

Audit Risk and Improvement Committee

31 March 2026

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AUDIT RISK AND IMPROVEMENT COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	Mar 26	Apr 26 Entrance Meeting	Jun 26	Sep 26	Nov 26 Exit Meeting	Nov/Dec 26
Committee Operation						
Agree on the annual audit work plan; and set priority areas for the coming year.	●					
Annual confirmation that all responsibilities outlined in the Terms of Reference and Work Plan have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.						●
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2027.</i>	Not applicable – next due 2027					
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2027.</i>	This function will be undertaken by Council in 2027					
Risk Management						
To consider the Risk Management Governance Framework for appropriateness and effectiveness.				●		
Legislative Compliance						
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.			●			
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).				●		
Internal Audit						
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.	Future Years – Not Scheduled in 2026.					
Financial Reporting						
Consider and recommend adoption of the Annual Financial Report to Council.						●

AUDIT RISK AND IMPROVEMENT COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN

FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	Mar 26	Apr 26 Entrance Meeting	Jun 26	Sep 26	Nov 26 Exit Meeting	Nov/Dec 26
External Audit (OAG)						
Audit Entrance Meeting with representatives of the Audit and Risk Committee, Management and Council Auditors.		●				
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					●	
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					●	
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	●		●	●		●
Regulation 17 Triennial Review						
To consider the CEO’s triennial review on risk management, internal control and legislative compliance.				●		
Set the action plan arising from auditor recommendations from the Regulation 17 review.				●		
Receive an update on the action plan arising from auditor recommendations from the Regulation 17 review (until all action items are completed).						

AUDIT RISK AND IMPROVEMENT COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	Mar 26	Apr 26 Entrance Meeting	Jun 26	Sep 26	Nov 26 Exit Meeting	Nov/Dec 26
Governance Health Review						
To consider the Governance Health Review, and report to the Council the results of that review when undertaken.	Future Years – Not Scheduled in 2026					
Information Systems Security Audit						
Receive the audit report arising from the 2 yearly Information Systems Security Audit.						●
Set the action plan arising from the recommendations from the Information Systems Security Audit.						●
Business Continuity Plan						
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident).	March 2027.					

A minimum of four committee meetings per annum is required.

** An informal meeting is generally scheduled for April that serves as an audit ‘entrance’ meeting with Council’s appointed Auditors, Presiding Member and Deputy Presiding Member and representatives of the Audit, Risk and Improvement Committee, and management.*

Report 3: 2025-26 | 12 November 2025

PERFORMANCE AUDIT

Maintaining Regional Local Roads



Office of the Auditor General for Western Australia

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We can deliver this report in an alternative format for those with visual impairment.

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The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

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Maintaining Regional Local Roads

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

MAINTAINING REGIONAL LOCAL ROADS

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed if regional local government entities effectively manage the maintenance of their local roads.

I wish to acknowledge the entities' staff for their cooperation with this audit.

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

Caroline Spencer
Auditor General
12 November 2025

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Auditor General's overview

Since 1871, when they were established as road boards, local government entities in Western Australia have played a key role in maintaining regional local roads. The regional local road network covers over 113,000 kilometres of roads and connects an area of 2.5 million square kilometres, a third of Australia's land area. One of our five audited regional entities, the Shire of East Pilbara, is larger than the state of Victoria. This size and scale make maintaining regional local roads a highly challenging and complex task.



Regional local roads make up around 90% of all of WA's local roads, and responsibility for maintaining them is spread across 107 local governments of varying sizes and capabilities. Regional road users, like their metropolitan counterparts, pay vehicle licence fees and most of them pay rates and taxes. In return they expect, and should have, access to a network of roads that are maintained to be fit for purpose and safe to use. For regional local roads this is not always the case.

A lack of data, which is not unique to WA, means we do not know the overall condition of regional local roads, or the size and cost of the maintenance backlog. What we can see from our audit is that road works are inconsistent across the network. Some roads are in good condition and well maintained and others are not.

For road users this can mean restrictions on how they use their roads, limiting access to essential services like schools, healthcare and community facilities, causing extra costs in vehicle wear and tear and lost time. For local government entities this can mean deteriorating assets, reduced economic activity, higher maintenance costs and unmet community expectations.

Although entities are all undertaking road maintenance, regional LG entities experience difficulties attracting and retaining technical qualified and experienced staff. This audit found they often do not have or do not use the information they need about their roads to plan and manage maintenance effectively. Their roads are often under increasing pressure from heavy haulage and, in some places, subject to more frequent serious weather events causing significant damage that can take years and cost millions of dollars to repair. This adds to an already challenging task, often with maintenance works needing to be brought forward.

At the same time, the audit found outdated and rigid arrangements for funding local road maintenance can be barriers to LG entities accessing adequate funding and do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This means funding is directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets.

Entities need to improve their road condition information and in turn their planning and monitoring of maintenance, but do not all currently have the skills and systems in place to do this. Encouragingly, new technologies and sharing of good practices have increased the feasibility of the required uplift. Funding arrangements that respond better to the diversity of needs and capability in regional entities would better support delivering a network of local roads that meets the needs of regional road users.

I would like to thank all audited entities and stakeholders for their contribution to this audit. The 759 road users who responded to our community survey provided personal experiences that were valuable in demonstrating how essential good roads are to regional communities. In particular, their feedback highlighted key concerns that deepened our perspective on this critically important aspect of local public service delivery.

Executive summary

Introduction

This audit assessed if regional local government entities (LG entities) effectively manage the maintenance of their local roads. We considered if entities had a structured and risk-based approach to managing their roads, including if they had appropriate information on road condition and understood the funding available to maintain roads.

We audited five regional entities: City of Greater Geraldton, Shire of Derby-West Kimberley, Shire of Dumbleyung, Shire of East Pilbara and Shire of Manjimup. We also audited the Commissioner of Main Roads WA (Main Roads) and the Department of Local Government, Industry Regulation and Safety (LGIRS). We conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

Background

The sheer size of Western Australia (WA) contributes to the challenge and complexity of maintaining regional local roads which help to connect an area of 2.5 million square kilometres, a third of Australia's land area. Although only 25% of the State's population lives in regional WA, it contributes approximately 40% to the Gross State Product¹.

Regional local roads provide urban, rural and remote communities with critical access to services, hospitals, schools and the State's highways and major roads. Maintaining these roads to keep them functional and safe and prevent costly, unbudgeted repairs, is essential. Many roads have seen increases in traffic and volumes of freight which can increase road wear, necessitating shorter road maintenance and renewal cycles.

LG entities in WA were established under the *District Roads Act 1871* and the *Municipal Institutions' Act 1871*. They were often called Road Boards as their primary function was to create and maintain the road network in their local areas. As motor transport increased, many could not cope with the demand for more roads. This led to the responsibility for the construction, maintenance and supervision of main and developmental roads being centralised under the Main Roads Board in 1926. Although local government has changed dramatically over the years, one of their key functions continues to be the management of local roads within their boundaries.

Regional LG entities are responsible for maintaining over 113,000 km of roads, representing more than 75% of the State's road network. These are managed by the 107 regional LG entities and less than 25% of these roads are sealed. Local roads are a significant infrastructure asset with a carrying value of over \$20 billion² reported in 2023-24.

Main Roads is responsible for the State's freeways, highways and major regional and inter-regional roads of approximately 19,000 km with a carrying value of \$65 billion³ reported in 2023-24. It also provides support to regional road groups for local roads. This support includes traffic management, signs and pavement markings, bridgeworks and inspections, and State initiatives on local roads.

The WA Local Government Association (WALGA) reported that total expenditure on local government roads was just above \$1 billion in 2023-24⁴, with around \$752 million spent on

¹ Infrastructure WA, *State Infrastructure Strategy*, Government of Western Australia, Perth, July 2022, p. 104.

² WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 8.

³ Main Roads WA, *2024 Annual Report*, Government of Western Australia, Perth, 2024, pp. 131-32.

⁴ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., pp.36-37.

maintenance and renewal of all local road assets. Almost half of the \$1 billion was funded from LG entities' own sources of revenue, with the other half funded from:

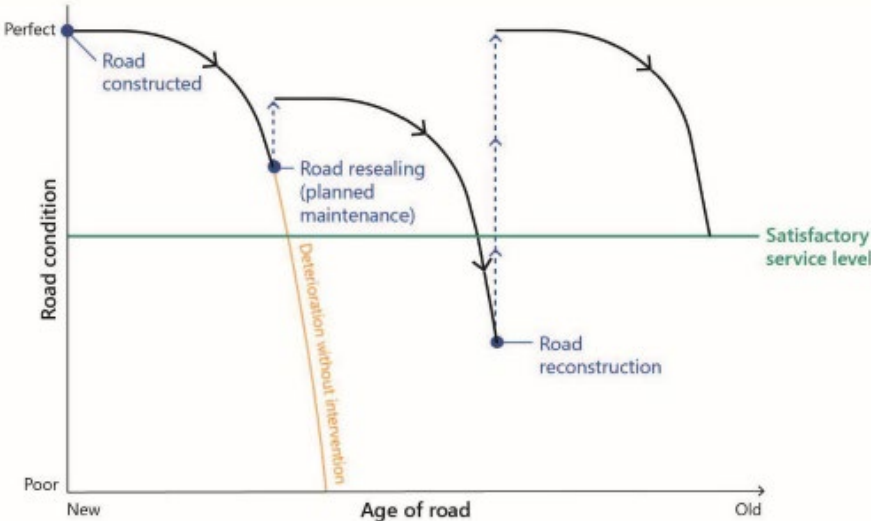
- \$253 million from the State Road Funds to Local Government Agreement 2023-24 to 2027-28 (Local Government Agreement)
- \$136 million in Financial Assistance Grants provided by the Australian Government
- other grants including Roads to Recovery, Black Spot and the Wheatbelt Secondary Freight Network funding.

Funding to individual LG entities through the Local Government Agreement and the Financial Assistance Grants is allocated using an asset preservation model. The model includes road hierarchy, usage data, and age, length and type of roads to assess what funding is needed to preserve the roads in current condition.

WALGA has consistently reported⁵ a widening gap between the amount needed to preserve local road assets in their current condition and actual expenditure, with a shortfall of \$338 million in 2023-24. WALGA also reports regional WA has the lowest asset preservation performance, the oldest roads in the State and low capacity to fund their road needs.

The Grattan Institute, an independent research body, has reported funding for local government road maintenance across Australia has not kept up with costs and that the problem is much more pronounced in regional and remote areas⁶.

To maximise the value of money spent on road maintenance, each entity needs to consider their local climate, road user needs and the condition of their roads. Roads deteriorate in stages that are influenced by traffic intensity, age and the environment, and do not show the same condition for their age. There are stages in road lifecycles where maintenance intervention can be optimised. Figure 1 shows how the condition of a sealed road deteriorates over time and the optimal road works that are required to remedy this.



Source: Victorian Auditor-General's Office: Maintaining Local Roads March 2021

Figure 1: Illustration of the life cycle of a sealed road

⁵ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 15.

⁶ Marion Terrill, Natasha Bradshaw, and Dominic Jones, *Potholes and Pitfalls: How to fix local roads*, Grattan Institute, 2023, p. 6.

Each entity needs to plan road maintenance in line with service levels set in consultation with the communities they serve. LG entities achieve best value when they provide satisfactory service levels at the lowest cost over the long-term. Up-to-date condition assessment data is a key input to achieve this and determine the right mix of preventative and reactive maintenance.

Conclusion

The overall condition of the WA local government road network is not known as it is not measured or reported. This impacts road maintenance planning and means we could not reliably assess the effectiveness of maintenance across regional local roads overall, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix.

The quality of condition information that LG entities have and how effectively it is used in maintenance planning is variable. Only one of the five LG entities we audited had a current asset management plan in place for all its road assets, was able to clearly demonstrate the condition of its entire road network and could show there was a backlog of maintenance. Inconsistency in asset planning increases the risk that LG entities will struggle to prioritise repairs, assess deterioration rates and justify investment decisions or funding requests. This all contributes to reactive, short-term fixes rather than strategic long-term planning.

Local roads vary significantly and present different maintenance challenges based on type of road, size, location and weather, age, condition and usage. These roads are under increasing pressure from changing use, particularly increased heavy haulage. All of the audited entities are maintaining their roads. However, differences in the ability and capacity of regional LG entities mean they do not always have the financial and technical resources to take a structured and risk-based approach to meet these challenges. Stakeholders consistently raised with us that regional LG entities experience difficulties in recruiting and retaining technical staff, accessing contractors to do road maintenance and struggle with the capacity to meet approvals and regulatory requirements.

At the same time, funding arrangements do not effectively reflect or adapt to the diversity of both the roads and the capacity and capability of the LG entities maintaining them. The Local Government Agreement, which allocates motor vehicle licencing fees for road maintenance, is valued by the sector as it lasts for five years and provides a level of funding certainty. However, the allocation method has been consistent since 1990 and there are no criteria to demonstrate why the funds are split 80% to state roads and 20% to local roads or how the allocation relates to maintenance needs.

The asset preservation model used to allocate Financial Assistance Grants and other grant funding has not been reviewed since 1990 and does not fully reflect the needs of regional LG entities. Although the model uses updated road inventory data when provided by LG entities and adjusts regional cost for inflation, other key variables such as road condition data and capacity of LG entities to make up maintenance funding shortfalls through rates and other income is not captured. As a result, the model allocates funding to some LG entities who may not need it as urgently as others who report a widening gap in their ability to preserve their road assets.

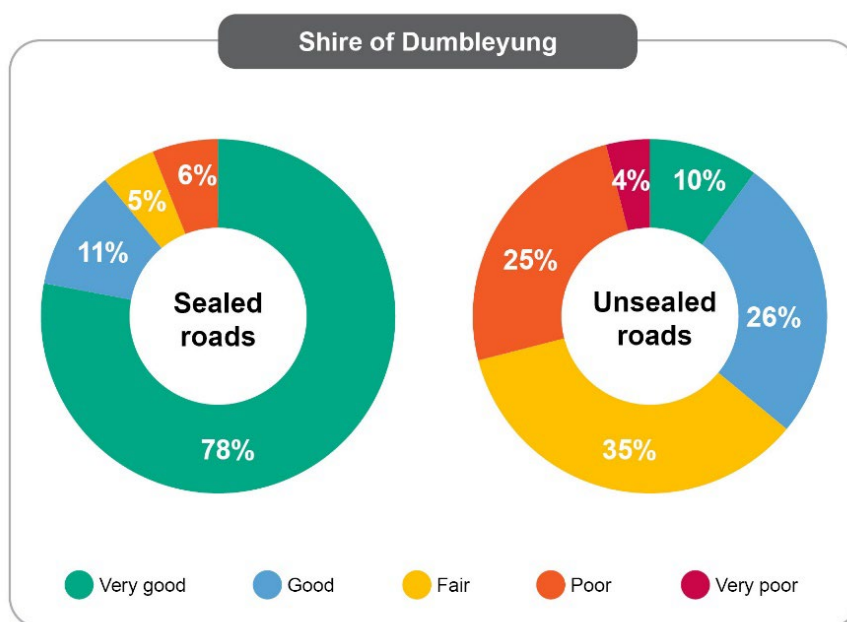
Funding arrangements need to be reviewed to ensure they respond to the diversity of need and capability in regional LG entities, support more consistent road maintenance and better roads for road users. A more systematic integration of condition data into maintenance planning is essential for good asset management. This would lead to a more proactive, cost-effective approach to road maintenance and better safeguard public assets. Many regional LG entities will need support to achieve this.

Findings

There is no consolidated picture of the overall condition of the local road network

The lack of overall condition data impacts the effectiveness and efficiency of road maintenance across WA. This is because condition data of local roads is not collectively measured or reported, and no single entity is responsible for this. As a result, we could not reliably assess how effective road maintenance is across the whole network, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix. Although Main Roads, the regional road groups and WALGA all gather some information, none of them provide a consolidated picture of road condition. The lack of condition data at a network level impacts road maintenance planning and limits strategic oversight of the effectiveness of the investment in maintaining local roads.

One hundred and seven regional LG entities are responsible for maintaining and reporting on their regional local roads. The quality and use of the audited regional LG entities' condition data also varies. The Shire of Dumbleyung was the only audited entity to identify the current condition of its sealed and unsealed roads (Figure 2) and was able to show if there was a backlog of maintenance.



Source: OAG using Shire of Dumbleyung data

Figure 2: Condition of the Shire of Dumbleyung's local road network (at 26 March 2025)

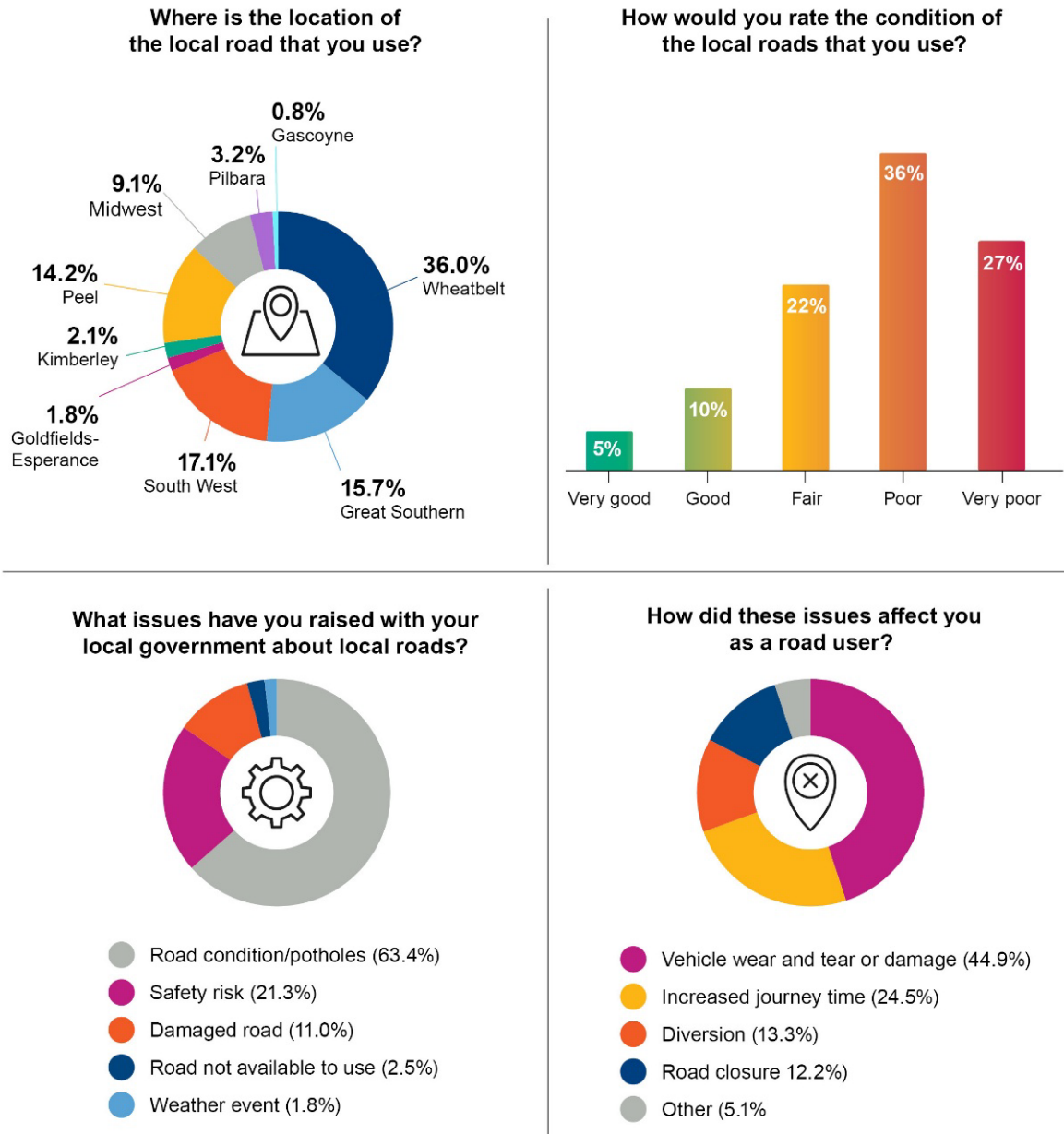
The other audited LG entities had varied levels of condition data based on assessments made at least once every five years for minimum financial reporting purposes but this information is not always in entities asset management systems and used for road maintenance. For instance, the City of Greater Geraldton's asset management system had condition information on its sealed roads but not for nearly all of its unsealed roads (over 1,000 kms making up approximately 60% of its network). All these LG entities had assigned hierarchy classifications appropriate to the function of a road and had some current condition information for some of their roads which they used to prioritise their road maintenance programs. However, they were not reporting road maintenance backlog and how their local road network is performing.

Maintaining road condition data in rural and remote areas is challenging for a range of reasons detailed later in this report. In its absence, LG entities often rely on set work programs, visible defects, and community complaints to guide maintenance. This can result in structurally poor roads being overlooked in favour of those with higher public visibility. Without reliable data, LG entities struggle to assess deterioration, prioritise repairs and justify funding needs, leading to reactive rather than preventative maintenance.

During fieldwork across five regions, we travelled thousands of kilometres on local roads and observed both well-maintained and deteriorated roads. Our observations showed a more mixed picture of regional local road conditions than WALGA reports⁷ which estimates preservation gaps based on expenditure on roads. The Report indicates that regional LG entities with low revenue raising capacity have roads more likely to be in poor condition. This was reflected in our audited entities for instance Shire of Derby-West Kimberley and the Shire of East Pilbara.

The responses to our road user survey reflected the varied condition of local roads. Thirty-seven per cent of road users rated local roads very good to fair with most users (63%) indicating road conditions were poor to very poor. Road condition and potholes were the most frequent issues raised with local governments, with these issues causing vehicle wear and tear or damage and increased journey time. Survey results are consistent with our findings and indicate a lack of preventative maintenance and a road maintenance backlog. Figures 3 and 4 show key outcomes from our survey and impact on road users, most of whom were local residents.

⁷ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 16.



Source: OAG survey of regional road users

Figure 3: Key outcomes from OAG survey of regional road users

“ The sealed roads have severe and widespread erosion of edges making them dangerous and causing damage to vehicles. The gravel roads are not graded and have potholes and corrugations which make driving more difficult and dangerous and causing additional wear and tear to vehicles. ”

“ I have suffered blown tyres from large potholes, suspension damage and steering damage due to subsidence and uneven surfaces. ”

Source: OAG survey of regional road users

Figure 4: Impact on road users

Sharing local roads condition data can help align state and local planning. This would help identify what is working and where adjustments may be needed to support regions that may be falling behind or unable to maintain their roads. Support could mean adjustments in funding but may also include access to advice, expertise, resources, materials and equipment. Support that is adaptive across local and state government entities creates opportunities for continuous improvement in maintenance strategies.

WA is not unique in not capturing condition data across road networks. We tried to compare the condition of the WA regional local government road network to other jurisdictions in Australia but were unable to do so. No state yet has a consolidated collection of local road condition information. New South Wales is the first jurisdiction reported to map its state and regional road network. This map shows their road safety star ratings under the Australian Road Assessment Program with the data collected from surveys over the past 10 years⁸. However, this does not include local government managed roads.

Regional local roads are under increasing pressure

The audited LG entities and the regional road groups we met consistently raised that increasing pressure on regional roads is making the need for road maintenance more frequent and putting financial strain on LG entities. These changes included an increase in and frequency of traffic and the growing impact of heavy haulage vehicles resulting in:

- accelerated wear on road surfaces leading to rutting, cracking and edge failures
- safety concerns particularly where there are multiple local road users and narrow winding roads
- amenity issues with noise complaints, dust and pollution and reduced quality of life
- economic strain as poor road conditions increase vehicle operating costs and time taken to travel along routes
- the risk of secondary freight routes developing, leading to trucks using roads that were not designed for this purpose.

Impact of heavy haulage vehicles were also made by regional road users through our survey (Figure 5).

“ The overall condition of the roads in my local area are severely degraded due to the increase in sand trucks barrelling down totally unsuitable roads continually. ”

“ Urgent road width upgrades due to truck movements are needed for vehicle safety. ”

“ Need more overtaking lanes, there’s way too much heavy vehicle traffic slowing traffic down. ”

Source: OAG survey of regional road users

Figure 5: Survey response highlighting increasing pressure on local roads

⁸ Transport for NSW, [NSW AusRAP map](https://www.transport.nsw.gov.au/transport/nsw-ausrap-map), transport.nsw.gov.au website, n.d., accessed 6 November 2025.

Regional road groups highlighted that LG entities are trying to assess the impact of road trains and the change in use of local roads by collecting condition data and recording traffic counts. This information, once collected, can inform LGIRS in the allocation of grant funding to local governments. However, the collection and submission of traffic count data is not consistent. More than half of regional LG entities have not provided this data to LGIRS. This included two of our audited LG entities, the Shire of East Pilbara and the Shire of Derby-West Kimberley. The information for these LG entities in the asset preservation model is therefore incomplete and they may be missing out on funding that could improve road conditions for their communities.

Examples of where road usage information has assisted LG entities include:

- The City of Greater Geraldton accessing more Financial Assistance Grant funding by providing traffic count data to LGIRS on some of its local roads, including 37 kms of the Tardun-Pindar Road. During peak harvest season (December 2024) the equivalent average annual daily traffic (EQAADT) count saw an increase of 374% (73 to 346) of heavy haulage traffic. This saw this road deteriorate more quickly due to heavy haulage vehicles.
- The Shire of Dumbleyung, along with other LG entities in the Wheatbelt also used road usage information to secure additional Wheatbelt Secondary Freight network funding.

Differences in capability and capacity means not all LG entities are effectively maintaining their roads

The quality of road maintenance planning varies between LG entities which affects their ability to deliver road maintenance

The Shire of Dumbleyung was the only audited entity to have implemented an effective road strategy that defined its maintenance needs using condition data and levels of service to determine the life cycle of its road network. The other four audited LG entities did not have up-to-date asset management strategies and plans, limiting their ability to plan and deliver maintenance programs. The City of Greater Geraldton's plan was last updated 15 years ago, with two other LG entities not updating their road maintenance plans for over five years. This increases the risk of these entities relying on reactive maintenance and not always considering whole of life asset maintenance. This may save local governments money in the short term but will be more expensive and less effective in the long term.

There are opportunities for LG entities to learn from each other, identify better practice and help establish effective asset management throughout the sector. The Shire of Dumbleyung demonstrates having up to date strategies and plans can help shift road maintenance from operational or reactive to more effective asset management, linking maintenance needs to funding, labour and resources. The Shire's road strategy details the short, medium and long term planning of its road maintenance program (see Case study 1).

Case study 1: Shire of Dumbleyung demonstrates better practice in its management of local road maintenance

The Shire of Dumbleyung is in the Wheatbelt region of WA, 275 kms southeast of Perth. The Shire covers 2,540 square kilometres and had a reported population of 693 people in 2023-24. The main economies in the area are agriculture, livestock production, and tourism.

The local government is responsible for the maintenance of 990 kms of local roads (Figure 6), 244 kms of them are sealed and 746 kms are unsealed. The local road network is relatively small and compact and the Shire's climate is relatively benign (warm summers and mild winters with few extreme weather events).



Source: OAG

Figure 6: Local roads in the Shire of Dumbleyung

In July 2024 the Shire established a roads strategy that is supported by operations management manuals for both its sealed and unsealed roads (Figure 7) and an asset management model. The model uses condition data and the life cycle of a road to apply an annual deterioration component to each road segment. When the segment is predicted to reach an unacceptable condition, the program automatically applies remedial works.

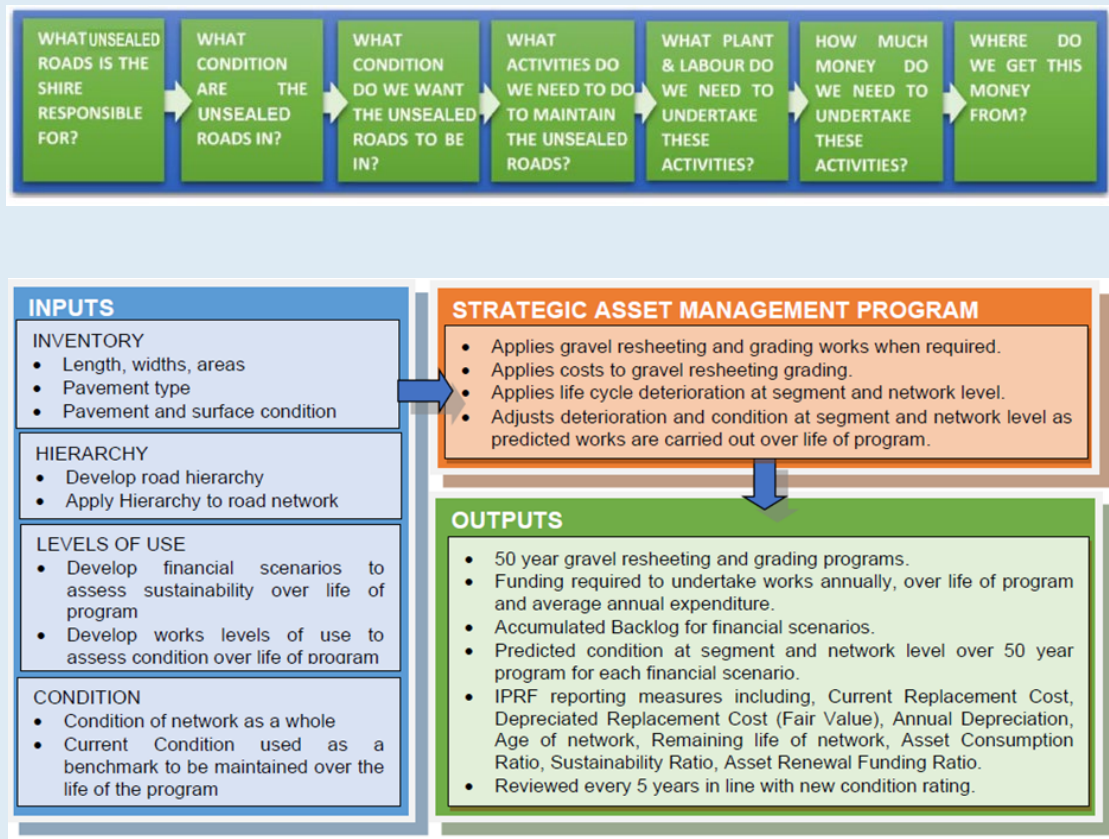
This allows the Shire to implement a preventative road maintenance strategy and the ability to report on its road maintenance backlog.



Source: Shire of Dumbleyung

Figure 7: Shire of Dumbleyung Roads Strategy for sealed and unsealed roads

Below are extracts from the Shire's unsealed roads strategy that highlight its ability to manage its roads and link funding sources, labour, equipment and materials (Figure 8). Its process of strategic asset modelling for unsealed roads includes the key steps detailed below. Its strategy for sealed roads follows the same principles (adjusted to reflect a sealed road).



Source: Shire of Dumbleyung

Figure 8: Shire of Dumbleyung unsealed roads strategy

The regional road network is vast and varied and each local government's roads present different maintenance requirements

The type and size of local roads adds to the complexity of implementing effective road maintenance strategies. The audited entities' roads vary in type and length from 990 to 3,000 kms (Table 1). For example, the Shire of Dumbleyung, a small local government with a compact network and limited exposure to extreme weather, was better positioned to manage both sealed and unsealed roads. In contrast, entities like the Shire of Derby-West Kimberley and the Shire of East Pilbara have different maintenance challenges. They are required to maintain roads over vast distances, in more remote locations and with potentially limited periods of time to get work done because of seasonal weather patterns. The Shire of East Pilbara is the largest in Australia covering 371,244 square kilometres (larger than the state of Victoria).

	Built up areas asphalt seal (kms)	Built up areas sprayed seal (kms)	Sealed roads outside built up areas (kms)	Gravel roads (kms)	Formed roads (kms)	Unformed roads (kms)	Total road network (kms)
City of Greater Geraldton	136	155	532	967	202	93	2,085
Shire of Derby-West Kimberley	0	43	58	454	766	418	1,739
Shire of Dumbleyung	0	7	237	659	84	3	990
Shire of East Pilbara	37	19	176	1,535	951	408	3,126
Shire of Manjimup	15	54	457	699	65	19	1,309

Source: OAG using WALGA reported information

Table 1: Type and length of local road network at each of the audited LG entities

All of the audited entities understand and are maintaining their roads (Figures 9 and 10) however, they have implemented different ways to do this reflecting local environments. In setting work programs and strategies, audited entities consider priorities and how to best achieve value for money while respecting budget constraints. They also factor in the types of roads and road related infrastructure needing to be maintained, their road hierarchy criteria and how to address challenges faced by their road network:

- three of the entities maintain both their sealed and unsealed roads using a combination of internal and external resources
- the Shire of East Pilbara's strategy focuses on a reactive maintenance program for its unsealed roads. This is largely due to the size of its network, impact of weather and staffing and contractor challenges
- the Shire of Derby-West Kimberley has an alternate strategy where it outsources its road maintenance.



Source: OAG

Figure 9: Maintenance of regional local roads

“ The Shire is keeping the gravel roads in great condition. Especially seeing the amount of truck use. Also great communication in wet periods so we can all do our part to protect road integrity with vehicle movements. I really appreciate the care our Local Government take in maintaining road quality. ”

“ The Shire does the best they can. ”

Source: OAG survey of regional road users

Figure 10: Survey responses recognising regional LG entities maintenance of local roads

Regional LG entities can struggle to access skilled staff, resources and materials which can impact delivery of local road maintenance

Regional LG entities operating in already challenging remote environments are further constrained in their ability to manage their road assets and deliver effective road maintenance. Discussion with regional road groups identified common constraints that disproportionately affect regional LG entities. These include recruitment and retention of skilled staff, challenges in accessing materials, meeting regulatory requirements and

inflationary pressures. These can negatively impact the delivery of road maintenance, lead to significant delays and increase the cost of maintenance.

It can be difficult to recruit experienced asset managers, infrastructure directors, road managers and engineers in remote areas where everyone is vying for the same resources (Figure 11). The Shire of East Pilbara advised the ability for them to perform their road maintenance is dependent on access to skilled drivers to grade their unsealed roads, otherwise works stop.



Source: OAG

Figure 11: Key staff in the Shire of Derby-West Kimberley, Shire of East Pilbara and City of Greater Geraldton

A reliance on key staff increases the risk that built-up knowledge of road networks will be lost when staff turnover occurs. To compensate for this, LG entities need up-to-date documented asset strategies, maintenance plans, procedures and asset management systems, which not all the LG entities have. Since we visited the five audited LG entities, experienced staff including an Infrastructure Director and a Manager Maintenance Operations from two entities have moved on.

Access to materials and meeting regulatory requirements impacts and delays road maintenance. In the Shire of East Pilbara, access to materials and water is a key inhibitor which can delay work even if funding is available. We were also told by regional road groups, and in our survey (Figure 12), that environmental, native title and utility approvals for local road projects often take 12 to 18 months, or longer. This can delay road projects and may impact LG entities' ability to spend allocated funds.

“ Council does well with the resources available but is hampered by clearing legislation requirements. ”

Source: OAG survey of regional road users

Figure 12: Survey response highlighting impact of regulatory requirements

The cost of road maintenance has increased however not all funding has kept up with inflation. WALGA reported⁹ based on Australian Bureau of Statistics, that the average increase in road maintenance costs across the State since 2018-19 was more than 55%. Some LG entities with small rate bases have limited scope to increase their own source funding to match increasing maintenance costs. This has required LG entities to make decisions prioritising some roads over others and has led to some roads in remote areas with low traffic volumes being orphaned and not maintained.

We travelled on sections of local roads accessing Indigenous and remote communities that were in a poor condition. In the Shire of Derby-West Kimberley over 500 kms of public access gravel roads to Indigenous communities were not being maintained by the Shire. The Shire stopped maintaining these roads between 2003-05, once Australian government funding to maintain these roads ceased, despite receiving \$1.4 million in 2023-24 for remote Aboriginal community access roads as part of its Local Government Agreement funding. This may not be transparent to the Shire as funding is aggregated. This may have far reaching consequences, limiting people's access to emergency services, healthcare and other basic services. Poor road conditions also increase wear and tear on vehicles, raising the risk of breakdowns and accidents.

Some roads may not be fit for purpose or not be built to accommodate the weather. We saw in the Shire of East Pilbara waterway crossings that were impassable and roads that were washed away. This physically and socially isolates communities that use these roads. Case study 2 highlights the challenges facing the Shire of East Pilbara where we saw local roads that cannot cope with annual rainfall and evidence of damage caused by a recent severe weather event. Case study 3 highlights some of the challenges the Shire of Derby-West Kimberley has experienced in recent years.

⁹ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 36.

Case study 2: Shire of East Pilbara

The Pilbara is characterised by very hot summers, mild winters and low and variable rainfall. Rainfall in the eastern Pilbara is influenced by tropical and monsoonal drivers, which are predominantly active in summer and autumn.

We visited the Shire in January 2025 and saw many sections of roads that were damaged by surface water and in very poor condition due to heavy rains. Some roads were closed. This highlights the challenge this Shire faces and questions whether some of the roads and supporting infrastructure (bridges, flood ways and culverts) are fit for purpose and built to accommodate the climate and topography of the region. The audit team took these pictures during their visit (Figure 13).



Source: OAG

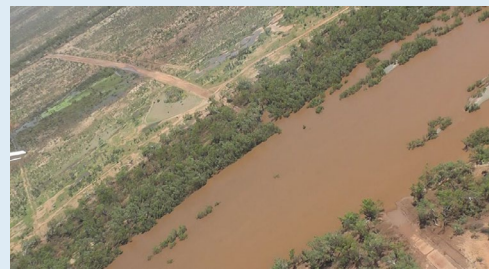
Figure 13: Damaged roads in the Shire of East Pilbara

In February 2025 (three weeks after we visited the Shire) ex-tropical cyclone Zelia caused additional damage to the roads. The pictures below were sourced from the Shire (Figure 14).

Hillside - Marble Bar Road (severe washout)



Goldsworthy Road with De Grey River flooded



Muccan Shay Gap Road



Warrawagine Road



Source: Shire of East Pilbara

Figure 14: Impact of cyclone Zelia on Shire of East Pilbara local roads

Case study 3: Shire of Derby-West Kimberley

The Shire of Derby-West Kimberley has experienced four significant rainfall events in the last four years, over and above the routine wet season rains, including ex-tropical cyclone Ellie in January 2023. These have caused additional damage to the Shire's road network. The Shire has estimated the cost of reinstatement works required is over \$18 million.

Although the Shire has qualified for funding under the disaster recovery funding arrangements, we saw roads where the damage had not been repaired and continued to impact communities that use these roads.



Source: OAG

Figure 15: Gee Gully Bridge in the Shire of Derby-West Kimberley

For example, parts of Gee Gully Bridge were washed away in January 2023. We took this picture (Figure 15) during our visit in February 2025. At the time of this report, funding to repair the Gee Gully Road floodway had not been received, with the outcomes of submissions made unknown. Due to the wet season and procurement requirements, works cannot commence before April–May 2026, even if funding was immediately available.

LG entities advised the process for applying for disaster relief funding is time consuming and complex. Evidence must be submitted showing the condition of the asset before and after the disaster event. The burden of proof resides with the LG entity.

Disaster relief funding is paid on reimbursement. LG entities usually fund the repairs themselves while waiting on relief funds.

This money can only be used to restore assets to the condition they were before the emergency event. The Shire of Derby-West Kimberley is applying for federal government Betterment Funding, to help them improve the standard of the Gee Gully Bridge, so that it is able to withstand future flooding events.

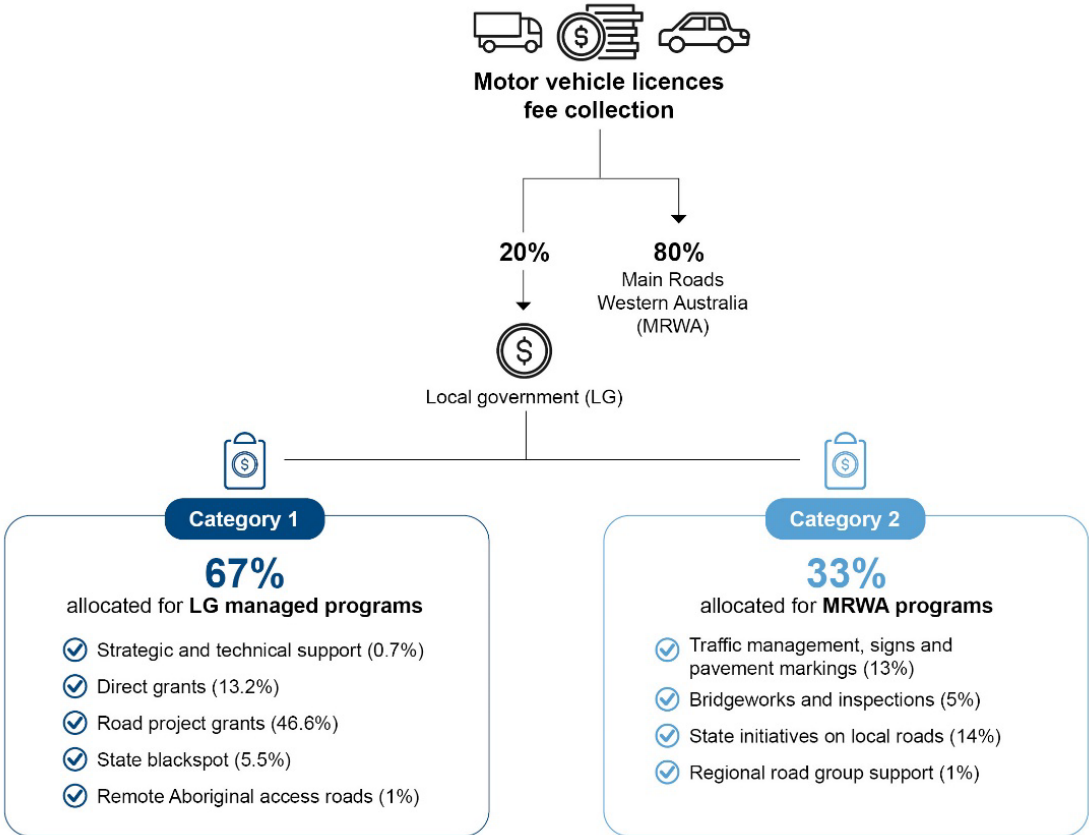
Outdated and rigid funding arrangements can be barriers to regional LG entities accessing adequate road maintenance funding

Funding arrangements do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This has resulted in funding being directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets. Many regional LG entities have limited capacity to fund any shortfalls for road maintenance.

There are no criteria to show how the distribution of motor vehicle licence fees reflects local road maintenance needs

LG entities may not receive the funding they need because there are no criteria to support the 80/20 allocation of funding between the state and local government roads. Without criteria we cannot tell if funding effectively reflects local road maintenance needs. WALGA, Main Roads and the audited LG entities advised us that they welcome the Local Government Agreement because it provides certainty over how much overall funding will be available for local roads over the five-year term of the agreement.

Not all of the 20% (\$253 million in 2023-24) was allocated to LG entities for the improvement and maintenance of the local government road network. Figure 16 shows the Local Government Agreement funding is broken down into two categories, with 67% allocated to local government managed programs (Category 1) and 33% to Main Roads managed programs also used for improving and maintaining local roads (Category 2).



Source: OAG using information in the Local Government Agreement

Figure 16: Funding arrangement within the Local Government Agreement

Direct grants, which all regional LG entities are guaranteed to receive, make up less than 10% of budgeted motor vehicle licence fees. The rest of the funding available through the Local Government Agreement is distributed through road project grants which are subject to eligibility criteria. Regional road groups work with LG entities in their region to assign funding where criteria, including the requirement to self-fund one third of project cost can be met and works can be prioritised. Even if an LG entity has secured the grant, a project may not go ahead in the required timeframe because matching funds may no longer be available. This can mean priority projects are not implemented as planned.

More funding for local roads would be available if the Local Government Agreement was based on actual rather than budgeted motor vehicle licence fees. The five-year agreement specifies budgeted motor vehicle licence fees and the current allocation is in accordance with that. However, over a 10-year period actual motor vehicle license fees were consistently above budgeted amounts, to a total of \$205 million that could have been added to the pool of road maintenance funding available for both state and local roads. This would have made an extra \$41 million available to local governments based on the 80/20 split (see Table 2). The difference between budgeted and actual licence fees is currently being retained by Main Roads in the Metronet and Westport Special Purpose account.

Year	Budgeted motor vehicle licence fees \$'000	Actual motor vehicle licence fees \$'000	Variance \$'000
2023-24	1,262,972	1,293,002	30,030
2022-23	1,169,227	1,204,720	35,493
2021-22	1,090,188	1,120,357	30,169
2020-21	1,010,449	1,047,950	37,501
2019-20	980,044	997,191	17,147
2018-19	911,322	948,835	37,513
2017-18	873,660	894,449	20,789
2016-17	862,526	842,743	-19,783
2015-16	833,362	831,148	-2,214
2014-15	788,201	806,618	18,417
Total variance 2014-15 to 2023-24			205,062

Source: OAG using State Budget papers

Table 2: Variance between budgeted and actual motor vehicle license fees 2014-15 to 2023-24

The asset preservation model does not effectively reflect local road needs because it is outdated and does not capture all relevant information

The asset preservation model used in distributing Financial Assistance Grant funding and direct grants under the Local Government Agreement is not fully effective in meeting regional LG entities maintenance needs. The model, which was implemented in 1990, does not take into consideration road condition data and the ability of LG entities to fund their road maintenance activities. These are all factors which determine road maintenance needs. Because the model does not include them this can result in funding not being directed to the local governments with the highest or most pressing maintenance needs.

Two of the audited LG entities estimated funding shortfalls. In 2024 the Shire of East Pilbara estimated it needed an extra \$196 million to fund its road maintenance backlog. In 2021 the Shire of Derby-West Kimberley also estimated that it needed an additional \$78.3 million. These estimates of maintenance backlog exclude funding requirements to reconstruct roads damaged by flooding events and demonstrate that funding does not meet the needs of these

two Shires or that available money has not been spent on road maintenance. We saw many roads in these two shires which were in a very poor condition.

Not all LG entities are able to self-fund their road maintenance activities. Many regional LG entities have a limited rate base to draw on. Where LG entities have limited ability to self-fund they are more reliant on grant funding. However, these differences are not reflected in the asset preservation model used to distribute Financial Assistance and Local Government Agreement grant funding.

For instance, the City of Greater Geraldton has a higher population and rate base to help fund a smaller sized network than Shire of Derby-West Kimberley with a smaller rate base to maintain a much larger road network. This means in the City of Greater Geraldton there are 19.9 people for every kilometre of local roads while in the Shire of Derby-West Kimberley there are 4.8 people per kilometre. Table 3 highlights the different sizes, populations and revenue between the five audited LG entities.

	Size (km ²)	Population	Length of local roads (km)	People for every kilometre of local roads	Revenue 2022-23 (000's)	Rates 2022-23 (000's)
City of Greater Geraldton	9,889	41,515	2,085	19.9	\$92,365	\$50,145
Shire of Derby-West Kimberley	119,842	8,410	1,739	4.8	\$27,239	\$8,669
Shire of Dumbleyung	2,541	693	990	0.7	\$5,989	\$1,932
Shire of East Pilbara	371,244	10,311	3,126	3.3	\$72,691	\$28,389
Shire of Manjimup	7,026	9,412	1,309	7.2	\$26,889	\$10,550

Source: OAG using WALGA, LGIR and local government information

Table 3: Preservation needs demonstrating some of the differences between the five audited LG entities

Because of gaps in the information used in the model, its predictions of LG entities road maintenance needs may not be wholly accurate. However, the asset preservation model is the only assessment of whether LG entities are able to fund their predicted maintenance needs. Using the model, WALGA reports¹⁰ a widening gap in local government’s ability to preserve their road assets. Based on their report, metropolitan LG entities were spending more than the amount required to preserve their road assets. At the same time regional LG entities reported their expenditure on roads was not enough to meet their road preservation needs. Table 4 shows the asset preservation need is greatest for regional LG entities, with the asset preservation gap at 44.7%, demonstrating funding is not matching the predicted needs of the regional LG entities.

¹⁰ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 7.

Local government road expenditure	Metropolitan (\$M)	Regional (\$M)
Asset Preservation Need	\$281.6	\$773.5
Financial Assistance Grants (road component only)	\$36.3	\$99.7
Expenditure from own source revenues	\$203.2	\$80.5
Expenditure from other sources	\$85.2	\$247.5
Total Asset Preservation Expenditure	\$324.7	\$427.7
Asset Preservation Gap	-\$43.1	\$345.8
Asset Preservation Gap	-15.3%	44.7%

Source: OAG using WA LGGC and WALGA information

Table 4: Asset preservation gap 2023-24

Recommendations

To enable an evidence-based road asset maintenance program, LG entities should:

1. ensure road condition data is up to date and used in up-to-date asset management plans and work programs to enhance preventative road maintenance. (Some regional LG entities will need support to achieve this by the implementation timeframe or condition data over local road networks will be built over a longer timeframe.) Valuations performed by local governments to meet financial reporting requirements provide a good opportunity for LG entities to obtain enhanced baseline data.

Implementation timeframe: October 2027

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

2. promote transparency and understanding of maintenance prioritisation decisions with stakeholders, including ratepayers by:
 - a. determining and reporting the road condition and maintenance backlog and, as part of moving to better practice, work towards:
 - b. defining service level standards for road maintenance in engagement with local communities
 - c. reporting on delivery of road maintenance against agreed service levels.

Implementation timeframe: July 2028

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

To help LG entities in maintaining local roads, collaboration between LG entities, Main Roads, LGIRS and WALGA should be improved. These entities should:

3. use local road condition data to inform both regional and statewide road strategies to:
 - a. support evidence-based decision making to improve road asset management and ensure sustainable infrastructure outcomes for regional road users
 - b. review funding via the Local Government Agreement and use of the Asset Preservation Model to ensure it remains fit for purpose and supports sustainable road asset management
 - c. include mechanisms to measure progress against goals set for local roads.

Implementation timeframe: July 2028

Entity response: Recommendation supported.

Response from City of Greater Geraldton

The City of Greater Geraldton (the City) welcomes the comprehensive review and acknowledges the significant challenges and opportunities identified in the report. We appreciate the recognition of the complexity involved in maintaining an extensive and diverse regional road network, and the importance of robust asset management and sustainable funding models.

Progress and Commitment

The City has made substantial progress in improving the quality and coverage of its road condition data as part of our asset management maturity program and recent infrastructure revaluations. This has enabled more informed and strategic allocation of resources, supporting both preventative and reactive maintenance. We are committed to further enhancing our asset management plans, including the integration of up-to-date condition data for both sealed and unsealed roads, as recommended in the report.

Collaboration and Funding

Collaboration with Main Roads WA and participation in Regional Road Group and Black Spot funding programs have enabled the successful delivery of numerous projects. However, we echo the report's findings that current funding models and the asset preservation framework require review to better reflect the diversity of local road networks, actual road conditions, and the financial capacity of regional local governments. We strongly support the recommendation to update these models to ensure resources are directed where they are most needed, and to close the asset preservation gap identified for regional entities.

Support for Recommendations

The City fully supported the report's recommendations, particularly:

- Ensuring road condition data is current and used in asset management and maintenance planning.
- Promoting transparency in maintenance prioritisation and reporting on service levels and backlogs.
- Improving collaboration and data sharing between local governments, Main Roads and WALGA, and other stakeholders to inform statewide strategies and funding decisions.

We also note the importance of addressing workforce and resource constraints, and the need for targeted support to build technical capacity in regional areas.

Response from Shire of Derby-West Kimberley

Response to Recommendations:

- While there is merit in all three of the recommendations, not all local governments are resourced to achieve the outcomes of the recommendations.
- Assistance would be sought to achieve these goals, as in its current capacity, the Shire would not be able to achieve this while still delivering all of the core services required to be undertaken.

While the Shire welcomes a study into the maintenance of road networks in local government authority's (LGA) across the state and the funding issues that come with

these maintenance programs. It must be noted that not enough evidence had been gained to understand the staffing requirements required by each individual LGA to fully understand if any of the recommendations can be implemented.

Staff in regional and remote areas are difficult to recruit and retain, there are varied workloads on the workforce in the different locations, and noting the competency and knowledge of the staff may vary in locations as well.

One opportunity that exists is knowledge sharing between LGA's and additional information be provided to staff to assist in collection, recording and entering of data. This together with training development to increase staff knowledge and understanding in the delivery of maintenance of road networks.

The funding available to provide these maintenance programs is inadequate.

Response from Shire of Manjimup

The Shire of Manjimup would like to thank the WA Office of the Auditor General, the Western Australia Local Government Authority and Main Roads Western Australia for their time and effort in investigating and collating data associated with maintaining regional local roads. The Shire is proud to have been part of this performance audit.

Shire staff have reviewed the report and congratulate the findings, noting the identified inequities in the funding models administered by the Commonwealth and Western Australian Governments. The recommendations within the report suggesting that this is discussed and advocated for (a solution) at a State level, is strongly supported.

With regard to the recommendations proposed within the report, the Shire offers the following responses:

Recommendation 1

Strongly Support. The Shire of Manjimup see this proposal as a positive implementation to enable and enhance preventative road maintenance. Whilst works are happening in this space for the Shire, we have found that the team are faced with constraints around adequate staffing levels, expertise in regional areas, ability to recruit to regional areas due to lack of housing and services, inability to access raw materials, and general 'red tape'. Budgeting constraints and geographical rate basis also play a major role.

Recommendation 2

Supported. The Shire is interested to progress the research into road maintenance backlogs. The Shire has been working in this space over numerous years as part of its integrated planning and reporting framework through the Strategic Community Plan, Corporate Business Plan and the Annual Budget. The Shire is keen to explore models for reporting on delivery of road maintenance against agreed service levels moving forward.

Recommendation 3

Strongly Supported. The Shire will certainly advocate to these groups regarding asset management and funding. This is seen as a positive and a priority.

Response from Shire of Dumbleyung

Shire of Dumbleyung supports the main content included in the report. The Shire of Dumbleyung recommends undertaking a comprehensive road condition assessment should be the first primary data and information collection task, then follows an assessment of minimum service levels, road functionality (design standards), road hierarchy/prioritisation/use, and resourcing needs. The resourcing activity targets both

labour, plant and financing (funding) needs. Road maintenance backlog also falls out of all this work. The timeframes for report implementation should also be reviewed and extended to allow sufficient time for the LGA sector and other key stakeholders to consider report implications and to secure necessary resources to support effective delivery.

Response from Shire of East Pilbara

Recommendation 1

While we agree with recommendation 1 that updated road condition assessment data is important to have, LG's having a road network consisting of extreme extents and remoteness require a dedicated source of funding for such LG's. Road condition assessment should be externally funded or carried out by organisations such as Main Roads, WALGA, etc. with information made available to LG's free of charge. WALGA recently had a condition assessment done for LG's in the Pilbara but limited the roads included, to those on the Main Roads - Roads 2040 list. With our vast road network and the cost involved, we are unsure when we will be in a position to have the rest of over 3,000 km unsealed road network surveyed. We believe the implementation timeframe should be extended to allow for more assistance with this.

The amount of money available for grant funding to assist LG's, especially LG's that have a low rate base but that have to maintain a large road network with remote roads located as far as 24 hours drive from the nearest town/centre from which maintenance crews/contractors can operate, is insufficient. You can imagine the mobilisation/demobilisation and camping costs associated with works on these remote roads.

Recommendation 2

The Shire of East Pilbara is expected to maintain roads connecting remote Aboriginal communities and are also interstate connecting roads yet there are no rates paid by these communities and the funding allocated by the Government for preservation of these roads are totally insufficient e.g. our calculations show that the current funding amount allocated to re-sheet Aboriginal community access roads is only sufficient to re-sheet sections of these roads once every 120+ years. Expecting the communities affected by this impossible task to predict which roads should be done and when, is therefore completely unrealistic. Again, the implementation date should be extended to be met realistically.

Maintenance grading is only effective if a road has a base course that can be graded and most of the Shire of East Pilbara roads have deteriorated to the point where we are grading the sub-grade which consist of either rock outcrops, or soft fine sand, which is essentially a waste of time and money to maintenance grade.

Many of these roads have deteriorated to levels below the adjacent landscape which means these roads have become the stormwater drain instead of having a road higher than the surrounding landscape with side drains where water can run off to.

Therefore, it is our opinion that LG's in the category described above, require a separate bucket of funding allocated to such LG's specifically for these circumstances.

Recommendation 3

Calculations two years ago by the Shire shows that to re-sheet the roads that were sub-standard then, would cost \$196,000,000, the amount is now probably way over \$200M mark. In addition, the damage caused by Cyclone Zelia is estimated to be \$49M (plus \$10M for floodway construction). Evidence of the road conditions for the damaged roads

have been provided in detail yet, DFES has been reimbursing, or committed to reimburse, on average, less than 50% of the Shire's cost estimates. As a result, we have roads that are unsafe to travel on and we had to close such roads and allow access based on a permit system. This is not how a public road network should function.

Again, we are in support of having road condition assessments done, but the bottom line remains that the pot of money that Government is making available to assist remote LG's, is too small and the distribution must be based on each Shire's local circumstances, e.g. length or road network, remoteness, ratepayer base, etc.

The setback caused by Cyclone Zelia and the ongoing reluctance from DFES to reimburse the Shire to repair the damaged roads to acceptable standards, will have a major impact on road condition assessments. Also, should another cyclone or rainstorm event hit the Shire of East Pilbara road network, the network will become even more unsafe.

Response from Main Roads WA

In relation to the recommendations the following response is provided:

Recommendation 1 - This recommendation is for Local Government (LG) entities' consideration.

Recommendation 2 - This recommendation is for LG entities' consideration.

Recommendation 3 - Supported with consideration to an adjusted implementation timeframe of July 2028.

The report highlights the challenges facing regional Western Australian (WA) Local Governments recognising that maintaining a road network across a large state also presents challenges for the State Government through Main Roads WA. The provision of State funds for both local roads and state roads is a fine balance based not just on need but also delivery capacity.

The WA Government is the only Government to enter into a formal agreement with Local Government through State Road Funds to Local Government Agreement (SRFLGA) [Local Government Agreement]. This provides a structured approach to the provision of funding for both maintenance and improvements to support Local Government Road asset management. This is in the context of the SRFLGA representing 25 per cent of the overall funding used by LGs to manage their road network with the balance being 50 per cent from LG's own source revenue and 25 per cent from the Australian Government.

The SRFLGA is founded on collaboration between State and Local Governments to ensure appropriate road access management across WA.

The collaborative relationship is managed through the SRFLGA State Advisory Committee (SAC). SAC have always considered opportunities to build capacity and capability across the LG sector with funding for initiatives such as:

- Condition assessment data collection on local roads of regional significance.
- Implementing KPIs focused on road and bridge condition data collection.
- Development of harmonised Multi-Criteria Assessment for Regional Road Groups to prioritise Road Project Grant proposals from LGs.
- Review of WALGA Road Visual Condition Assessment Manual.
- Initiating a LG Transport and Roads Research and Innovation Program which includes a focus on asset management to build evidence-based capability.

- The WALGA Report on Local Government Road Assets and Expenditure - to provide asset management insights as highlighted by its use in the audit report.

The Report's call for improved collaboration is supported, and opportunities will be discussed and agreed, as appropriate, through the SAC.

Response from Department of Local Government, Industry Regulation and Safety

The Department of Local Government, Industry Regulation and Safety (LGIRS) supports the recommendations including the need for improved information on road condition and supports the adoption of new and emerging technologies across the sector to meet this need.

The report highlights some key issues the local government sector will need to address as well as issues for funding bodies, including the Western Australian Local Government Grants Commission (WALGGC).

LGIRS supports collaboration with relevant entities to extend use of road condition data to support improved road asset management outcomes. This includes, subject to the consideration of the WALGGC, reviewing funding via the asset preservation model.

LGIRS notes that the WALGGC is the primary user and custodian of the asset preservation model. This means it is for the WALGGC to examine the relevant findings of the report and consider a way forward for the asset preservation model. This will include whether it is appropriate to incorporate existing road condition data into the asset preservation model, particularly with consideration to the legislative constructs it operates within.

While collaboration with other entities to progress this recommendation is achievable in the suggested implementation timeline (December 2026), it is noted that realistically, it will take more time for local governments to develop the capacity to maintain road condition data and for the data to be made available for the WALGGC to use in the asset preservation model.

Existing relationships already exist between LGIRS (via the WALGGC), WALGA and Main Roads WA to support the allocation of Financial Assistance Grant special project funding. In addition, Main Roads WA shares local government road data with LGIRS and LGIRS and WALGA have a shared roads officer. These relationships can be leveraged to support recommendation 3.

Response from WA Local Government Association

Although there is currently no published information consolidating the condition of regional Local Government managed roads, technology developments have resulted in the cost of collecting, storing and analysing road condition information falling substantially over the past decade. This makes it increasingly feasible to objectively report on road condition and use this information to develop road maintenance plans. Collection of condition data for Regionally Significant Roads undertaken by WALGA over the past four years is intended to pilot this approach.

Skilled and available people are not widely available in regional Local Governments to analyse condition information along with other important considerations including the safety and capacity of each road segment, to develop road investment programs. Rapidly developing technologies will likely assist in undertaking these tasks in the future, but this remains an industry-wide issue to be addressed.

Road managers need to apply limited resources to routine maintenance, periodic maintenance (or renewal) and improvement works that make the network safer and / or increase capacity. Consequently, a range of data in addition to existing road condition is required to optimise the allocation of limited road funding and apply it to those projects that deliver the best outcomes for the community.

The majority of road wear is attributed to heavy vehicle traffic. Most regional roads are open to large, heavy vehicles, including those operating under mass management schemes. This impact is not comprehensively considered in regulatory decision-making regarding acceptable axle loadings and total road freight tasks.

Audit focus and scope

The objective of this audit was to assess if regional local government entities effectively manage the maintenance of their local roads. We audited five regional LG entities and included Main Roads and the LGIRS within the scope of the audit. We based our audit on the following criteria:

- Do regional local governments have appropriate information and data on the condition of the roads they own or are responsible for?
- What funding is available to regional local governments and are they accessing funding that may be available?
- Do regional local governments have a structured and risk-based process to prioritise and fix roads in poor condition?

The five local government audited entities were:

- City of Greater Geraldton
- Shire of Derby-West Kimberley
- Shire of Dumbleyung
- Shire of East Pilbara
- Shire of Manjimup.

These entities were selected considering the size and complexity of road networks and a cross section of regional local governments across WA.

As part of this audit we:

- reviewed the policies, procedures and processes relating to the maintenance of regional local government roads
- visited the five audited LG entities, interviewed relevant staff responsible for maintaining roads and travelled along and sighted thousands of kilometres of regional local government roads
- reviewed the roles and responsibilities of Main Roads and LGIRS relevant to the allocation of funds for local government road maintenance
- reviewed the State Road Funds to Local Government Agreement 2023-24 to 2027-28
- consulted the State Road Funds to Local Government Advisory Committee, eight regional road groups and WALGA as key stakeholders involved in the maintenance of local government roads
- conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

We did not assess the maintenance of State highways and roads managed by Main Roads or roads and tracks in National Parks and State forests managed by the Department of Biodiversity, Conservation and Attractions.

We did not assess supporting road infrastructure such as drainage and bridges.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements

ASAE 3500 Performance Engagements. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$551,000.

Auditor General's 2025-26 reports

Number	Title	Date tabled
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

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Report 8: 2025-26 | 28 January 2026

FINANCIAL AUDIT RESULTS

Status of Local Government Audits 2025



Office of the Auditor General for Western Australia

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The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

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Status of Local Government Audits 2025

Report 8: 2025-26
28 January 2026

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

STATUS OF LOCAL GOVERNMENT AUDITS 2025

This report has been prepared for submission to Parliament under the provisions of section 24 of the *Auditor General Act 2006*.

Financial audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with timely assurance of the financial performance and financial position of entities at annually mandated intervals (i.e. legislated reporting timeframes). The timeliness of financial audits, and related entity readiness for audit are important for the relevance of this information.

This report reflects a new initiative to provide timely and relevant information to Parliament and other relevant stakeholders on the status of local government entities that did not meet the statutory reporting deadline of 31 December 2025.

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

Caroline Spencer
Auditor General
28 January 2026

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Auditor General's overview



2026 marks the first year I am providing an audit status report on delayed local government audit opinions. This report lists the local governments that did not meet the 31 December 2025 statutory reporting deadline, and the reasons identified by my auditors for delays at these nine entities.

The purpose of this report is to provide timely communication to stakeholders regarding material risks and significant deficiencies identified at entities which have not met their statutory reporting deadline.

I hope the transparency this report creates will drive continuous improvement within those entities and across the public sector to deliver quality timely financial reporting.

This proactive approach to reporting delays raises awareness of relevant issues for Parliament, the community, the new Local Government Inspector – and indeed councillors themselves who may not always have visibility of these matters – to allow earlier understanding, attention and action where necessary. I anticipate it will also encourage entities to prioritise good financial governance and provide auditors with access to everything they need for audit finalisation within agreed timeframes to avoid this ‘OAG naughty list’, as it is already commonly referred to by the sector.

Had we issued this kind of report last year, stakeholders would, for example, have been aware of our concerns with the Shire of Coolgardie’s ability to continue to operate. Instead, this information of high public interest had to remain confidential within my team’s audit files until audit procedures were able to be finalised in June 2025 and results formally reported with our audit opinion. Furthermore, I expect readers of this new report will be struck for the first time by the anomalous pattern of audit delays at the Shire of Yalgoo (Appendix 1, pages 10-11). While my Office already reports delays annually in our audit results reports¹, this new report goes further, enabling scrutiny and specific commentary of ongoing trends. Delayed audits represent poor accountability and transparency and can be a red flag for more widespread serious governance concerns. Where financial information is not publicly available in a timely manner, ratepayers and Parliament are not able to appropriately assess the position of these local governments and make informed decisions about their councils. These delays also represent additional work for my Office and the entities themselves, which otherwise could have been avoided, and ultimately incur additional costs for ratepayers.

Entities with delays fall into two main categories. Firstly, those with delayed audits for multiple years, which includes the City of Nedlands, the Shire of Halls Creek and the Shire of Yalgoo. All have not met the statutory deadline for several years. Repeat offenders are often affected by ongoing systemic issues. This generally reflects capability and governance culture and can indicate a need to attract and retain staff with suitable qualifications and experience, or the need for more support and intervention, such as from the Department of Local Government, Industry Regulation and Safety or the new Local Government Inspector.

The second category consists of entities affected by a generally less concerning one-off event. This can include the loss of key finance staff and executive officers at critical stages of the reporting process or last-minute technical accounting issues. For example, the Town of East Fremantle was delayed while awaiting the audit of a standalone facility which they operate, and the Shire of Mount Magnet lost key finance staff during the audit process, causing delays in the finalisation and reconciliation of their accounts.

Overall, the 2025 audit season progressed better than previous years, with 138 of 147 local government entities’ audits finalised by the statutory deadline of 31 December 2025, while nine entities missed the deadline. This is a continuing trend of improvement, with 12 entities missing the deadline in 2024 and 16 in 2023. I will separately report to Parliament on the

¹ Office of the Auditor General, [Local Government 2023-24 - Financial Audit Results](#), OAG website, 24 April 2025.

results of the finalised 138 entities in our local government financial audit results report, which is expected to be tabled at the end of March 2026.

I wish to acknowledge the hard work of the 138 entities that provided sufficient and timely information to my auditors to enable completion of their audits within the legislative timeframe. I would also like to acknowledge those named within this report for their continued cooperation with my Office to finalise their audits as soon as practicable in 2026. I hope to see the number of local government audits completed by the statutory deadline continue to improve for 2026. Lastly, I want to recognise the hard work of my staff and the contract audit firms that work with us, without whom we would not be able to deliver an audit program of this scale within the statutory timeframe.

Status of 2025 Local Government Audits

We had completed the audits of 138 of 147 local government entities to enable the entities to accept their annual report by the legislated timeframe of 31 December 2025. This is slightly better than 2024 where we had finalised 135 of the local government audits by 31 December 2024. A summary of the reasons for delays in the remaining nine audits is presented below with specific reasons per local government entity set out in Appendix 1.

The *Local Government Act 1995* requires an entity to prepare an annual report which includes the auditor's report on the financial statements (section 5.53) and accept the report no later than 31 December after that financial year (section 5.54). The entity is then required to advertise the availability of the report (section 5.55) and hold an Annual General Meeting of Electors (AGM) within 56 days of accepting the annual report (section 5.27). Our audits are generally scheduled to enable all entities to meet the 31 December legislative deadline. In the absence of an annual report that has been accepted by the respective Council, this report provides information to Councillors, ratepayers, Parliament and other stakeholders about the delays. If we had to issue an opinion on 31 December 2025, it is likely that all the audits listed in Appendix 1 would have been issued modified opinions, from qualifications on specific balances or transactions to disclaimers of opinions.

Audits still in progress at 31 December 2025

The nine audits that were not finalised prior to 31 December 2025 encountered numerous challenges.

Generally, the delayed audits share some of the following themes:

- **Data integrity:** information to support the trial balance and financial report disclosures could not be provided to auditors. These issues can result from a lack of preparation for the audit, finance system issues and record keeping failures. We encourage entities to review our better practice guides² to better understand audit information requirements.
- **Key staff availability:** positions were vacated during the audit or have been vacant for some time, these included finance staff, chief executives and corporate service executives, all of whom are important to the timely and efficient conduct of an audit. When key staff resign prior to or during the audit process, often no one is left at the entity who can assist with audit queries or provide the necessary information.
- **Difficulty closing out prior year audits:** some entities have historically been delayed or have multiple years' audits not yet finalised. Each financial report includes prior year figures and, for balance sheet accounts, these figures are the starting balances for the proceeding financial year. Due to this, one year cannot be commenced until the previous year is completed, therefore one delayed audit can have flow-on impacts for multiple years.
- **Delays in provision of the financial report:** Several of the delayed entities did not provide their financial report to the auditors by the statutory deadline of 30 September 2025. Some entities provided a financial report within the deadline which was incomplete or was not of sufficient quality to facilitate an audit. Incomplete financial reports cannot be adequately audited, as auditors cannot test what is not yet available. Poor quality financial reports cause significant audit re-work. In these cases, balances are tested, found to be incorrect, have to be corrected by the entity and then require retesting to ensure they are now accurate. This rework and the time to repeatedly

² Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG website, 30 June 2023; Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG website, 14 June 2021.

follow-up on incomplete financial reports adds hours and cost to audits, which have to be passed on to entities via additional audit fees. Delays in the provision of a complete and accurate financial report inevitably delay the commencement of audit work, which can then lead to delayed audit opinions.







Due to the issues which caused these audits to be delayed, we expect the audits that are still in progress will have various audit findings and may have modifications to their 2025 audit report, such as a qualified audit opinion or the inclusion of an emphasis of matter or other matter paragraph.




Results of audits completed by 31 December 2025

The annual local government financial audit results report for 2025 is expected to be tabled in Parliament by the end of March 2026. This report will summarise the key matters impacting the 138 local government audits completed in 2025.












Appendix 1: Outstanding 2025 audit opinions at 31 December 2025

Key for appendix 1:







Type of prior year audit opinion (see Appendix 2 for explanations of opinion types)	
	Clear (unmodified)
	Clear opinion with emphasis of matter or matter of significance paragraph
	Material uncertainty related to going concern
	Qualified or a disclaimer of opinion
	Qualified opinion with an emphasis of matter or matter of significance paragraph
	Opinion not yet issued
























Timeliness of 2024 opinion ³	
	Met statutory deadline for reporting
	Met statutory deadline for reporting however report was completed after OAG hardline initiative requirement (6 December for 2024)
	Did not meet statutory deadline for reporting

³ Statutory deadline for local government financial reporting is 31 December of the financial year that is being audited. For the financial year ended 30 June 2025 this was 31 December 2025.







Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Bunbury-Harvey Regional Council	No	The Council was unable to provide all required audit information in a timely manner, causing significant audit delays. This is primarily due to the limited staff available to address audit queries. The audit is expected to be completed by 31 March 2026 assuming all outstanding information is provided to OAG auditors in early February 2026.	2024: 05/12/2024	 
City of Nedlands	No	<p>The City provided their 2025 financial report in November 2025, well after the statutory deadline of 30 September 2025. There are multiple reasons for the delay in the audit of the City, including:</p> <ul style="list-style-type: none"> • late finalisation of the 2024 audit • a system outage issue that impacted revenue transactions during the final quarter of the 2024-25 financial year which required some transactions to be reprocessed • resourcing challenges ongoing since 30 June 2025 with finance staff changes • salary underpayments identified which are still being investigated and will likely require disclosure in the financial report • historical record keeping issues which continue to impact the progress of the 2025 audit. <p>The audit is expected to be completed by 31 March 2026 assuming outstanding information is provided and audit issues resolved by early February 2026.</p> <p>The last time the City met the statutory deadline was the 2021 financial year, with the opinion dated 30/11/2021.</p>	2024: 05/09/2025	  
			2023: 01/03/2024	 
			2022: 21/04/2023	 
			2021: 30/11/2021	 

⁴ Statutory deadline for provision of the draft financial statements to the auditor is 30 September 2025, with the ability to seek an extension from the Department of Local Government, Industry Regulation and Safety. For the purpose of this report we have not considered if entities sought or met any extension for this deadline.

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Shire of Cocos (Keeling) Islands	Yes	<p>During the 2024 and 2025 financial years, various agreements and contracts transferred the management of the Islands' information technology and related infrastructure from a third party to the Shire. Due to the complex history of these arrangements, the legal position of various aspects of this, including the transfer of assets to the Shire, was not clear. The Shire was waiting for this clarity to be resolved before accounting for any assets it may or may not have acquired because of these arrangements. Accordingly, these assets were not formally valued at the time.</p> <p>At 15 December 2025, the Shire was obtaining external valuations of these assets for recording in the Shire's 2024-25 financial statements. The audit is expected to be completed by 31 March 2026, assuming outstanding information is provided and audit issues are resolved in early February 2026.</p>	2024: 23/12/2024	 
Shire of Coorow	Yes	<p>The Shire was unable to provide all required information for audit purposes in a timely manner due to the unplanned departure of key staff. These resourcing constraints caused significant audit delays. The audit is expected to be completed by 31 March 2026 assuming outstanding information is provided, and audit issues are resolved in early February 2026.</p>	2024: 5/12/2024	 
Shire of Dalwallinu	Yes	<p>During the audit review, two historical joint arrangements with the then State Housing Commission (HomesWest), now the Housing Authority, were identified as having been incorrectly recorded in prior financial periods. As these errors are material, a prior period restatement is required for land and buildings, along with the necessary disclosures.</p> <p>Given the significance of these adjustments, the Shire requires additional time to revise the financial statements to reflect these changes. The audit is expected to be completed by 31 March 2026, subject to the timely provision of all requisite audit information.</p>	2024: 21/11/2024	 

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Shire of Halls Creek	No	<p>Following a disclaimer of opinion in 2023, and a subsequent and ongoing investigation into allegations of misconduct at the Shire, entity management engaged an external accountant to act as Executive Manager Finance in the finance function. Their focus was on the preparation of the 2024 annual financial report. We required a significant amount of audit effort to validate the opening balances for the 2024 financial year and consider the impacts of the 2023 disclaimer and the non-revaluation of infrastructure assets.</p> <p>The 30 June 2025 audit is expected to be completed by 30 April 2026 if all requisite audit information is provided in a timely manner.</p> <p>The last time the Shire met the statutory deadline was the 2020 financial year, with the opinion dated 16/12/2020.</p>	2024: 19/12/2025	 
			2023: 23/04/2024	 
			2022: 18/04/2023	 
			2021: 18/03/2022	 
			2020: 16/12/2020	 
Shire of Mount Magnet	No	<p>During the audit process, there was a changeover in key finance staff due to unforeseen circumstances. Shire staff have confirmed the financial report contains variances to underlying accounting records. The variances require further investigation and reconciliation by the Shire. The audit is expected to be completed by 31 March 2026 provided all requisite audit information is provided in a timely manner.</p>	2024: 25/11/2024	  
Shire of Yalgoo ⁵	No	<p>The 2023 and 2024 audits have been delayed due to:</p> <ul style="list-style-type: none"> • Previous audit delays, the 2022 audit was only completed in May 2024 and the 2023 and 2024 audits are not yet finalised at 31 December 2025. • Issues with data availability/integrity have impeded financial statement completion, audit readiness and audit completion. 	2024: Not yet issued	 
			2023: Not yet issued	 
			2022: 14/05/2024	 
			2021: 18/04/2023	 
			2020: 03/03/2022	 

⁵ The Shire of Yalgoo has three financial reports outstanding, being 30 June 2025, 30 June 2024 and 30 June 2023.

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
		<ul style="list-style-type: none"> Misaligned Shire and auditor staff availability to progress audits. <p>The 2023 and 2024 audits have commenced and are in the final stages of completion.</p> <p>The 2025 audit is delayed due to previous audit delays and will commence once the 2024 audit is completed. Shire and audit teams are available to complete the outstanding audits by 31 March 2026.</p> <p>The last time the Shire met the statutory deadline was the 2018 financial year, with the opinion dated 18/12/2018.</p>	2019: 31/01/2020	 
			2018: 18/12/2018	 
Town of East Fremantle	No	<p>The Town operates the East Fremantle Community Park (EFCP), which is a standalone operation requiring its own audit for the values to be included in the Town's financial statements. An auditor was not appointed to EFCP until after 30 June 2025. The completion date for the EFCP audit is not yet known. Once the audit of EFCP is completed, the audit of the Town can be finalised.</p>	2024: 6/12/2024	 

Source: OAG

Appendix 2: Audit opinion types

In the auditor's report we include the audit opinion on the annual financial report and any other matters that, in our judgement, need to be highlighted. The following are explanations of types of opinions the Auditor General can issue:

1. **Clear opinion:** indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position.
2. **Clear opinion with an emphasis of matter/other matter/matter of significance paragraph:** draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion.
3. **Qualified opinion:** when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
4. **Disclaimer of opinion:** the most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.
5. **Adverse opinion:** indicates that the impact of errors within the financial statements is so pervasive, it is not possible to conclude that the financial statements are free from material misstatement.

Auditor General's 2025-26 reports

Number	Title	Date tabled
8	Status of Local Government Audits 2025	28 January 2026
7	State Government 2025 – Information Systems Audit Results	3 December 2025
6	State Government 2025 – Financial Audit Results	3 December 2025
5	Valuation of Property Held by the Public Education Endowment Trust	3 December 2025
4	WA's Progress to Implement the National Principles for Child Safe Organisations (arising from the Royal Commission into Institutional Responses to Child Sexual Abuse)	27 November 2025
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

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WATER CORPORATION Customer Number # 716439		Meter #	Description	CONSUMPTION (kL)							Water Use at 3.012 / kL	Sewer Volume charges	Water Service Charges	Sewerage Service charges	Fire Service	Interest O/Due Account	Total
				25-Mar-25	25-May-25	25-Jul-25	25-Sep-25	25-Nov-25	23-Jan-26	23-Mar-26		\$	\$	\$	\$	\$	
SOCBUILD	9006814962		POOL 85 Throssell St, Collie WA 6225	2370	1318	30	1	481	3180	2416	9,578.16	-		232.45		2.10	9,812.71
PARKS PASSIVE	9006846155		HEBE PARK 2823 RES 43678 Wellington Blvd, Collie WA 6225	2089	474	2	7	413	2409	TBA	7,255.91	-				1.55	7,257.46
PARKS PASSIVE	9006815439		FINLAY GARDENS 2883,2869 RES 47289 Throssell St, Collie WA 6225	1764	405	3	4	533	1804	TBA	5,433.65	-				1.99	5,435.64
	9006815463	CK1800747	VISITORS CENTRE 156THROSSELL ST COLLIE WATER USE AND	654	700	192	131	73	1050	518	3,162.60	-		141.94			3,304.54
	9008719475	EK2100100	WASTE TRANSFER STATION 500-501 RES 36457 Gibbs Rd, Collie WA	152	218	88	74	2	695	198	2,093.34	-					2,093.34
PARKS PASSIVE	9006847342		CEMETERY 10 Coalfields Rd, Collie WA 6225	387	616	176	3	24	523	TBA	1,575.28	-					1,575.28
	9006823797	EK0600483	WALLSEND SHOWGROUNDS BRIDGE ST	369	35	20	16	65	492	TBA	1,481.90	-		413.47			1,895.37
SOCBUILD	9006814954		87 THROSSELL STREET (ADMIN BUILDING),	271	292	78	67	123	323	TBA	972.88	-		51.44	51.00		1,075.32
SOCBUILD	9021019406		DEPOT - 26 Morrison Way, Collie WA 6225	148	166	139	196	130	318	36	957.82	-		164.57	51.00		1,173.39
INVOICE	9006828272		WALLSEND STREET (BMX GROUND) ,	252	162	92	66	52	316	TBA	951.79	-		187.19			1,138.98
PARKS PASSIVE	9006815527		CBD GARDENS - 2867 RES 40854 Forrest St, Collie WA 6225	643	844	65	0	263	308	452	927.70	-					927.70
SOCLEASE	9006813927		COLLIE COMMUNITY RADIO 954 Wittenoom St, Collie WA 6225	137	3	2	10	124	279	168	840.35	-		74.06		4.04	918.45
TOILETS	9006815519		FORREST STREET TOILETS 2890 RES 47297 Forrest St, Collie WA	138	110	33	24	95	218	TBA	656.62	-		141.94			798.56
PARKS PASSIVE	9006815332		RSL L 2880 Lefroy St, Collie WA 6225	213	196	15	4	63	200	554	602.40	-		141.94			744.34
SOCBUILD	9006813935		LIBRARY - 20 STEERE ST COLLIE	630	730	12	15	64	184	164	554.21	-		74.06			628.27
SOCLEASE	9006815084		TRUCK BAY 2881 Throssell St, Collie WA 6225	133	107	54	41	32	166	105	499.99	-					499.99
	9006825004	BC2486136	Soccer - Coombes St Collie Lot 2793 RES 30555	0	0	0	0	0	155	TBA	466.86	-					466.86
PARKS PASSIVE	9006815500		CENTRAL PARK / WATER PLAYGROUND 81FORREST STREET COLLIE	499	687	39	9	141	135	350	406.62	-					406.62
	9006824992	EK1800273	WOOD TURNERS BUILDING 2793 Coombes St, Collie WA 6225	169	147	109	47	91	70	237	210.84	-		345.58	102.00		658.42
PARKS PASSIVE	9006816335		SOLDIERS PARK - 316, 1219 RES 7818 Steere St, Collie WA 6225	30	42	18	15	14	52	21	156.62	-		141.94			298.56
ELDERS	9006817346	Caretaker	6684L Roberts St, Collie WA 6225	15	20	17	18	15	37	TBA	75.92	-	47.99	217.64			341.55
TOILETS	9006815340		TRUCK BAY TOILETS 2889 Throssell St, Collie WA 6225	320	394	45	0	3	35	450	105.42	-		164.57			269.99
INVOICE	9006838606		1060 RES 10077 PALMER RD COLLIE	23	24	0	268	4	21	TBA	63.25	-					63.25
	9006805679	FK1300029	BUSH FIRE BRIGADE 143 RES 16403 MONTGOMERY STREET WATER	8	10	7	3	30	18	18	54.22	-			51.00		105.22
PARKS PASSIVE	9006810515		LION PARK CRAMPTON ST COLLIE LOT 2045 WATER USE AND	12	10	7	5	14	12	10	36.14	-		119.31			155.45
INVOICE	9006814575		MUSEUM 161 Throssell St, Collie WA 6225	4	5	4	3	0	11	6	33.13	-		51.44			84.57
TOILETS	9006817338		VELEDROME CHANGEROOMS & TOILETS 6684L Roberts St, Collie	6	21	4	3	43	4	20	12.05	-					12.05
	9006825047	FK0700209	Old Depot - 2039 RES 31510 Coombes St, Collie WA 6225	0	0	0	0	0	2	0	6.02	-					6.02
INVOICE	9021079388		MENS SHED RES 47297 Forrest St, Collie WA 6225	51	78	22	1	1	2	TBA	6.02	-		51.44			57.46
INVOICE	9006813302		59 WITTENOOM STREET WATER USE AND SERVICE CHARGE	39	27	52	4	1	1	60	3.01	-		74.06			77.07
	9006823797	EK2100870	WALLSEND SHOWGROUNDS BRIDGE ST	0	0	0	0	0	0	TBA	-	-					-
	9006824992	KM1000011	WOOD TURNERS BUILDING 2793 Coombes St, Collie WA 6225	0	0	0	0	0	0	TBA	-	-					-
SOCBUILD	9006825039		Old Depot - 4055 RES 18364 Coombes St, Collie WA 6225	0	0	0	0	0	0	TBA	-	-					-
	9006825047	BC0404236	Old Depot - 2039 RES 31510 Coombes St, Collie WA 6225	0	0	0	0	0	0	0	-	-					-
PARKS PASSIVE	9006836504		NEATH - 33 Wylam Pl Collie Lot 1970	0	0	0	0	0	0	TBA	-	-					-
PARKS PASSIVE	9014266732		2751 RES 37232 Spicer St, Collie WA 6225	0	0	0	0	0	0	0	-	-					-
SOCBUILD	9008719475		WASTE TRANSFER STATION 500-501 RES 36457 Gibbs Rd, Collie WA	0	0	0	0	0	0	0	-	-					-
	9008719475	KK2000018	WASTE TRANSFER STATION 500-501 RES 36457 Gibbs Rd, Collie WA	0	0	0	0	0	0	TBA	-	-					-
	9006815463	CK2302259	VISITORS CENTRE 156THROSSELL ST COLLIE WATER USE AND	0	0	0	2	0	0	834	-	-					-
PARKS PASSIVE	9006815404		VERGES (1 harvey Street Collie Lot 2871)	0	0	0	0	0	0	1	-	-					-
TOILETS	9006817370		VELODROME CHANGEROOMS AND TOILETS - 2850 RES 6684 Medic	0	0	0	0	0	0	TBA	-	-		119.31			119.31
	9006805679	BC1549097	BUSH FIRE BRIGADE 143 RES 16403 MONTGOMERY STREET WATER	0	0	0	0	0	0	1	-	-					-
	9006805679	BK0015390	BUSH FIRE BRIGADE 143 RES 16403 MONTGOMERY STREET WATER	0	0	0	0	0	0	0	-	-					-
TOILETS	9006817397		FOOTBALL CLUBROOMS & CHANGEROOMS 328 RES 6684 Prinsep St,	0	0	0	0	0	0	0	-	-					-
BFBSES	9006805409		ALLANSON FIRE BRIGADE, 27 BEDLINGTON ST ALLANSON, WATER	0	0	0	1	2	0	9	-	-					-
PARKS ACTIVE	9006823797		WALLSEND SHOWGROUNDS BRIDGE ST								-	-					-
SOCBUILD	9006824992		WOOD TURNERS BUILDING 2793 Coombes St, Collie WA 6225								-	-					-
PARKS ACTIVE	9006825004		Soccer - Coombes St Collie Lot 2793 RES 30555								-	-					-
	9006825004	BC1504022	Soccer - Coombes St Collie Lot 2793 RES 30555								-	-					-
PARKS PASSIVE	9006806305		1531 RES 23097 Mungalup Rd, Collie WA 6225								-	-					-
PARKS PASSIVE	9006808220		1599 RES 23098 Moore St, Collie WA 6225								-	-					-
SOCBUILD	9006825047		Old Depot - 2039 RES 31510 Coombes St, Collie WA 6225								-	-					-
SOCLEASE	9006815463		VISITORS CENTRE 156THROSSELL ST COLLIE WATER USE AND							0	-	-					-
PARKS PASSIVE	9006830225		14 Simpson St, Collie WA 6225	Reading - No Billing	63					0	-	-					-
PARKS PASSIVE	9006837515		1148L Prinsep St, Collie WA 6225	Reading - No Billing						0	-	-					-

WATER CORPORATION Customer Number # 716439		Meter #	Description	CONSUMPTION (kL)			Water Use at 3.012 / kL	Sewer Volume charges	Water Service Charges	Sewerage Service charges	Fire Service	Interest O/Due Account	Total			
SOCLEASE	9006808765		2620 RES 36454 Porter St, Collie WA 6225	No Billing - Large credit \$8649			0	-	-			-				
SOCLEASE	9006815535		RES 47296 Forrest St, Collie WA 6225	Reading - No Billing			0	-	-			-				
SOCBUILD	9006814946		954L Steere St, Collie WA 6225	Reading - No Billing			0	-	-			-				
UNKNOWN	9006845814		F4 Christie St, Collie WA 6225				0	-	-			-				
BFBSES	9006805679		BUSH FIRE BRIGADE 143 RES 16403 MONTGOMERY STREET WATER				0	-	-			-				
BFBSES	9006931544		ROAD RESERVE Collie-Williams Rd, Collie FI WA	Reading - No Billing			0	-	-			-				
BFBSES	9006931325		LOC 2977 Harris River Rd, Collie FI WA	Reading - No Billing			0	-	-			-				
VACANT	9006804895		9 Ireland St, Allanson WA 6225					-	-			-				
VACANT	9006808239		1815 RES 24321 Atkinson St, Collie WA 6225					-	-			-				
VACANT	9006809485		63 Riley St, Collie WA 6225					-	-			-				
VACANT	9006809493		65 Riley St, Collie WA 6225					-	-			-				
VACANT	9006809506		67 Riley St, Collie WA 6225					-	-			-				
VACANT	9006809514		1765L Riley St, Collie WA 6225					-	-			-				
VACANT	9006809522		1764L Riley St, Collie WA 6225					-	-			-				
VACANT	9006809530		1763L Riley St, Collie WA 6225					-	-			-				
VACANT	9006809549		1762L Riley St, Collie WA 6225					-	-			-				
VACANT	9006809557		1761L Riley St, Collie WA 6225					-	-			-				
VACANT	9006809565		1760L Riley St, Collie WA 6225					-	-			-				
VACANT	9006813919		1257,1172 RES 13894 Wittenoom St, Collie WA 6225					-	-			-				
VACANT	9006836221		1969 Wylam Rd, Collie WA 6225					-	-			-				
VACANT	9012861490		2861 RES 18905 Ewing St, Collie WA 6225					-	-			-				
VACANT	9020844164		1001 Booth St, Collie WA 6225					-	-			-				
				11,526.00	7,841.00	1,325.00	1,038.00	2,896.00	13,020.00	39,180.72	-	47.99	2,908.35	255.00	9.68	42,401.74

Shire of Collie Audit Committee Report

Subject: Water Corporation Consumption Review – Seasonal Demand vs Leakage Risk

Date: 27 March 2026

Author: Geoff Lawrence – Finance and Business Excellence Coordinator

1. Executive Summary

This report presents an analysis of Water Corporation invoices across Shire-operated facilities to assess whether current expenditure levels are driven by seasonal demand or potential leakage and inefficiencies.

The review identified that:

- Water expenditure is highly concentrated in a small number of sites.
- The primary cost drivers are irrigated public open spaces and recreational facilities.
- Consumption patterns are largely consistent with seasonal demand, particularly irrigation requirements.
- However, several high-consumption sites present a moderate risk of leakage or inefficient water use.

Conclusion:

While seasonal demand is the dominant factor, targeted investigation and improved monitoring controls are required to mitigate financial and operational risk.

2. Scope and Methodology

This assessment is based on:

- Assessment period: Feb 2025 – Feb 2026
- Water Corporation invoice data for Shire of Collie from 62 registered and metered properties including metered consumption records across those properties.
- Review of expenditure distribution by site

Limitations:

- No multi-year historical comparison included
- Limited visibility of real-time or continuous meter data
- Consumption not benchmarked against industry standards

3. Analysis of Water Expenditure

3.1 Concentration of Costs

A small number of sites account for the majority of water expenditure:

- Swimming Pool (24% of total)
- Hebe Park (19%)
- Finlay Gardens (14%)

Secondary contributors include:

- Visitors Centre (8%)
- Waste Transfer Station (5%)
- Cemetery irrigation (4%)
- Depot and administration buildings
- Sporting grounds and CBD gardens

This concentration indicates that large irrigated or water-intensive assets are the primary drivers of cost.

3.2 Consumption Characteristics

Irrigation-Driven Sites

- Parks, gardens, and cemetery areas rely heavily on irrigation
- Demand increases significantly during summer months / periods of low rainfall

Facility-Based Usage

- The swimming pool represents a high-use asset, with consumption driven by:
 - Evaporation
 - Backwashing
 - Water quality management

3.3 Seasonal Demand Indicators

The following factors strongly support seasonal influence:

- Predictable high consumption in recreational facilities
- No widespread abnormal usage across all sites

Assessment: Seasonal demand is the primary driver of current expenditure.

3.4 Leakage and Inefficiency Risk Indicators

Despite the above, the following risk indicators were identified:

- Disproportionately high consumption at specific sites
- Lack of detailed usage monitoring between billing periods

- No automated alerting for abnormal consumption spikes
- Potential for:
 - Underground pipe leaks
 - Faulty irrigation systems
 - Inefficient watering schedules

Assessment: There is a moderate likelihood of undetected leakage or inefficiency, particularly at high-use sites.

4. Risk Assessment (Audit Perspective)

Risk Category	Risk Level	Commentary
Seasonal demand misinterpretation	Low	Well understood and expected
Undetected leakage	Moderate	High-cost sites not actively monitored
Inefficient irrigation practices	Moderate	Likely opportunity for optimisation
Financial oversight gaps	Moderate	Limited trend and variance reporting
Reputational risk (waste perception)	Low–Moderate	Public sensitivity to water use

5. Control Weaknesses Identified

The review identified the following control gaps:

- No formal water consumption monitoring framework
- Limited variance analysis between billing periods
- **Absence of automated alerts for abnormal usage**
- **Reactive rather than proactive maintenance approach**
- **No defined benchmarking or performance targets**

6. Recommendations

6.1 High-Priority Actions

Targeted Site Investigations

Undertake immediate inspections at:

- Swimming Pool
- Hebe Park

- Finlay Gardens
- Cemetery irrigation systems

Focus on:

- Leak detection
- Irrigation system faults
- Continuous or overnight flow

Implement Meter Monitoring Controls

- Introduce monthly meter reading reviews
- Consider smart metering technology where feasible

6.2 Medium-Priority Actions

Irrigation Efficiency Review

- Assess watering schedules and system design seeking guidance and support from existing contractors 'OZ Commercial'
- Implement:
 - Weather-based irrigation controls – forecasts should drive intensity of irrigation
 - Soil moisture sensors
 - Night-time watering optimisation

Benchmarking and Trend Analysis

- Compare:
 - Year-on-year consumption
 - Site-to-site efficiency
- Establish expected consumption ranges – Alerts to key personnel outside those ranges

6.3 Governance and Reporting Improvements

Quarterly Water Reporting

Introduce reporting to Council including:

- Top 10 consuming sites
- Variance analysis
- Identified issues and corrective actions

Asset Management Integration

- Include water efficiency in:
 - Asset management plans – ageing equipment (pumps and pipes) can result in unexpected consumption
 - Maintenance schedules
 - Capital upgrade planning

7. Conclusion

The analysis confirms that current water expenditure is **primarily driven by seasonal irrigation demand and operational requirements**.

However, the absence of robust monitoring and control systems creates a **moderate risk that leakage or inefficiencies may go undetected**, particularly at high-consumption sites.

Overall Assessment:

- Seasonal demand: **Primary driver**
- Leakage risk: **Present but unquantified**
- Control environment: **Requires strengthening**

8. Recommendation to Audit Committee

That the Audit Committee:

1. **Notes** the findings of the water consumption review
2. **Acknowledges** seasonal demand as the primary cost driver
3. **Endorses** the implementation of improved monitoring and reporting controls
4. **Requests** a follow-up report within 6–12 months including:
 - Trend analysis
 - Outcomes of site inspections
 - Identified savings or leak rectifications

Prepared by: Geoff Lawrence

Approved by: