst providing sustainable service delivery and long-term financial planning and reporting.

At the core level it is important to begin with an understanding of what level of service is currently provided. It is typically a case of selecting assets that are deemed to be most critical to the safety and wellbeing of the community and focussing on these to carry out the initial condition assessment inspection. Hence these might be located in older business precincts or under major transport corridors where the consequence or impact of failure couple with a potentially higher probability of failure, make these a priority of investigation.

This will typically identify any hazards (and associated risks) requiring immediate mitigation. It will also provide some basis data on the condition that will enable analysis of renewal or replacement works required now and in the longer term. This then provides the necessary financial data to inform the Long Term Financial Plan. Works identified, immediate and future, can then be allocated to projects, both maintenance and capital in nature, to be carried out and the timeframe for such. Regularly repeating these basic steps with appropriate refinement of the process as resources permit is part of the continuous improvement journey, leading more to a more asset management advanced program.

Advanced Approach to Asset Management

The Asset Management Strategy contains elements of advanced asset management practices to establish a 'bottom up' approach for gathering asset information for individual assets. With future revisions of the Strategy, the Shire will continue to move forward towards 'Advanced' asset management to support the optimisation of activities and programs to meet agreed service levels.

Advanced asset management will show features such as:

- Long term optimised lifecycle;
- Corporate objectives and asset performance are aligned and complimentary;
- Information systems integrated and used effectively;
- Competencies are aligned to roles and responsibilities; and
- Strategies are risk based, with appropriate use of predictive models, problem solving and iterative continuous improvements.

Ideally these will begin to involve community consultation for input and testing of community willingness to pay for any increases in the level of service to be provided, recognising that different intervention options will have different costs.

As the Shire moves into a more advanced phase, it will address the whole portfolio of assets and more formally apply critically, risk management principles to better determine the frequency and scope of condition assessment inspections.

The Shire will collect more detailed data with greater breakdown into various components and will apply quality standards to test the level of service being provided and use this to assist the condition assessment process in deciding on future needs.

The resultant data will be more rigorously analysed and optimised decision making typically employed to determine priorities for works. The analysis will give a more accurate picture on the remaining life of the assets down to their various components, their current replacement cost and their depreciated replacement cost.

Levels of Service

Levels of service are key business drivers and influence all asset management decisions. Levels of service typically relate to service attributes such as quality, availability, safety, accessibility, function, responsiveness, condition, environment and affordability. Understanding the level of service required of an asset is essential for its lifecycle management, as this largely determines an asset's development, operation, maintenance, replacement and disposal. Levels of service are pivotal in asset management as they have a direct financial impact due to their importance in both operational and risk-based prioritisation. Service levels are defined in two categories - community levels of service and technical levels of service.

Community Levels of Service

Community levels of service relate to the function of the service provided and how the customer receives the service in terms of quality, availability, safety, accessibility, function and responsiveness.

Quality	How good is the service?
Function	Does it meet users' needs?
Capacity / Utilisation	Is the service over or under used?

The level of service, performance measurement process, target performance and current performance for each asset class is included in the relevant Asset Management Strategy.

Technical Levels of Service

Technical levels of service relates to the technical measures and the outputs the customer receives in terms of quality, condition, safety, environment and affordability. Technical service measures are linked to annual budgets covering operations, maintenance, renewal and upgrade. The level of service, performance measurement process, target performance and current performance for each asset class is included in the relevant Asset Management Strategy.

Function & Hierarchy

Function decides strategic importance and considers the key principles which impact in determining the functional level of service as part of providing a sustainable range of facilities to the community. Hierarchies are used to assign priorities for action and response times to assets of different importance. Those that are ranked higher are considered to be of higher importance as they deliver more critical core services and / or may have a higher impact rate in terms of risk. They therefore, attract a higher level of service to keep them in the appropriate condition than assets of lesser significance.

Customer Research

The Shire is committed to updating the levels of service according to the results of community feedback. As targets for levels of service provide the basis for lifecycle management strategies and capital programs, the current levels of service will be reviewed to incorporate the requirements of the community in subsequent versions of this strategy. The Shire's customer research into asset needs and satisfaction includes:

- Analysis of the customer service requests; and
- Customer survey.

Strategic & Corporate Goals

The Shire acknowledges the need to take an organisational wide approach to asset management and one which involves the community on a wider basis. The corporate goal is to have a whole of life cost approach to the provision and maintenance of assets, and to consider the ongoing costs of existing assets when making decisions on their renewal/replacement and the acquisition of new assets.

The Shire's Asset Management Policy outlines the key principles that will be considered when making decisions in relation to infrastructure assets:

- Philosophy of renewing assets before acquiring new assets and, where possible, rationalising assets that are no longer used or do not provide the necessary level of service required to sustainably deliver the service for which the asset was acquired;
- Prior to consideration of any major refurbishment or improvement to an asset, a critical review of the following shall occur as part of the evaluation process:
    - Need for facility (short and long term)
    - Legislative requirements
    - Opportunities for rationalisation
    - Future liability including ultimate retention/disposal
    - Opportunities for multiple use
- All capital projects will be evaluated and take into account capital cost, ongoing cost of maintenance, refurbishment, replacement and operating cost ("whole of life" cost assessment);
- Management of assets utilising a team approach supported by the multi discipline cross functional asset management working group;
- Development and implementing a 10 year rolling financial plan that incorporates infrastructure renewal requirements as identified within the various Asset Management Plans; and
- The commitment to involve and consult with the community and key stakeholders when determining service levels.

The Shire will utilise clear prioritisation methods for capital works expenditure. This will include the requirement to report expenditure in the following classifications to ensure that discretionary and non-discretionary expenditure is identified:

- Renewal (non-discretionary);
- Upgrade (discretionary);
- New (discretionary);
- Operational (discretionary); and
- Maintenance (non-discretionary).

Future Demand

The Asset Management Strategy considers a 10 year planning horizon and therefore the factors that may influence the potential demand of assets must be recognised over this time. The ability to predict future demand for services enables the Shire to plan ahead and identify the best way of meeting that demand. This section identifies the effect of expected growth and consequent demand on the Shire's assets, and provides commentary on the varying factors that may be subject to change and affect the demand for services that rely on this network.

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. These services then often require infrastructure to support them. Whilst a number of policies could potentially affect demand, it is thought that those concerning infrastructure funding would potentially have the greatest impact on the Shire.

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 Shire currently features a relatively small residential population, with the majority of residents located in Waroona. The economic base of the Shire is strongly influenced by alumina refining at Wagerup, with other important industries including agriculture, mining, manufacturing and aged care service.

Predicted growth in the Peel region will see increased demand for new infrastructure, and greater wear on existing infrastructure as the population expands. This will likely result in higher costs to the Shire as asset lives will be reduced.

Social Factors

The last national census revealed that the population of the Shire is 4,148. It is expected to increase to 4,340 by 2021, 4,485 by 2026, and 4,700 by 2031, at an annual growth rate of approximately 0.85%. The WA Planning Commission predicts that the population will increase to 18,230 by 2050.

The statistical data suggests that an 8% population growth will occur in the Shire of Waroona over the life of this asset management plan. Therefore, it is expected that due to an increase in population, there will be an effect on existing infrastructure demand. This may result in assets not providing an appropriate level of service to the community if it is not managed correctly.

Demographic Change

Factors affecting demand for infrastructure include population growth, changes in demographics, seasonal factors, vehicle ownership, customer preferences and expectations. If the Shire does not plan for population growth and manage the future urban form of the Shire, growth pressures and unfavourable patterns of development can have serious impacts on the community. These include a lack of access to essential infrastructure and services and increased response times for emergency services.

Age Group	2016		2031		Difference between 2016 and 2031
	#	%	#	%	#
0 – 4	223	5.4	320	6.8	+97
5 – 9	254	6.1	290	6.2	+36
10 – 14	296	7.2	260	5.5	-36
15 – 19	245	5.9	240	5.1	-5
20 – 24	178	4.3	230	4.9	+52
25 – 29	177	4.3	260	5.5	+83
30 – 34	220	5.3	270	5.7	+50
35 – 39	217	5.3	270	5.7	+53
40 – 44	227	5.5	270	5.7	+43
45 – 49	296	7.2	270	5.7	-26
50 – 54	326	7.9	230	4.9	-96
55 – 59	311	7.5	250	5.3	-61
60 – 64	304	7.4	300	6.4	-4
65 – 69	295	7.1	310	6.6	+15
70 – 74	179	4.3	300	6.4	+121
75 – 79	186	4.5	240	5.1	+54
80 – 84	102	2.5	205	4.4	+103
85+	96	2.3	185	3.9	+89
TOTAL	**4,148**	**100.0**	**4,700**	**100.0**	**+552**

Table 2: Comparison of ages between 2016 and 2031. Source: WA Planning Commission.

With an increase in the number of retirees moving to the area and the increase in life expectancy, the ageing population is expected to increase the Shire's need for appropriate facilities and infrastructure to cater for this age demographic. This may necessitate significant upgrade or development of infrastructure, as well as possible greater maintenance requirements. An ageing population will mean a greater need for aged care facilities and disability access. Increase in age of population will also require improvements to public transport 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 will have direct and indirect impacts on assets. This could be from a range of factors including changing climatic conditions, increasing rainfall, rising sea levels, and fluctuations in seasons.

Demand Planning

Demand management actively seeks to modify customer demands for services in order to:

- Optimise the utilisation / performance of existing assets;
- Reduce or defer the need for new assets;
- Meet the organisation's strategic objectives;
- Deliver a more sustainable service; and
- Respond to stakeholder needs

It is vital to the success of this strategy that demand factors be analysed comprehensively, and their impact quantified in terms of the following:

- The effect of the growth of the asset network;
- Any possible future need to increase or decrease infrastructure; and
- The implementation of non-asset solutions, such as managing demand.

In addition to the factors mentioned above, risk affects demand for services and consequently the following must be taken into account:

- The methodology and accuracy of forecasts;
- The currency of forecasts;
- The uncertainty of forecasts; and
- Any unforeseen natural factors.

The forecasts for the Shire of Waroona indicate steady population growth in the area. This growth trend is expected to cause an increase in the asset base due to the creation of new assets, as a result of increased demand.

Demand Management Strategies

Demand management strategies provide alternatives to the creation of new assets through modifying customer demands. A key long-term strategy is to manage demand so that there are funds in place for the renewal, operation and maintenance of future services. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Effective strategies maximise the utilisation of existing assets through consolidating services or disposing of assets that are surplus to requirements, and are discussed in later in this strategy.

The Shire of Waroona may need to carefully analyse and establish alternatives to the use of traditional assets in some circumstances where the relative demand cannot justify the replacement of some assets.

Risk Management

The Shire of Waroona is committed to identifying, measuring and managing risks in order to capitalise on opportunities and achieve the objectives of the Council's strategic plans.

To achieve this, the Shire has adopted a risk management framework aligned to AS/NZS ISO 31000.2018 Risk Management – Principles and Guidelines. The framework, which is comprised of a Risk Management Policy and Strategy, provides a coordinated and systematic process for managing risks, integrating risk management into everyday decision making and business planning.

A Business Continuity Plan also compliments this framework, ensuring that the Shire can continue to provide essential services to stakeholders in the event of a crisis or major incident.

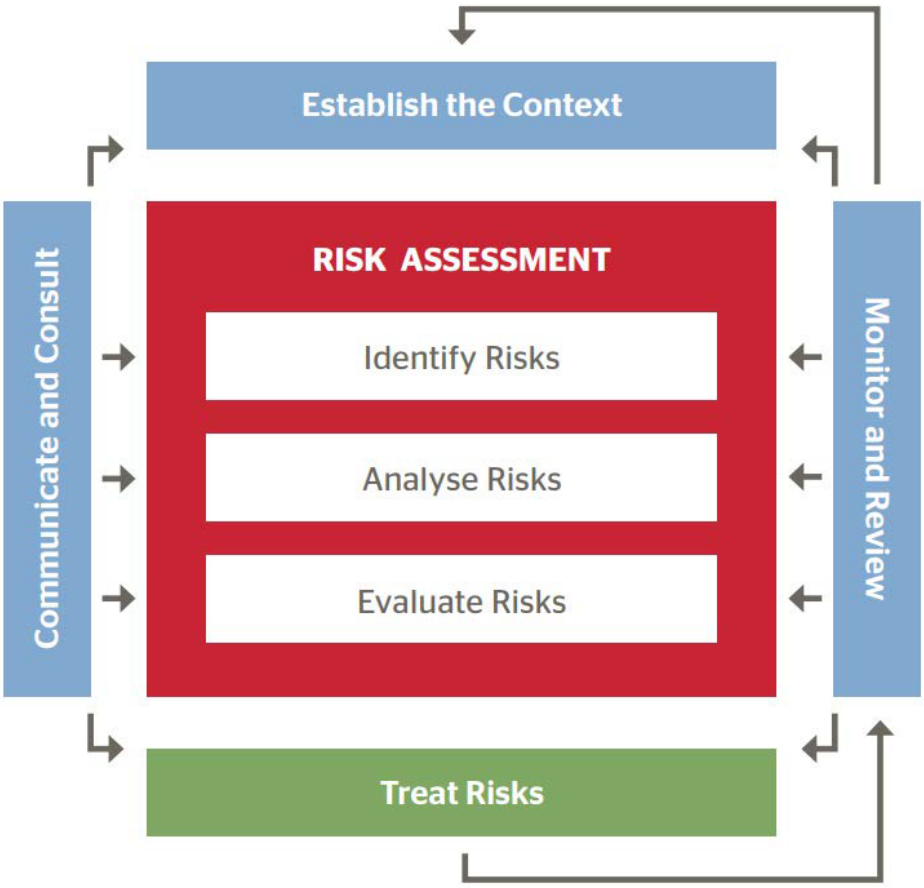


Figure 5: Risk Management Framework. Source: AS/NZS ISO 31000.2018 Risk Management - Principles and Guidelines.

Risk Management Guide

The following guide summarises the Shire's risk management framework

Risk Management Guide

Introduction to Risk Management

The Shire of Waroona has adopted an organisational enterprise risk management approach. Risks must be managed during day to day operations to ensure objectives are achieved and exposure to liability is minimised. Effective management of risk provides assurance to stakeholders that there is:

- A reduced likelihood of litigation
- Adequate controls to regulate the Shire's risk exposure
- Protection of the community's health and safety
- Strategies in place to minimise disruption to core services

Responsibilities

The adopted Risk Management Policy ensures an organisational approach through the delegation of responsibility to all levels.

Council: Provision of adequate resources to implement risk process and strategies.

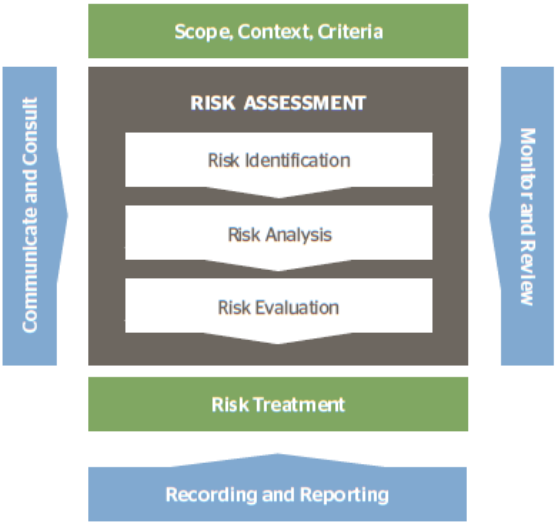
CEO and Executive: Recommending the risk tolerance level of the Shire to Council. Establishment of a Risk Management Committee. Ensuring the development and management of the Shire's risk.

Managers: Identifying and assessing all potential risks within their area.

All Staff: Active participation in the risk management program. Conducting risk assessments during the performance of their daily duties.

Risk Framework

The Shire of Waroona has embraced risk management through a Risk Management Policy, procedures and reporting mechanisms. Risk management processes are guided by ISO 31000:2018. The following diagram illustrates the full risk management cycle according to this standard:



Risk Control Rating

Excellent: Doing more than would reasonably be expected under the circumstances.

Adequate: Doing what would be reasonably be expected under the circumstances.

Inadequate: Doing less than would reasonably be expected under the circumstances.

Risk Management Process

1 | Establish the Context

Define the subject of the risk assessment, i.e. the activity, strategy, service, function etc. and determine the level of context, i.e. Strategic, operational or project. Identify the stakeholders who should be included and/or consulted during the risk assessment.

2 | Identify Risks

What can happen that could:

- Impede the achievement of the organisation's objectives
- Cause a stakeholder to lodge a complaint or initiate legal action
- Result in a financial loss
- Comprise the safety or health of the community
- Damage the environment now or in the future

Where and when could these events occur?

Why and how could they happen?

3 | Analyse Risks

Evaluate existing controls:

- Are there any current practices that might prevent the risk from occurring or lower the consequence of that risk?

Determine the consequence and likelihood of the risk occurring after any current controls.

Assess the overall risk level using the risk matrix.

4 | Evaluate Risks

With regard to the organisational risk tolerance level, decide if further treatments are necessary to reduce the risk to an acceptable level.

5 | Treat Risks

- Identify options for treating risks with negative outcomes
- Assess risk treatment options
- Prepare and implement treatment plans

6 | Monitor and Review

Record the risk management process, monitor and review regularly to ensure that the treatments are still effective and are still within the risk tolerance level.

Shire of Waroona's General Categories of Risk

Category	Possible Risk Area
Financial	Projects going over budget, legal costs, insurance claims, overpayments, inappropriate use of resources
Environmental	Regulatory compliance, contamination, inadequate environmental practices in processes and procedures
Operational	Adverse effects on core business, business continuity, human resource risks, loss of knowledge
Reputational	Public perception, poor customer service, sub standard works, corruption, misuse of confidential information
Health	Exposure to health risks, injuries to the public within Council buildings or on Council property
Project	Delays start or completion, variations to scope or budget, insufficient funds

Reviewed December 2020

Consequence Rating

Level	Description	Financial Impact	Health	Reputation	Operation	Environment	Project
1	Insignificant	Less than $10 000	Near miss/ negligible injuries or health effect	Low impact, low profile, minor complaint	Little impact - objectives still achieved with minimum extra cost or inconvenience	Contained, little and reversible impact managed by on site personnel	Insignificant impact on the project. It is not possible to measure the impact on the project as it is minimal
2	Minor	$10 000 to $50 000	Minor injury or health effect/First aid treatment	Heightened concern by community, several complaints	Inconvenient delays - partial achievement of objectives with some compensating action taken	Contained, minor damage or contamination that is reversible and managed by on site personnel	<5% deviation in scope, scheduled end-date or project budget requiring manager approval
3	Moderate	$50 000 to $250 000	Moderate injury or health effect/Medical treatment	Low level local news profile	Significant delays to major deliverables - additional costs required and or time delays to achieve objectives. Adverse impacts on KPIs and targets	Contained, significant contamination and damage that is reversible, managed by on site personnel	5-10% deviation in scope, scheduled end-date or project budget requiring senior management approval
4	Major	$250 000 to $1 million	Serious health effect, death or extensive injuries	Major coverage in local media, low profile in state media	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities	Uncontained, significant contamination and damage that is reversible but requires third party assistance, minor breach of legislation	10-25% deviation in scope, scheduled end-date or project budget requiring restructure of project and senior management or Council approval
5	Catastrophic	More than $1 million	Multiple deaths or severe permanent disablements	High state or national news profile	Organisation unable to function	Extensive contamination and damage that is irreversible, major breach of legislation	>25% deviation in scope, scheduled end-date or project budget requiring the project to be deferred or redeveloped

Level of Risk (Risk Matrix)

Level	Description	Probability
5	**Almost Certain**	Expected to occur in most circumstances > More than once per year or greater than 90% chance
4	**Likely**	Will probably occur in most circumstances > At least once per year or between 60% and 90%
3	**Possible**	Should occur at some time > At least once in three years or between 30% and 60%
2	**Unlikely**	Could occur at some time > At least once in ten years or between 5% and 30%
1	**Rare**	May occur, only in exceptional circumstances > Less than once in fifteen years or less and 5%

Level of Risk (Risk Matrix)

Likelihood		Consequence: Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	M (5)	H (10)	H (15)	E (20)	E (25)
Likely	4	M (4)	M (8)	H (12)	H (16)	E (20)
Possible	3	L (3)	M (6)	M (9)	H (12)	H (15)
Unlikely	2	L (2)	M (4)	M (6)	M (8)	H (10)
Rare	1	L (1)	L (2)	L (3)	M (4)	M (5)

L Low | M Moderate | H High | E Extreme

Risk Acceptance Criteria

Risk Level	Descriptor	Action Required	Criteria for Risk Acceptance	Review Frequency: Strategic/ Operational	Review Frequency: Project Risks	Risk Owner: Strategic/ Operational	Risk Owner: Project Risks
Low	Acceptable	Accept the risk	Risk acceptable	Annual	If the scope/ context changes	Operational Manager	Project Manager
Moderate	Monitor	Monitor the risk but consider risk treatments	Risk acceptable with adequate controls	Semi-annual	If the scope/ context changes	Operational Manager	Project Manager
High	Treat	Treat the risk. Reduce either the likelihood, consequence or both by improving existing controls or adding new controls	Risk acceptable with excellent controls	Quarterly	Monthly	Executive Management	Steering Committee where relevant or Project Director
Extreme	Treat	Treat the risk. Reduce either the likelihood, consequence or both by improving existing controls or adding new controls	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible	Monthly	Monthly	CEO	Steering Committee where relevant or Project Director

Life Cycle Management

Life cycle analysis ensures the sustainability of assets. Sustainability can be achieved by ensuring adequate investment in both short term maintenance needs and long-term replacements, renewals, upgrades and new works to continuously meet the needs of users in terms of the level of service they expect from these assets.

The life cycle management plan outlines what options and strategies are planned in order to manage the assets at an agreed level of service whilst optimising overall life cycle costs. These assets are operated and maintained throughout their useful life, and their performance and condition are monitored to ensure they deliver the necessary service. There will come a point where the asset is no longer performing at a satisfactory level and may be rehabilitated or improved. This process can be repeated several times throughout the life of the asset, however, eventually the asset will be disposed of and potentially replaced if there is a need for the asset to remain in service.

The recurrent costs of operations and maintenance, the capital expenditure for rehabilitation, and the one-off cost of replacement all form part of the asset's lifecycle costs. This section identifies and describes the four key phrases of the asset management life cycle of local government assets, namely acquisition, operation and maintenance, renewal and disposal.

Physical parameters are summarised in the strategies for each class.

Operations:	Operational activities keep the asset utilised but have no effect on condition.
Maintenance:	Proactive and reactive routine works which keeps assets operating to the required service levels.
Renewals:	Replacement of the asset or major restoration.
New Works:	New, extension or upgrade of assets.

Asset Condition

Assets have a vast range of factors that influence their usability. From an asset management perspective, the various factors fall into one of the following groups:

- Fitness for Use; and
- Fitness for Purpose.

Fitness for Use is a measure of physical condition relative to its condition when first constructed. Fitness for Use has been the basis of the condition audits undertaken. When rating fitness for use a standard scale of 1 to 10, where 0 = new and 10 = total deterioration has been used.

Condition Rating	Definition
0	A new asset or recently rehabilitated back to new condition.
1	A near new asset with no visible signs of deterioration often moved to condition 1 based upon the time since construction rather than observed condition decline.
2	An asset in excellent overall condition. There would be only very slight condition decline but it would be obvious that the asset was no longer in new condition.
3	An asset in very good overall condition but with some early stages of deterioration evident, but the deterioration still minor in nature and causing no serviceability problems.
4	An asset in good overall condition but with some obvious deterioration evident, serviceability would be impaired very slightly.
5	An asset in fair overall condition, deterioration in condition would be obvious and there would be some serviceability loss.
6	An asset in fair to poor overall condition. The condition deterioration would be quite obvious. Asset serviceability would now be affected and maintenance costs would be rising.
7	An asset in poor overall condition, deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high.
8	An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance costs would be very high and the asset would be at a point where it needed renewal.
9	An asset in extremely poor condition with severe serviceability problems and needing renewal immediately. Could also be a risk to remain in service.
10	An asset that has failed, is no longer serviceable and should not remain in service. There would be an extreme risk in leaving the asset in service.

Asset Valuations

Australian Accounting Standards (AASB13) require assets to be valued at 'Fair Value' as at 30 June 2013. Valuations have been derived using industry standard costs. Unit replacement rates include material, labour, plant, transporting and dumping costs infrastructure. The value of assets as at 30 June 2022 covered by this asset management strategy is over $160 million. The Shire is committed to monitoring progress towards achievement of the Strategic Community Plan. Ratios of asset consumption, renewal and sustainability have been prepared to help guide and gauge asset management performance and trends over time and are based on Drainage, Footpaths, Parks and Other Infrastructure, Buildings and Land, Plant, Furniture and Equipment, and Roads and Bridges.

Ratios	2021	2020	2019	2018	2017
Asset Renewal Funding Ratio Achieving Standard: >90%	92%	69%	69%	81%	70%
Asset Consumption Ratio Achieving Standard: >50%	99%	102%	128%	90%	97%
Asset Sustainability Ratio Achieving Standard: 75-90%	85%	72%	76%	53%	50%

Useful Life

Useful life is used to determine the current value of the asset. Lifecycles have been derived from officer knowledge and experience of actual asset life. Useful lives are reviewed annually to validate the estimated useful life of assets, with a sample of asset components selected to represent the asset portfolio. The age of each component is used to determine what length of time the component takes to move from condition 0 to condition 10. This assessment is based on the assumption that deterioration rates remain approximately equal throughout the life of the asset.

Intervention Levels

Intervention levels support the service levels provided to the community as they define the condition that triggers certain work to be completed. They are also very useful in the development of ongoing maintenance programs. Having defined intervention levels allows local governments to organise maintenance works on a risk priority basis, rather than being susceptible to completing works on a chronological basis, or as a result of pressure from individuals within the community. Intervention levels assist in providing a sound legal argument as to why certain works were, or were not, completed. Intervention levels are provided in the strategies for each asset class.

Operations & Maintenance

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of streetlights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to 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 reactive, proactive and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions. Proactive maintenance is planned repair work that is identified and managed through a maintenance management system. This system's activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacing air conditioning units, etc.

This work falls below the capital/maintenance threshold but may require a specific budget allocation. Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels.

Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this Asset Management Strategy and service risks considered in the Risk Management Plan.

Actual past maintenance expenditure is summarised in the asset management plans of each asset class.

Operations & Maintenance Programs

The Shire has developed formal maintenance plans and programs for its infrastructure. Proactive maintenance reduces the level of reactive maintenance works, which eventually lead to asset deterioration, conserving assets and reducing costs to the organisation in the long term. Maintenance programs have been developed to reduce risk and reactive maintenance levels. A maintenance program will:

- Describe the systems and procedures to be used to plan and manage maintenance work;
- Specify the types of maintenance to be carried out;
- Establish the order of priority for maintenance activities; and
- Nominate the means of resourcing and implementing maintenance.

Inspections

The purpose of inspection is to identify, record and report defects that are causing, or have the potential to cause:

- Disruption to service provision;
- Degradation of asset performance and / or condition including cleanliness;
- A public health or safety, security, or financial risk;
- Inconvenience to staff and / or the public;
- Breach of regulations or legislation; and
- Infrastructure damage.

Inspections of the majority assets are carried out on a regular basis as revaluations are completed. The current formal inspection frequency to ascertain the condition of assets is at least every 5 years.

Renewals & Replacements

The Shire has developed a 10 year renewal program, which will drive the budget planning process and form the basis to the Long Term Financial Plan. Renewal and replacement expenditure is major work which does not increase the assets design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential.

Renewal Strategy & Plan

Renewal is generally required when the structure has reached its end of life. Assets requiring renewal are identified from customer requests, analysis of condition and estimates of remaining life. Renewal will be undertaken using low cost renewal methods where practical. The aim of low cost renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

Assets proposed to be renewed are inspected to verify the accuracy of the remaining life and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and availability of funds and scheduled in future works programs. Actual past renewal expenditure is summarised in the strategies of each asset class.

The organisation will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner;
- Undertaking project scoping for all capital renewal and replacement projects to identify:
    - the service delivery deficiency, present risk and optimum time for renewal/replacement
    - the project objectives to rectify the deficiency
    - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
    - evaluate the options against evaluation criteria adopted by the organisation
    - select the best option to be included in capital renewal programs
- Using low cost renewal methods (cost of renewal is less than replacement) wherever possible;
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council;
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs;
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required; and
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

New Assets

Best practice asset management involves a comprehensive analysis prior to acquisition of new assets. This involves completing a project proposal and business case which addresses considerations such as:

- Relevance to corporate goals;
- Alignment to core business;
- Community need;
- Anticipated benefits;
- Environmental impacts;
- Risk identification and treatment;
- Total life cycle costs;

- Impact on existing services / infrastructure;
- Analysis as to whether service can be delivered without asset acquisition;
- Forecasted usage rates; and
- Value for money.

Asset Renewal

Renewal refers to works which restore an existing asset back to its original capacity. They may result from the asset deteriorating over its life, but still being in demand. Renewal of infrastructure conserves the infrastructure inventory, however will require ongoing maintenance and renewal. Recognition of the impact that this activity has on the future sustainability of infrastructure should be considered for all projects. As such, any potential renewals should undergo a 'whole of life' and service level demand analysis to ensure the need to renew the asset.

Asset Upgrade

Upgrade refers to works which improve an existing asset beyond its current capacity. They may result from growth, social or environmental needs. Upgrade/expansion of infrastructure will contribute to the overall infrastructure inventory and will require ongoing maintenance and renewal. Recognition of the impact that this activity has on the future sustainability of infrastructure should be considered for all projects. As such, any potential upgrades should undergo a 'whole of life' analysis to ensure the overall viability of the project.

Asset Disposal

Disposal of an asset refers to its decommissioning, whether by sale, demolition or relocation. A key component of an asset management strategy is the identification and disposal of surplus assets. This involves assessment of strategic goals and the recognition that some assets may be under-performing or surplus to operating requirements. Some disposals will not attract costs as they will either be transferred to a user group or the costs of demolition will be covered by the value of the materials.

Asset Disposal Policy

An asset management disposal policy for the Shire's assets has been developed and endorsed. Refer to Policy CORP018 - Asset Management Disposal Policy.

Asset Disposal Process

Surplus asset disposal is a three-step process whereby the asset is evaluated from a strategic perspective, the disposal process is implemented where required, and the disposal process is reviewed. The emphasis is on ensuring that under-performing and non-essential assets are identified and disposed. This disposal process applies to all of the Shire's assets, which will be used to assess the requirement for existing assets.

1. If Council has a particular asset that is not aligned to its core services then that asset should be considered for disposal or opportunities to transfer the responsibility to a relevant entity should be investigated
2. Council will look for opportunities to appropriately dispose of assets that are surplus to current and anticipated future requirements. The use of facilities in each township should be optimised to provide ratepayers with a value for money service. Any underutilised asset identified as being surplus may be disposed of by consulting the relevant parties and investigating options to consolidate and co-locate services.
3. Assets that are underperforming or are unsafe will be demolished and not replaced if there is no demonstrated ongoing need.

Asset Evaluation

The disposal process begins with identifying surplus assets. Council should conduct regular strategic evaluations of its asset needs.

During this process, assets are evaluated against the asset disposal principles outlined above. Where it is identified that an asset does not meet these criteria, it is to be identified as surplus and disposed. The evaluation process will also take into account public interest considerations.

Examples of public interest considerations would be:

- Where an asset has some form of significance to the community and there could be expected to be significant public resistance to disposal or transfer of ownership of the asset;
- Where an asset has strategic significance for future infrastructure development. In such instances, a clear and demonstrated future planning requirement is needed to support continued ownership;
- Where there are significant heritage, environmental or public usage requirements that require ongoing local government ownership and management.

Implementation of Disposal

The method of disposal will be assessed against the principle of achieving the maximum benefit to the community through the disposal, including social, financial, economic and strategic factors.

Review of Disposal Process

Following the disposal process, the Shire should review outcomes and identify ways to improve performance for future processes. This would include, at appropriate times, a review of internal processes and structures that deal with asset disposal. Asset disposal performance can be monitored through the development of appropriate measures, such as:

- Average time for disposal process;
- Impact of disposal on Shire finances; and
- Community feedback.

Any disposal proposals should consider the Shire's policies and procedures, particularly Policy CORP018 – Asset Management Disposal Policy.

Roads & Bridges

Disposal is not a suitable option for this asset class, however transfer of ownership and/or control to other government bodies is highly recommended wherever possible.

Buildings & Facilities

The Shire will need to carefully analyse and establish alternatives to the use of buildings assets in circumstances where the relative demand cannot justify the replacement of buildings for what they were originally intended. Removal of some buildings from Council assets may need to be undertaken where it can be demonstrated that the buildings would be better managed and controlled by others, or the demand level is low relative to other demands that allocation of funds towards the building cannot be justified.

Footpaths & Drainage

Disposal is not a suitable option for these asset classes.

Parks & Other Infrastructure

The Shire will need to carefully analyse and establish alternatives to the use of parks and other infrastructure assets in circumstances where the relative demand cannot justify the replacement of assets for what they were originally intended. Removal of some infrastructure from Council assets may need to be undertaken where it can be demonstrated that the infrastructure would be better managed and controlled by others, or the demand level is low relative to other demands that allocation of funds towards the asset cannot be justified.

Furniture, Plant & Equipment

Any disposal proposals should consider policies and procedures, particularly Policy CORP018 – Asset Management Disposal Policy.

Land

The Shire will need to carefully analyse and establish alternatives to the use of buildings assets in circumstances where the relative demand cannot justify the replacement of buildings for what they were originally intended. Removal of some buildings from Council assets may need to be undertaken where it can be demonstrated that the buildings would be better managed and controlled by others, or the demand level is low relative to other demands that allocation of funds towards the building cannot be justified.

Financial Projections

Financial forecast models assist in predicting the future financial requirements based upon the presumption that the assets will be replaced when the condition ratings reach a predetermined intervention level. This section presents a forecast financial summary for the next 10 years based on identified assumptions and trends. It is anticipated that the financial summary will be reviewed annually and continue to be refined as planning studies, strategies and increased financial analysis and data collection are completed. The financial modelling carried out is based on the life of the asset and the current annual expenditure for asset renewal. The forecast makes no allowance for renewal expenditure required in the future on any new assets that are added to the network. Forecasts are based on current construction cost and will be influenced by cost increases in materials and labour.

10 Year Financial Forecast

A 10 year financial forecast has been developed for all asset classes to predict performance of the Shire's infrastructure. The model is based on the asset condition data and shows the funding required to achieve the desired level of service. Renewal projections are based on the default assumptions that all existing infrastructure is to be renewed when a particular condition intervention is reached, and that they will be renewed using components that are substantially the same as those existing.

Key Assumptions

Key assumptions are made in presenting the information contained in this asset management strategy and is preparing forecasts of projected operating and capital expenditure and asset values and depreciation expense estimates. It is presented to gain an understanding of the levels of confidence in the data behind the financial forecasts. The most significant potential changes to the financial projections shown will result from the factors below:

- Assumptions have been made as to the average useful lives of assets based on current local knowledge, evidence based useful life analysis, experience and historical trends. These will be continuously reviewed and the accuracy improved based on real time assessments of asset deterioration;
- Changes in levels of service from those identified in this asset management strategy;
- Significant fluctuation in cost of asset construction / maintenance
- Changes in level of asset deterioration due to natural factors such as storms, as well as increases in use.

Funding Capacity

Current funding sources available for assets include rates, Federal / State Government grants, and private developer contribution funds.

Funding Options & Strategy

The Long Term Financial Plan is the 10 year financial planning document of the Shire that is governed by a series of financial strategies and accompanying performance indicators that the Shire considers and adopts. The plan establishes the strategic financial direction for the Shire to meet the funding and investment challenges that are forecast for the next 10 years. Each year the Shire will develop a Capital Works Budget for asset renewals, upgrades and new works and a recurrent budget allocation for maintenance & operations expenditure for its infrastructure.

It is intended that the expenditure will be in accordance with this Plan, policies named within in, corporate goals, Shire Asset Management System, government legislation and regulations and the needs of the community within financial constraints. Two modelling scenarios are run in relation to the relevant asset class based on an unlimited budget (like for like) and also using a proposed budget allocation within the Long Term Financial Plan over a 10 year planning period. Modelling scenario results are summarised in the strategies of each asset class.

Confidence Level

The confidence in the data used as a basis for the financial forecasts has been assessed using the grading system below. The confidence level for this report is “B” overall.

Confidence Grade	Ratios
A	**Highly reliable:** Data based on sound records, procedures, investigations and analysis that is properly documented and recognised as the best method of assessment.
B	**Reliable:** Data based on sound records, procedures, investigations and analysis which is properly documented but has minor shortcomings, for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
C	**Uncertain:** Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available.
D	**Very uncertain:** Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

Financial Projections

Asset Class	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Roads & Bridges	$3,013,083	$3,163,737	$3,321,924	$3,488,020	$3,662,421	$3,845,542	$4,037,820	$4,239,711	$4,451,696	$4,674,281
Buildings	$515,280	$541,044	$568,096	$596,501	$626,326	$657,643	$690,525	$725,051	$761,303	$799,369
Other Infrastructure	$5,430,033	$5,701,535	$5,986,611	$6,285,942	$6,600,239	$6,930,251	$7,276,764	$7,640,602	$8,022,632	$8,423,763
Furniture, Plant & Equipment	$1,013,880	$1,064,574	$1,117,803	$1,173,693	$1,232,377	$1,293,996	$1,358,696	$1,426,631	$1,497,963	$1,572,861
TOTAL	$9,972,276	$10,470,890	$10,994,435	$11,544,156	$12,121,364	$12,727,432	$13,363,804	$14,031,994	$14,733,594	$15,470,274

Please Note: these figures have been based on 2022/2023 budget figures and an estimated annual CPI of 5% compounding – this may vary significant in the future.

Asset Decision Cycle

The decision not to fund an asset or to defer operating costs, or to defer funding for maintaining or renewing an asset can lead to down-stream financial consequences that may include committing the Shire to greater future costs to upgrade or replace the asset.

To support better decision making, the Shire has established an evidence-based decision framework for asset management that considers the following:

- Strategic service reviews and opportunity assessments;
- Shire research;
- Asset performance data or analysis; and
- Customer and community feedback.

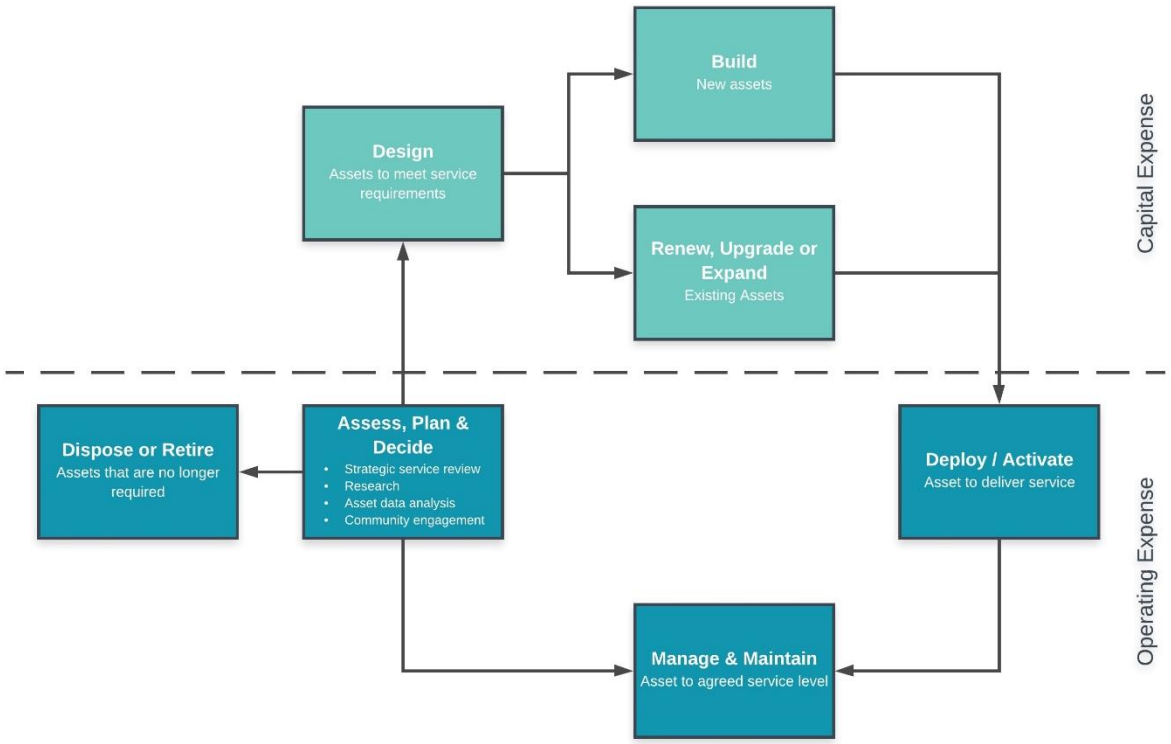


Figure 6: Asset Decision Cycle. Source: Public Works Engineering Australia International Infrastructure Management Manual.

Asset Management Practices, Improvement & Performance Monitoring

Asset Management Practices

Asset management practices are the processes, analysis and evaluation techniques needed to support lifecycle asset management. This includes the following asset management functions:

- Knowledge of assets;
- Levels of service;
- Condition assessments;
- Asset accounting - valuation, revaluation, depreciation;
- Lifecycle planning;
- Asset operations and maintenance;
- Asset creation and disposal;
- Performance monitoring;
- Quality assurance and continuous improvement;
- Risk management;
- Design and project management; and
- Reviews and audit processes.

Weaknesses in the current asset management processes have been identified throughout this document.

Data Systems

Asset management data and knowledge is appropriate, accessible and reliable data that can be used with information systems to enable enhanced asset management. This includes the following data on the following asset characteristics and topics:

- Classification and identification;
- Physical attributes;
- Condition;
- Cost and maintenance histories;
- Valuation;
- Lifecycle costings;
- Data quality; and
- Risk information.

The following software is currently used in relation to asset management:

- RAMM;
- Various segregated asset registers (Microsoft Office software);
- Financial system (Synergysoft); and
- Geographical Information System.

The Shire does not have an asset management program that ensures a central collection point for all infrastructure data. While a substantial amount of work has been undertaken to improve the Council's records, it is recognised that continuous improvement and review will assist in providing an accurate assessment of the portfolio and performance indicators in the future.

Asset Management Improvements

This document has been based on the International Infrastructure Model with the objective of identifying and documenting the Shire's existing asset management processes, information systems, data and knowledge, and then determining any weaknesses in these. To improve Shire asset management practices, solutions to reduce the impact of these weaknesses have been developed. The improvement projects have been prioritised according to their urgency and importance, and their implementation will depend on resources allocated. Projects that have been identified as the most urgent and important for improving the management of Shire assets are summarised in the strategies of each asset class.

Monitoring Procedures

The effectiveness of this asset management strategy can be measured in the following ways:

- The degree to which the required cash flows identified in this Plan are incorporated into Council's Long Term Financial Plan;
- The degree to which 1-5 year detailed maintenance and capital programs, budgets, business plans and organisational structures take into account processes and principles outlined in this Plan;
- Quantity of assets classified as being below acceptable service level;
- The level of user satisfaction based on comparative surveys from year to year; and
- Ratio of planned maintenance to reactive maintenance.

Review Procedures

This Plan has a life of 10 years but will be reviewed and updated annually. This review process will recognise any changes in service levels and / or resources available to provide those services as a result of funding allocations, as well as analysing financial implications of new projects.

To facilitate the achievement of the community's long term goals and aspirations as expressed in Waroona 2030 and the Corporate Business Plan, informing strategies have been developed to ensure the required financial strategies, infrastructure and workforce are in place.

Resourcing the Asset Management Strategy

To facilitate the achievement of the community's long term goals and aspirations as expressed in Waroona 2030 and the Corporate Business Plan, informing strategies have been developed to ensure the required financial strategies, infrastructure and workforce are in place.

Long Term Financial Plan

The Long Term Financial Plan is Council's ten year financial planning document with an emphasis on long term financial sustainability.

Financial sustainability is one of the key issues facing local government due to several contributing factors including ageing infrastructure and constraints on revenue growth. This document tests the community aspirations and goals against financial realities. Included within the Long Term Financial Plan are:

- Assumptions used to develop the Plan;
- Projected income and expenditure, balance sheet and cash flow statements; and
- Methods of monitoring financial performance

Balancing expectations, uncertainty of future revenue and expenditure forecasts are some of the most challenging aspects of the financial planning process.

As such, the longer the planning horizon, the more general the plan will be in the later years. Every effort has been taken to present the most current estimates and project scopes to be included in the Plan.

Asset Management Strategy

The Asset Management Strategy assists Council to provide the required level of service in the most cost effective manner through the creation, acquisition, maintenance, operations, rehabilitation and disposal of assets to provide for present and future generations.

The Strategy is part of an overall framework that aims to present information about assets, provide evidence of responsible asset management and compliance with regulatory requirements, and summarise information with regard to funding aimed at maintaining assets at the required levels of service.

Council utilises integrated decision making to ensure that built, social, economic and natural impacts of asset provision and maintenance are properly considered throughout the asset management lifecycle. Council's strategic financial planning will ensure that:

- Funding requirements are assessed; and
- Additional funds are identified where appropriate for the investment in new and upgraded assets.

Workforce Plan

The Workforce Plan provides a framework and strategy to address the human resourcing requirements for Council's Corporate Business Plan, and as such, has a four year horizon. The Plan recognises that Shire employees need to bring commitment, energy and flexibility to the workplace. In return, staff need clarity regarding how their personal goals align with organisational goals and priorities.

This requires an investment in developing leaders, managers and employees with the right skills for our diverse businesses. It also requires clear learning pathways linked to performance development and an ongoing investment in attracting and retaining talented people, while maintaining a focus on workplace health and wellbeing.

The Shire is committed to the ongoing identification of efficient operating methods and is increasingly using technology to automate processes. The need to minimise financial impact to ratepayers is priority, and therefore, no additions to the workforce are planned over the next four years.

Asset Management Plans

Asset Management Plans define current levels of service, and the processes local governments use to manage each of their asset classes. They should be developed for all major asset classes, including, but not limited to roads, buildings, drainage, paths and parks and infrastructure.

Asset Management Plans should include:

- Reference to an asset register (which records all assets and their location, acquisition, disposal, transfer and other relevant transactions based on best current information and random condition/performance sampling).
- Defined levels of service for each asset category or particular actions required to provide a defined level of service in the most cost-effective manner.
- Demand forecasting.
- Risk management strategies.
- Financial information such as asset values, depreciation rates, depreciated values, capital expenditure projections for new assets as a result of growth, or to renew, upgrade and extend assets.
- Strategies to manage any funding gaps.
- Consideration of alternative service delivery solutions (leasing, private/public partnerships, shared services arrangements).
- Information on ‘whole of life’ costing including changes in service potential for assets.
- A schedule for asset performance review and plan evaluation.
- An asset management improvement program.
- Clear linkages to other strategic documents such as the Corporate Business Plan, Long Term Financial Plan and Annual Budget.

REF: Department of Local Government, Sport & Cultural Industries – Asset Management Guidelines p.14.

Reviewing & Reporting

The Shire of Waroona has a robust reporting framework in place that tracks key performance indicators at the individual, service area and organisational level. The Chief Executive Officer has targets and objectives that are set and revised by Council to deliver on key Council priorities.

The Shire's performance data is captured in our corporate database, ensuring that appropriate responsibilities, timeframes, measures and progress are accounted for. The Shire is also required to report on statutory key performance indicators listed in the table below:

Ratio	What It Measures	Achieving Standard
Asset Sustainability	An indicator of the extent to which assets managed by a local government are being renewed or replaced as they reach the end of their useful lives.	Ratio > 90%
Asset Consumption	An indicator of the aged condition of a local government's physical assets.	Ratio > 50%
Asset Renewal Funding	An indicator of whether a local government has the financial capacity to fund asset renewal at existing revenue and service levels.	75% > Ratio > 90%

The anticipated review cycle for the Asset Management Strategy and appendices for the next 10 years is as follows:

Year	Task
2022/23	Buildings and Land assets revaluation and condition rating
	Asset Management Strategy review
	Buildings and Land Plan review
2023/24	Infrastructure assets revaluation and condition rating
	Roads and Bridges Plan review
2024/25	Footpaths Strategy and Parks and Other Infrastructure Plan review
2025/26	Drainage Strategy and Plants, Furniture and Equipment Plan review
2026/27	Community consultation
	Asset Management Strategy review
2027/28	Buildings and Land assets revaluation and condition rating
	Buildings and Land Plan review
2028/29	Infrastructure assets revaluation and condition rating
	Roads and Bridges Plan review
2029/30	Footpaths Strategy and Parks and Other Infrastructure Plan review
2030/31	Drainage Strategy and Plants, Furniture and Equipment Plan review
2031/32	Community consultation
	Asset Management Strategy review
2032/33	Buildings and Land assets revaluation and condition rating
	Buildings and Land Plan review

Photo Credits

Cover, 6, 8, Back	Shire of Waroona
Page 7, 11, 12	Merrin McWilliams
Page 14	Visit Peel and Russell Ord Photography

52 Hesse Street
PO Box 20
WAROONA WA 6215

08 9733 7800
warshire@waroona.wa.gov.au
/ShireofWaroona

www.waroona.wa.gov.au