

Strategic Asset Management Plan 2024-2033



Acknowledgement of Country

We acknowledge the Noongar people who are the traditional custodians of this land and pay our respects to Elders, both past and present. We acknowledge and respect their continuing culture and the contribution they make to this region.





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Our Community Snapshot

Population

ABS Estimated Resident Population
2022 Projected (Band D)
WA Planning Commission



Volunteers*

Persons aged 15+ (Usual Residence)



29.4%
Denmark

19.3% - Regional WA
15.9% - WA

Unpaid Care*

Persons providing assistance to a person with a disability, long term illness or old age



12.5%
Denmark

10.4% - Regional WA
10.7% - WA

Economic Output**



\$757.9 Million
Denmark

\$10.2 Billion - Great Southern
\$744.1 Billion - WA

Homeless Persons Estimated*



84

Denmark
(up 76 from 2016)

Aboriginal and Torres Strait Islander*



1.3%
Denmark

8.4% - Regional WA
3.3% - WA

Number of Jobs**



2,074
Denmark

26,889 - Great Southern
1.3 Million - WA

Disability*

Persons who needs assistance with core activities



4.7%
Denmark

4.6% - Regional WA
4.6% - WA

Median House Price***

YTD Feb 2024



\$553,000
Denmark

\$465,000
Great Southern

Top 5 Performing Areas****

Unemployment Rate*



3.7%
Denmark

4.2% - Regional WA
5.1% - WA



Community safety and crime prevention



Festivals, events, art and cultural activities



Library and information services



Tourism attractions and marketing



Efforts to promote and adopt sustainable practices to manage climate change

*Reference to: 2021 ABS Census Data accessed via <https://profile.id.com.au/denmark>

**Reference to: 2021 ABS Census Data accessed via <https://app.remplan.com.au/greatsouthernregion/economy>

***Reference to: Based on transactions for the 12-month period ending February 2024 accessed via <https://reiwa.com.au/suburb/denmark>

****Reference to: MARKYT Community Scorecard 2022

Overview

Asset management planning is a cornerstone for local governments' sustainable development. It is a detailed process beyond merely cataloguing assets; it serves as a compass to guide the local government in understanding, maintaining, and optimising its infrastructure.

The Shire of Denmark aims to deliver infrastructure that enhances service delivery while ensuring fiscal responsibility by precisely documenting the inventory, evaluating operational costs, and strategically planning asset renewals. Council's Asset Management Policy (PO40226) states that community-informed service levels, future demand, long-term sustainability and risk management will drive this plan.

The Strategic Asset Management Plan (SAMP) is part of a framework of informing strategies alongside the Long Term Financial Plan (LTFF) that advises local governments on their capability to manage the assets required by the community. The SAMP is closely linked to the LTFF, and it informs the activities of the Corporate Business Plan as part of its four-year program of activities.



Strategic Community Plan – Planning and Reporting Framework

Over the next ten years, there will be several key asset management challenges that the Shire aims to address, which will feed into the LTFF. They include:

Transport

- Improve our data about condition ratings on our road network.
- Develop a road renewal/upgrade/expansion program for the next three years.
- Maximise funding opportunities through the Regional Road Group by ensuring our Roads of Regional Significance are relevant and current.
- Advocate for increases to the pools of funds available for road renewal.

Buildings and Land

- Optimise building usage through a shared-use approach.
- Prioritise the upkeep of buildings through a commitment to building repairs and maintenance.
- Investigate partnership opportunities to pursue grant funding for building renewal and upgrade.
- Seek to consolidate building assets where possible to ensure funding is used efficiently.
- Investigate industrial land development on Shire-managed land.
- Undertake a review of the Sport and Recreation Masterplan to understand future asset needs.

Parks and Reserves

- Undertake renewal work in Berridge Park to develop a high-quality public open space.
- Upgrades and renewals to the playground space in line with the Local Planning Strategy (LPS).
- Ensuring play spaces of appropriate levels are included in new development or contributions are sought to upgrade existing ones.
- Investigate and develop priorities for works on the Denmark Senior High School (DSHS) oval.
- Prioritise works that result from the Coastal Reserves Management Strategy and Action Plan.
- Advocate for the next stage of the WOW Trail to link the existing trail to Ocean Beach.

Strategic Asset Management

Guiding Principles

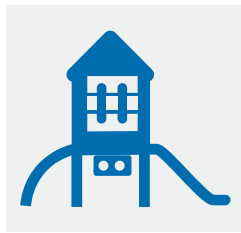
Guiding principles are values the Council establishes to advise and shape decision-making. They help guide the development of the SAMP.

1. The LTFP outlines the structure by which the Shire will manage our asset base to meet community needs as identified in the Strategic Community Plan
2. A 'whole of life' view of asset management is utilised
3. Asset management prioritises the sustainable and equitable utilisation of resources, ensuring that decisions align with community priorities and values.
4. Plan and prioritise the maintenance, renewal and replacement of existing assets with a prioritising of 'renew' over 'new'
5. Revenue and expenditure are structured to achieve the future renewal of assets within a planned useful life
6. Debt funding may be used for capital works or the purchase of assets but is not to be utilised to finance operational activities or recurrent expenditure
7. Asset disposal will be in line with the LTFP
8. Grant funding, as a significant element of the funding equation for asset management, carries a risk. Funding streams may not eventuate, be highly competitive, or result in a lesser amount than expected
9. Depreciation of assets is valued at fair value in the balance sheet of the Shire and depreciated at rates set out in the LTFP
10. The Council will be responsive to prevailing economic conditions and adjust capital project timeframes to support the local economy.

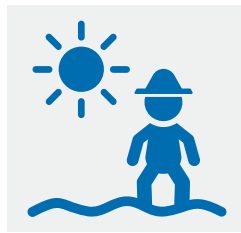
Our Assets



248km sealed roads and 401 km unsealed roads



12 playgrounds



6 beaches



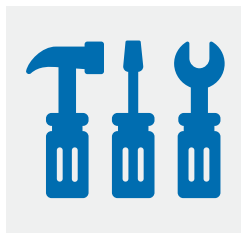
20 public toilets



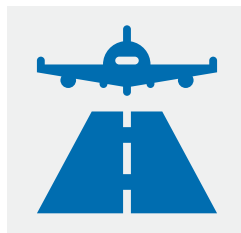
13 BBQs



1068 street signs



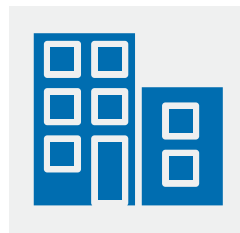
132 items of plant and equipment



1 airstrip



16 bridges



132 structures



100km of paths
76km of walking trails



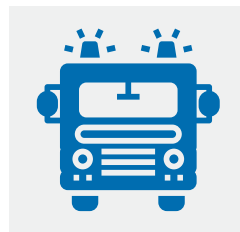
136 public rubbish bins



121 Shire reserves



20 fire sheds



23 fire appliances



Library



Recreation Centre and McLean Oval



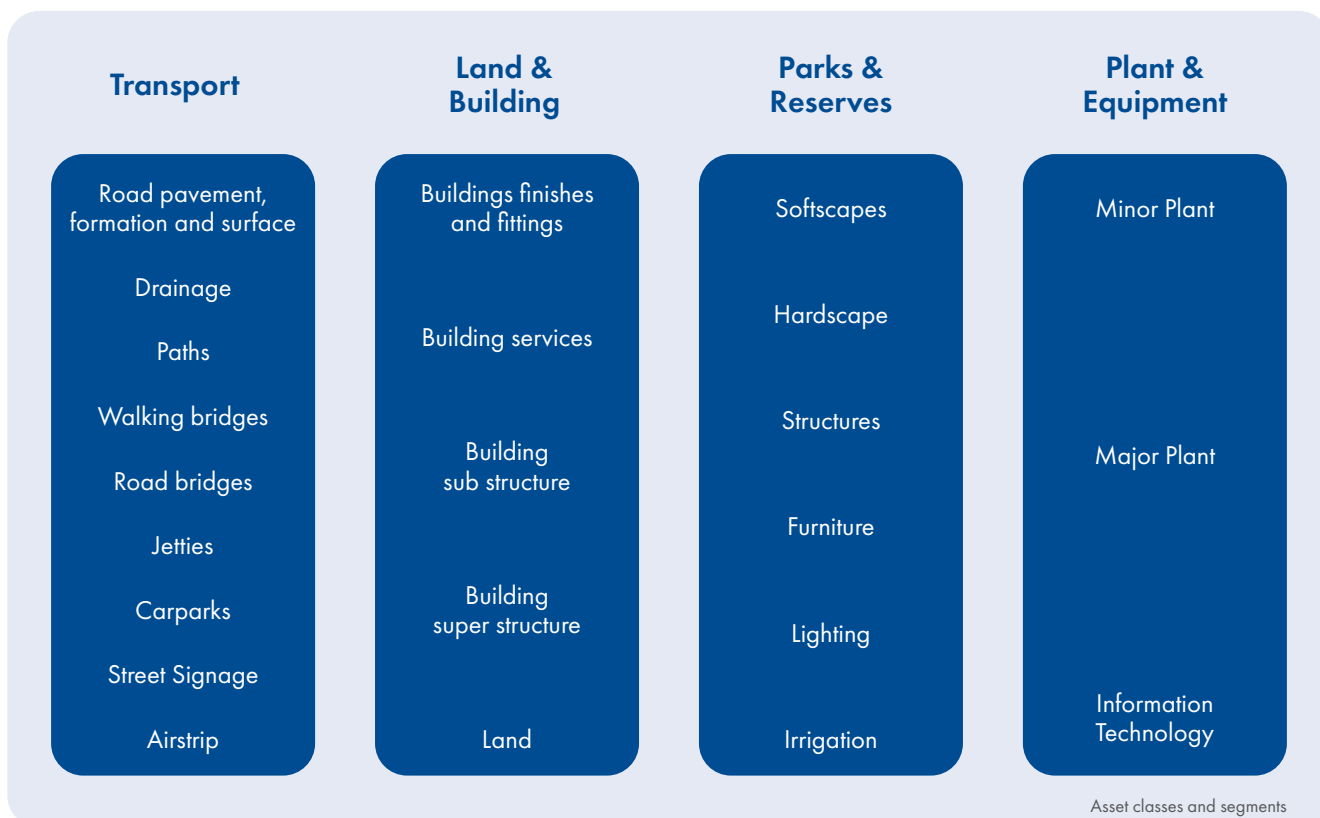
Parry Beach Campground

Like all local governments, the Shire of Denmark exists to provide facilities and services that community members rely on and use in their everyday lives. Infrastructure such as bridges, roads and paths help those in the Shire move around. At the same time, assets such as community buildings, parks, sporting fields and play equipment provide opportunities for people to come together and lead happy, healthy and creative lives. Other assets keep us safe, like fire trucks and the airstrip at the Denmark Airport, which provides 24/7 access for the Royal Flying Doctor Service and waterbombers. In contrast, the community may only notice some assets, such as pipes and drains, IT servers, and irrigation systems, once these assets fail.

We have categorised our assets into four main classes or 'portfolios'. These are:

- Transport Infrastructure
- Land and Buildings
- Parks and Reserves
- Plant and Equipment

Within each portfolio, we have also broken our assets into segments. Different segments of an asset have different lifespans and do not need to be replaced simultaneously. We look at these segments and components to predict renewal expenditure accurately. An example would be replacing a kitchen (segment) in a building (asset) earlier than the roof (segment).



Assessing Asset Condition

The Australian Accounting Standards require all local governments in Australia to identify, value and record their assets and to have a systematic plan to undertake condition assessments of assets. The Shire of Denmark has a five-year condition assessment strategy as part of the IPR Review Framework, and consideration is made in the LTFP to fund the data collection process that reviews the main asset classes on an ongoing basis. The plan has delivered recent asset reviews across the following classes of assets:

- June 2022 – Buildings and Land
- June 2023 – Parks and Reserves
- September 2023 – Transport Infrastructure

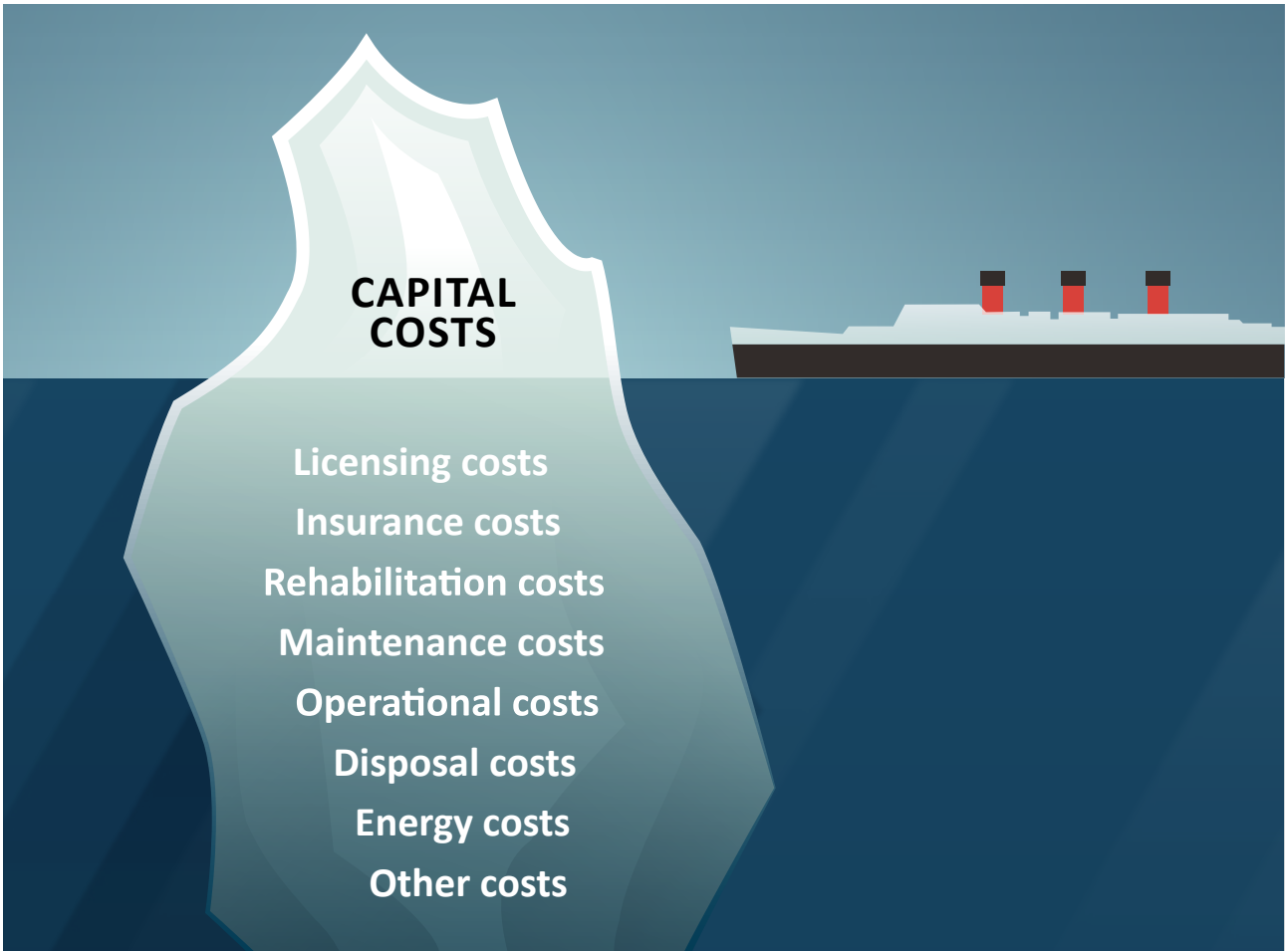
Having current condition assessment data ensures that the limited budget is effectively targeted to the most needed asset renewal works so that we intervene when required to prevent assets from failing. As each subsequent condition assessment is undertaken, the accuracy of the data improves, and the level of assumptions and estimates is reduced.

Unfortunately, renewal isn't the only cost to be managed when considering an asset's whole lifecycle. Costs are associated with each asset's lifecycle stage, from concept and design to removal during the final disposal stage. That is why it is essential to ensure that before an asset is created or renewed, serious thought is given to whether it should exist and whether it is the most financially sustainable option to meet community needs.

The Hidden Cost of Assets

Once an asset is created, everyday maintenance and operating costs are associated with its existence. These costs are 'non-discretionary' and don't include any improvements and upgrades made to assets that the community may desire now or in the future.

In the past, an asset's capital cost (creation cost) may have been the only cost reflected in the budget when presented to the Council for decision. Often, the creation of a new asset (i.e. the acquisition or construction cost) only accounts for a small percentage of the total cost of managing the asset throughout its life.



Qld Treasury Corporation Whole of life costing: A quick reference guide for elected officials and staff

Key Challenges

A range of factors influence the development and ongoing management of assets. These factors have been discussed below to help explain the decision-making considerations for building a resilient asset plan.

Cost of Goods and Services

The most critical factor in asset management is the fluctuating cost of building and maintaining assets. The Local Government Cost Index (LGCI) measures cost changes over time for the works and services supplied by local governments. It considers elements such as the WA Wage Price Index, the Consumer Price Index, road, bridge and non-residential building costs, machinery and equipment, electricity and street lighting, insurance, and other utility costs. In preparing the 2023 LTFP, officers referenced the LGCI to forecast cost movements. The Western Australian Local Government Association's (WALGA) September 2023 Economic Briefing forecast indicated the following expected growth in overall costs:

2023/24	3.9%
2024/25	2.6%
2025/26	2.4%

There is still a challenge for local governments attempting to forecast the current climate, given reserve bank and government efforts to reign in inflationary pressures and manage global economic uncertainty. If the market volatility continues beyond the current financial year, the Council may need to consider rationalising asset renewal work as it might be prudent to hold funds to a future date when prices return to more realistic levels. In some circumstances, this may not be possible if the asset fails and presents a risk or if asset funding is tied to delivery within a specified timeframe.

Renewing Assets

One of the critical issues facing local governments across Australia is the backlog of aging assets that need replacing due to decades of negative net outlay on asset renewal and replacement. Small rural shires such as Denmark are some of the most impacted by this asset crisis, and there is no short-term fix. In some cases, support from other levels of government will ultimately be needed to address the issue. To improve this situation, we must look after our existing assets while carefully planning for new or upgraded ones to meet our growing community's needs.

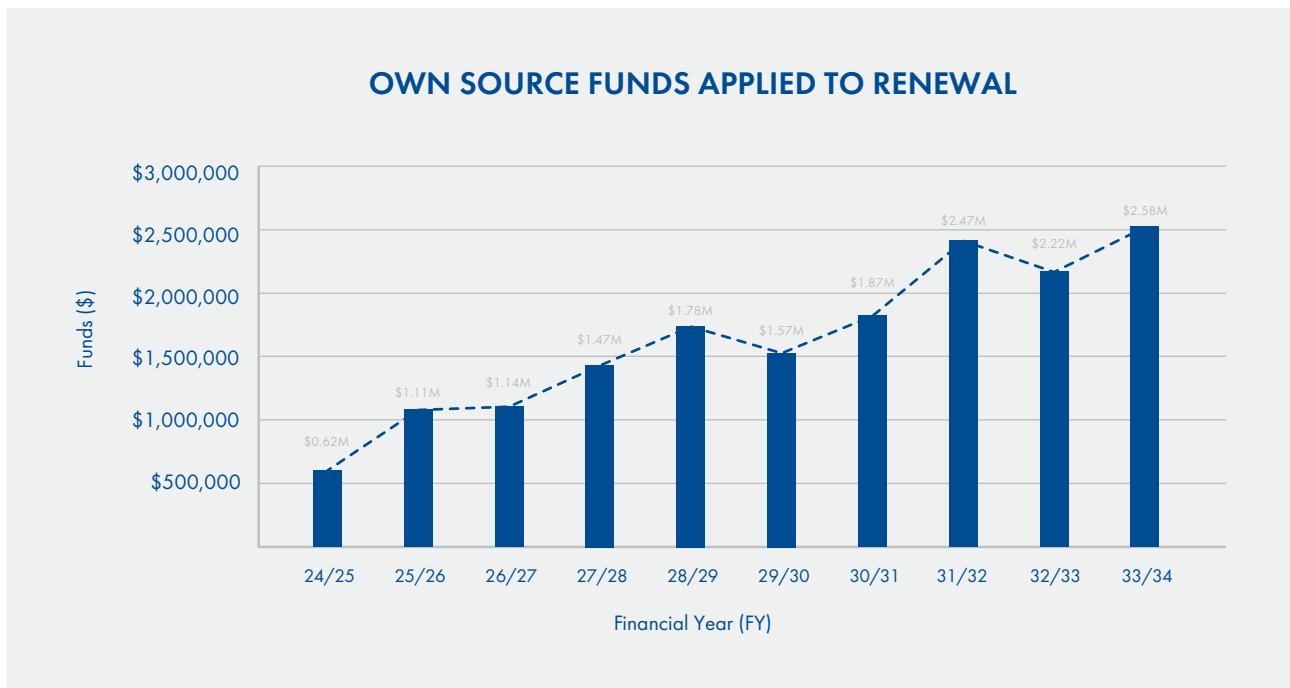
The Shire's 2019 Strategic Asset Management Plan (SAMP) noted that the funding allocated for asset renewal (across all asset portfolios) in the LTFP was dependent on an average 4% rate increase each year, **with 2% dedicated solely to funding renewal works** (the other 2% being for operations, to keep pace with inflation). It also noted that if the additional 2% was not added to the renewal budget each year, the asset renewal timeframes would blow out, and the asset condition would continue to worsen. Since 2019, the impacts of COVID and inflation weighed negatively on the Shire's revenue. Consequently, a 2% buffer between inflation and rates to address asset renewal was only achieved once in four years. As a result, the Shire is now in the same, if not worse, asset management position than in 2019.

Determining when to replace infrastructure like roads, drains, bridges, water systems, and public buildings can be challenging. Various factors, such as climate impacts, natural disasters, systematic usage, and maintenance schedules, influence the condition and lifespan of these assets. Infrastructure replacement or upgrade requires significant investment, whether from loans, grants or use of reserve funds. Hence, the LTFP must be updated to account for any significant cash flow forecasts resulting from changing the SAMP.

Own Source Funds Applied to Renewal

Own source funding for renewal entails financing infrastructure or asset renewal initiatives using internally generated funds, such as rate revenue, reserve funds and asset sales, rather than relying on external sources like loans or grants. This approach offers financial autonomy and stability, as we aren't reliant on external lenders or grant providers.

The graph (below) illustrates the annual commitment to asset renewal through our own source funding, demonstrating our commitment to addressing the backlog of asset renewal work.



New Assets

The demand for new and improved community facilities and services adds to the complexity of planning and financing assets. Creating new assets to meet growing population needs and expectations puts pressure on long-term budgeting as ongoing operating costs must be factored into future budgets. When new purpose-built facilities are erected to create community spaces, it is not uncommon for the older infrastructure to still be retained by the local government.

Asset Disposal

When the community’s demand for additional spaces increases as it grows, or a solid historical or cultural connection to a particular space exists, it can be a problematic asset management decision to rationalise the disposal of older structures. Retaining older assets when new assets are created requires careful assessment of their feasibility and value.

Asset disposal aims to ensure the community is not funding surplus assets to its needs while being respectful of the value the community holds for these structures or spaces. It also provides a systematic and transparent method for disposing of surplus assets. In making informed decisions concerning assets, the Shire will consider:

- The short and long-term need for the asset
- The value for the space as expressed by the community
- Legislative requirements, including current or emerging health and safety issues
- Opportunities for rationalisation or creating multifunction facilities
- Future liability, including ultimate retention/disposal costs.

Shared Community Spaces

Small local governments can become burdened by managing many assets, especially community buildings when they rely on sourcing grant funding to upgrade these facilities. Sharing community buildings becomes critical when there are more community groups than community buildings. So, the Shire supports local community groups developing shared-use arrangements for its community buildings.

It is rare to attract grant funding to repair an existing building asset. Hence, it makes sense for the Shire to consolidate our asset base where we can and submit funding applications for new or improved multi-purpose facilities. The Shire can reduce the number of average, poor and inferior assets by applying a strategic lens across the asset base.



Shire of Denmark Community Infrastructure

Deciding on the Priorities

Community priorities and needs change over time, and it is the role of the asset management plan to consider the feedback received during community engagement to understand the expectations of facilities and asset service levels.

The Council incorporates community feedback into asset management planning through:

- Information provided via our biennial Community Scorecard survey;
- Reviewing customer requests and complaints via the Service Request system and
- Community priorities identified in the Strategic Community Plan. (see below)

The following priorities concern our built environment

1. Local roads and stormwater drainage.

Our community wants:

- increased levels of regular maintenance,
- issues to be repaired quickly,
- upgrades, including bituminising gravel roads,
- roads prioritised across the whole Shire,
- better drainage management

2. Economic development

Our community wants:

- Improved infrastructure to support business, including worker accommodation, better roads, more parking and toilets
- A more vibrant CBD

3. Services and facilities for youth

Our community wants:

- Places where young people can socialise and be active
- Provide more sporting and recreation facilities

Community Priorities – Our Future 2033

Alongside the community's aspirations, recent asset condition assessments also inform the discussion on significant projects emerging as an asset renewal priority in the next ten years due to their current condition rating. As a result of assessing community aspirations, asset renewal and service demands, the capital works projects listed below have been prioritised for delivery in the next ten years.

Capital Works Priorities

Asset Issues and Risks

Ocean Beach Development



- Seawall installation at Ocean Beach needed to address coastal erosion
- Surf Club upgrade due to elements of the asset at the end of its life
- Upgrade to public amenities at Ocean Beach
- Working towards all ability access to the beach
- Provide improved recreational spaces

Shire Works Depot



- Addressing structural upgrades to buildings
- Sewerage upgrades required
- Security upgrades
- Power upgrades to cater for EV adoption
- Compliance with environmental conditions for water runoff and a vehicle washdown bay
- Plant nursery upgrade and potential relocation

Berridge Park Redevelopment



- Provide upgraded and new youth sporting and recreation spaces.
- Upgrade to public toilets at central community spaces and tourist destinations.
- Link Berridge Park to McLean Park precinct
- Create a more vibrant CBD

Highschool Oval Facilities upgrade



- Assess the demand for additional green playing surfaces for local sporting clubs.
- Upgrade the shared oval space at Denmark Highschool for year-round access
- Assess lighting for after-hours access
- Provide access to amenities such as toilets, changerooms and storage to support sporting club development.

Capital Works Priorities

Asset Issues and Risks

Waste Facility upgrade



- Provide road infrastructure to ensure more effective waste management going into the site.
- Cap landfill areas as they reach capacity
- Provide new ways to manage waste

Denmark Recreation Centre upgrade



- Assess the life left in the timber playing surface
- Upgrade roof to ensure asset integrity
- Assess the need for a third court as additional playing spaces

Bridges



- Replacement of Valley of the Giants bridge.
- Significant maintenance work on Riche Rd and Howe Rd bridges

Roads

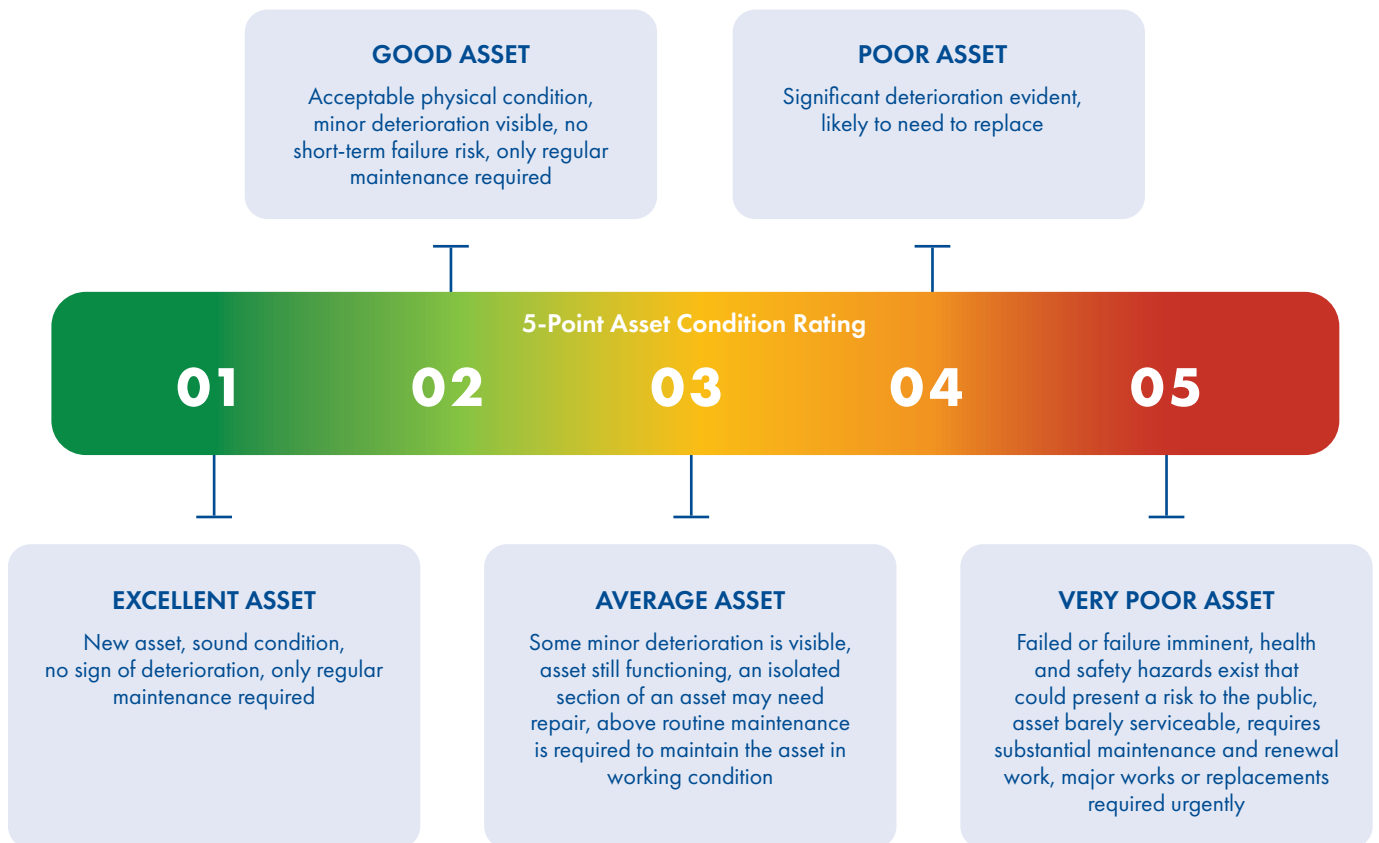


- Sealing of Turner Road, in the schedule for 26/27
- Sealing of Walter Road, in the schedule for 28/29

The actual timeline for the work to be undertaken on each project is likely to vary with annual budget decisions and then formally reviewed as part of long-term financial planning. Most capital projects that provide community facilities are predominantly funded through competitive grant programs operated by the State or Federal Governments. The nature of competitive grant funding means a high degree of uncertainty is attached to securing the necessary financing. So, there is a strong likelihood that individual projects may be delayed as subsequent attempts are made to secure financing, or there may be no funding support. Should this situation arise, a review considering alternative ways of managing the asset must be undertaken in future AMP and LTFP iterations.

Asset Condition Rating

A classification system rates the condition of assets from one (1) being excellent to five (5) being very poor. Depending on the asset, this condition rating reflects a level of structural capacity and performance, degree and percentage of degradation, level of asset maintenance needed and ability of the asset to meet community expectations.



The Shire's desired condition outcome is that all assets are renewed or replaced before reaching condition 5 (very poor). We have set an intervention level of 4.5 across all asset classes. The Shire aims to fix assets within 12 months of reaching condition 4.5. This will result in a situation where fewer assets are in poor condition. Assets in very poor condition are a financial risk of public liability and increased maintenance costs. It is also important to note that this is not setting the bar high. We are aiming to intervene just before the asset fails. We know it is unacceptable to some in the community and potentially creates a higher risk level around public safety; however, local governments have limited budgets and resources, and we need to prioritise maintenance and repair efforts based on available funds and the urgency of need. It is also more cost-effective to wait until an asset shows signs of failure before replacing it, as maximising the lifespan of an asset optimises the investment.

'Our aim is to have all assets fixed within one year of reaching a condition rating of 4.5. This will significantly minimise the possibility of any assets reaching a very poor condition.'

The recent asset valuation process resulted in a notable increase in overall asset values. Contributing to this increase are the structures in our parks and reserves (i.e. gazebos, fencing steps, etc.), which have increased from \$1.02M in 2018 to \$2.81M in 2023. This increase is primarily attributed to more thorough asset information and, in turn, a larger quantity of our valued assets being recorded. In our transport assets, our bridges increased in value from \$11.3M in 2018 to \$18.7M in 2023. This increase is primarily due to the significant rise in construction material prices.

The condition rating data associated with our assets comes from various sources. The officers of the Shire typically engage the services of specialist organisations to assist with determining the condition of our assets. Our confidence levels in the results of our 2023 condition survey varied. We have high confidence in the land and building condition ratings and the parks and reserves condition ratings but need more confidence in the transport ratings. The reduced confidence level in the transport condition ratings is mainly due to a change in the technique employed by the respective consultant and the application of that technique to the style of the Shire’s roads and transport assets.

Given the confidence levels in the transport condition ratings, we have opted for standard condition distribution curves for our transport assets. The standard curves have been developed using years of practical experience in how transport assets degrade over time. They provide uniformity across assessments and aid in more transparent decision-making processes. Conversely, poor confidence data introduces variability and potential inaccuracies, complicating officers' planning of future works.

Transport Infrastructure

The road network dominates the asset portfolio for the Shire of Denmark with \$133.2M worth of assets, including sealed and unsealed roads, pavements, kerbing, drainage, paths, bridges, car parks, street signs and the airstrip. State-wide, local governments provide approximately 50% of their total road expenditure from their resources. The Commonwealth and State Government make up the balance, apart from a small percentage from various private development sources. The state of our transport infrastructure continues to be a high priority for the community, as expressed through biennial surveys and the Strategic Community Plan.

MAP OF ASSET CLASS BY REPLACEMENT COSTS



Transport Segments	Risks
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Sealed Roads	Denmark’s sealed road network is 234km. Overall, the sealed road network is in average condition. A large number of our significant roads are capable of attracting funding. A substantial risk for the Shire is the local roads and their varied condition. Any significant capital works on local access roads come wholly from the Shire’s limited municipal funds, which makes them very expensive to reconstruct.
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Unsealed Roads	Council has just over 400km of unsealed roads. A significant factor in the condition of unsealed roads is the depth of gravel. This can be determined through numerous methods with wide-ranging associated costs. The data the Shire currently has on the depth of gravel could be much better. Improved information on the depth of gravel will allow the Shire to better focus municipal funds on the road in greatest need.
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Bridges	Bridges are expensive to maintain and replace. The Shire is responsible for the inspection and preventative maintenance of our bridges. If we continue the required inspections and maintenance, we are eligible for significant funding from the state government to undertake any required major works. Our track record for undertaking inspections and maintenance is average. This has been corrected, and we are back on track, so any needed significant work should come with financial assistance from the State Government.
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Drainage	The Shire has approximately 24.3km of underground stormwater pipes and one thousand stormwater pits. Determining the condition of underground assets is complex and requires significant resource dedication. For pipe, an assumption is generally made on its remaining life based on the installation date and a relatively consistent total useful life from the manufacturer. This does leave the Shire exposed to the risk of other environmental factors or excessive vehicle loads, shortening the life of the assets without us knowing. In some cases, we cannot predict failures.
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Paths and Trails	The majority of our community enjoys the use of our paths and trails. We have many to choose from in many finishes, including asphalt, concrete, and some natural materials. The various finishes come with different maintenance techniques and associated costs. Finding the right solution for the location is essential from an environmental, financial, and accessibility perspective. There may be cases where the Shire will replace a concrete path with a crushed limestone path should the environment suit, accessibility not be diminished, and financial restrictions exist.
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Car Parks

With 23 off-road car parks captured in the recent valuation and many more on-road car parks, we have a sizeable asset value that requires managing. The on-road or parallel parking is often renewed or maintained as part of the adjacent road. The renewal of off-road parking, like the parking at Berridge Park or Ocean Beach, is planned through our capital works program. The Shire must find a middle ground between the demand during peak visitor season and the rest of the year. Insufficient parking leads to errant parking issues that need to be managed through Shire ranger services, while excess parking becomes a poor use of limited resources.

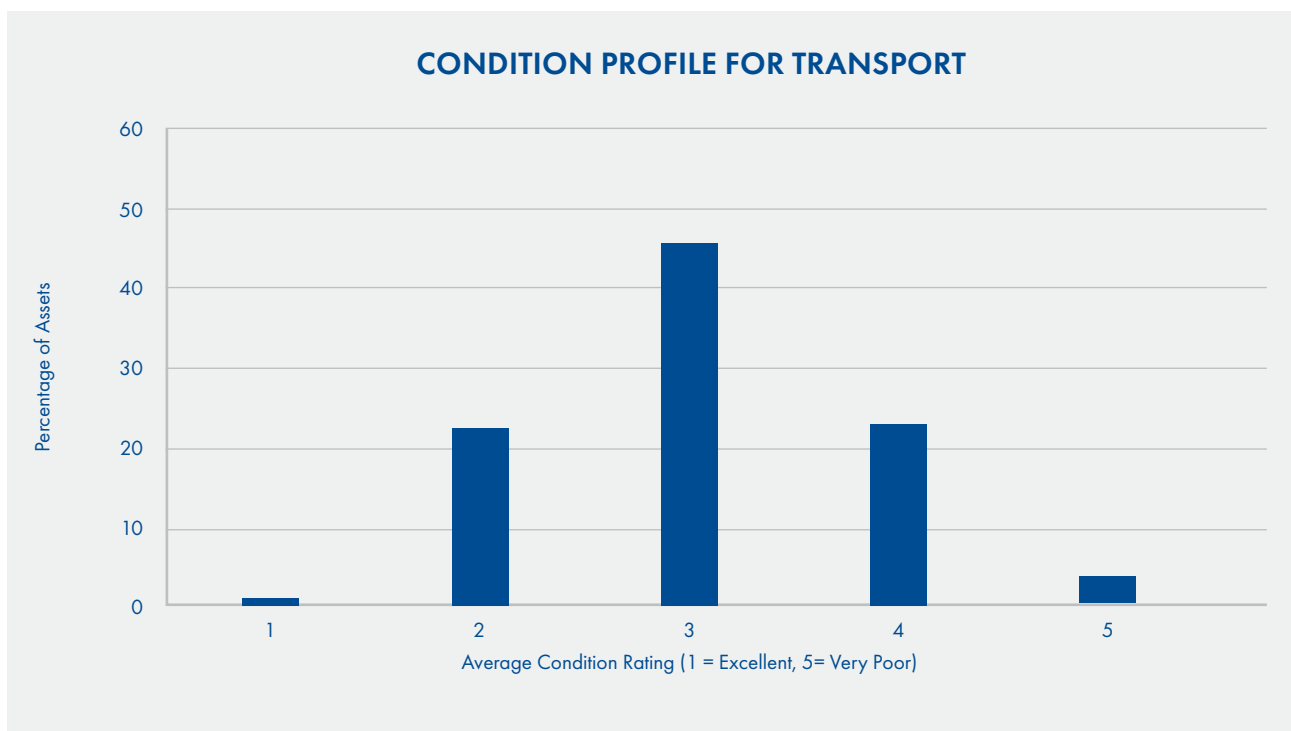
Jetties

Anything requiring construction over water is expensive; this includes our jetties. While our marine structures are generally in good condition, the community expectations and population growth will require us to upgrade to bigger and better facilities. The Recreational Boating and Fishing Scheme is available to local governments to financially assist with replacing infrastructure associated with boating facilities, such as ramps, carparks, and lighting.

Airstrip

Our airstrip is critical infrastructure that serves the community in emergencies and, for a select few, for recreational purposes. Planned maintenance is essential to ensure our airport remains compliant and active. Reactive maintenance is vital to ensure interruptions to air services are minimised.

The Condition Profile graph below depicts the adopted state of transport. This graph serves as a visual representation of the condition of the transport infrastructure at the time of preparing this document, February 2024. Condition audits are undertaken on our transport assets every five years.



Land and Buildings

As part of its land and buildings asset portfolio, the Shire manages 132 structures, including community leased facilities, community halls, Shire operational facilities, public toilets, fire sheds, and a campground facility at Parry Beach.

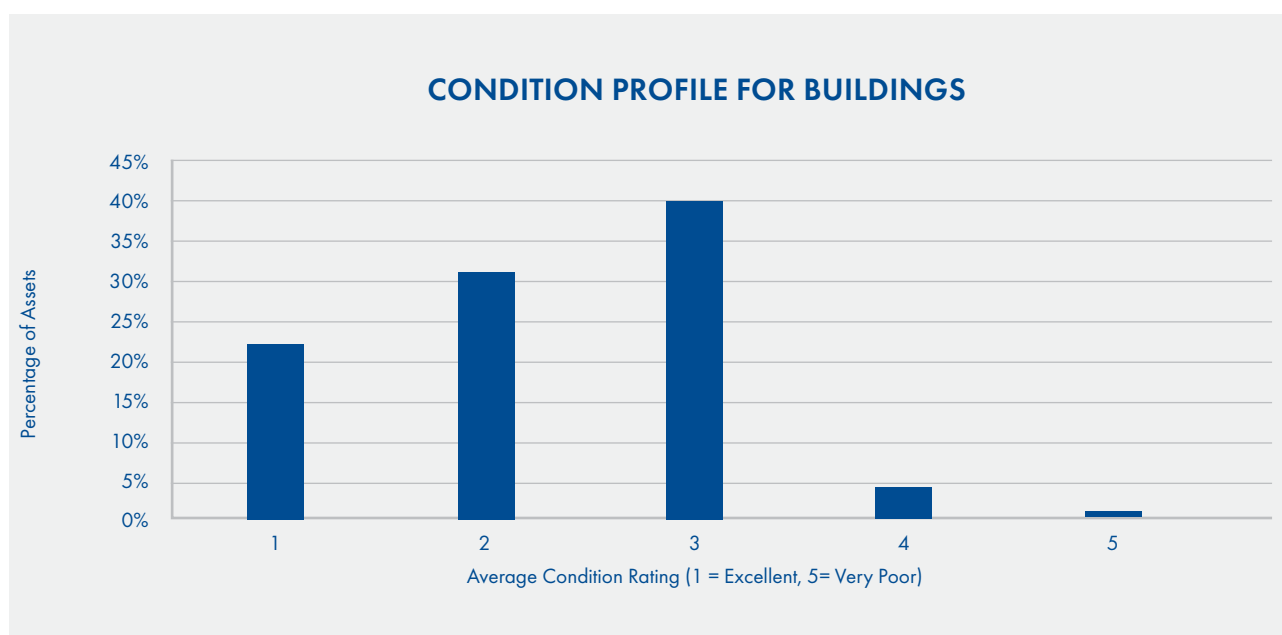
The table below shows the overall building condition profile of all building assets. Closer scrutiny of individual elements of the building assessments identifies the need to work with lessees to ensure they undertake the necessary repairs, maintenance, and renewal of a building's fittings and finishes as part of their lease arrangement. At the same time, the Shire focuses on asset renewal for buildings at the end of their structural life.

The 2019 SAMP showed that 83% of the Shires buildings were in excellent to fair condition. This is now at 90%, and while no major building works were undertaken then, the addition or improvements made to less noticeable assets helped build the overall health of the Shire's building portfolio. Upgrades to structures such as the McIntosh Road Waste Transfer Station, toilet facilities at Lights Beach, the cemetery, and upgrades to fire sheds helped reduce the number of assets reaching a failed state. They started the clock ticking again on their asset life. The planned building works underway at the Ocean Beach precinct will notably improve the overall asset profile as this upgrade involves a significant portion of the Shires building assets.

The Shire has also made difficult decisions about failed and dangerous assets since the last asset management plan was adopted, and the need to dispose of some assets, including the John Clark Memorial Bandstand, was made. It is recognised that some buildings are an integral part of a community's cultural heritage, reflecting the traditions, customs, and values of past generations. This connection needs to be understood and valued as part of the complex decision around asset disposal. Alongside the historical and cultural significance, the condition and maintenance costs, the utilisation of the asset, and the financial viability of renewing the asset are considered in coming to a final decision; however, as a local government, we need to recognise the importance of involving the community in finding solutions to these challenges.

The Shires building types and their asset risks are outlined below.

The Condition Profile for Land and Buildings graph below depicts the state of assets in this class, derived from a comprehensive asset condition assessments conducted in June 2022. This graph serves as a visual representation, offering insights into the overall condition of the building infrastructure at that specific point in time.



Buildings	Risks
Shire operational facilities	Operational buildings include the McIntosh Road Waste Transfer site, the Zimmermann St depot, and the Southcoast Highway administration building. Many of these buildings will require upgrades in the next ten years, but operational facilities do not attract grant funding, so loans or reserve funds must be used. The Shire will commence with developing a master plan for the depot site to ensure any upgrades address operational needs for the next 20 – 30 years.
Sporting facilities	McLean Oval is the Shire’s only A-class municipal sports field. Sporting clubs have indicated the need for more playing surfaces. Poor surface drainage and lighting limit the Denmark Senior High School oval use. There is also no access to amenities. The Shire will review the Sport and Recreation Masterplan in 2024/25 to inform future sporting facility asset decisions. Relying on grant funding to finance sporting facilities is problematic, potentially leading to delays or limitations in achieving improvements. Grant funding to upgrade shared-use facilities on a state government site such as the school also limits the funding sources the Shire can access.
Community buildings	The Shire has approximately 30 leases with community groups to operate from Shire buildings. The community groups are responsible for repairs and maintenance as part of these leases. This includes the upkeep of the building's finishes and fittings. The Shire is liable for any structural building matters. To ensure lessees fulfil their obligations, the Shire will inspect properties annually. Some community buildings not under a lease, such as the Civic Centre and McLean House, are available for hire. The library and civic centre were in the ten-year timeline for upgrades in the last LTFFP, but this has been reassessed given the demand to address other more pressing asset management issues.
Public amenities	The Shire manages 20 public toilet facilities worth nearly \$3.0M. Public toilet amenities pose specific challenges within asset management, including the cost of maintenance and cleanliness, providing adequate security and safety, upgrading to provide improved accessibility and inclusivity, integrating technology for smart facilities management, and addressing environmental considerations alongside compliance and regulations.
Public amenities	The subsequent ten-year asset management plan looks to specifically upgrade amenities at Ocean Beach, Prawn Rock Channel, Berridge Park and the second playing field at Denmark Senior High School. Generally, these assets are upgraded as part of a precinct-wide upgrade as they typically don't attract grant funding.
Staff housing	The Shire has two staff houses. When preparing this asset plan, it was acknowledged that limited affordable housing was available in Denmark. At some point, the Council may need to consider investing in additional worker housing if it needs help to fill vacancies within its workforce with appropriately skilled persons.



Parks and Reserves

This asset class is the smallest and contains asset segments such as irrigation, lighting, furniture, structures, softscapes (lawns and gardens) and hardscapes (playgrounds, gazebos). These assets are generally renewed or upgraded continuously through normal operations.

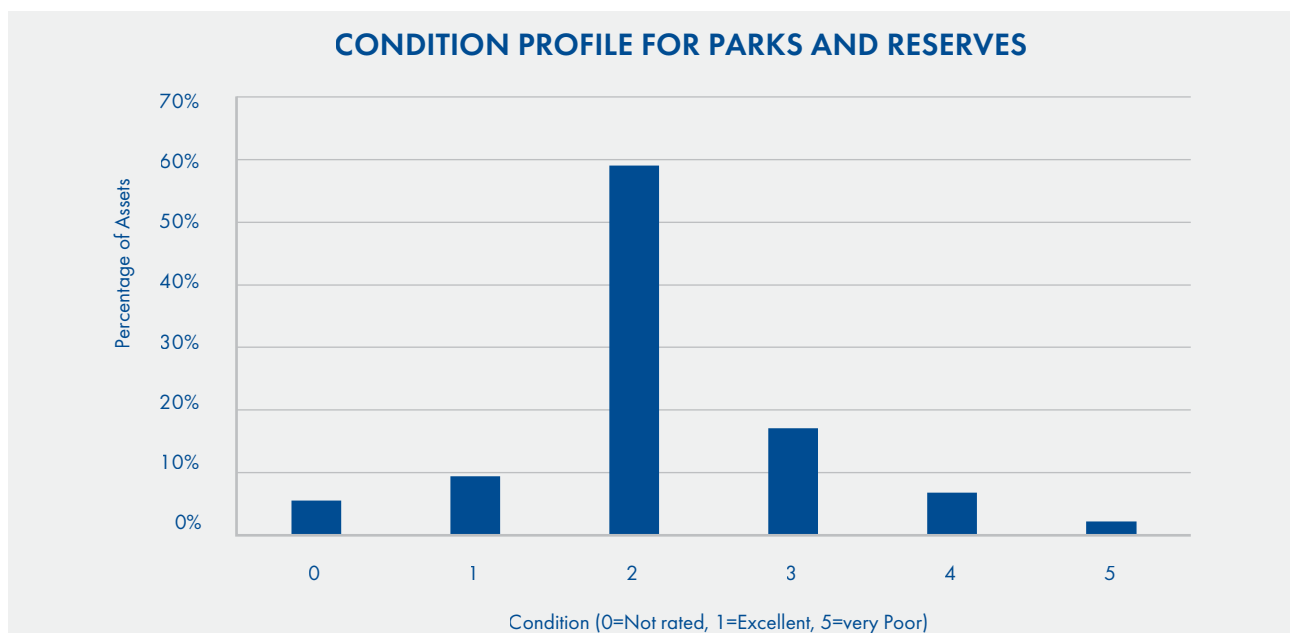
A revaluation of the park and reserve assets was conducted in August 2023. The previous valuation, completed in 2018, lacked detail on several assets and relied heavily on assumptions. Staff have worked to consolidate the asset data. As a result, the August 2023 audit delivered more accurate data across all categories with an improved confidence rating score awarded by the asset valuers. The recent asset inspections highlighted some assets that should have been accounted for in previous audits, including the Denmark golf course irrigation system and the Kwoorabup Community Park nature-based play area. New structures, including those at Lights Beach, Peaceful Bay and Berridge Park, contribute to the higher value, as did the increased unit cost for materials across all asset categories.

The replacement cost comparison between the last two parks and reserves valuations can be seen in the table below.

Year of Valuation	Replacement Cost
2018	\$4,516,353.00
2023	\$7,961,654.00

Each segment within a park or reserve is given a condition rating. The individual ratings contribute to building an overall picture of the condition profile of the assets. The graph below shows the value of parks and reserve assets in excellent condition through to the value of those in very poor condition where there is a need to prioritise renewal, disposal or improvement of the asset in the short term.

The Condition Profile for Parks and Reserves graph below depicts the state of assets in this class, derived from a comprehensive asset condition assessments conducted in September 2023. This graph serves as a visual representation, offering insights into the overall condition of the parks assets at that specific point in time.



While the recent asset assessment provided a more detailed audit of the Shire's assets in this class, the overall condition profile of the assets has mostly stayed the same over the last four years. In 2019, 87% of the park and reserve assets were in excellent to fair condition. That is a similar outcome to the audit conducted in 2023.

Parks and Reserves

Risks

Park infrastructure

Park infrastructure includes drink fountains, gazebos, seating and picnic tables. Effective asset management strategies, including regular maintenance and using quality materials, are crucial for mitigating these risks and maximising the lifespan and utility of park infrastructure.

Playgrounds

Some of our playgrounds are aging, and equipment must be replaced soon. With the increase in the number of residents in Denmark, there will be a call for expanded playgrounds. In addressing these needs, the Shire seeks to consolidate its investment by ensuring that the most densely populated areas, such as Berridge Park, have appropriate playground facilities.

Irrigation

Future asset management needs to focus on valuing water systems, including bore assets, to determine their condition, and consideration needs to be given to digitising the location of underground assets, including reticulation, water and electrical assets. Underground assets are complex to rate in condition, so a better understanding of the expected lives of the material and the installation dates for each asset is needed to guide the renewal timeframes.

Playing surfaces

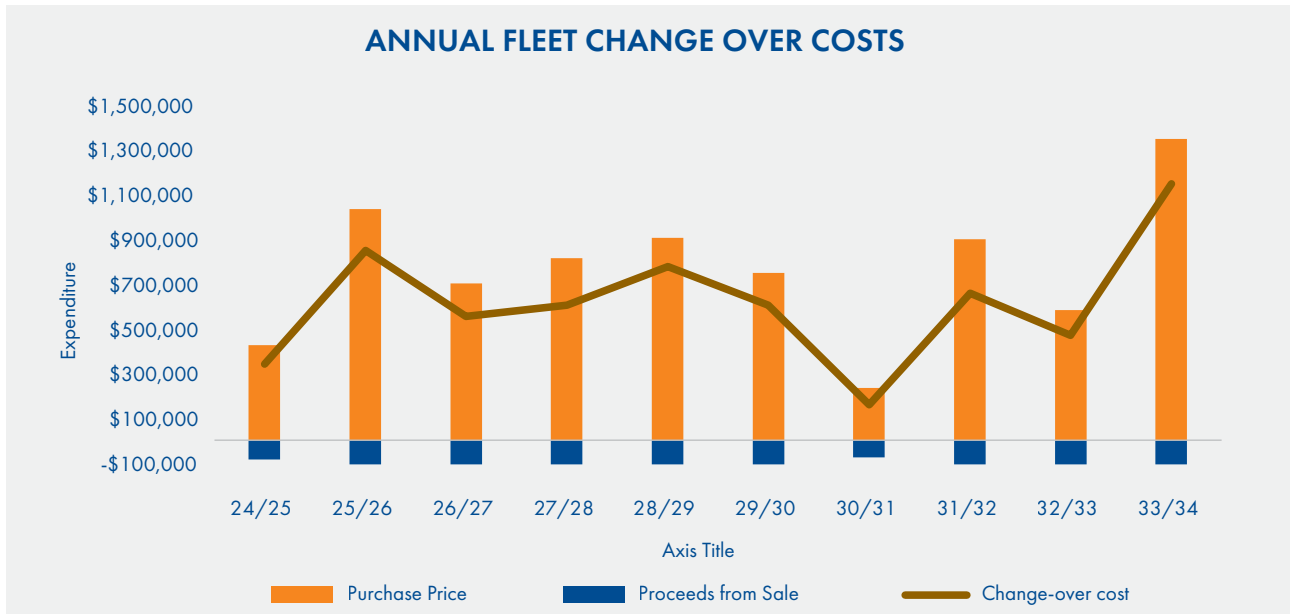
Understanding our community's needs and utilising our existing playing surfaces is important. Overuse of a single surface can result in an inability to properly maintain it, resulting in a heightened risk of injury. Underuse wastes our limited resources, so understanding utilisation and community needs will allow us to plan the renewal and expansion of this asset.



Plant and Equipment

Almost \$5.4M of the Shire's asset base comprises plant and equipment. This does not include the DFES Fire Fleet, valued at \$4.18M, as this is funded through the state government.

We do not replace plant and equipment assets based on condition inspections. We use standard manufacturer specifications and time frames to replace these assets. We do this through our plant replacement program linked to the Long Term Financial Plan.



Managing the Shire's fleet changeover costs over a 10-year period involves careful planning and consideration of several factors to ensure efficiency, sustainability, and cost-effectiveness.

Here are some key considerations that the Shire manages:

Budgetary Constraints: The foremost consideration is the available budget for fleet management. The Shire must ensure that the proposed fleet changeover aligns with its financial resources over the 10-year period.

Total Cost of Ownership (TCO): Evaluate not just the upfront purchase cost but also the total cost of ownership over each vehicle's lifespan. This includes maintenance, fuel, insurance, and disposal costs. Our approach is to opt for vehicles with lower TCO to minimise long-term expenses.

Maintenance and Repairs: We analyse historical data on maintenance and repair costs for existing vehicles. We choose models known for reliability and durability to minimise ongoing maintenance expenses.

Vehicle Utilization and Optimization: We analyse usage patterns and optimise the fleet size and composition based on actual needs. To maximise utilization and efficiency, we consider options like vehicle sharing, pooling, or outsourcing certain services.

Staff Training and Safety: We invest in training programs to promote safe and efficient driving practices among fleet operators undertaking civil works. Safer driving habits can reduce accidents, insurance premiums, and vehicle downtime.

Resale and Depreciation: When making purchasing decisions, we consider the resale value and depreciation rate of different vehicle models. We choose vehicles with strong resale value to minimise losses upon disposal.

Government Policies and Incentives: We explore available government incentives, grants, or subsidies for purchasing eco-friendly vehicles or implementing sustainable fleet management practices.

Community Needs and Expectations: We consider the specific needs and preferences of the community served by the local government. We ensure that the fleet composition aligns with service requirements and reflects community values, such as sustainability and safety.

The Challenges Ahead

Assessing the community's asset needs is a significant and evolving organisational challenge. Some of the challenges and questions that the Shire grapples with include:


- Do we have the workforce capacity to undertake the required level of asset renewal?
- How do we balance our community's desire to retain assets of heritage value that are underutilised or no longer fit for purpose?
- How can we consistently integrate sustainable environmental practices into asset design and management?
- Do community groups have the appetite to share facilities to reduce the asset burden?
- Is the community satisfied with taking 20+ years to address this backlog problem and deal with broken assets?
- What will we do if we do not obtain the necessary funding to undertake capital works?



Improvement Plan

Actions	So we can
Document our existing levels of service.	Work out the financial impacts if our existing service levels were increased or decreased. For example, what would it cost to grade our road network once more each year? Or mow our parks and reserves once less each year?
Develop a planned maintenance program for all asset classes and keep a reactive maintenance budget.	Optimise costs. The cost of maintaining an asset decreases with planned maintenance rather than unplanned maintenance; however, excessive planned maintenance increases costs.
Develop and implement a data improvement program across inventory, condition and valuations.	Review the recommended improvements in the latest fair value reports and implement where resourcing allows. Ensure that we reduce the amount of estimated data to improve our confidence in ongoing financial modelling.
Undertake a comprehensive valuation and condition rating of all assets within each portfolio.	Ensure that our asset valuations and conditions remain current and that our financial modelling is the best, informed by reliable data.
Create better alignment between the SAMP and LTFP.	Ensure that both documents talk to each other and use the same categories when allocating funding. This will ensure that both documents are easily understood by the Council, staff and the community and ultimately support strategic decision-making.





Asset management planning is a cornerstone for local governments sustainable development. It is a detailed process beyond merely cataloguing assets; it serves as a compass to guide the local government in understanding, maintaining, and optimising its infrastructure.

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