



# Strategic Resource Plan 2021-2033

(Incorporating Asset Management Planning and  
Long Term Financial Planning)

*DRAFT V2 - SCHEDULED FOR ADOPTION JUNE 2021*

# Contents

1.0	Foreword .....	3
2.0	Planning Overview .....	4
3.0	Strategic Overview .....	5
4.0	Community Profile, Vision and Objectives .....	7
5.0	Key Current Information .....	9
6.0	Strategic Planning and Policies .....	10
7.0	Operations Overview .....	13
8.0	Capital Overview .....	16
9.0	Forecast Capital Projects .....	19
10.0	Financing Overview .....	21
11.0	Scenario Modelling .....	22
12.0	Risk Management .....	23
13.0	Assumptions, Risks, Uncertainties and Sensitivity .....	24
14.0	Monitoring and Performance .....	30
15.0	Improvement Plan .....	35

## Document Management

Status: Draft | V2

Date of Adoption:

## 1.0 Foreword

We are pleased to present to the Community the Shire of Williams Strategic Resource Plan 2021-2033.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the Shire's future. It provides the Council and the Community with a picture of the Shire's long term financial and asset management circumstances and assists us to meet our strategic outcomes and objectives.

The Shire will encounter many challenges and opportunities over the next 12 years, and one notable challenge of recent times being the COVID-19 pandemic. Changes in population levels and demographics bring with them changing community needs and expectations. The Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

Council welcomes community participation in the planning process as it develops the strategic direction for a promising future of our Shire. It invites members of the community to contact a Councillor or Chief Executive Officer if they have any questions.

The Shire of Williams's Strategic Resource Plan 2021-2033 is an important planning tool as we strive to achieve the strategies set out in the Council's Strategic Community Plan.

This Plan will be used with the Corporate Business Plan and Workforce Plan to achieve our goals and drive the Shire in achieving its vision of "Williams is an independent, growing and vibrant community, achieved by maintaining a balanced and caring approach to its people, economy and environment".

The Shire has recently devoted significant resources to improving its strategic planning. This work continues as we constantly seek to improve our systems and service delivery.



**Jarrad Logie**  
**Shire President**



**Geoff McKeown**  
**Chief Executive Officer**

## 2.0 Planning Overview

### 2.1 Planning for a Sustainable and Stable Future

The Shire of Williams is planning for a positive and stable future. The Shire seeks to maintain, and where possible, improve service levels into the future while ensuring a healthy financial position.

### 2.2 Planning Process

Although at the commencement of the COVID-19 pandemic there was uncertainty on how it was going to financially impact the people of Williams, other than the initial lockdowns, it has had little to no impact on the local economy overall. So therefore, based on the current situation the plan has been prepared based on "business as usual". This will be re-visited within the next two years. The 2020 audited Annual Financial Report and 2020-21 Annual Budget, forms the financial baseline for determining the forward operating revenue and expenditure over the next 12 years.

When planning for the future renewal of Shire assets, a condition based estimation of remaining useful life was applied (where possible) as it was viewed as the most appropriate methodology. Where condition information was unavailable, an age based estimation of remaining useful life was applied.

By adjusting the estimated useful life of assets, modelling was undertaken to ensure adequate long term funding for asset maintenance and renewal.

Detailed long term planning is required for the renewal of building assets (particularly those identified by the Shire as critical) due to the scale of expenditure in relation to these assets and the likelihood of usage/design upgrades when renewal occurs. Unfortunately, planning for the renewal of long lived assets carries with it a high level of uncertainty. This is due to the vagary associated with the allocation of future external contributions and the potential for a sudden and unexpected change in grant funding. It is important to note, capital works identified in this Plan to be undertaken utilising external contributions may be postponed or reduced in scale should external funding not eventuate. Postponing asset renewal past forecast estimated useful life and an optimum intervention point increases the risk associated with sudden unexpected asset failure bringing with it the potential for a loss of service.

A combination of financing techniques involving the use of cash backed reserves (as savings) and long term borrowings have been utilised in the Plan to enable movements in expenditure timing to meet asset expenditure requirements.

### 2.3 Critical Assets

Selected assets have been classified in the Plan as 'critical' to the Shire's capacity to meet community service expectations, achieve the community vision and comply with statutory obligations. Ensuring adequate future funding for the appropriate maintenance and renewal of critical assets is a key asset management challenge facing the Shire and was a significant planning consideration in the development of this Plan.

As part of the planning process, the following assets were identified as critical:

- Depot;
- Shire Administration Building;
- Recreation Centre; and
- Regional Distributor Roads.

Where resources are limited, critical assets have been prioritised in the planning process to help minimise the risk of sudden unexpected failure of these assets.

## 3.0 Strategic Overview

### 3.1 Forecast Significant Events

Road maintenance and road renewal remain a high priority for the Shire due to the strategic economic benefit the road network provides to the district. Road renewals are prioritised based on a road hierarchy with school bus routes and regional and local distributor roads taking priority over local access roads. Although of high importance, adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

Buildings classified as critical in the Plan have been prioritised for maintenance expenditure.

### 3.2 Asset Management Strategy

Recognising a large proportion of assets have been constructed with the assistance of external financial contributions, the Shire seeks to, within its financial capacity, maintain these assets into the future. A strategy of alignment of estimated asset useful lives with the forecast financial capacity aims to ensure the long term affordability of Shire assets. By focussing resources and efforts on a small number of key critical assets, the Shire has achieved targeted asset management outcomes integrated with financial planning within its forecast financial capacity.

### 3.3 Financial Management Strategy

Structuring operational revenues and expenditure to ensure adequate provision for asset renewal into the future is a cornerstone of the Shire's overall financial strategy. To achieve this strategy, rate increases marginally higher than the consumer price index (CPI) are forecast to occur combined with the maintenance of operating expenditure in line with the CPI forecast.

Forecast planned asset renewals for the term of the Plan are provided in the table below along with the forecast required asset renewals to maintain services in the future. Forecast asset renewals requirements are arrived at based on current estimates of replacement cost and remaining useful life of each asset, assessed from the asset's condition or age. These are provided in the table below with the asset renewal surplus/(deficit) column representing the difference between the planned and required asset renewals. A number of assumptions and estimates have been utilised in arriving at these values and actual events may vary significantly from those provided.

Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/(Deficit) \$
<b>2021-22</b>	1,318,449	1,265,567	52,882
<b>2022-23</b>	1,299,555	1,187,556	111,999
<b>2023-24</b>	1,281,330	957,815	323,515
<b>2024-25</b>	1,270,569	658,766	611,803
<b>2025-26</b>	1,220,989	918,533	302,456
<b>2026-27</b>	1,688,929	1,296,033	392,896
<b>2027-28</b>	1,519,437	1,333,145	186,292
<b>2028-29</b>	1,461,935	1,012,057	449,878
<b>2029-30</b>	1,393,640	1,016,596	377,044
<b>2030-31</b>	1,679,635	1,039,516	640,119
<b>2031-32</b>	1,769,612	1,277,214	492,398
<b>2032-33</b>	1,567,285	1,113,020	454,265
<b>Total</b>	<b>17,471,365</b>	<b>13,075,818</b>	<b>4,395,547</b>

## 3.0 Strategic Overview (Continued)

### 3.4 Financial Management Strategy (Continued)

Three new borrowings have been modelled into the plan to assist with the refurbishment of the administration building and for the construction of two new industrial units. These have been staggered throughout the plan as existing loans come to an end. As the Shire's debt service ratio remains well within industry standards this permits the Shire to respond to sudden or unexpected expenditure requirements or the loss of planned external grant contributions. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of cash backed reserves to save for significant future asset renewal spikes.

### 3.5 Key Assumptions

The Plan has been prepared based on the following broad assumptions:

- The Shire population is forecast to remain stable.
- The Shire will maintain its current service levels and, where financially prudent, increase services.
- The level of grants and contributions for capital projects and operations will remain relatively stable over the term of the Plan.
- The region and State economy will remain stable for the long term.
- Assets are expected to be adequately maintained and continue to provide existing levels of service.

For a detailed analysis of all assumptions and their associated risks please refer to section 13.0.

## 4.0 Community Profile, Vision and Objectives

### 4.1 Community

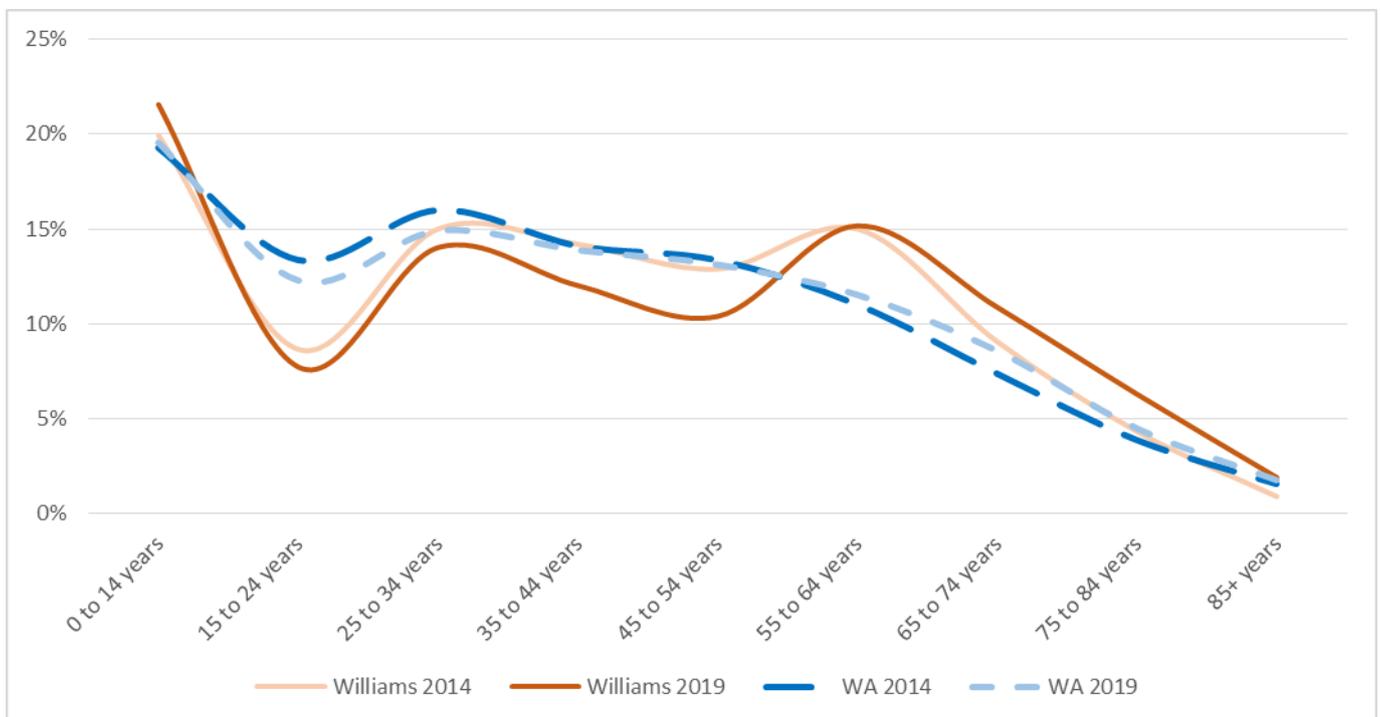
Williams is a rural community within the Western Australian Wheatbelt. It has a total population of 1010<sup>1</sup> with an estimated 400 residents in the town site. The Shire of Williams has a road network servicing an area of 2,305 square kilometres<sup>1</sup> and includes the localities of Quindanning, Tarwonga, Dardadine, Boraning, Culbin, Narrakine and Congelin.

The Williams economy is largely driven by primary production, dominated by broad acre farming of grain and livestock. Primary production is also the basis for most other economic activity in the Shire, including manufacturing, servicing, trade and transport. The Tourism is a growing economic driver for the Shire, as many businesses service the travelling public of the Albany Highway.

With the Albany Highway running through the district, there are many daily visitors to the town and this supports businesses that benefit from the passing traffic. Mining also provides a source of income to the district, with a number of residents working for bauxite and gold mining companies within the region.

### 4.2 Shire of Williams Resident Population by Age Group

When compared to the State population average, the Shire has a lower percentage of residents under 54 than the State average, with a decrease in the percentage of the population aged between 35 to 54, between 2014 and 2019. The Shire also has a higher percentage of the population over 55 years of age than the average State percentage. Consideration of the service and infrastructure requirements of this ageing population is important when planning for the future.



<sup>1</sup> Australian Bureau of Statistics, ERP by LGA (ASGS 2019), Age and Sex, 2001 to 2019, viewed 5 May 2021 [www.stat.data.abs.gov.au](http://www.stat.data.abs.gov.au)

## 4.0 Community Profile, Vision and Objectives (Continued)

### 4.3 Vision

The Shire's strategic vision:

***“Williams is an independent, growing and vibrant community, achieved by maintaining a balanced and caring approach to its people, economy and environment”***

### 4.4 Strategic Objectives

The following key goals are captured in the Shire's Strategic Community Plan and considered within the Strategic Resource Plan:

- **Economic:** To support industry and business development through the development of sustainable infrastructure and investment opportunities.
- **Social and Cultural:** To be a safe and welcoming community where everyone is valued and has the opportunity to contribute and belong.
- **Land Use and the Environment:** To have a balanced respect for our natural assets and built environment, retaining our lifestyle values and community spirit.
- **Civic Leadership:** Strong civic leadership representing the whole of the Shire which engages in effective partnerships and reflects the aspirations of an engaged community.

## 5.0 Key Current Information

### 5.1 Key Statistics: Shire of Williams 2020<sup>2</sup>

Number of Elected Members	9
Number of Employees (FTE)	22
Number of Electors	705
Number of Dwellings	420
Distance from Perth (km)	161
Area (sq km)	2,295
Population (Est.) <sup>3</sup>	1,010

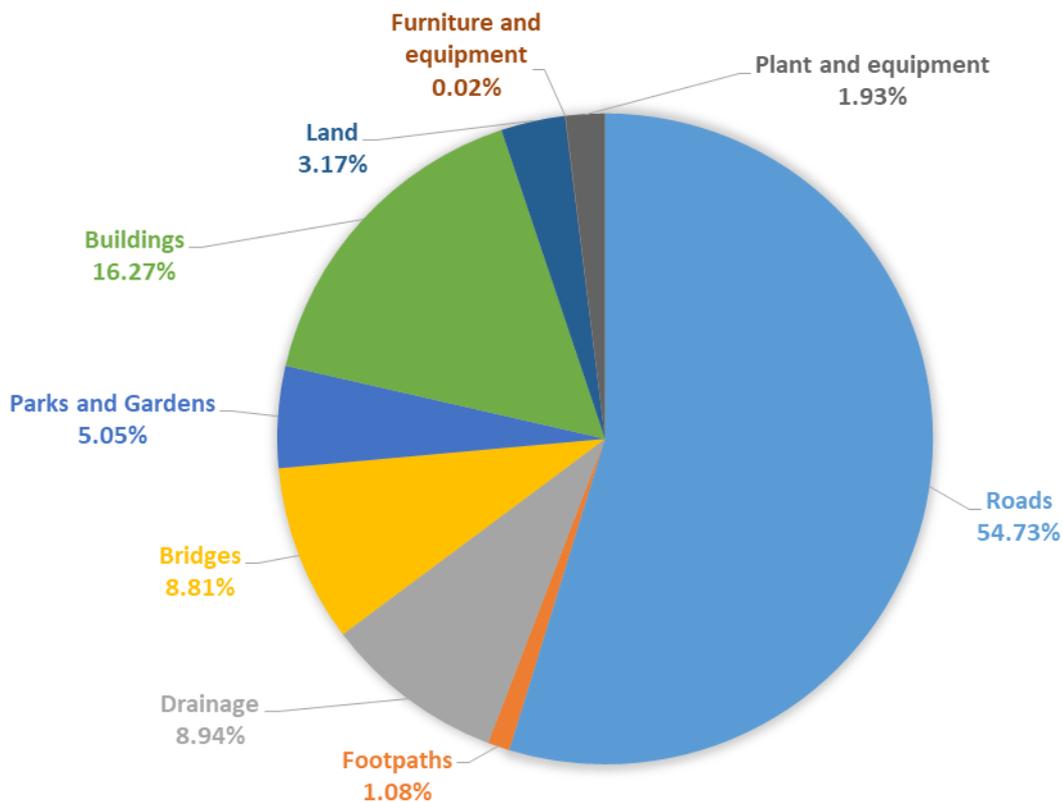
### 5.2 Key Financial Information 2019-20<sup>4</sup>

Rates Revenue	\$1,924,117
Fees and Charges	\$852,675
Operating Revenue	\$3,732,428
Operating Expenditure	\$3,887,976
Net Assets	\$79,871,546
Cash Backed Reserves	\$764,857
Long Term Borrowings	\$702,884

### 5.3 Key Asset Information

The Shire controls an asset network with a written down value of over \$79m, of which Roads and Buildings constitute the largest component value as reflected in the chart below.

### 5.4 Asset Value by Class: Shire of Williams 2019 (\$79m)<sup>4</sup>



<sup>2</sup> WALGA Online Local Government Directory 2019/2020, Shire of Williams

<sup>4</sup> Shire of Williams, Audited Annual Financial Report 2019-2020

<sup>3</sup> Australian Bureau of Statistics, ERP by LGA (ASGS 2019), Age and Sex, 2001 to 2019, viewed 5 May 2021 [www.stat.data.abs.gov.au](http://www.stat.data.abs.gov.au)

## 6.0 Strategic Planning and Policies

### 6.1 Linkage with Other Plans

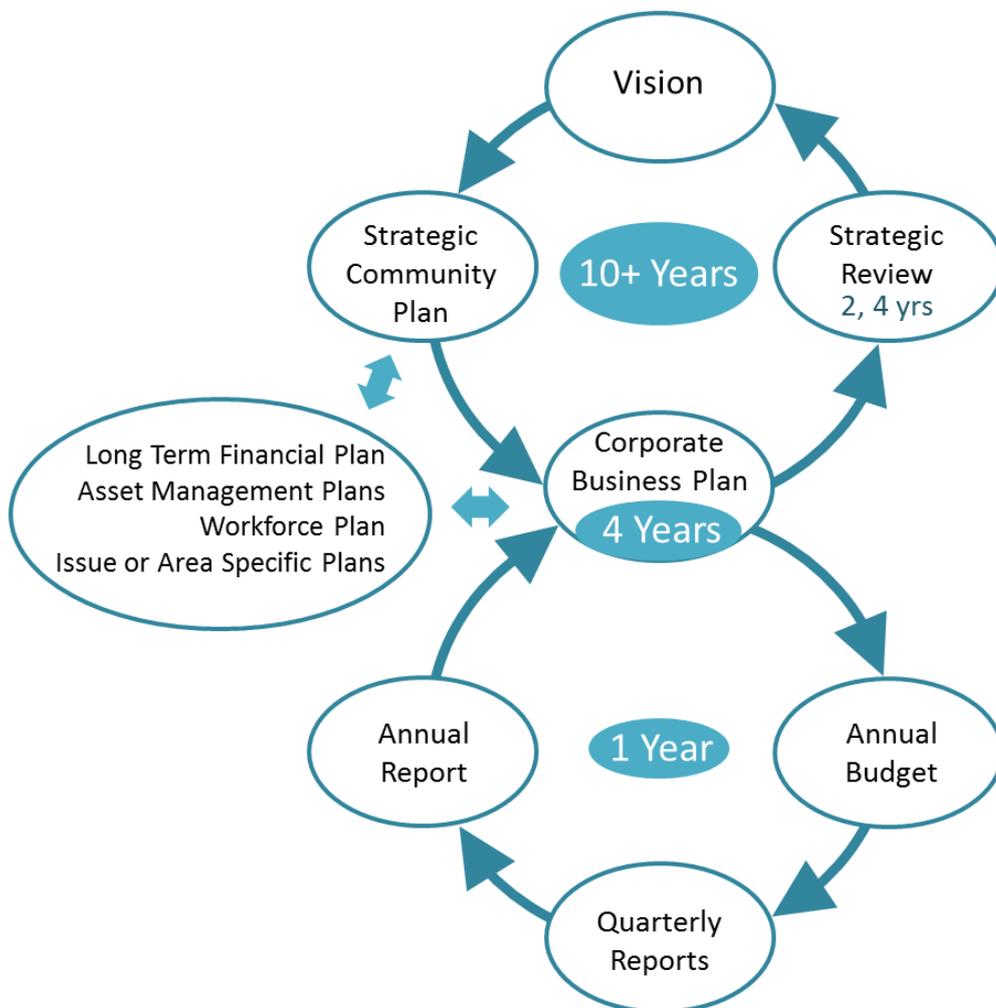
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other key strategic plans. This Strategic Resource Plan has been prepared to achieve compliance with the *Local Government (Administration) Regulations 1996*.

Development of the Plan has also been influenced by the Department of Local Government Sport and Cultural Industries (the Department) Integrated Planning Framework and Guidelines.

### 6.2 Strategic Documents Linkage

This Plan includes, and influences, other strategic planning activities as a mechanism to action the strategies contained in the Shire's Strategic Community Plan, as illustrated in the diagram below.

#### 6.2.1 Diagram: Integrated Planning and Reporting Cycle<sup>5</sup>



<sup>5</sup> Department of Local Government and Communities, Integrated Planning and Reporting: Framework and Guidelines, September 2016

## 6.0 Strategic Planning and Policies (Continued)

### 6.3 Strategic Community Plan

The Strategic Community Plan has been prepared to cover a minimum period of 12 years and set out the community's vision, aspirations and objectives for the district. To achieve the vision, a series of outcomes and strategies are developed. Many strategies may be required to achieve a single outcome and many outcomes may be needed to achieve a single objective.

Individual strategies all require actions involving extra human, physical and financial resources. In addition, achieving these strategies may require a series of actions over time as they may not be able to be achieved concurrently taking into account limited resources.

Achieving the Shire's strategic outcomes requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.

### 6.4 Corporate Business Plan

The Corporate Business Plan contains details of the actions and resources (human, asset and financial) to achieve each strategy and acts as an organisational guide for the Council and management.

The financial capacity and asset management practices to support the Corporate Business Plan are set out in the Strategic Resource Plan for the period. This long term financial planning provides an assurance the actions contained in the Corporate Business Plan can be adequately resourced over the next four years and highlights the long term consequences of the application of resources to undertake various projects.

### 6.5 Workforce and Other Strategic Plans

The Workforce Plan and other strategic plans, integrate with the Strategic Resource Plan through their requirement for assets and financial resources. As far as possible, these requirements are met in the Plan, but where resources are not included, the Plan identifies when the required resources may be available to inform future review activities in relation to these plans.

### 6.6 Asset Management Policy

The purpose of an asset management policy is to:

- Provide a framework for the sustainable management of the Shire's asset portfolio.
- Ensure an organisation wide and inclusive approach is taken to asset management.
- Ensure adequate provision is made for the maintenance and replacement of assets in accordance with the assessed levels of service.

An asset management policy is intended to provide clear direction in relation to the Council's expectations for the sustainable management of its assets and applies to Elected Members, Employees and Contractors/Consultants engaged by the Shire.

### 6.7 Asset Management Strategy

An asset management strategy is a planned process of continuous improvement across all its components. Key improvements for each class of asset are discussed at the end of each section in Appendix A.

## 6.0 Strategic Planning and Policies (Continued)

### 6.8 Borrowing Policy

As part of its financial strategy, the Council intends to minimise the level of borrowings to provide the capacity to borrow in the event of an emergency. No formal borrowing policy has been adopted by Council.

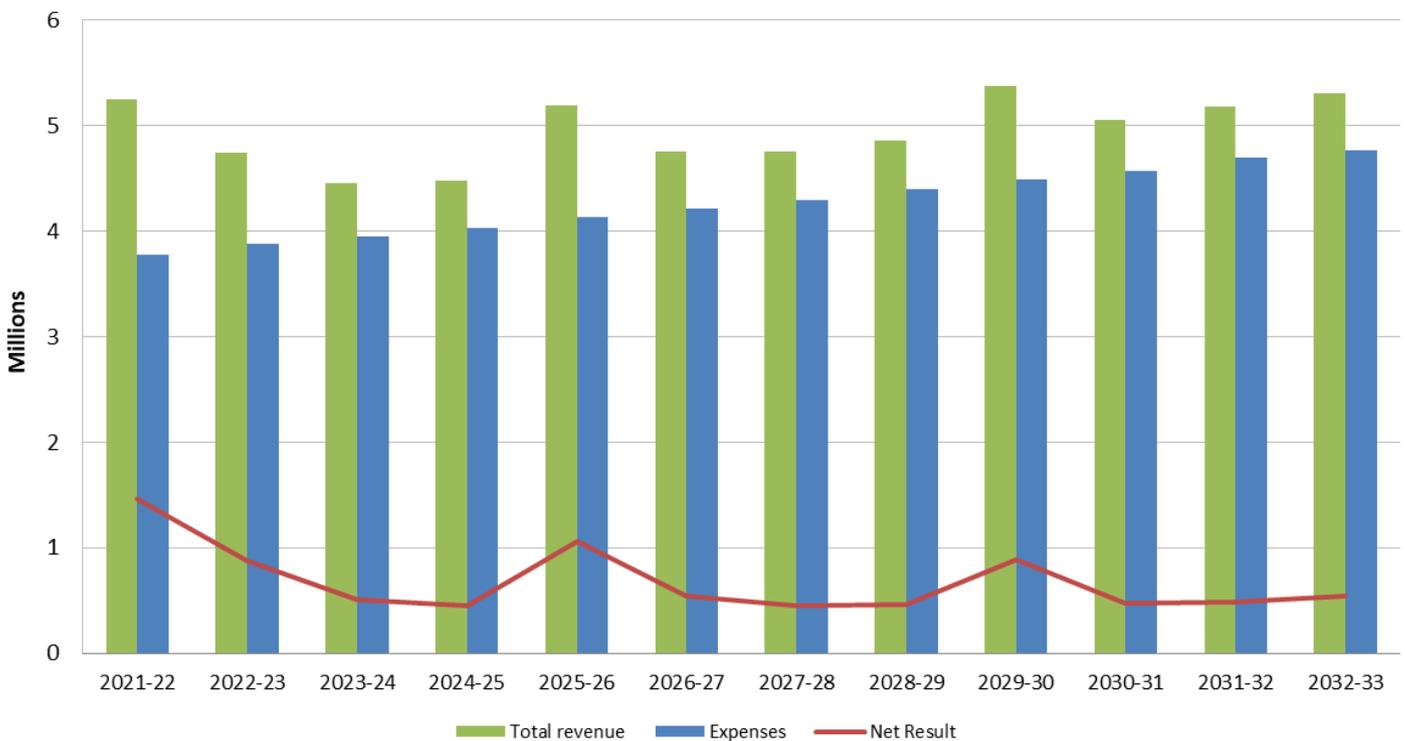
## 7.0 Operations Overview

### 7.1 Operations

The chart below shows the operating revenues and expenses over time represented as columns and the net result (revenues less expenses excluding asset revaluation adjustments) as a line.

The Shire is reliant on receiving more than \$8.82m over the next 12 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. A steady increase in operating revenue and expenditure is forecast over the 12 years of the Plan. Fluctuations to the level of non-operating grants and contributions received, produce changes to the net result.

#### 7.1.1 Forecast Revenue, Expenses and Net Result



### 7.2 Rates Revenue

Rate revenue is forecast to increase by 3% each year for the life of the plan. These increases are to assist in the long term financial stability of the Shire and to maintain the level of service to the community in the face of forecast reductions in external grants and contributions. Rates are expected to generate \$2.02m in 2021-22 increasing to \$2.80m in 2032-33.

### 7.3 Non-Operating Grants and Contributions

Non-operating grants and contributions fluctuate throughout the life of the Plan, with a steady decrease as projects come to completion.

## 7.0 Operations Overview (Continued)

### 7.4 Workforce Planning

The Shire currently employs 22 full time equivalent employees to deliver a range of services to the community and maintain assets.

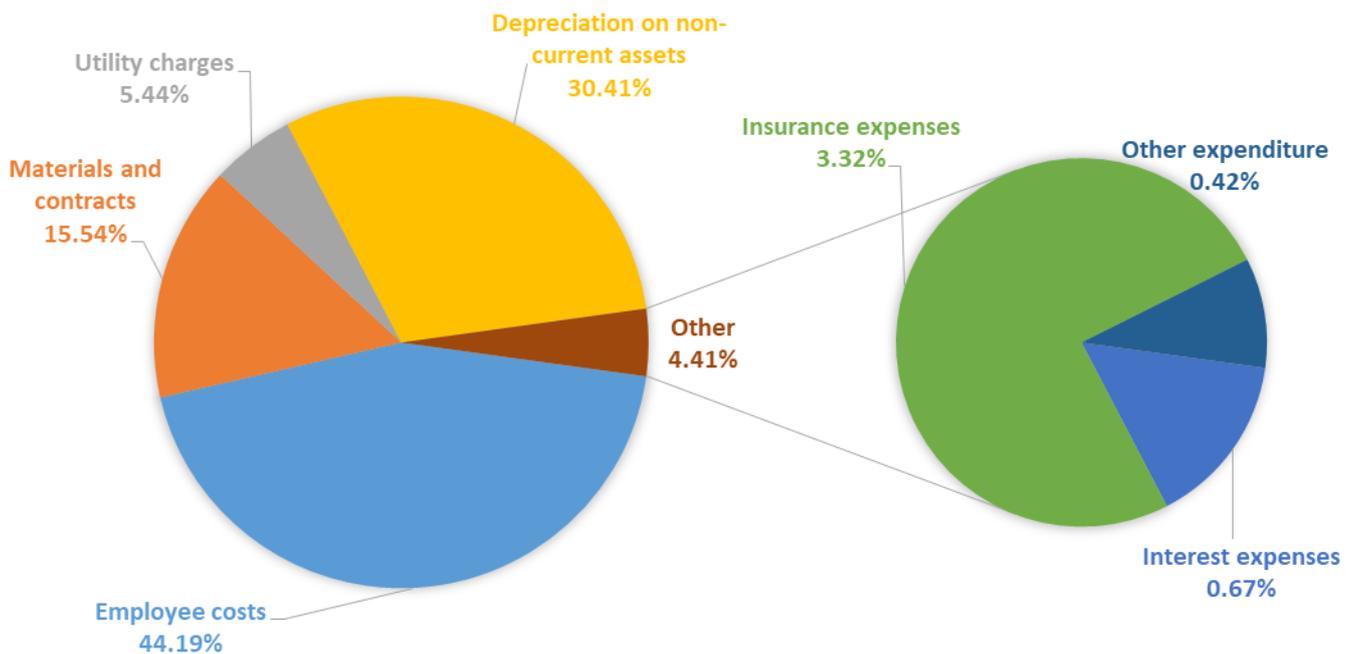
The Shire's Workforce Plan has been considered in the development of this Strategic Resource Plan. No financial impacts are expected from the Workforce Plan with employee costs forecast to rise in line with CPI at 2%.

Council encourages a work life balance, multi skilling, flexibility and effective application of staff capability.

### 7.5 Operating Expenditure

Over the term of the Plan, the operating expenditure components are forecast to remain relatively stable. Employee costs, materials and contracts and depreciation remain the dominant operating expenditure components as reflected in the chart below.

#### 7.5.1 Composition of Forecast Operating Expenditure 2021-2022 (Total Operating Expenditure \$3.78m)



### 7.6 Maintenance Expenditure

The current maintenance expenditure allocated in the annual operating budget is expected to continue at current levels, with inflationary increases occurring each year.

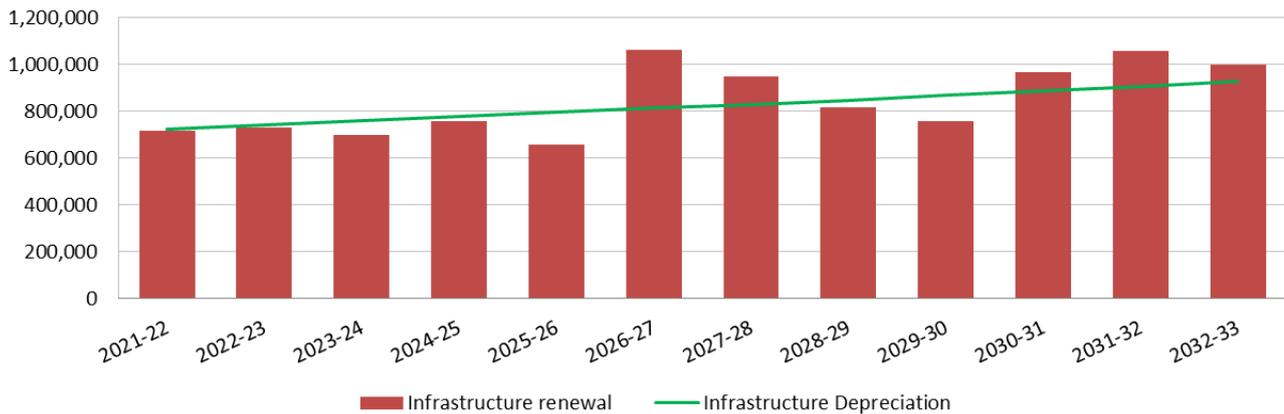
## 7.0 Operations Overview (Continued)

### 7.7 Depreciation Expense

Depreciation expense increases throughout the Plan from \$1.15m in year 1 to \$1.53m in year 12 as assets are revalued and renewed.

#### 7.7.1 Infrastructure Depreciation Expense -V- Asset Renewal Expenditure

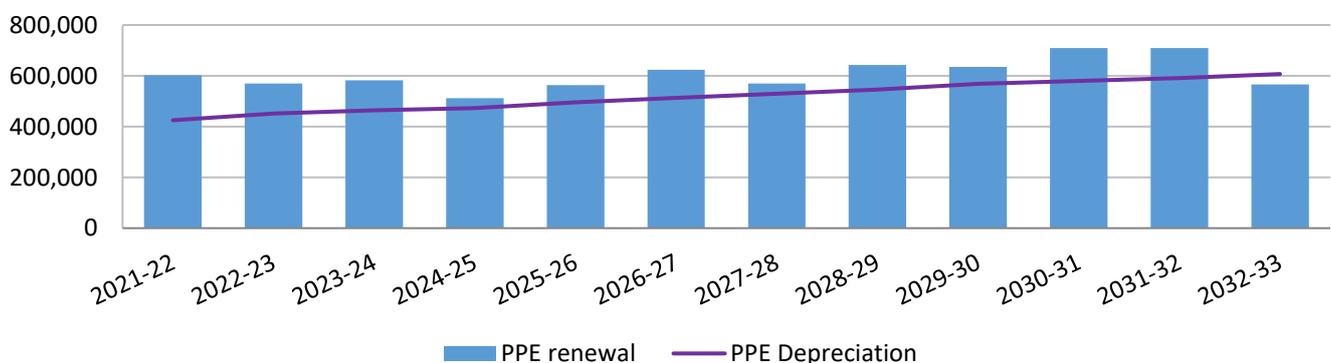
Depreciation of infrastructure over the 12 years is \$9.90m, shown by the green line in the chart below. The planned level of infrastructure asset renewal expenditure at \$10.19m (reflected by the red columns) is either above or close to estimated infrastructure depreciation throughout the Plan, as shown in the chart below.



Ideally, the average asset renewal should be in line with depreciation expense over the long term, to ensure the value of assets is maintained. On average, the Shire is planning to renew its assets at a higher level than they are depreciating.

#### 7.7.2 Property, Plant and Equipment Depreciation Expense -V- Asset Renewal Expenditure

Planned Property, Plant and Equipment asset renewals of \$7.28m (reflected by the blue columns) over the 12 years is aligned to depreciation expense of \$6.24m (reflected by the purple line) over the same period as shown in the chart below.



Where the planned asset renewals are greater than depreciation, the written down value of these assets will increase over time as existing assets are renewed. Revaluation of assets in line with inflation will compound this increase and may mask a real decrease in value where planned asset renewals are lower than depreciation.

## 8.0 Capital Overview

### 8.1 Community Demand

User demand for a number of community buildings changes over time due to changing community interests and lifestyle.

Community demand for upgrade of parks and recreation facilities and maintaining the roads were identified within the Strategic Community Plan and have been included within the Plan.

### 8.2 Upgrade/New Expenditure

Upgrades to buildings and infrastructure are planned to occur over the next 12 years in response to community expectation. Where funds are available after undertaking essential renewal works, funds will be utilised for improvement and new works. Detailed annual planning will be undertaken for asset upgrade/new expenditure in the year the project occurs.

#### 8.2.1 New Capital Projects

Asset Class   Project	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Buildings</b>												
Archive Room	30,000											
Cemetery Toilet Block							60,000					
Tennis/Hockey Outdoor Pavilion					100,000							
Tourist/History Display							50,000					
Fencing - Sandalwood Cr	25,000											
2 x Housing Units	650,000				750,000				750,000			
Industrial Unit			300,000					300,000				
Grandstand and Changeroom Refurb		525,000										
Administration Building Refurbishment						250,000						
<b>Roads</b>												
Roads Program	340,000	224,091	301,765	200,000	252,674			196,112	196,112	180,684	226,012	397,715
<b>Footpaths</b>												
Footpath Program		60,000	60,000									
<b>Drainage</b>												
Townsite Drainage	30,000											
<b>Infrastructure</b>												
Depot Fuel Facility	65,000											
Synthetic Bowling Green	210,000											
Walk/Bike Trail Project		20,000										
Carpark - Lions Park Overflow	134,400											
Entrance & Carpark - Cemetery				60,000								
Playground Rec Centre	20,000											
<b>Grand Total</b>	<b>1,504,400</b>	<b>829,091</b>	<b>661,765</b>	<b>260,000</b>	<b>1,102,674</b>	<b>250,000</b>	<b>110,000</b>	<b>496,112</b>	<b>946,112</b>	<b>180,684</b>	<b>226,012</b>	<b>397,715</b>

### 8.3 Level of Service

The level of service for roads, at its most basic, is reflected in the speed and weight ratings across the road network. As a measure, the lengths of sealed and unsealed road for each speed and weight rating is viewed as the most appropriate indicator of the level of service of the road network and will continue to be monitored into the future.

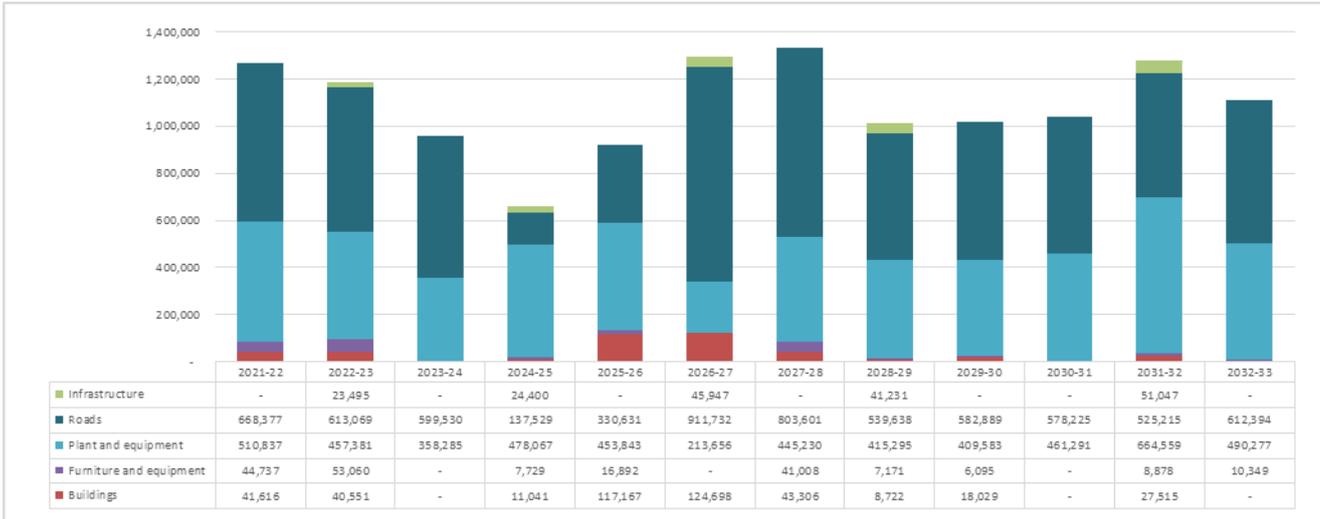
Level of service measures are defined for most asset classes within Appendix A.

## 8.0 CAPITAL OVERVIEW (Continued)

### 8.4 Renewal Expenditure

Asset renewal expenditure for the road network has been estimated based on road conditions and forecast usage. For other asset classes, forecast asset renewals have been based on the age of the assets and their estimated remaining useful life (determined during recent revaluations) combined with the current replacement costs.

#### 8.4.1 Required Asset Renewal Expenditure by Asset Class

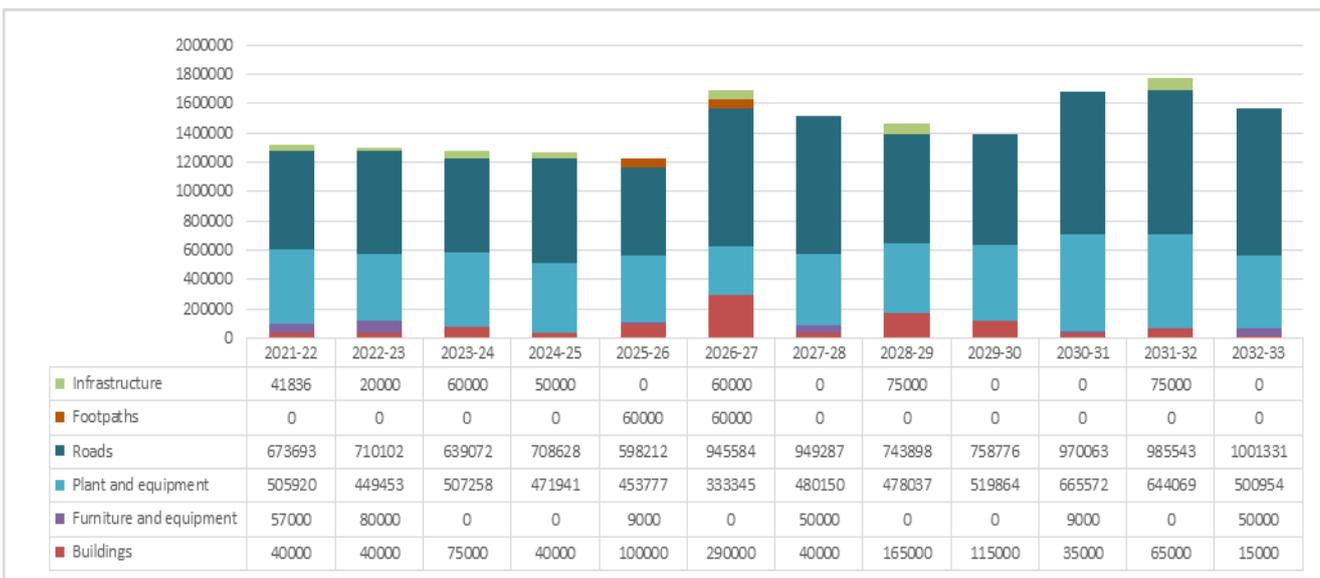


Renewal of roads and plant and equipment dominate the forecast required asset renewals.

### 8.5 Planned Asset Renewal

Planned asset renewal expenditure has been determined by allocating the expected funds available for capital expenditure. Allocation of these funds between the various asset classes was undertaken to best match the required asset renewal expenditure. The timing and level of planned asset renewal expenditure for each asset class is summarised in the chart below.

#### 8.5.1 Planned Asset Renewal Expenditure by Asset Class



As with the required forecast asset renewals, roads and plant and equipment dominate the planned asset renewals expenditure.

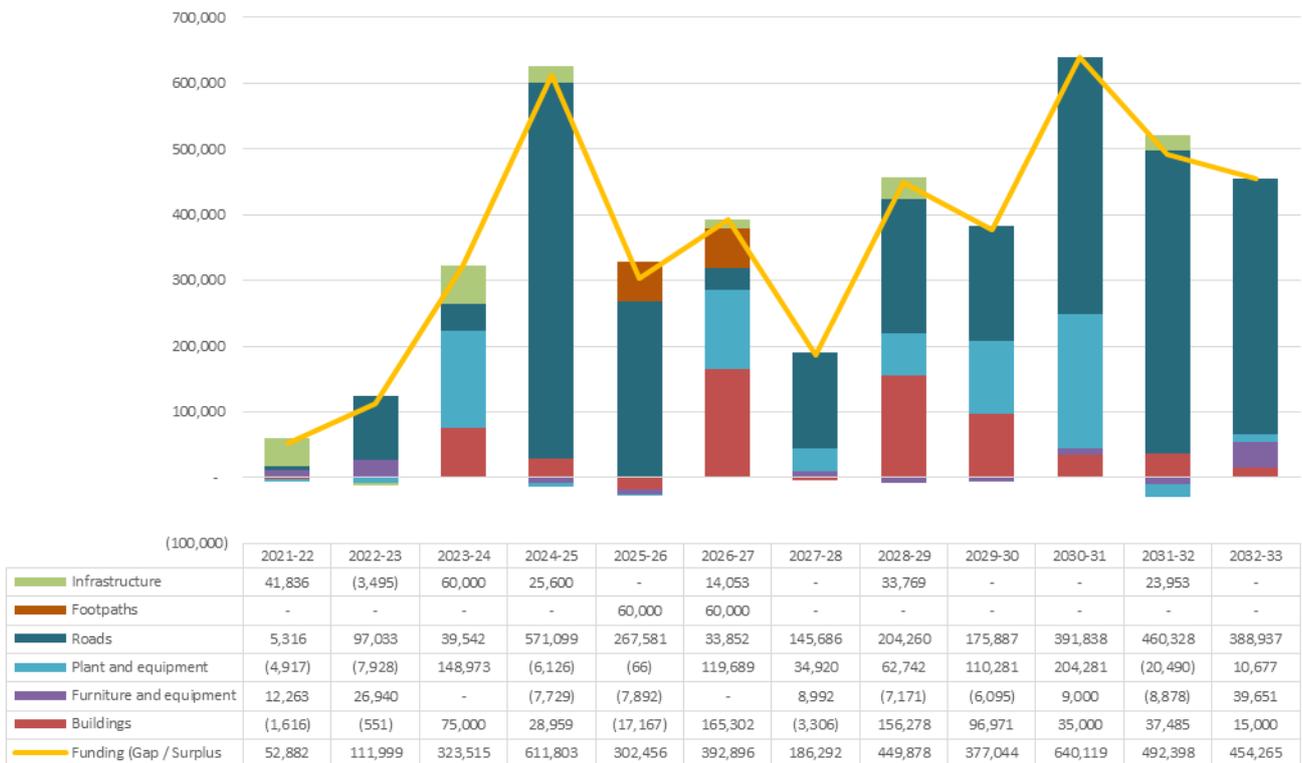
## 8.0 CAPITAL OVERVIEW (Continued)

### 8.6 Asset Renewal Funding Surplus/(Deficit)

The Shire is planning for renewal of all assets at the end of their useful life. The annual budget cycle and resource limitations result in differences between the planned and required renewal expenditure, referred to as an asset Renewal Funding Surplus/(Deficit). The surplus or (deficit) for each asset class is shown by the columns in the chart below with the orange line reflecting the net asset renewal funding surplus/(deficit) for each year.

The chart below reflects the asset renewal funding surplus is positive throughout the term of the Plan and the overall surplus of \$4.39m.

#### 8.6.1 Asset Renewal Funding Surplus/(Deficit)



## 9.0 Forecast Capital Projects

### 9.1 Key Asset Renewal Timeline

Renewal of road infrastructure and plant and equipment represents the bulk of the planned asset renewals.

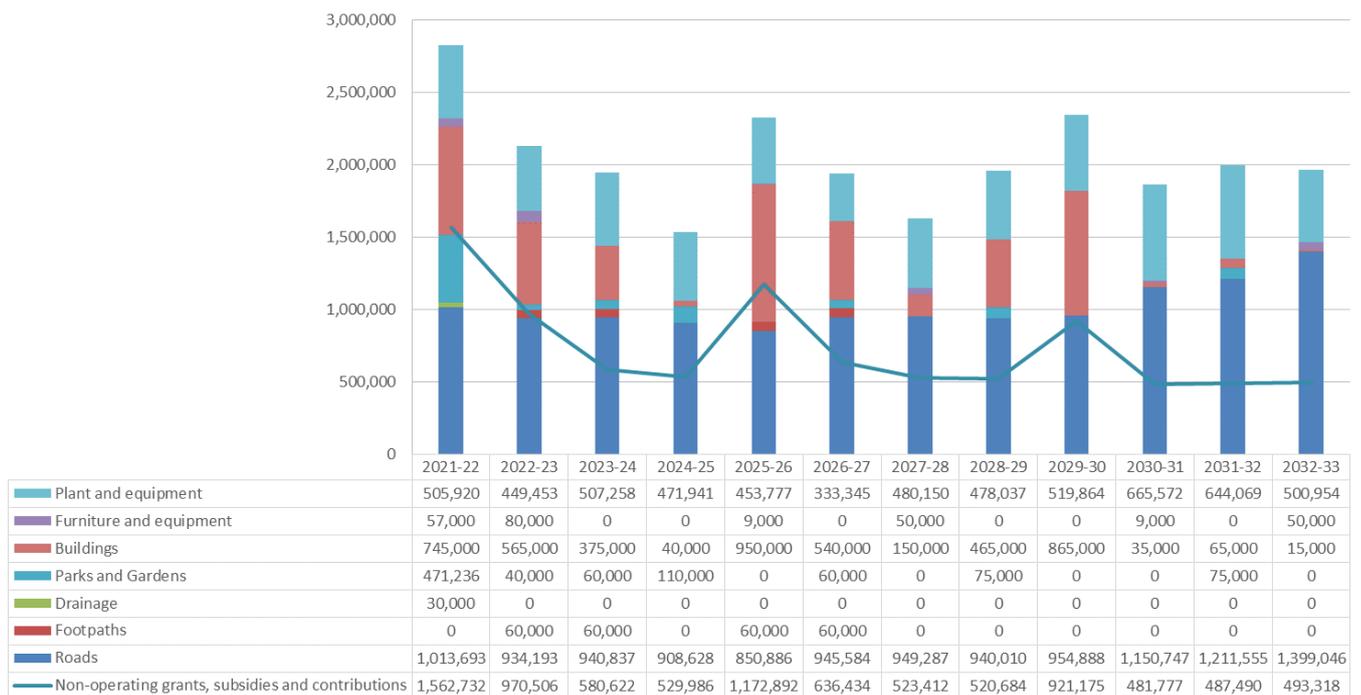
Planned asset expenditure (by asset class) is reflected in the chart below, with the level of capital grants reflected by the blue line.

The following major projects are forecast to occur in the Plan:

- Construction of New Industrial Units;
- Construction of New Community Housing;
- Grandstand and Change room Refurbishment; and
- Refurbishment of the Administration Building.

Combined new and renewal asset expenditure of \$24.44m has been planned. New asset expenditure comprises \$6.96m of the total asset expenditure and asset renewal expenditure of \$17.47m. Total asset expenditure by class is reflected in the chart below by the columns with the level of non-operating grants shown by the blue line.

#### 9.1.1 Total Planned Asset Expenditure by Asset Class



## 9.0 Forecast Capital Projects (Continued)

### 9.2 Planned Capital Expenditure

The table below sets out the total value of planned capital expenditure, detailed by project:

Asset class	Project	Total Expenditure (2021-2033) \$
<b>Buildings</b>		
	Agricultural Hall / Art & Craft Refurbishment	100,000
	Archive Room	30,000
	Building Refurbishments	475,000
	Cemetery Toilet Block	60,000
	Depot Workshop Facility	100,000
	Grandstand and Change room Refurbishment	525,000
	New Housing Projects	2,150,000
	New Industrial Units	600,000
	Pavilion Refurbishments	60,000
	Shire Administration Building Refurbishment	500,000
	Single Person Units Refurbishments	20,000
	Tennis/Hockey Outdoor Pavilion	100,000
	Tourist/History Display	50,000
	Town Hall Refurb	40,000
<b>Footpaths</b>		
	Footpath Program	240,000
<b>Furniture and Equipment</b>		
	IT Server	230,000
	Photocopier	25,000
<b>Plant and Equipment</b>		
	Plant Replacement	6,010,340
<b>Drainage</b>		
	Townsite Drainage	30,000
<b>Roads</b>		
	Roads Program - RRG	5,451,825
	Roads Program - R2R	2,353,344
	Roads Program - Council	4,254,185
	LRCI Grant - Roads	140,000
<b>Infrastructure</b>		
	Synthetic Bowling Green	210,000
	Carpark – Lions Park Overflow	134,400
	Carpark Renewals	110,000
	Depot Fuel Facility	65,000
	Entrance & Carpark - Cemetery	60,000
	Entry Statements	11,836
	Playground Rec Centre	20,000
	Recreation Ground Fencing	40,000
	Swimming Pool	20,000
	Tennis Court – Renewals	150,000
	Town Hall Park	30,000
	Walk/Bike Trail Project	40,000
<b>Grand Total</b>		<b>24,435,930</b>

## 10.0 Financing Overview

In general, the finances of the Shire are expected to improve over the 12 year term with a reduction in the level of outstanding borrowings and an increase in cash savings in the form of reserves as represented in the graph 10.2.1 below.

### 10.1 Borrowings

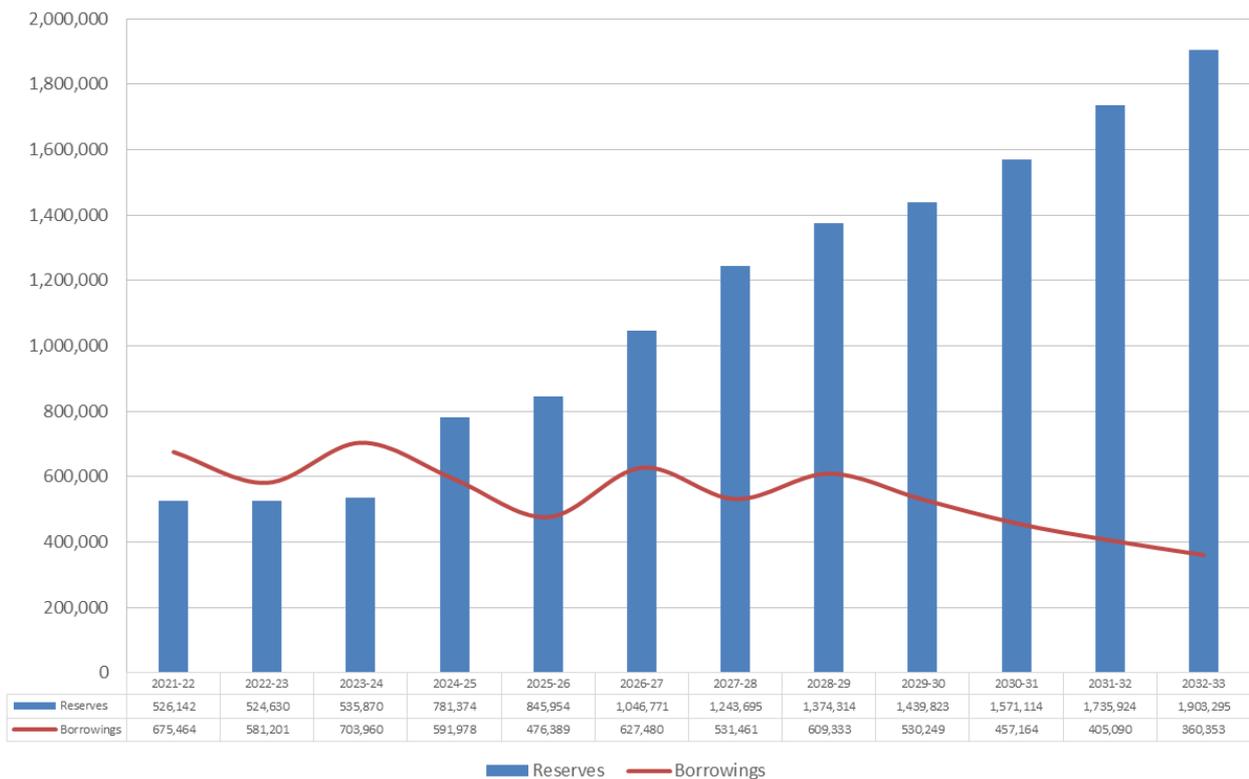
Four new borrowings have been scheduled to be taken up over the life of the plan. Details of these are as follows;

- Synthetic Bowling Green for \$80,000 in 2021/2022
- New Industrial Shed for \$220,000 in 2023/2024
- Administration Building Refurbishment for \$250,000 in 2026/2027
- New Industrial Shed for \$150,000 in 2028/2029

### 10.2 Cash Reserves

The balance of cash reserves is forecast to fluctuate over the initial five years of the Plan as funds are used to renew assets and thereafter generally trend upwards in line with inflation.

#### 10.2.1 Forecast Borrowings and Cash Reserves



## 11.0 Scenario Modelling

### 11.1 Scenario Modelling

Scenarios were developed to test the financial impact of reduced levels of operating funding with modelling for the impact on the Shire of various reduced funding levels.

To ascertain the effect of reduced funding levels, a base scenario was developed with a rate yield increase of 1% above inflation for the life of the plan. Two alternative scenarios were also developed from this base, in scenario one calculations reflect an increase of 2% above inflation for the term of the Plan and for scenario two the rates yield increase is in line with inflation for the term of the Plan.

All other assumptions remained the same across the three scenarios.

The base scenario was selected as the most appropriate and has been used for the remainder of the Plan. The base scenario includes levels of rate revenue to ensure the current levels of service are maintained.

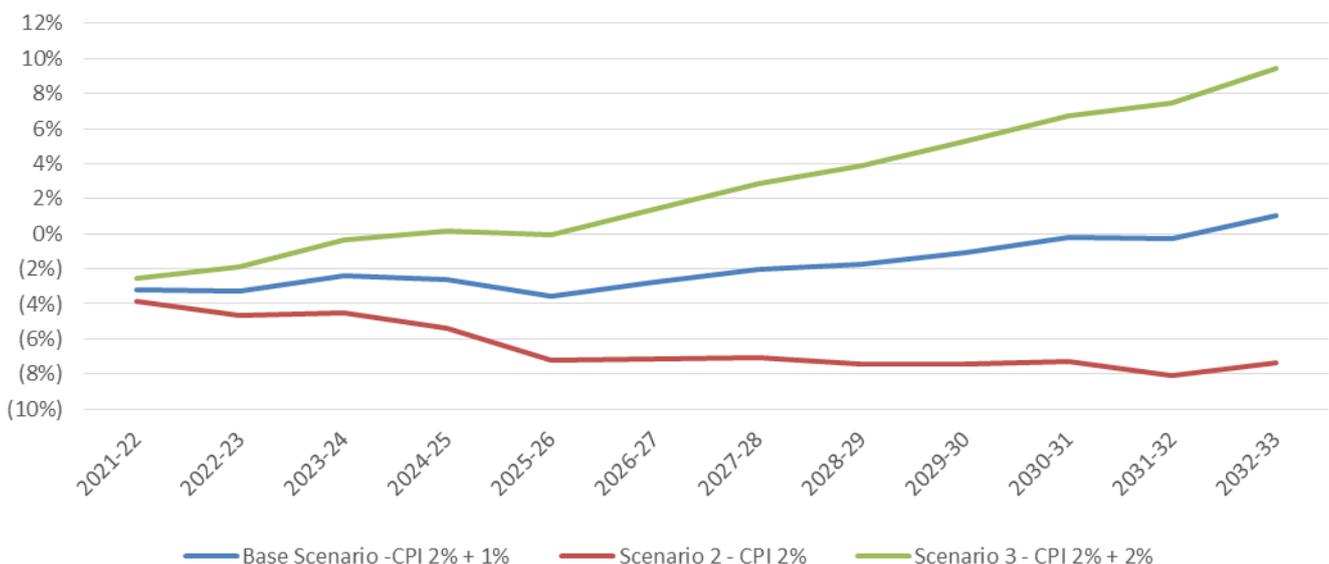
The table below reflects the impact of a change in total rates yield on the estimated surplus (deficit) June 30 from the base scenario (other assumptions remaining the same).

### 11.2 Estimated Surplus (Deficit) June 30 Carried Forward

Funding Level	Variance from Base Level in Year 12 (\$)
Scenario one: 2% rate increase above inflation	2,088,135
Scenario two: 0% rate increase above inflation	(1,882,733)

The chart below reflects the impact of the same change in total rates yield on the Shire's Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it achieved an improvement in the operating surplus ratio toward the target ratios levels set out in the Department's published Advisory Standard.

#### 11.2.1 Scenario Comparison – Operating Surplus Ratio



## 12.0 Risk Management

### 12.1 Risk Management

The Shire provides a diverse range of services and facilities to the general public which exposes it to risks. As part of the implementation of Integrated Planning and Reporting, the Shire intends to formalise its risk based management practices to improve the management of identified risks.

The Shire has a practice of conducting a regular review of insurance levels of assets by the Chief Executive Officer / Manger of Finance to ensure the level is adequate. The Shire's insurer is LGIS.

Recent amendments to applicable Financial Management Regulations requires the investment of surplus funds (including cash reserves) to be in term deposits held by authorised deposit taking institutions or Treasury bonds.

The Shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they are able to undertake their roles with minimal risk to the Community and the Shire.

### 12.2 Certainty of Assumptions

Included in the Plan is a detailed analysis of the assumptions used as part of the planning process and the level of risk associated with each assumption.

The impact of the assumptions applied to issues identified as carrying a high risk have been separately disclosed, as has the sensitivity of movements in these assumptions on the financial forecasts set out in this Plan.

### 12.3 Sensitivity Analysis

Where an assessment has been made that a high level of uncertainty applies to the assumptions, sensitivity analysis has been used to help quantify the potential financial impact of a change in the assumption.

Assumptions with a high level of uncertainty and a higher dollar value present the greatest risk that a movement will result in unexpected and detrimental consequences. The details of this analysis are shown adjacent to each assumption on the following pages.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity

### 13.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>District Growth in Population:</b> The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Rates Level Increase:</b> Annual rates have been based on an increase in the total rate yield of 1% higher than forecast inflation rate of 2%.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Operating Grants and Contributions:</b> Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$88,189 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
<b>Non-operating Grants and Contributions:</b> Remain in line with funding requirements identified for various capital works.	High	The forecast capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	Medium	± \$88,810 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
<b>Fees and Charges:</b> Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Interest Earnings:</b> Interest earning of an average rate of 1.50% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Revenue:</b> Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Profit on Asset Disposal:</b> Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

### 13.2 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Employee Costs:</b> Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Materials and Contracts:</b> Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$77,575 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
<b>Depreciation:</b> Depreciation has been calculated using an average depreciation rate based on historical rates.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Insurance:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Expenditure:</b> There is no other expenditure forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Loss on Asset Disposal:</b> A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

### 13.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Revaluations:</b> In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$249,960 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$834,659 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
<b>Impairment of Assets:</b> No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
<b>Infrastructure Assets:</b> Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$88,810 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
<b>Property, Plant and Equipment:</b> Building expenditure is in accordance with the 12 Year Capital Plan and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

### 13.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Borrowings:</b> New borrowings to be considered for capital works where required.	High	If the Shire is not able to secure borrowings in the future the likely impact will be the cancellation or postponement of related asset acquisitions leading to a reduction in service levels over the short to medium term.	Low	Not assessed as high level of uncertainty.
<b>Employee Entitlements:</b> It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

### 13.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Cash Backed Reserves:</b> It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Revaluation Surplus:</b> Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$249,960 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$834,659 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

### 13.6 Other – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Ownership of Strategic Assets:</b> The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
<b>Inflators:</b> Forecast inflation at 2% per annum.	Medium	Not assessed as high financial risk.	High	± \$505,207 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$512,114 to operating expenditure per 1% movement in the inflators over the life of the Plan.
<b>Commercial Activities:</b> The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>General Economic Forecasts for State:</b> The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to decline in the short term with a corresponding tightening of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>General Economic Forecasts for Region:</b> Historically, the region's economy is heavily dependent on agriculture and processing of agricultural produce and this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

## 14.0 Monitoring and Performance

### 14.1 Monitoring

The Plan will be the subject of a desktop review each year to take into account changing circumstances, with a full revision scheduled every two years in line with the review of the Strategic Community Plan.

Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios.

### 14.2 Performance Assessment

A series of performance indicators, in the form of financial ratios, have been used to assess the financial performance of the Shire.

To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department's Long Term Financial Planning guidelines and *Regulation 50 of Local Government (Financial Management) Regulation 1996*.

Graphs of these financial ratios are presented on the following pages together with the formula used to calculate the ratio, a brief description of what the ratio indicates and an assessment of the impact of the ratio on the Shire's finances in the future.

### 14.3 Ratio Targets

The Department's Advisory Standard provides target levels for each of the ratios. These target levels are represented on the ratio graphs as a red or green line. The red line represents the level at which a 'basic standard' is met, the green line representing the level at which an 'advanced standard' is met where applicable.

## 14.0 Monitoring and Performance (Continued)

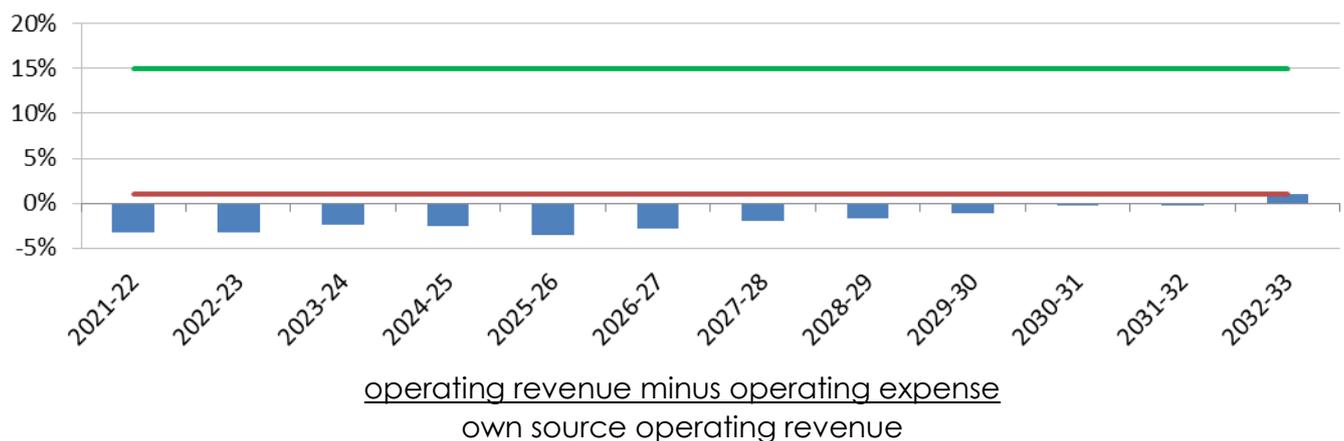
### 14.4 Forecast Ratio Analysis – Current Ratio



**Indication:** A measure of the Shire's immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets.

**Commentary:** As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0. In real terms the Shire has regularly met this ratio due to the carry forward of surplus funds. The trend is not considered to indicate a threat to the Shire's long term financial position.

### 14.5 Forecast Ratio Analysis – Operating Surplus Ratio

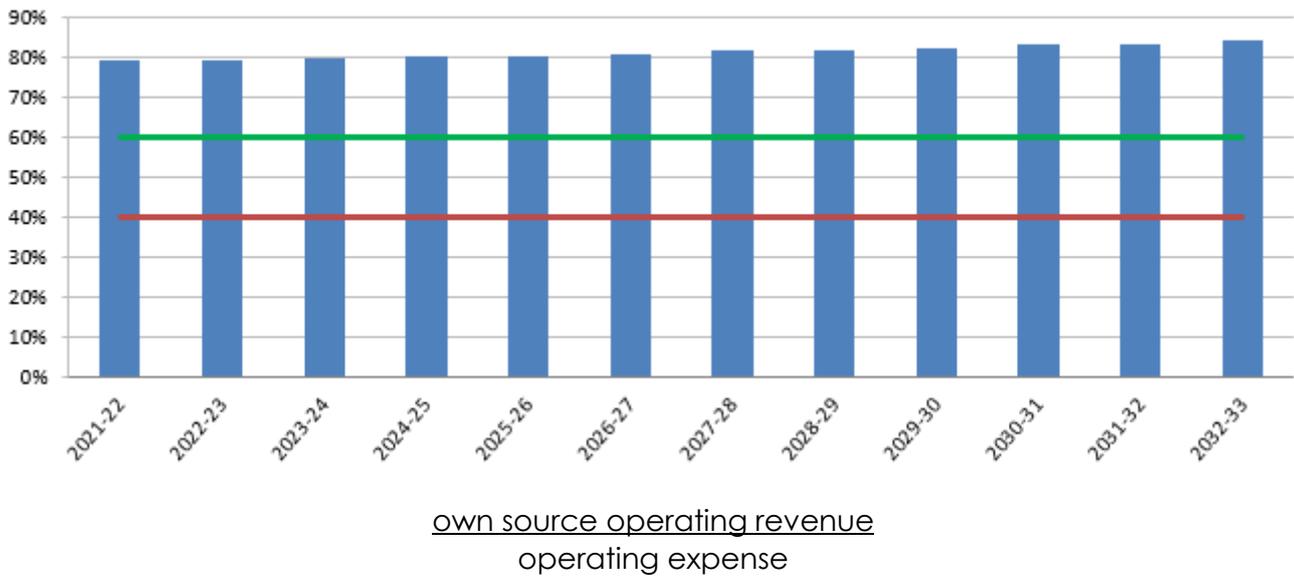


**Indication:** A measure of the extent to which own source revenues raised cover operational expenses.

**Commentary:** While the ratio is below the target at the beginning of the Plan, the ratio is improving over the term of the Plan. This indicates an increased capacity to renew assets into the future with forecast operating revenues increasing at a greater rate than forecast operating expenditure.

## 14.0 Monitoring and Performance (Continued)

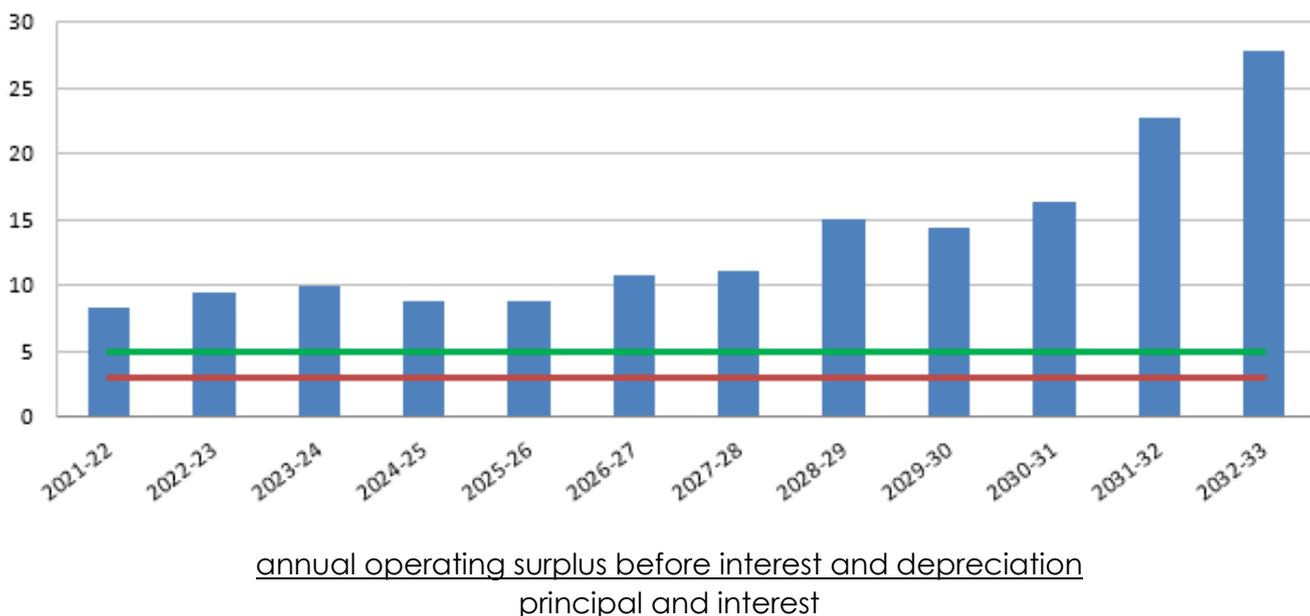
### 14.6 Forecast Ratio Analysis – Own Source Revenue Coverage Ratio



**Indication:** A measure of the extent of the Shire's ability to cover costs using only discretionary revenue.

**Commentary:** The ratio is above the target range indicating that the Shire is not over reliant on external funding to continue to operate.

### 14.7 Forecast Ratio Analysis – Debt Service Coverage Ratio

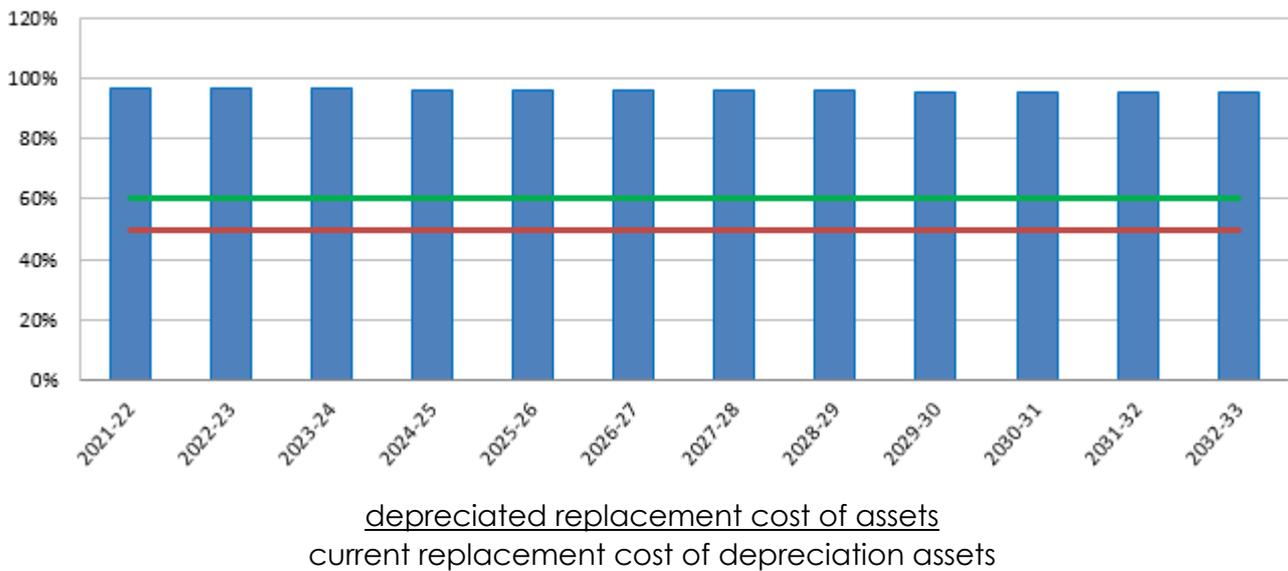


**Indication:** A measure of the extent of the Shire's capacity to generate sufficient cash to cover debt payments.

**Commentary:** The ratio is in the advanced range and continues to improve over time as existing borrowings are paid off. The ratio indicates the Shire has a capacity to borrow in the short term with increasing capacity for the term of the Plan.

## 14.0 Monitoring and Performance (Continued)

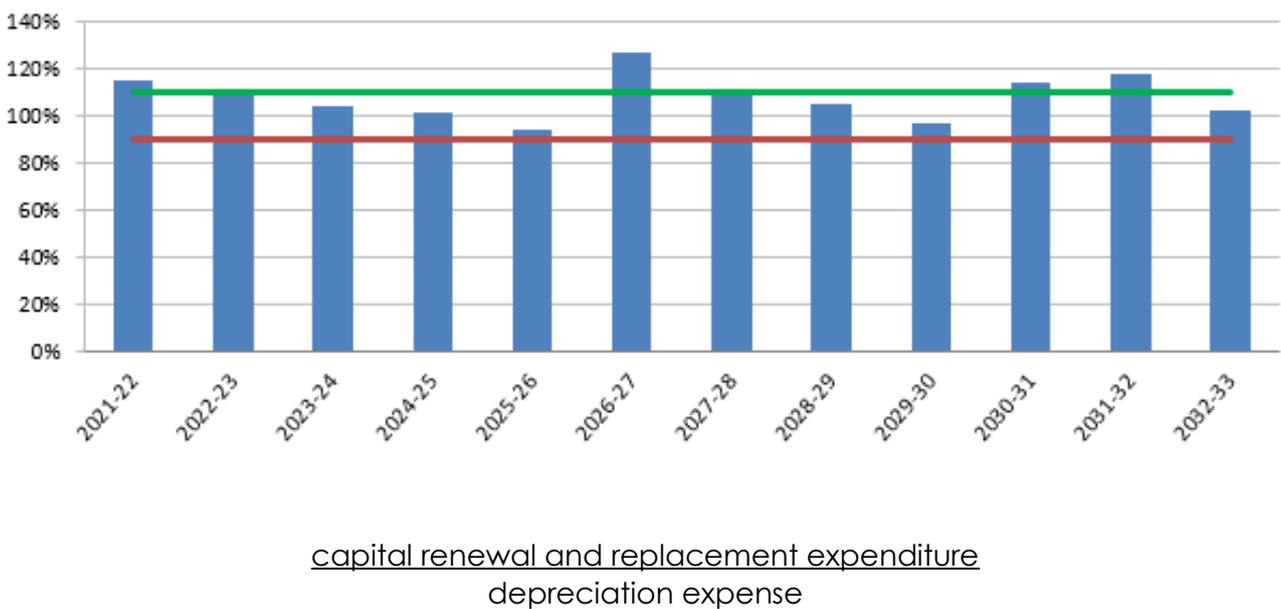
### 14.8 Forecast Ratio Analysis – Asset Consumption Ratio



**Indication:** A measure of the aged condition of the Shire's physical assets.

**Commentary:** The ratio is above the target range and remains so throughout the term of the Plan with assets being renewed at adequate levels to maintain the average age of assets.

### 14.9 Forecast Ratio Analysis – Asset Sustainability Ratio

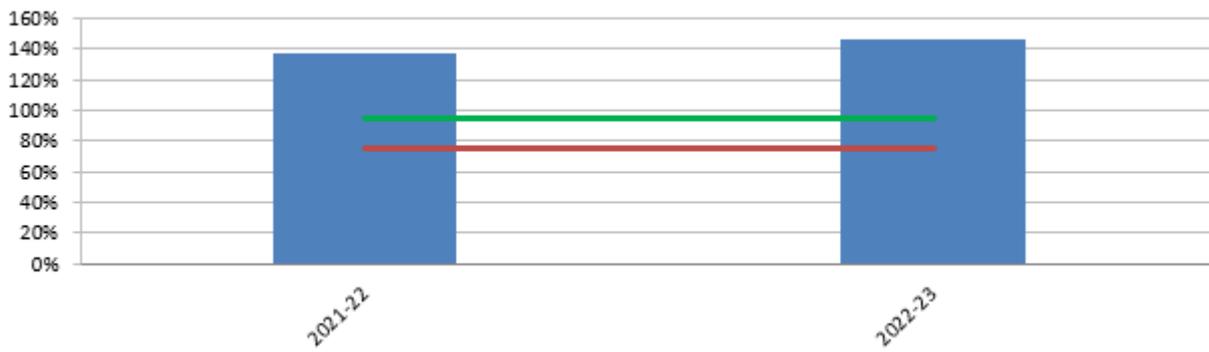


**Indication:** A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

**Commentary:** The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio averages at 108% over the term of the Plan which is above the guideline level and indicates the Shire is generally renewing assets at a faster rate than the forecast useful life requires.

## 14.0 Monitoring and Performance (Continued)

### 14.10 Forecast Ratio Analysis – Asset Renewal Funding Ratio



$$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

**Indication:** The Shire's financial capacity to fund asset renewal to support existing service levels. (This ratio is based on the twelve years forecast expenditure and as such is only able to be calculated for the two years of the Plan).

**Commentary:** The ratio is above the target ratio with planned asset renewal expenditure being above required asset renewal expenditure as set out in this Plan. Further improvements in forecasting the remaining useful lives of assets may result in a decrease in this ratio.

## 15.0 Improvement Plan

### 15.1 Strategic Resource Improvement Plan

All strategic plans require continuous development in order to improve the quality of planning. The following asset management areas are suggested as worthy of focus in the future.

*Hierarchy:* A hierarchy exists for road assets and should be further developed for other asset classes.

*Level of Service:* Level of service measures were defined within the previous Asset Management Plan. No systems are currently in place to record and report against these levels of service.

*Risk Management:* Risk management is used as a decision making tool to define and treat risks facing the Shire when seeking to meet its defined objectives. The Shire is in the very early stages of utilising risk techniques. As risk management is developed, a greater understanding of risks will be formalised.

*Operation and Maintenance:* The Shire does not have a current documented Operation and Maintenance Strategy.

*Renewal and Replacement:* A key component of understanding long term asset funding requirements is determination of the extent and timing of likely costs to refurbish or replace an asset in future in order to maintain a consistent level of service to the community. Constant review and improvement to these forecasts is likely to result in improved planning outcomes.

*New, Upgrade and Disposal:* The Shire does not have a current documented Capital Investment Plan to address future asset demands or Asset Disposal Plan (other than the disposal of plant and equipment).

There are a number of improvement actions as per the Asset Management Improvement Plan, some key improvement actions resulting from this Strategic Resourcing Plan are to:

- Undertake routine condition inspections.
- Report levels of service for key assets.
- Improve the accuracy of future financial forecasts through improved forecasting of operational, maintenance, renewal, new and upgrade costs.
- Maintain formal asset maintenance and renewal programs for all assets.

## List of Appendices

Appendix A1 – Critical Assets.....	2
Appendix A2 – Roads.....	3
Appendix A3 – Footpaths .....	10
Appendix A4 – Bridges.....	13
Appendix A5 – Drainage and Kerbing.....	16
Appendix A6 – Buildings .....	19
Appendix A7 – Furniture and Equipment .....	23
Appendix A8 – Plant and Equipment .....	25
Appendix A9 – Other Infrastructure .....	28
Appendix A10 – Estimated Asset Life and Residual Value .....	32
Appendix B1 – Forecast Financial Statements.....	34
Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2021-2033 ....	36
Appendix B3 – Forecast Statement of Comprehensive Income by Program 2021-2033 .....	37
Appendix B4 – Forecast Statement of Financial Position 2021-2033.....	39
Appendix B5 – Forecast Statement of Changes in Equity 2021-2033.....	40
Appendix B6 – Forecast Statement of Cashflows 2021-2033.....	41
Appendix B8 – Forecast Statement of Net Current Asset Composition 2021-2033 .....	44
Appendix B9 – Forecast Statement of Fixed Asset Movements 2021-2033.....	45
Appendix B10 – Forecast Statement of Capital Funding 2021-2033 .....	46
Appendix B11 – Forecast Ratios 2021-2033.....	47
Appendix B12 – Required Asset Renewals 2021-2033.....	48
Appendix B13 – Planned Asset Renewals 2021-2033 .....	49
Appendix B14 –Asset Renewal Funding Surplus (Deficit) 2021-2033 .....	50
Appendix B15 – Forecast Significant Accounting Policies.....	51
Appendix C1 – Glossary .....	61

## Appendix A1 – Critical Assets

### 8.1 1.1 Description

Along with regional and local distributor roads and school bus routes, a number of other assets have been nominated as critical to the Shire providing services to the community. These assets will be prioritised when allocating annual funding to help ensure they are maintained to an acceptable condition.

A list of these assets (excluding roads) is provided below along with their relevant estimated current replacement cost.

Asset	Current Replacement Cost (\$)
Shire Administration	869,000
Shire Depot	361,500
Heavy Plant	2,866,000
<b>Total</b>	<b>4,096,500</b>

Maintenance requirements for these assets will be identified annually and prioritised through the Annual Budget cycle.

Road assets are discussed further in Appendix A2 with regional and local distributor roads and school bus routes being given funding prioritisation over other road assets as required.

## Appendix A2 – Roads

### 2.1 Significant Matters

The continued provision of the road network remains one of the key priorities for the Shire.

Grain freight routes include:

Williams-Darakan Road,  
Congelin-Narrogin Road  
York-Williams Road  
Quindanning-Darakan Road  
Tarwonga-East Road

This has resulted in these roads requiring a higher level of technical design and an increased frequency of maintenance and renewal. The continued planning for future road infrastructure renewals, influenced by condition based estimation of the remaining useful life, is essential to reducing the risk of sudden unexpected road failure. Regional and local distributor roads, due to their strategic importance, will be given funding prioritisation over other road assets.

### 2.2 Road Inventory

The Shire of Williams has a road network servicing an area of 2,295<sup>1</sup> square kilometres.

Road asset information is recorded within a road inventory database. In 2018, a road infrastructure condition report and valuation was undertaken by an external consultant which forms the basis of the measurements and current replacement cost estimates.

Utilising the dimension data held in the Shire's road asset database along with standard unit rates, the current replacement cost provided in the road infrastructure inventory system, has been estimated by management below.

Road Assets	Length (m)	Current Replacement Cost (\$)
<b>Sealed</b>		
Pavement Structure	151,270	14,534,664
Subgrade Structure	151,270	11,696,808
Surface Structure	151,270	5,344,629
<b>Sealed Total</b>	<b>453,810</b>	<b>31,576,101</b>
<b>Sheeted</b>		
Pavement Structure	268,335	9,477,931
Subgrade Structure	268,335	15,518,697
<b>Sheeted Total</b>	<b>536,670</b>	<b>24,996,628</b>
<b>Unsheeted</b>		
Subgrade Structure	59,140	2,397,696
<b>Unsheeted Total</b>	<b>59,140</b>	<b>2,397,696</b>
<b>Roads Total</b>	<b>1,049,620</b>	<b>58,970,425</b>

<sup>1</sup> WALGA Online Local Government Directory 2019/2020, Shire of Williams

## Appendix A2 – Roads (Continued)

### 2.3 Financial Summary

Financial impacts of managing the Shire road assets are broken down into maintenance, new and renewal expenditure, each of which is examined separately as follows.

#### 2.3.1 Maintenance Expenditure

Routine maintenance expenditure is currently forecast based on historical data and staff experience. It is currently estimated at \$617k per annum and is forecast in the Plan to increase in line with inflation.

#### 2.3.2 Composition of Budgeted Road Maintenance Expenditure

Road maintenance expenditure is forecast to increase in line with inflation and no detailed road maintenance forecasting beyond the first year has been undertaken. Road maintenance is separated between rural roads and townsite roads with rural road maintenance accounting for 96% of the budgeted road maintenance expenditure in 2020-21.

#### 2.3.3 New Expenditure

Upgrades to existing road infrastructure is planned over the period 2021 to 2033. This includes re-constructing and sealing works on Quindanning Darkan Road and Congelin Narrogin Road. The value of the upgrade portion of these works is \$2.42m. This is partially funded by the State Government utilising Regional Road Grant Funding.

#### 2.3.4 Renewal Expenditure

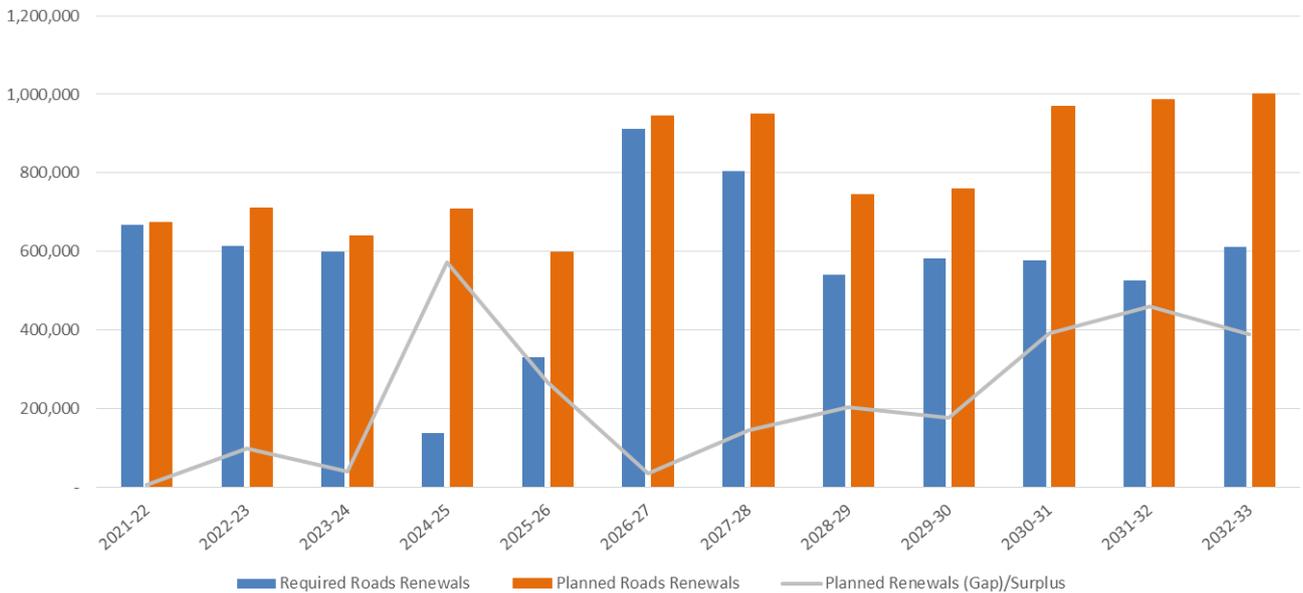
Road works are prioritised based on staff knowledge of the conditions of roads and expected usage patterns and is conducted during the budget process. All planned works are funded through a combination of internal funds and external grants.

All re-sheeting work is carried out by the Shire's work crew. Re-sheeting also includes the cutting of drainage systems. All renewal of pavements within the Shire includes the reworking of existing materials. This involves removing existing pavement, processing for re-use and adding re-stabilisers where appropriate.

In the chart on the following page (2.3.5), planned road expenditure is shown as orange columns, with required road renewals as the blue columns. The grey line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$9.68m. Required road renewal is calculated at \$6.90m for the term, overall there is a \$2.78m renewal surplus for the Shire's road assets.

## Appendix A2 – Roads (Continued)

### 2.3.5 Forecast Planned and Required Road Renewal Expenditure



The level and extent of the renewal surplus is dependent on the accuracy of unit cost estimates and remaining useful life estimates for each road component. Improvements in this information is evident when comparing these graphs over the previous plans. Notably comparing this to the 2017 plan where there was a significant spike in renewals in 2029-2030.

One of the largest impacts on road component lives is the volume and weight of traffic traversing a road length. Where this exceeds the roads construction capabilities sudden unexpected road failure may occur. Whilst road renewals may be forecast based on the age and condition of the asset, expected traffic volumes and weights are an important factor and difficult to forecast within Western Australian rural areas.

### 2.3.6 Forecast Planned and Required Road Renewal Expenditure

The values represented in the chart above are detailed in the table below.

	Required Roads Renewals (\$)	Planned Roads Renewals (\$)	Roads Renewal Funding (Gap)/Surplus (\$)
2021-22	668,377	673,693	5,316
2022-23	613,069	710,102	97,033
2023-24	599,530	639,072	39,542
2024-25	137,529	708,628	571,099
2025-26	330,631	598,212	267,581
2026-27	911,732	945,584	33,852
2027-28	803,601	949,287	145,686
2028-29	539,638	743,898	204,260
2029-30	582,889	758,776	175,887
2030-31	578,225	970,063	391,838
2031-32	525,215	985,543	460,328
2032-33	612,394	1,001,331	388,937
<b>Total</b>	<b>6,902,830</b>	<b>9,684,189</b>	<b>2,781,359</b>

## Appendix A2 – Roads (Continued)

### 2.4 Level of Service

Level of service measures have not been routinely recorded or reported on. Detailed performance measures and performance targets for road construction and maintenance have been developed through the review of the previously identified road level of service indicators and are shown in the following tables.

Speed and weight ratings of the road network are considered the best overall indicator of the level of service of the road network as a whole.

### 2.5 Road Construction

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Gravel Road Construction</b>			
Condition	Gravel roads are constructed to a high standard.	Customer complaints	One complaint per road per year.
Safety	To ensure that all roads are being constructed in a safe manner and road is made safe and signed correctly when unmanned.	Customer complaints.	One per road.
		Number of damage/injury claims.	0 claims.
Cost Effectiveness	Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.
<b>Bitumen Road Construction</b>			
Condition	Bitumen roads are constructed to a high standard.	Customer complaints.	One complaint per road per year.
Safety	To ensure that all roads are being constructed in a safe manner and road is made safe and signed correctly when unmanned.	Customer complaints.	One per road.
		Number of damage/injury claims.	0 claims.
Cost Effectiveness	Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A2 – Roads (Continued)

### 2.6 Road Maintenance

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Gravel Road Maintenance</b>			
Condition	Gravel roads are maintained to a high standard and on a regular basis. Drainage is also assessed in order to minimise the risk of flooding and damage.	Customer complaints.	One complaint per road per year.
		Routine road inspection.	Two per year with managers.
Function	To ensure that all gravel roads are maintained in order to provide a useable and safe transport network for users in all weather conditions.	Customer complaints.	One complaint per road per year.
Function	To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Safety	To provide a gravel road network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Cost Effectiveness	Efficient roads maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.
<b>Bitumen Road Maintenance</b>			
Condition	Bitumen roads are maintained to a high standard and on a regular basis. Drainage is also to be assessed and drains cleaned in order to minimise the risk of flooding and damage.	Customer complaints.	One complaint per road per year.
		Routine road inspection.	Two per year with managers.
Function	To ensure that all bituminised roads are maintained in order to provide a useable and safe transport network for users in all weather conditions.	Customer complaints.	One complaint per road per year.
Function	To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Safety	To provide a bituminised road network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Cost Effectiveness	Efficient roads maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A2 – Roads (Continued)

### 2.7 Risk Management

An assessment of risks associated with the delivery from road assets has identified the following risks and treatment strategies.

Risk	Consequence	Risk Rating	Risk Treatment
Asset Condition decreases due to flood damage.	Desired level of service not maintained.	Medium	Ensure adequate drainage in road design and maintenance to mitigate risk of flood damage.
Climate Change.	Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
Significant unforeseen increases in maintenance or renewal costs.	Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Asset condition decreases due to inadequate renewal program.	Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
Sudden significant changes in population.	Sudden increase in level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Asset condition decreases due to inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Traffic incident attributable to sub-standard road conditions or road layout.	Liability risk.	Low	Ensure road network is maintained in compliance with applicable standards.
Health and safety incident whilst working on assets causing fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant Health and Safety policy. Ensure staff and contractors are trained in policy and all procedures are complied with.

### 2.8 Improvement

Monitoring and reporting of the key performance measures is important to help ensure levels of service are maintained.

Continued improvement in the knowledge of the road network (including road conditions) and forecasting of road renewal timing and costs is essential for managing the road network. As renewal timing and cost forecasting improves, opportunities for efficiency gains may be identified and included within future plans.

## Appendix A2 – Roads (Continued)

Monitoring of actual renewal costs against estimated renewal costs will improve the accuracy of future unit cost estimates. Routine monitoring of traffic volumes and road conditions will further improve the ability of the Shire to forecast future road renewal priorities.

## Appendix A3 – Footpaths

### 8.2 Significant Matters

The Shire provides a network of footpaths for pedestrians and other users and has developed a basic footpath asset inventory and is developing and implementing an annual assessment process for related infrastructure. A footpath program has been identified to be established and implemented in the future.

### 8.3 Inventory

Footpath asset information is recorded within the Shire's road inventory database (RAMM). The assets within the asset class were valued by an external valuer in June 2018. This valuation forms the basis of the measurements and current replacement cost estimates. Information has been updated by management subsequent to the valuation.

Management estimates of the current replacement cost of footpaths are provided in the table below.

### 8.4 Composition of Estimated Current Replacement Cost of Footpaths

	Length (m)	Area (m <sup>2</sup> )	Estimated Current Replacement Cost (\$)
Brick Paving	1,147	2,725	217,976
Insitu Concrete	5,091	10,629	890,923
<b>Total</b>	<b>6,238</b>	<b>13,354</b>	<b>1,108,899</b>

### 8.5 Financial Summary

The financial impact of managing the Shire footpaths is broken down into maintenance, new and renewal expenditure each of which is examined separately.

### 8.6 Maintenance Expenditure

Routine maintenance expenditure is currently forecast based on historical data and staff experience. It is currently estimated at \$12k per annum and is forecast in the Plan to increase in line with inflation. Future footpath maintenance is expected to remain in line with historical levels.

### 8.7 New Asset Expenditure

New footpaths expenditure of \$120k is currently planned for 2022 to 2024 as part of a new footpath program. Upgrades to existing footpath assets is not currently planned with no significant increase in community demand forecast to occur. Projects will be prioritised where issues are identified. External grant funding would be essential to achieve any upgrades.

### 8.8 Renewal Expenditure

Based on the footpath information held in the Shire's road inventory system, no footpath renewals are required within the next 12 years. Contrary to this information renewal of two footpaths have been planned for renewal. \$120K for these renewals are planned for 2025 to 2027.

Work has been prioritised using staff knowledge of the conditions of the footpaths.

## Appendix A3 – Footpaths (Continued)

### 8.9 Level of Service

Levels of service have not been previously monitored. Detailed performance measures and performance targets for footpath improvements and infrastructure renewals are defined in the table below.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Condition	Footpaths are maintained to a reasonable standard and on a regular basis.	Customer complaints.	One complaint per year.
		Routine footpath inspection.	Two per year with managers.
Function	To ensure that all footpaths are maintained in order to provide a useable and safe footpaths network for users.	Customer complaints.	One complaint per year.
Function	To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Safety	To provide a footpath network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Cost Effectiveness	Efficient footpath maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A3 – Footpaths (Continued)

### 8.10 Risk Management

An assessment of risks associated with the delivery of footpaths has identified the following risk details and the treatment strategy for each risk.

Risk	Consequence	Risk Rating	Risk Treatment Plan
Climate Change.	Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
Significant unforeseen increases in maintenance or renewal costs.	Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Asset condition decreases due to inadequate renewal program.	Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
Sudden significant changes in population.	Sudden increase in level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Asset condition decreases due to inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Trip incident attributable to sub-standard footpath conditions.	Liability risk.	Low	Footpath network is maintained in compliance with applicable standards and inspected annually.
Health and safety incident whilst working on assets causing fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant Health and Safety policy. Ensure staff and contractors are trained in policy and all procedures are complied with.

### 8.11 Improvement

Allocating resources to improving asset management planning for footpaths is not currently viewed as a priority as the associated risks are able to be managed through annual operational planning.

## Appendix A4 – Bridges

### 4.1 Significant Matters

The Shire provides a network of bridges, supporting the road network and has developed a basic bridges asset inventory and is developing and implementing an annual assessment process for related infrastructure. A bridges program has been identified to be established and implemented in the future. Renewal of bridges is heavily reliant on receipt of funding from Main Roads WA.

### 4.2 Inventory

Bridges asset information is recorded within the Shire's road inventory database (RAMM). In 2018, a road infrastructure condition report and valuation was undertaken by an external consultant which forms the basis of the measurements and current replacement cost estimates as bridges were included within the scope of this valuation. This information has been updated by management subsequent to the valuation. Verification of the accuracy of the valuation data is not within the scope of this Plan and has not been undertaken.

Management estimates of the current replacement cost of bridges are provided in the table below.

### 4.3 Composition of Estimated Current Replacement Cost of Bridges

	Length (m)	Estimated Current Replacement Cost (\$)
Reinforced Concrete	61	5,246,000
Timber	94	5,581,756
<b>Total</b>	<b>155</b>	<b>10,827,756</b>

### 4.4 Financial Summary

The financial impact of managing the Shire bridges is broken down into maintenance, new and renewal expenditure each of which is examined separately.

#### 4.4.1 Maintenance Expenditure

Routine maintenance expenditure is currently forecast based on historical data and staff experience. It is currently estimated at \$12k per annum and is forecast in the Plan to increase in line with inflation. Future bridge maintenance is expected to remain in line with historical levels, though expenditure is not specifically identified.

#### 4.4.2 New Asset Expenditure

New and upgrades to existing bridges assets is not currently planned with no significant increase in community demand forecast to occur. Projects will be prioritised where issues are identified. External grant funding would be essential to achieve any upgrades.

#### 4.4.3 Renewal Expenditure

Based on the bridges information held in the Shire's road inventory system no bridge renewals are required within the next 12 years. Based on this information no bridge renewals have been planned. Future bridge renewals are reliant on receipt of bridge funding from Main Roads WA.

## Appendix A4 – Bridges (Continued)

### 4.5 Level of Service

Levels of service have not been previously monitored. Detailed performance measures and performance targets for bridge are defined in the table below.

Key Performance Measure		Performance Measure Process	Performance Target
Condition	Bridges are maintained to a reasonable standard and on a regular basis.	Customer complaints.	One complaint per year.
		Routine bridges inspection.	One per year (undertaken by Main Roads WA).
Function	To ensure that all bridges are maintained in order to provide a useable and safe bridges network for users.	Routine bridges inspection.	One per year (undertaken by Main Roads WA).
Function	To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Safety	To provide a bridges network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Cost Effectiveness	Efficient bridges maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A4 – Bridges (Continued)

### 4.6 Risk Management

An assessment of risks associated with bridges has identified the following risk details and the treatment strategy for each risk.

Risk	Consequence	Risk Rating	Risk Treatment Plan
Climate Change.	Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
Significant unforeseen increases in maintenance or renewal costs.	Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Asset condition decreases due to inadequate renewal program.	Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
Sudden significant changes in population.	Sudden increase in level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Asset condition decreases due to inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Health and safety incident whilst working on assets causing fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant Health and Safety policy. Ensure staff and contractors are trained in policy and all procedures are complied with.

### 4.7 Improvement

Allocating resources to improving asset management planning for bridges is not currently viewed as a priority as the associated risks are able to be managed through annual operational planning.

## Appendix A5 – Drainage and Kerbing

### 5.1 Significant Matters

The Shire provides a network of stormwater drainage infrastructure which includes culverts, pipes, and kerbing. Drainage within certain parts of the townsite remains one of the most significant challenges to the Shire. Drainage upgrades are required to minimise flooding risks with significant works required to achieve these upgrades.

The determination of appropriate intervention points for renewal work, along with forecasting the timing and amount of funding required, is important to ensure this work can be undertaken prior to any asset failure. A current assessment reflects drainage and kerbing with a current replacement cost of \$12.34m. Further detailed investigation of these assets is required to confirm the timing and costs of the required renewal intervals.

Asset renewal of drainage and kerbing prior to its failure helps prevent damage to other assets including roads.

### 5.2 Inventory

The Shire is developing a basic drainage asset inventory which is maintained within the road asset inventory system (RAMM). Utilising the dimension data held in RAMM and the unit rates provided by the Shire, a current replacement cost has been estimated as set out below.

#### 5.2.1 Composition of Estimated Current Replacement Cost of Drainage and Kerbing Assets

Drainage Type	Current Replacement Cost (\$)
Culvert Box shaped	632,980
Culvert Circular	7,184,275
Kerb Barrier	330,620
Kerb Flush Edge	8,540
Open Drain (Excavated)	327,488
Table Drain (Shallow)	1,503,973
Underground Pipe	2,358,400
<b>Total</b>	<b>12,346,276</b>

### 5.3 Financial Summary

The financial impact of managing the Shire's drainage and kerbing assets is broken down into maintenance, new and renewal expenditure, each of which is examined separately.

#### 5.3.1 Maintenance Expenditure

There is currently a lack of available data on forecast drainage and kerbing maintenance expenditure. It is expected to remain in line with historical levels, though expenditure is not specifically identified and is currently included within road maintenance expenditure.

## Appendix A5 – Drainage and Kerbing (Continued)

### 5.3.2 New Asset Expenditure

No specific planning has been undertaken for the development of new drainage or kerbing. The construction of these assets will be undertaken in conjunction with the planning for the construction of new road assets.

### 5.3.3 Renewal Expenditure

Accurate forecast renewal requirements for drainage have not been determined with remaining useful life forecasts based on the type of drain rather than the age or condition of the drainage, as a consequence no cashflow requirements for drainage renewals have been forecast.

The Plan has a nominal amount forecast for kerbing and drainage planned renewal expenditure. Actual timing of kerbing renewals should be aligned to the renewal of the road pavements of kerbed roads and requires further detailed analysis and planning before the expenditure is incurred.

In the chart below, forecast planned drainage expenditure is shown by the orange columns, with required drainage renewals as the blue columns (note there are no required renewals forecast). The grey line indicates the difference between the two expenditure levels.

## 5.4 Level of Service

Level of service measures were defined within the Shire's previous Asset Management Plan. Since adoption, these performance measures and targets have not been recorded or reported.

The previously identified drainage and kerbing level of service indicators are provided in the tables below.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Road Maintenance/Drainage</b>			
Condition	Roads are maintained to a high standard and on a regular basis. Drainage is also to be assessed and drains cleaned in order to minimise the risk of flooding and damage.	Customer complaints. Routine road inspection.	One complaint per road per year. Two per year with managers.
Function	To ensure that all roads are maintained in order to provide a useable and safe transport network for users in all weather conditions.	Customer complaints.	One complaint per road per year.
Function	To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Safety	To provide a road network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Cost Effectiveness	Efficient roads maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A5 – Drainage and Kerbing (Continued)

### 5.5 Improvement

Allocating resources toward improving asset management planning for drainage and kerbing is not currently viewed as a priority as the associated risks are able to be managed through annual operational planning, in line with maintenance and renewal works undertaken on each road sector. As improvements in the planning for the renewal of road pavements occur corresponding improvements in the forecasting of drainage renewals will be undertaken.

## Appendix A6 – Buildings

### 8.12 Significant Matters

The Shire controls building assets which are vital to the provision of administrative and recreational facilities to the community.

The long life and high cost of renewing buildings results in significant spikes in future funding requirements as a building reaches a stage in its lifecycle when it can no longer provide the desired level of service. New design criteria usually result in buildings being constructed to a different standard on renewal which often results in the need for additional funding. Planning for adequate future funding of building renewals is one of the most significant long-term challenges for the Shire.

### 8.13 Inventory

Land and buildings were valued by independent professional valuers in June 2020, based on an inspection undertaken. The replacement costs of the various types of buildings contained within the valuation report is presented in the chart. A building inventory is maintained within the Shire's financial management system.

### 8.14 Composition of Estimated Current Replacement Cost of Building & Land Assets

Land & Buildings	Current Replacement Cost (\$)
Administration	869,000
Community Building	6,463,469
Depot	371,500
Housing	3,564,589
Land	2,509,413
Plant Room	102,650
Shade Shelter	141,056
Shed	2,163,607
Shelter	18,950
Sports Building	4,387,038
Toilets	474,300
<b>Land &amp; Buildings Total</b>	<b>21,065,572</b>

### 8.15 Financial Summary

The financial impacts of managing the Shire building assets has been broken down into maintenance, new and renewal expenditure, each of which is examined separately.

### 8.16 Maintenance Expenditure

Routine maintenance expenditure is forecast to be \$96k in 2021-22 and increased in the Plan annually by inflation. This figure is based on historical data and staff knowledge.

## Appendix A6 – Buildings (Continued)

### 8.17 New/Upgrade Asset Expenditure

The following new/upgrade building expenditure is currently planned.

Year	Project	Planned Expenditure (\$)
2021-22	Sandalwood Crt – Additional Improvements	25,000
2021-22	2 x New Housing Units	650,000
2023-24	Industrial Unit	300,000
2025-26	2 x New Housing Units	750,000
2021-22	Archive Room	30,000
2028-29	Industrial Unit	300,000
2029-30	2 x New Housing Units	750,000
2022-23	Grandstand and Change room Refurb	525,000
2025-26	Tennis/Hockey Outdoor Pavilion	100,000
2027-28	Cemetery Toilet Block	60,000
2026-27	Administration Refurbishment	250,000
2027-28	Tourist/History Display	50,000
<b>Total</b>		<b>3,790,000</b>

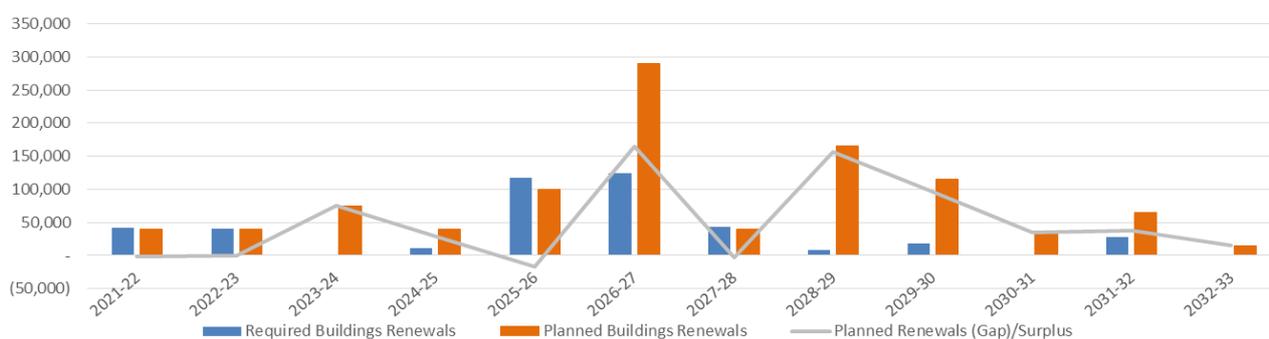
The buildings are forecasted to be funded from external contributions, borrowings, and general purpose funding.

### 8.18 Renewal Expenditure

Using the estimated remaining useful life and the 'reinstatement with new' values provided in the independent valuation report, the timing and extent of future property renewals has been forecast (adjusted for inflation).

In the chart below, planned expenditure is shown as the orange columns, with forecast required renewals shown as the blue columns. The grey line shows the variation between the two levels.

### 8.19 Forecast Planned and Required Building Renewal Expenditure



The timing and extent of building renewals in the later years of the Plan will be subject to condition based assessments closer to the estimated renewal timing, along with further assessment of demand. All funds currently allocated to building renewals in the Plan will be placed in the building cash reserves if not required for the renewal of minor building components. Both the timing and costs associated with building renewals are highly variable and in many instances dependent on the level of building maintenance.

## Appendix A6 – Buildings (Continued)

### 8.20 Forecast Planned and Required Building Renewal Expenditure

The values represented in the chart on the previous page are detailed in the table below.

	Required Building Renewals (\$)	Planned Building Renewals (\$)	Building Renewal Funding (Gap)/Surplus (\$)
2021-22	41,616	40,000	(1,616)
2022-23	40,551	40,000	(551)
2023-24	-	75,000	75,000
2024-25	11,041	40,000	28,959
2025-26	117,167	100,000	(17,167)
2026-27	124,698	290,000	165,302
2027-28	43,306	40,000	(3,306)
2028-29	8,722	165,000	156,278
2029-30	18,029	115,000	96,971
2030-31	-	35,000	35,000
2031-32	27,515	65,000	37,485
2032-33	-	15,000	15,000
<b>Total</b>	<b>432,645</b>	<b>1,020,000</b>	<b>587,355</b>

### 8.21 Level of Service

Detailed performance measures and performance targets for buildings are defined in the table below.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Condition	The building's meets the expectations of the community.	Customer complaints.	One per year per building.
Function	To provide the communities with a facility that can be utilised for the purpose it was designed for.	Customer complaints.	One per year per building.
Safety	The building is safe and suitable for its intended use.	Number of injury claims	0 claims.
Condition	The building's meets the expectations of the community.	Customer complaints	One per year per building.

## Appendix A6 – Buildings (Continued)

### 8.22 Risk Management

An assessment of risks associated with maintaining an inventory of building assets has identified the following risks and the treatment strategy for each risk.

Risk	Consequence	Risk Rating	Risk Treatment Plan
Public Liability incident attributable to sub-standard property conditions or property layout.	Liability Risk.	Medium	Ensure property assets are maintained in compliance with applicable standards.
Climate Change.	Likelihood of severe storm damage increases.	Medium	Consider climate change impacts when designing and managing assets.
Significant unforeseen increases in maintenance or renewal costs.	Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Asset condition decreases due to inadequate renewal program.	Desired level of service not maintained.	Medium	Determine maintenance priorities based risk and on lifecycle cost.
Asset condition decreases due to inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Sudden significant increase in population.	Sudden increase in level of service requirements.	Low	Monitor population trends and industry developments in the region.
Health and safety incident whilst working on assets causing fatality or serious injury.	Prosecution risk.	Low	Ensure council has compliant Health and Safety policy. Ensure staff and contractors are trained in policy and all procedures are complied with.

### 8.23 Improvement

Improving asset management planning for buildings is not currently viewed as a priority, as risks are able to be managed through annual planning and improvements are limited by funding availability. Demand for building assets is expected to remain relatively stable into the future.

Enhanced monitoring and reporting of the key performance measures is important to help ensure the adequate maintenance of the Shire's building assets.

## Appendix A7 – Furniture and Equipment

### 7.1 Significant Matters

The Shire has a small listing of furniture and equipment to support operations such as office furniture, IT and communication equipment.

### 7.2 Inventory

A management valuation on furniture and equipment was conducted in 2020. The current replacement cost at this valuation was \$130k. A register of furniture and equipment inventory is maintained within the Shire's financial management system.

### 7.3 Financial Summary

The Shire has a replacement/renewal program for electronic and IT equipment, all other furniture and equipment purchases are considered on an annual basis as part of the Shire's annual budget allocations and are not planned in detail.

#### 7.3.1 Maintenance Expenditure

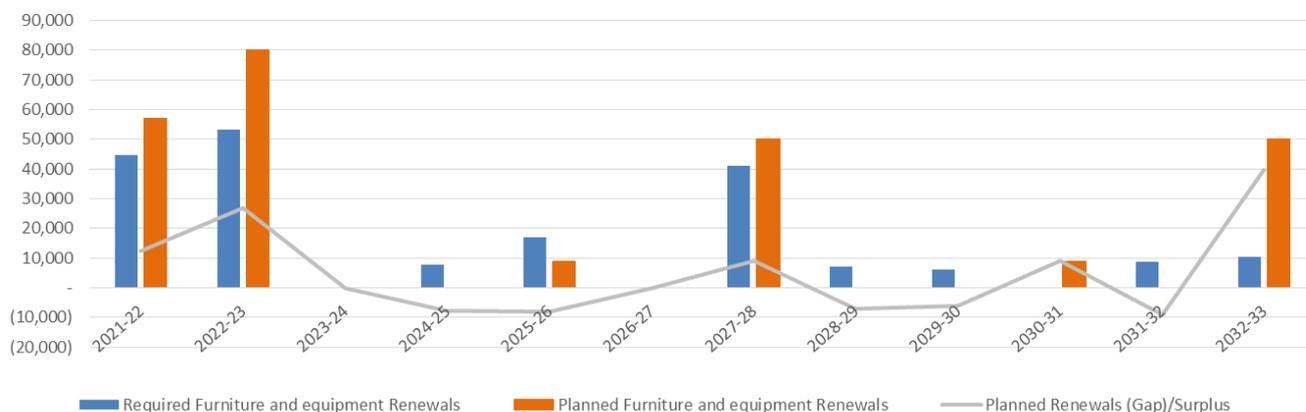
Routine maintenance expenditure is forecast to be \$5k in 2021-22 and increased in the Plan annually by inflation. This figure is based on historical data and staff knowledge.

#### 7.3.2 Renewal Expenditure

The renewal expenditure includes electronic and IT equipment. These renewals are estimated based on warranties available on the equipment and for the need to keep up with continued technology advancements. Advice is also sought from IT specialists.

In the chart below, planned expenditure is shown as the orange columns, with forecast required renewals shown as the blue columns. The grey line shows the variation between the two levels.

#### 7.3.3 Forecast Planned and Required Furniture and Equipment Renewal Expenditure



### 7.3.4 Forecast Planned and Required Furniture and Equipment Renewal Expenditure

The values represented in the chart on the previous page are detailed in the table below.

	Required Building Renewals (\$)	Planned Building Renewals (\$)	Building Renewal Funding (Gap)/Surplus (\$)
2021-22	44,737	57,000	12,263
2022-23	53,060	80,000	26,940
2023-24	-	-	-
2024-25	7,729	-	(7,729)
2025-26	16,892	9,000	(7,892)
2026-27	-	-	-
2027-28	41,008	50,000	8,992
2028-29	7,171	-	(7,171)
2029-30	6,095	-	(6,095)
2030-31	-	9,000	9,000
2031-32	8,878	-	(8,878)
2032-33	10,349	50,000	39,651
<b>Total</b>	<b>195,919</b>	<b>255,000</b>	<b>59,081</b>

### 7.4 Level of Service

Level of service measures have not been defined or monitored for furniture and equipment for reasons of materiality.

### 7.5 Risk Management

An assessment of risks associated with holding furniture and equipment items has identified the following risks and the treatment strategy for each risk.

Risk Details	Consequence	Risk Rating	Treatment Strategy
Inadequate funding for renewal and maintenance resulting in deterioration of furniture and equipment and an increase in maintenance and operating costs or failure of the equipment.	Desired level of service not maintained.	High	Ensure funding for renewals/updates included within the annual budgets.
Existing furniture and equipment assets do not comply with regulations.	Prosecution risk.	High	Regular scheduled inspection and maintenance on all furniture and equipment. Ensure safety systems in line with regulations.

### 7.6 Improvement Plan

Improving asset management planning for furniture and equipment is not currently viewed as a priority as risks are able to be managed through annual operational planning. Demand for furniture and equipment assets is expected to remain relatively stable into the future.

## Appendix A8 – Plant and Equipment

### 8.1 Significant Matters

The Shire has a large plant and equipment portfolio which includes items such as graders, tractors, prime movers and passenger vehicles. A 12 year plant replacement program is updated on an annual basis as part of the Shire's annual budget process.

### 8.2 Inventory

The chart below separates the Shire's plant and equipment into the major asset types and shows the current replacement cost as per the Shire's internally produced plant replacement program. A register of plant and equipment is maintained within the financial reporting system.

### 8.3 Composition of Estimated Current Replacement Cost of Plant and Equipment Assets

Plant & Equipment	Current Replacement Cost (\$)
Heavy Plant	2,236,000
Heavy Vehicle	630,000
Light Vehicle	114,000
Mower	87,000
Sundry	214,000
Tanks	42,000
Trailer	200,000
Utility	247,000
<b>Plant &amp; Equipment Total</b>	<b>3,770,000</b>

### 8.4 Financial Summary

The financial impacts of managing the Shire plant and equipment assets is broken down into maintenance, new and renewal expenditure, each of which is examined separately.

Maintenance is undertaken in accordance with manufacturers' guidelines and is provided for within the annual budget and this Plan. No significant changes to maintenance or operating expenditure are forecast.

### 8.5 New Expenditure

The current fleet of plant and equipment is forecast to maintain the requirements of the Shire and no additional items are forecast to be required over the life of this Plan.

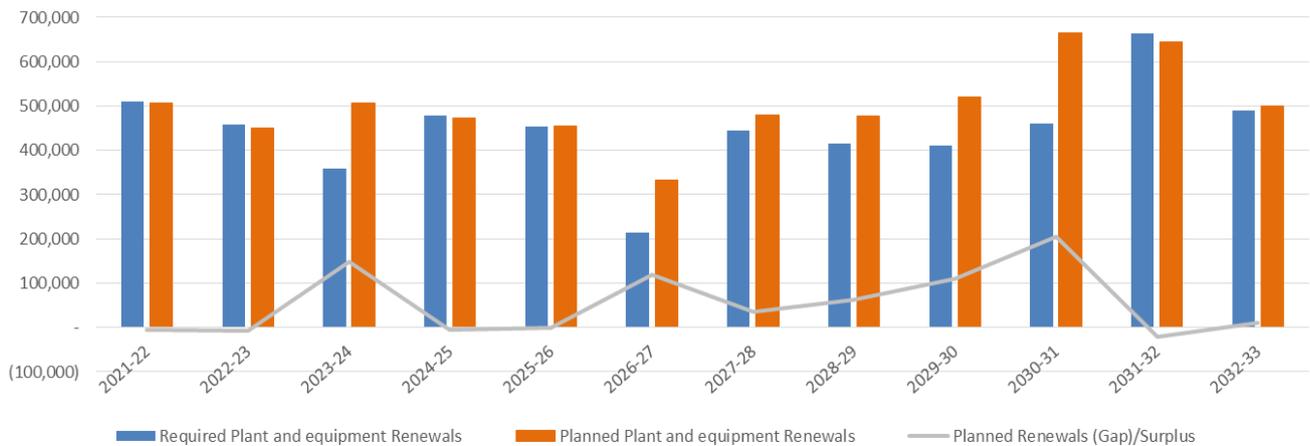
### 8.6 Renewal Expenditure

The plant replacement program is updated annually and is expected to remain fully funded by annual allocations to the Plant Replacement Cash Reserve.

The Plan has annual allocations for plant replacement expenditure based on the adopted program. In the chart on the following page, planned expenditure is shown as the orange columns with required renewals shown as the blue columns. The grey line shows the variation between the two expenditure levels.

## Appendix A8 – Plant and Equipment (Continued)

### 8.7 Forecast Planned and Required Plant and Equipment Renewal Expenditure



The chart reflects a lack of correlation between the Plant Replacement Program and the estimated useful life of plant and equipment provided by the valuers. However, the Plan overall has a funding surplus of \$652k over the term of the Plan.

### 8.8 Plant Disposals

This Plan incorporates the Shire's 12 year Plant Replacement Program. The Plant Replacement Program outlines the purchase, disposal and funding elements for plant and equipment.

## Appendix A8 – Plant and Equipment (Continued)

### 8.9 Level of Service

Levels of service have not been previously monitored.

Detailed performance measures and performance targets for plant and equipment replacement and maintenance are defined in the table on the following page.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Fleet Management</b>			
Function	To ensure Council employees are able to meet Council requirements.	Council plant and equipment is serviceable for all Council programs.	90% satisfaction.
	To ensure that Councils Capital Works Program is completed.	Capital Works Program completed on time and within budget.	100% completed and within budget.
	To ensure that any maintenance requirements are carried out.	Maintenance schedule adhered to.	100% completed and on time.
Compliance	All vehicles and plant are operated as they have been designed to do and in a safe manner.	Number of complaints/number of fines.	One per year.

### 8.10 Risk Management

An assessment of risks associated with holding plant and equipment items has identified the following risks and the treatment strategy for each risk.

Risk Details	Consequence	Risk Rating	Treatment Strategy
Inadequate funding for renewal and maintenance resulting in deterioration of plant and equipment and an increase in maintenance and operating costs.	Desired level of service not maintained.	High	Ensure funding for renewals included within the plant replacement program and budgets.
Existing plant and equipment assets do not comply with regulations.	Prosecution risk.	High	Regular scheduled inspection and maintenance on all plant and equipment. Ensure safety systems in line with regulations.

### 8.11 Improvement Plan

Improving asset management planning for plant and equipment is not currently viewed as a priority as risks are able to be managed through annual operational planning. Demand for plant and equipment assets is expected to remain relatively stable into the future.

## Appendix A9 – Other Infrastructure

### 9.1 Significant Matters

The Shire controls a network of other infrastructure made up of sporting grounds, active and passive reserves, sporting facilities, lighting, dams and other minor recreational facilities.

The nature of these assets is one of changing requirements due to both community expectations and climatic conditions and will require further analysis to fully consider future funding requirements.

### 9.2 Inventory

The Shire's other infrastructure current replacement cost at the time of valuation at 30 June 2020 was \$5.79m.

A register of parks and gardens is maintained within the financial reporting system.

#### 9.2.1 Composition of Estimated Current Replacement Cost of Other Infrastructure Assets

Infrastructure	Estimated Current Replacement Cost (\$)
Carpark	13,700
Fencing	207,090
Irrigation	802,000
Lighting	283,020
Memorial	50,500
Other Infrastructure	422,820
Playground	354,834
Public Open Space	13,750
Sporting Infrastructure	2,046,097
Sports Oval	119,000
Swimming Pool	1,338,082
Waste Infrastructure	144,741
<b>Infrastructure - Parks, Reserves Total</b>	<b>5,795,634</b>

### 9.3 Financial

The financial impact of managing the Shire other infrastructure assets is broken down into maintenance, new and renewal expenditure, each of which is examined separately.

#### 9.3.1 Maintenance Expenditure

Routine maintenance expenditure is forecast to be \$124k in 2021-22 based on the current level of expenditure and forecast to increase by inflation over the remainder of the Plan.

### 9.3.2 New Expenditure

Five infrastructure upgrade projects are currently planned to meet community demand as detailed in the table below.

Year	Project	Estimated Project Value (\$)
2021-22	Carpark - Lions Park Overflow	134,400
2021-22	Synthetic Bowling Green	210,000
2024-25	Entrance & Carpark - Cemetery	60,000
2021-22	Depot Fuel Facility	65,000
2021-22	Playground Rec Centre	20,000
2022-23	Walk/Bike Trail Project	40,000
		<b>529,400</b>

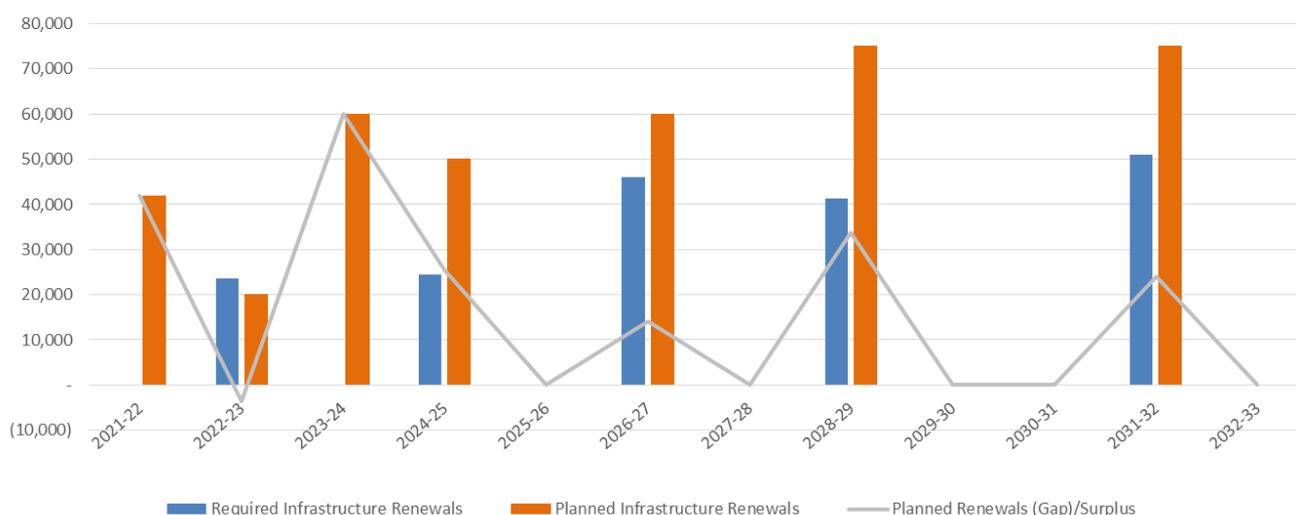
## Appendix A9 – Other Infrastructure (Continued)

### 9.3.3 Renewal Expenditure

Required other infrastructure renewals over the next 12 years have not been forecast with no major asset renewals currently forecast as being required. Minor asset renewals will be determined and funded within the annual budget cycle.

The Plan has planned allocations for the renewal of other infrastructure. In the chart below, planned expenditure is shown as the orange columns, with forecast required renewals shown as the blue columns (no required expenditure forecast). The grey line shows the variation between the two levels.

### 9.3.4 Forecast Planned and Required Other Infrastructure Renewal Expenditure



The timing and extent of infrastructure renewals in the later years of the Plan will be subject to condition based assessments closer to the estimated renewal timing, along with further assessment of demand. All funds currently allocated to recreation renewals in the Plan will be placed in the recreation cash reserves if not required for the renewal of minor infrastructure works. Both the timing and costs associated with infrastructure renewals are highly variable and in many instances dependent on the level of infrastructure maintenance.

## Appendix A9 – Other Infrastructure (Continued)

### 9.4 Level of Service

The level of service measures were defined for parks and gardens and independent water supply within the Shire's previous Asset Management Plan. Since adoption of the previous Plan, these measures have not been routinely recorded or reported.

The previously identified level of service indicators are provided in the table below.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Parks and Gardens</b>			
Condition	Parks and gardens are maintained to a high standard with regular mowing, watering, pruning and other maintenance tasks being carried out.	Customer complaints. Community Survey.	Under 5 per year. 90% satisfaction.
Function	Provide the community and tourists with attractive natural and playground recreation facilities.	Customer Survey.	90% satisfaction.
Safety	To ensure that any maintenance issues or hazards are dealt with promptly.	Issue or hazard is dealt with within one working day of notification. If hazard is serious to be addressed within 2 hours of notification.	95% addressed.
All parks and gardens are clean, well maintained	Customer complaints.	Under 5 per year.	All parks and gardens are clean, well maintained.

### 9.5 Improvement

The improvement of asset management planning for other infrastructure is not currently viewed as a priority as risks are able to be managed through annual operational planning.

## Appendix A10 – Estimated Asset Life and Residual Value

The table below lists the estimated useful life and residual value of assets to sub-class level. These values were used to calculate the planned renewal and depreciation of an asset.

Asset Class	Asset Sub-Class	Pavement Type	Hierarchy	Estimated Useful Life	Materials Remaining in-situ
Roads	Pavement Structure	Sealed		90	
Roads	Pavement Structure	Unsealed		15	
Roads	Subgrade Structure	Sealed		200	100%
Roads	Subgrade Structure	Unsealed		200	100%
Roads	Surface Structure	Sealed		15	
Roads	Pavement Structure	Sheeted		100	
Roads	Subgrade Structure	Sheeted		100	100%
Roads	Pavement Structure	Unsheeted		100	100%
Roads	Subgrade Structure	Unsheeted		100	100%
Roads	Pavement Structure	Track		100	100%
Roads	Subgrade Structure	Track		100	100%
Drainage	Kerb Barrier			100	
Drainage	Kerb Flush Edge			100	
Drainage	Open Drain (Excavated)			75	40%
Drainage	Table Drain (Shallow)			75	40%
Drainage	Underground Pipe		Concrete	120	
Drainage	Culvert Circular		Concrete	60	
Drainage	Culvert Box shaped		Concrete	60	
Drainage	Culvert Box shaped		Timber	60	
Footpaths	Brick Paving			80	
Footpaths	Insitu Concrete			40	
Bridges	Timber			100	
Bridges	Reinforced Concrete			100	
Infrastructure	Parks, Reserves		Carpark	50	
Infrastructure	Parks, Reserves		Fencing	50	
Infrastructure	Parks, Reserves		Irrigation	50	
Infrastructure	Parks, Reserves		Lighting	50	
Infrastructure	Parks, Reserves		Memorial	50	
Infrastructure	Parks, Reserves		Other Infrastructure	50	
Infrastructure	Parks, Reserves		Playground	50	
Infrastructure	Parks, Reserves		Public Open Space	50	
Infrastructure	Parks, Reserves		Sporting Infrastructure	50	
Infrastructure	Parks, Reserves		Sports Oval	50	
Infrastructure	Parks, Reserves		Swimming Pool	50	
Infrastructure	Parks, Reserves		Waste Infrastructure	50	

## Appendix A10 – Estimated Asset Life and Residual Value (Continued)

Asset Class	Asset Sub-Class	Hierarchy	Estimated Useful Life	Estimated Residual Value %
Buildings	Land & Buildings	Administration	70	
Buildings	Land & Buildings	Community Building	70	
Buildings	Land & Buildings	Depot	70	
Buildings	Land & Buildings	Housing	70	
Buildings	Land & Buildings	Land	100	100%
Buildings	Land & Buildings	Plant Room	70	
Buildings	Land & Buildings	Shade Shelter	70	
Buildings	Land & Buildings	Shed	70	
Buildings	Land & Buildings	Shelter	70	
Buildings	Land & Buildings	Sports Building	70	
Buildings	Land & Buildings	Toilets	70	
Land	Land & Buildings		100	100%
Furniture and Equipment	Furniture & Fittings		10	
Plant and Equipment	Plant & Equipment		15	
Plant and Equipment	Plant & Equipment	Heavy Plant	14	
Plant and Equipment	Plant & Equipment	Heavy Vehicle	12	
Plant and Equipment	Plant & Equipment	Light Vehicle	10	
Plant and Equipment	Plant & Equipment	Mower	12	
Plant and Equipment	Plant & Equipment	Sundry	17	
Plant and Equipment	Plant & Equipment	Tanks	15	
Plant and Equipment	Plant & Equipment	Trailer	14	
Plant and Equipment	Plant & Equipment	Utility	10	

## Appendix B1 – Forecast Financial Statements (Continued)

### Appendix B1 – Forecast Financial Statements

#### Financial Statements

The following forecast financial statements have been prepared and are included at the end of the Plan.

These forecast statements have been prepared within a framework which accords with the Australian Accounting Standards.

#### Statements of Comprehensive Income (Appendix B2 and B3)

Often referred to as the operating statement, it shows the revenues and expenses over the periods classified by two methods (by Program and Nature or Type) to disclose a net result.

#### Statement of Financial Position (Appendix B4)

More commonly referred to as the Balance Sheet, this statement discloses the forecast changes in the balance of assets and liability accounts over the periods.

#### Statement of Changes in Equity (Appendix B5)

This statement discloses the changes in equity over the forecast period. It shows the impact of operations on net assets and the movement in cash backed and revaluation reserves.

#### Statement of Cashflows (Appendix B6)

Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

#### Statement of Funding (Appendix B7)

A statement combining operating and capital revenues and expenses and discloses the opening and closing net current forecast surplus (deficit) funding position for each year.

#### Statement of Net Current Asset Composition (Appendix B8)

A statement showing how the closing estimated surplus/deficit has been calculated.

#### Statement of Fixed Asset Movements (Appendix B9)

A summary of the impact of the Plan on the value of fixed assets over the period. It discloses the movements in the net value of property, plant, and equipment and infrastructure.

#### Statement of Fixed Asset Funding (Appendix B10)

A summary of the capital expenditure by asset class and the source of funding for each class.

#### Forecast Ratios (Appendix B11)

The forecast ratios required by the regulations and discussed earlier under monitoring and performance.

## Appendix B1 – Forecast Financial Statements (Continued)

### Nature or Type

A number of statements in the Plan are disclosed using nature or type descriptors of revenue and expenditure (for example Rates and Employee Costs). This classification is in accordance with Schedule 1 of the Local Government (Financial Management) Regulation 1996.

### 8.12 Service Programs

The Shire provides a wide variety of services to the community in order to achieve its vision and objectives. The following service program descriptions are used in the Plan to represent these services.

Objectives	Services
<b>Governance</b>	Members of Council
	Governance – general
<b>General purpose funding</b>	Rates
	Other general purpose funding
<b>Law, order, public safety</b>	Fire prevention
	Animal control
	Other law, order, public safety
<b>Health</b>	Maternal and infant health
	Preventative services
	- Immunisation
	- Meat inspection
	- Administration and inspection
	- Pest control
	- Other
	Other health
<b>Education and welfare</b>	Pre-school
	Other education
	Care of families and children
	Aged and disabled
	- Senior citizens centres
	- Meals on wheels
	Other welfare
<b>Housing</b>	Staff housing
	Other housing
<b>Community amenities</b>	Sanitation
	- Household refuse
	- Other
	Sewerage
	Urban stormwater drainage
	Protection of environment
	Town planning and regional development
	Other community amenities

Objectives	Services
<b>Recreation and culture</b>	Public halls, civic centre
	Swimming areas
	Other recreation and sport
	Television and radio re-broadcasting
	Libraries
<b>Transport</b>	Other culture
	Streets, roads, bridges, depots
	- Construction (not capitalised)
	- Maintenance
	Road plant purchase (if not capitalised)
	Parking facilities
	Traffic control
	Aerodromes
	Water transport facilities
<b>Economic services</b>	Rural services
	Tourism and area promotion
	Building control
	Sale yards and markets
	Plant nursery
	Other economic services
<b>Other property and services</b>	Private works
	Public works overheads
	Plant operation
	Salaries and wages
	Unclassified
	Town Planning Schemes

## Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2021-2033

	2017-18	2018-19	2019-20	Base	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>																
Rates	1,756,592	1,850,709	1,924,117	1,966,047	2,025,028	2,085,779	2,148,352	2,212,802	2,279,187	2,347,563	2,417,991	2,490,531	2,565,247	2,642,205	2,721,470	2,803,113
Operating grants, subsidies and contributions	704,999	720,865	794,053	445,698	697,992	710,852	723,970	712,350	695,997	709,917	724,114	738,597	753,370	768,438	783,808	799,484
Fees and charges	698,370	699,999	852,675	851,142	893,663	911,530	929,760	948,352	967,323	986,664	1,006,397	1,026,527	1,047,049	1,067,996	1,089,354	1,111,141
Interest earnings	43,183	43,653	34,599	17,579	18,807	15,943	15,837	15,922	19,520	20,405	23,255	26,045	27,836	28,650	30,521	32,896
Other revenue	110,710	89,009	77,934	59,100	52,282	53,326	54,391	55,479	56,589	57,719	58,873	60,048	61,250	62,477	63,726	64,999
	<u>3,313,854</u>	<u>3,404,235</u>	<u>3,683,378</u>	<u>3,339,566</u>	<u>3,687,772</u>	<u>3,777,430</u>	<u>3,872,310</u>	<u>3,944,905</u>	<u>4,018,616</u>	<u>4,122,268</u>	<u>4,230,630</u>	<u>4,341,748</u>	<u>4,454,752</u>	<u>4,569,766</u>	<u>4,688,879</u>	<u>4,811,633</u>
<b>Expenses</b>																
Employee costs	(1,436,224)	(1,449,842)	(1,611,677)	(1,638,795)	(1,671,572)	(1,705,002)	(1,739,104)	(1,773,884)	(1,809,360)	(1,845,545)	(1,882,459)	(1,920,107)	(1,958,509)	(1,997,679)	(2,037,632)	(2,078,387)
Materials and contracts	(557,407)	(511,611)	(625,548)	(666,565)	(587,821)	(598,058)	(598,521)	(605,812)	(634,340)	(640,497)	(643,912)	(668,565)	(669,474)	(679,652)	(724,089)	(706,788)
Utility charges	(148,445)	(188,766)	(202,921)	(201,800)	(205,836)	(209,955)	(214,151)	(218,434)	(222,801)	(227,255)	(231,800)	(236,432)	(241,163)	(245,989)	(250,911)	(255,929)
Depreciation on non-current assets	(1,483,636)	(1,266,794)	(1,274,811)	(1,267,984)	(1,150,179)	(1,194,362)	(1,226,619)	(1,253,797)	(1,294,796)	(1,327,704)	(1,360,659)	(1,395,337)	(1,436,338)	(1,466,799)	(1,497,817)	(1,535,909)
Interest expenses	(31,594)	(35,306)	(31,566)	(28,490)	(25,328)	(23,817)	(20,835)	(24,679)	(21,067)	(17,349)	(21,638)	(18,124)	(19,780)	(16,746)	(14,137)	(12,607)
Insurance expenses	(165,069)	(111,143)	(114,472)	(122,976)	(125,437)	(127,947)	(130,507)	(133,118)	(135,779)	(138,497)	(141,265)	(144,089)	(146,972)	(149,909)	(152,907)	(155,965)
Other expenditure	(15,111)	(15,474)	(18,178)	(15,750)	(16,062)	(16,374)	(16,688)	(17,021)	(17,361)	(17,706)	(18,067)	(18,419)	(18,785)	(19,173)	(19,560)	(19,946)
	<u>(3,837,486)</u>	<u>(3,578,936)</u>	<u>(3,879,173)</u>	<u>(3,942,360)</u>	<u>(3,782,235)</u>	<u>(3,875,515)</u>	<u>(3,946,425)</u>	<u>(4,026,745)</u>	<u>(4,135,504)</u>	<u>(4,214,553)</u>	<u>(4,299,800)</u>	<u>(4,401,073)</u>	<u>(4,491,021)</u>	<u>(4,575,947)</u>	<u>(4,697,053)</u>	<u>(4,765,531)</u>
	(523,632)	(174,701)	(195,795)	(602,794)	(94,463)	(98,085)	(74,115)	(81,840)	(116,888)	(92,285)	(69,170)	(59,325)	(36,269)	(6,181)	(8,174)	46,102
Non-operating grants, subsidies and contribution	839,221	1,221,492	519,082	805,568	1,562,732	970,506	580,622	529,986	1,172,892	636,434	523,412	520,684	921,175	481,777	487,490	493,318
Loss on revaluation	0	52,551	1,850	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit on asset disposals	10,906	14,571	47,200	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(7,999)	(54,784)	(8,803)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	<u>318,496</u>	<u>1,059,129</u>	<u>363,534</u>	<u>202,774</u>	<u>1,468,269</u>	<u>872,421</u>	<u>506,507</u>	<u>448,146</u>	<u>1,056,004</u>	<u>544,149</u>	<u>454,242</u>	<u>461,359</u>	<u>884,906</u>	<u>475,596</u>	<u>479,316</u>	<u>539,420</u>
<b>Other comprehensive income</b>	(24,288,585)	0	(343,146)	0	1,539,805	1,602,172	1,648,898	1,695,556	1,732,269	1,787,482	1,830,945	1,871,208	1,916,357	1,966,970	2,012,465	2,061,128
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>(23,970,089)</u>	<u>1,059,129</u>	<u>20,388</u>	<u>202,774</u>	<u>3,008,074</u>	<u>2,474,593</u>	<u>2,155,405</u>	<u>2,143,702</u>	<u>2,788,273</u>	<u>2,331,631</u>	<u>2,285,187</u>	<u>2,332,567</u>	<u>2,801,263</u>	<u>2,442,566</u>	<u>2,491,781</u>	<u>2,600,548</u>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B3 – Forecast Statement of Comprehensive Income by Program 2021-2033

	2017-18	2018-19	2019-20	Base	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>																
Governance	106,207	94,421	1,917	501	511	521	531	542	553	564	575	586	598	610	622	634
General purpose funding	2,248,764	2,395,321	2,502,997	2,208,618	2,577,129	2,645,682	2,719,029	2,794,660	2,875,963	2,956,769	3,041,823	3,129,165	3,217,923	3,308,193	3,402,076	3,499,096
Law, order, public safety	18,129	31,187	67,214	30,905	36,523	37,252	37,997	38,756	39,531	40,321	41,128	41,952	42,791	43,648	44,520	45,411
Health	685	300	300	400	408	416	424	432	441	450	459	468	477	487	497	507
Education and welfare	204,422	195,814	273,834	332,801	307,237	313,381	319,649	326,041	332,563	339,214	345,999	352,919	359,977	367,177	374,519	382,009
Housing	194,846	190,032	242,274	243,611	247,408	251,253	255,176	234,177	208,263	212,426	216,671	221,003	225,418	229,928	234,526	239,215
Community amenities	145,784	160,602	192,325	187,183	189,805	193,600	197,472	201,422	205,450	209,558	213,749	218,025	222,385	226,834	231,371	235,999
Recreation and culture	58,306	48,934	42,773	44,473	45,362	46,268	47,193	48,138	49,102	50,082	51,084	52,103	53,144	54,208	55,292	56,397
Transport	162,264	104,160	96,578	111,690	105,924	108,042	110,203	112,408	114,656	116,948	119,286	121,672	124,106	126,587	129,119	131,701
Economic services	42,293	97,162	147,200	115,154	111,950	114,189	116,473	118,803	121,179	123,603	126,076	128,599	131,171	133,795	136,471	139,200
Other property and services	132,154	86,302	115,966	64,230	65,515	66,826	68,163	69,526	70,915	72,333	73,780	75,256	76,762	78,299	79,866	81,464
	3,313,854	3,404,235	3,683,378	3,339,566	3,687,772	3,777,430	3,872,310	3,944,905	4,018,616	4,122,268	4,230,630	4,341,748	4,454,752	4,569,766	4,688,879	4,811,633
<b>Expenses excluding finance costs</b>																
Governance	(301,239)	(288,836)	(201,659)	(185,921)	(194,139)	(208,961)	(201,860)	(202,836)	(224,893)	(211,029)	(218,251)	(234,555)	(226,945)	(228,423)	(251,991)	(237,651)
General purpose funding	(19,983)	(19,181)	(83,005)	(90,051)	(103,692)	(93,365)	(95,071)	(96,811)	(98,587)	(112,398)	(102,247)	(104,132)	(106,054)	(108,015)	(122,014)	(112,054)
Law, order, public safety	(53,411)	(55,494)	(90,406)	(107,247)	(108,715)	(110,988)	(113,244)	(115,521)	(117,908)	(120,299)	(122,735)	(125,222)	(127,790)	(130,356)	(132,971)	(135,669)
Health	(72,482)	(72,422)	(55,314)	(61,302)	(61,117)	(62,546)	(63,878)	(65,183)	(66,644)	(68,047)	(69,470)	(70,931)	(72,481)	(73,948)	(75,444)	(77,032)
Education and welfare	(253,123)	(232,414)	(303,313)	(353,525)	(339,490)	(346,741)	(353,859)	(360,995)	(368,559)	(376,080)	(383,738)	(391,575)	(399,689)	(407,723)	(415,914)	(424,415)
Housing	(151,169)	(155,692)	(155,572)	(194,893)	(190,281)	(195,283)	(199,622)	(202,314)	(205,872)	(210,402)	(214,991)	(219,725)	(224,896)	(229,505)	(234,201)	(239,363)
Community amenities	(235,927)	(247,925)	(270,933)	(295,076)	(300,429)	(306,517)	(312,680)	(318,942)	(325,385)	(331,917)	(338,581)	(345,381)	(352,340)	(359,396)	(366,590)	(373,952)
Recreation and culture	(682,124)	(703,479)	(766,009)	(766,276)	(753,420)	(772,359)	(789,335)	(805,604)	(824,622)	(842,397)	(860,416)	(878,985)	(898,957)	(917,256)	(935,910)	(956,110)
Transport	(1,841,785)	(1,468,761)	(1,541,517)	(1,596,619)	(1,491,711)	(1,534,392)	(1,570,159)	(1,603,166)	(1,644,889)	(1,682,037)	(1,719,564)	(1,758,484)	(1,801,593)	(1,838,678)	(1,876,473)	(1,918,936)
Economic services	(100,118)	(123,304)	(137,113)	(165,564)	(150,641)	(153,707)	(156,796)	(159,940)	(163,179)	(166,462)	(169,811)	(173,223)	(176,722)	(180,263)	(183,872)	(187,566)
Other property and services	(94,530)	(176,122)	(242,766)	(97,396)	(63,272)	(66,839)	(69,086)	(70,754)	(73,899)	(76,136)	(78,358)	(80,736)	(83,774)	(85,638)	(87,536)	(90,176)
	(3,805,891)	(3,543,630)	(3,847,607)	(3,913,870)	(3,756,907)	(3,851,698)	(3,925,590)	(4,002,066)	(4,114,437)	(4,197,204)	(4,278,162)	(4,382,949)	(4,471,241)	(4,559,201)	(4,682,916)	(4,752,924)
<b>Finance costs</b>																
Governance	(505)	(257)	0	0	0	0	0	0	0	0	(7,895)	(7,468)	(7,028)	(6,574)	(6,105)	(5,621)
Recreation and culture	(4,957)	(4,464)	(4,018)	(3,749)	(3,937)	(4,833)	(4,001)	(3,149)	(2,273)	(1,415)	(800)	(637)	(472)	(303)	(131)	0
Transport	(5,470)	(4,214)	(2,887)	(1,748)	(354)	0	0	0	0	0	0	0	0	0	0	0
Economic services	(7,147)	(13,510)	(12,461)	(11,412)	(10,803)	(9,973)	(9,090)	(8,149)	(7,148)	(6,083)	(4,947)	(3,739)	(2,452)	(1,083)	0	0
Other property and services	(13,515)	(12,861)	(12,200)	(11,581)	(10,234)	(9,011)	(7,744)	(13,381)	(11,646)	(9,851)	(7,996)	(6,280)	(9,828)	(8,786)	(7,901)	(6,986)
	(31,594)	(35,306)	(31,566)	(28,490)	(25,328)	(23,817)	(20,835)	(24,679)	(21,067)	(17,349)	(21,638)	(18,124)	(19,780)	(16,746)	(14,137)	(12,607)
<b>Non operating grants, subsidies and contributions</b>																
Governance	0	0	0	0	0	0	0	0	0	150,000	0	0	0	0	0	0
Law, order, public safety	10,000	131,050	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Education and welfare	11,282	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing	6,119	0	0	0	575,000	0	0	0	600,000	0	0	0	445,000	0	0	0
Recreation and culture	267,639	418,361	17,418	74,200	358,136	395,000	20,000	0	75,000	0	25,000	50,000	0	0	0	0
Transport	544,181	672,081	501,664	711,368	629,596	575,506	560,622	529,986	497,892	486,434	498,412	470,684	476,175	481,777	487,490	493,318
	839,221	1,221,492	519,082	805,568	1,562,732	970,506	580,622	529,986	1,172,892	636,434	523,412	520,684	921,175	481,777	487,490	493,318

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B3 – Forecast Statement of Comprehensive Income by Program 2021-2030 (Continued)

	2017-18	2018-19	2019-20	Base	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Profit/(loss) on disposal of assets</b>																
Governance	0	1,813	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community amenities	0	(3,028)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	(2,961)	(51,756)	(4,902)	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	5,867	9,758	30,276	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic services	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other property and services	0	0	13,023	0	0	0	0	0	0	0	0	0	0	0	0	0
	2,906	(40,213)	38,397	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on revaluation	0	52,551	1,850	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	318,496	1,059,129	363,534	202,774	1,468,269	872,421	506,507	448,146	1,056,004	544,149	454,242	461,359	884,906	475,596	479,316	539,420
<b>Other comprehensive income</b>	(24,288,585)	0	(343,146)	0	1,539,805	1,602,172	1,648,898	1,695,556	1,732,269	1,787,482	1,830,945	1,871,208	1,916,357	1,966,970	2,012,465	2,061,128
<b>TOTAL COMPREHENSIVE INCOME</b>	(23,970,089)	1,059,129	20,388	202,774	3,008,074	2,474,593	2,155,405	2,143,702	2,788,273	2,331,631	2,285,187	2,332,567	2,801,263	2,442,566	2,491,781	2,600,548

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B4 – Forecast Statement of Financial Position 2021-2033

	2018	2019	2020	Base	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>																
Unrestricted cash and cash equivalents	727,376	537,312	854,072	382,061	536,675	531,208	525,659	520,027	514,310	503,508	492,544	481,415	470,119	463,654	457,092	450,431
Restricted cash and cash equivalent	940,893	971,201	764,857	655,542	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924	1,903,295
Financial assets	0	0	15,966	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473
Trade and other receivables	131,816	316,392	102,687	67,873	(84,301)	(83,616)	(82,908)	(82,182)	(81,431)	(100,534)	(100,371)	(100,206)	(100,037)	(99,864)	(108,600)	(108,600)
Inventories	19,082	8,384	27,564	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464
<b>TOTAL CURRENT ASSETS</b>	<b>1,819,167</b>	<b>1,833,289</b>	<b>1,765,146</b>	<b>1,134,413</b>	<b>1,007,453</b>	<b>1,001,159</b>	<b>1,007,558</b>	<b>1,248,156</b>	<b>1,307,770</b>	<b>1,478,682</b>	<b>1,664,805</b>	<b>1,784,460</b>	<b>1,838,842</b>	<b>1,963,841</b>	<b>2,113,353</b>	<b>2,274,063</b>
<b>NON-CURRENT ASSETS</b>																
Financial assets	0	0	160,439	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966	143,966
Other receivables	138,464	175,540	0	0	55,701	30,717	5,025	(21,393)	(48,562)	(56,628)	(64,857)	(73,251)	(81,814)	(90,550)	(90,550)	(90,550)
Property plant and equipment	17,078,820	17,345,285	16,959,109	17,271,496	18,281,632	19,107,110	19,779,019	19,999,021	21,135,485	21,782,785	22,220,621	22,867,620	23,937,694	24,375,691	24,698,404	24,996,035
Infrastructure	61,324,164	61,780,402	62,318,848	62,724,110	64,768,349	66,354,479	67,980,027	69,577,565	71,081,340	72,753,916	74,327,354	75,979,533	77,585,819	79,401,040	81,368,522	83,465,992
<b>TOTAL NON-CURRENT ASSETS</b>	<b>78,541,448</b>	<b>79,301,227</b>	<b>79,438,396</b>	<b>80,139,572</b>	<b>83,249,648</b>	<b>85,636,272</b>	<b>87,908,037</b>	<b>89,699,159</b>	<b>92,312,229</b>	<b>94,624,039</b>	<b>96,627,084</b>	<b>98,917,868</b>	<b>101,585,665</b>	<b>103,830,147</b>	<b>106,120,342</b>	<b>108,515,443</b>
<b>TOTAL ASSETS</b>	<b>80,360,615</b>	<b>81,134,516</b>	<b>81,203,542</b>	<b>81,273,985</b>	<b>84,257,101</b>	<b>86,637,431</b>	<b>88,915,595</b>	<b>90,947,315</b>	<b>93,619,999</b>	<b>96,102,721</b>	<b>98,291,889</b>	<b>100,702,328</b>	<b>103,424,507</b>	<b>105,793,988</b>	<b>108,233,695</b>	<b>110,789,506</b>
<b>CURRENT LIABILITIES</b>																
Trade and other payables	357,753	126,179	212,616	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617	171,617
Contract liabilities	0	0	48,870	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term liabilities	102,768	112,940	702,884	104,958	94,263	97,241	111,982	115,589	98,909	96,019	72,128	79,084	73,085	52,074	44,737	46,180
Provisions	292,630	325,680	356,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517	316,517
<b>TOTAL CURRENT LIABILITIES</b>	<b>753,151</b>	<b>564,799</b>	<b>1,320,887</b>	<b>593,092</b>	<b>582,397</b>	<b>585,375</b>	<b>600,116</b>	<b>603,723</b>	<b>587,043</b>	<b>584,153</b>	<b>560,262</b>	<b>567,218</b>	<b>561,219</b>	<b>540,208</b>	<b>532,871</b>	<b>534,314</b>
<b>NON-CURRENT LIABILITIES</b>																
Long-term borrowings	805,520	702,884	0	595,464	581,201	483,960	591,978	476,389	377,480	531,461	459,333	530,249	457,164	405,090	360,353	314,173
Provisions	27,406	15,675	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109	11,109
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>832,926</b>	<b>718,559</b>	<b>11,109</b>	<b>606,573</b>	<b>592,310</b>	<b>495,069</b>	<b>603,087</b>	<b>487,498</b>	<b>388,589</b>	<b>542,570</b>	<b>470,442</b>	<b>541,358</b>	<b>468,273</b>	<b>416,199</b>	<b>371,462</b>	<b>325,282</b>
<b>TOTAL LIABILITIES</b>	<b>1,586,077</b>	<b>1,283,358</b>	<b>1,331,996</b>	<b>1,199,665</b>	<b>1,174,707</b>	<b>1,080,444</b>	<b>1,203,203</b>	<b>1,091,221</b>	<b>975,632</b>	<b>1,126,723</b>	<b>1,030,704</b>	<b>1,108,576</b>	<b>1,029,492</b>	<b>956,407</b>	<b>904,333</b>	<b>859,596</b>
<b>NET ASSETS</b>	<b>78,774,538</b>	<b>79,851,158</b>	<b>79,871,546</b>	<b>80,074,320</b>	<b>83,082,394</b>	<b>85,556,987</b>	<b>87,712,392</b>	<b>89,856,094</b>	<b>92,644,367</b>	<b>94,975,998</b>	<b>97,261,185</b>	<b>99,593,752</b>	<b>102,395,015</b>	<b>104,837,581</b>	<b>107,329,362</b>	<b>109,929,910</b>
<b>EQUITY</b>																
Retained surplus	18,908,851	19,967,598	20,525,041	20,837,130	22,434,799	23,308,732	23,803,999	24,006,641	24,998,065	25,341,397	25,598,715	25,929,455	26,748,852	27,093,157	27,407,663	27,779,712
Reserves - cash backed	940,893	958,766	764,857	655,542	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924	1,903,295
Asset revaluation surplus	58,924,794	58,924,794	58,581,648	58,581,648	60,121,453	61,723,625	63,372,523	65,068,079	66,800,348	68,587,830	70,418,775	72,289,983	74,206,340	76,173,310	78,185,775	80,246,903
<b>TOTAL EQUITY</b>	<b>78,774,538</b>	<b>79,851,158</b>	<b>79,871,546</b>	<b>80,074,320</b>	<b>83,082,394</b>	<b>85,556,987</b>	<b>87,712,392</b>	<b>89,856,094</b>	<b>92,644,367</b>	<b>94,975,998</b>	<b>97,261,185</b>	<b>99,593,752</b>	<b>102,395,015</b>	<b>104,837,581</b>	<b>107,329,362</b>	<b>109,929,910</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B5 – Forecast Statement of Changes in Equity 2021-2033

	2018	2019	2020	Base	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>RETAINED SURPLUS</b>																
Opening balance	18,590,355	18,926,342	19,967,598	20,525,041	20,837,130	22,434,799	23,308,732	23,803,999	24,006,641	24,998,065	25,341,397	25,598,715	25,929,455	26,748,852	27,093,157	27,407,663
Net result	318,496	1,059,129	363,534	202,774	1,468,269	872,421	506,507	448,146	1,056,004	544,149	454,242	461,359	884,906	475,596	479,316	539,420
Amount transferred (to)/from reserves		(17,873)	193,909	109,315	129,400	1,512	(11,240)	(245,504)	(64,580)	(200,817)	(196,924)	(130,619)	(65,509)	(131,291)	(164,810)	(167,371)
Closing balance	18,908,851	19,967,598	20,525,041	20,837,130	22,434,799	23,308,732	23,803,999	24,006,641	24,998,065	25,341,397	25,598,715	25,929,455	26,748,852	27,093,157	27,407,663	27,779,712
<b>RESERVES - CASH/INVESTMENT BACKED</b>																
Opening balance	940,893	940,893	958,766	764,857	655,542	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924
Amount transferred to/(from) retained surplus	0	17,873	(193,909)	(109,315)	(129,400)	(1,512)	11,240	245,504	64,580	200,817	196,924	130,619	65,509	131,291	164,810	167,371
Closing balance	940,893	958,766	764,857	655,542	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924	1,903,295
<b>ASSET REVALUATION SURPLUS</b>																
Opening balance	58,924,794	58,924,794	58,581,648	58,581,648	58,581,648	60,121,453	61,723,625	63,372,523	65,068,079	66,800,348	68,587,830	70,418,775	72,289,983	74,206,340	76,173,310	78,185,775
Total other comprehensive income	0	0	0	0	1,539,805	1,602,172	1,648,898	1,695,556	1,732,269	1,787,482	1,830,945	1,871,208	1,916,357	1,966,970	2,012,465	2,061,128
Closing balance	58,924,794	58,924,794	58,581,648	58,581,648	60,121,453	61,723,625	63,372,523	65,068,079	66,800,348	68,587,830	70,418,775	72,289,983	74,206,340	76,173,310	78,185,775	80,246,903
<b>TOTAL EQUITY</b>	<b>78,774,538</b>	<b>79,851,158</b>	<b>79,871,546</b>	<b>80,074,320</b>	<b>83,082,394</b>	<b>85,556,987</b>	<b>87,712,392</b>	<b>89,856,094</b>	<b>92,644,367</b>	<b>94,975,998</b>	<b>97,261,185</b>	<b>99,593,752</b>	<b>102,395,015</b>	<b>104,837,581</b>	<b>107,329,362</b>	<b>109,929,910</b>

## Appendix B6 – Forecast Statement of Cashflows 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash flows from operating activities</b>												
<b>Receipts</b>												
Rates	2,025,028	2,085,779	2,148,352	2,212,802	2,279,187	2,347,563	2,417,991	2,490,531	2,565,247	2,642,205	2,721,470	2,803,113
Operating grants, subsidies and contributions	697,992	710,852	723,970	712,350	695,997	709,917	724,114	738,597	753,370	768,438	783,808	799,484
Fees and charges	893,663	911,530	929,760	948,352	967,323	986,664	1,006,397	1,026,527	1,047,049	1,067,996	1,089,354	1,111,141
Interest earnings	18,807	15,943	15,837	15,922	19,520	20,405	23,255	26,045	27,836	28,650	30,521	32,896
Other revenue	52,282	53,326	54,391	55,479	56,589	57,719	58,873	60,048	61,250	62,477	63,726	64,999
	3,687,772	3,777,430	3,872,310	3,944,905	4,018,616	4,122,268	4,230,630	4,341,748	4,454,752	4,569,766	4,688,879	4,811,633
<b>Payments</b>												
Employee costs	( 1,671,572)	( 1,705,002)	( 1,739,104)	( 1,773,884)	( 1,809,360)	( 1,845,545)	( 1,882,459)	( 1,920,107)	( 1,958,509)	( 1,997,679)	( 2,037,632)	( 2,078,387)
Materials and contracts	( 587,821)	( 598,058)	( 598,521)	( 605,812)	( 634,340)	( 640,497)	( 643,912)	( 668,565)	( 669,474)	( 679,652)	( 724,089)	( 706,788)
Utility charges	( 205,836)	( 209,955)	( 214,151)	( 218,434)	( 222,801)	( 227,255)	( 231,800)	( 236,432)	( 241,163)	( 245,989)	( 250,911)	( 255,929)
Interest expenses	( 25,328)	( 23,817)	( 20,835)	( 24,679)	( 21,067)	( 17,349)	( 21,638)	( 18,124)	( 19,780)	( 16,746)	( 14,137)	( 12,607)
Insurance expenses	( 125,437)	( 127,947)	( 130,507)	( 133,118)	( 135,779)	( 138,497)	( 141,265)	( 144,089)	( 146,972)	( 149,909)	( 152,907)	( 155,965)
Other expenditure	( 16,062)	( 16,374)	( 16,688)	( 17,021)	( 17,361)	( 17,706)	( 18,067)	( 18,419)	( 18,785)	( 19,173)	( 19,560)	( 19,946)
	( 2,632,056)	( 2,681,153)	( 2,719,806)	( 2,772,948)	( 2,840,708)	( 2,886,849)	( 2,939,141)	( 3,005,736)	( 3,054,683)	( 3,109,148)	( 3,199,236)	( 3,229,622)
<b>Net cash provided by (used in) operating activities</b>	1,055,716	1,096,277	1,152,504	1,171,957	1,177,908	1,235,419	1,291,489	1,336,012	1,400,069	1,460,618	1,489,643	1,582,011
<b>Cash flows from investing activities</b>												
Payments for purchase of property, plant & equipment	( 1,307,920)	( 1,094,453)	( 882,258)	( 511,941)	( 1,412,777)	( 873,345)	( 680,150)	( 943,037)	( 1,384,864)	( 709,572)	( 709,069)	( 565,954)
Payments for construction of infrastructure	( 1,514,929)	( 1,034,193)	( 1,060,837)	( 1,018,628)	( 910,886)	( 1,065,584)	( 949,287)	( 1,015,010)	( 954,888)	( 1,150,747)	( 1,286,555)	( 1,399,046)
Advances to community groups	80,000	0	0	0	0	0	0	0	0	0	0	0
Proceeds from non-operating grants, subsidies and contributions	1,562,732	970,506	580,622	529,986	1,172,892	636,434	523,412	520,684	921,175	481,777	487,490	493,318
Proceeds from self supporting loans	16,473	24,299	24,984	25,692	26,418	27,169	8,066	8,229	8,394	8,563	8,736	0
Proceeds from sale of plant & equipment	158,100	124,848	67,917	154,788	120,897	78,831	88,449	134,740	143,411	107,272	220,077	95,118
<b>Net cash provided by (used in) investing activities</b>	( 1,005,544)	( 1,008,993)	( 1,269,572)	( 820,103)	( 1,003,456)	( 1,196,495)	( 1,009,510)	( 1,294,394)	( 1,266,772)	( 1,262,707)	( 1,279,321)	( 1,376,564)
<b>Cash flows from financing activities</b>												
Repayment of debentures	( 104,958)	( 94,263)	( 97,241)	( 111,982)	( 115,589)	( 98,909)	( 96,019)	( 72,128)	( 79,084)	( 73,085)	( 52,074)	( 44,737)
Proceeds from new debentures	80,000	0	220,000	0	0	250,000	0	150,000	0	0	0	0
<b>Net cash provided by (used in) financing activities</b>	( 24,958)	( 94,263)	122,759	( 111,982)	( 115,589)	151,091	( 96,019)	77,872	( 79,084)	( 73,085)	( 52,074)	( 44,737)
<b>Net increase (decrease) in cash held</b>	25,214	( 6,979)	5,691	239,872	58,863	190,015	185,960	119,490	54,213	124,826	158,248	160,710
Cash at beginning of year	1,037,603	1,062,817	1,055,838	1,061,529	1,301,401	1,360,264	1,550,279	1,736,239	1,855,729	1,909,942	2,034,768	2,193,016
<b>Cash and cash equivalents at the end of year</b>	1,062,817	1,055,838	1,061,529	1,301,401	1,360,264	1,550,279	1,736,239	1,855,729	1,909,942	2,034,768	2,193,016	2,353,726

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B7 – Forecast Statement of Funding 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FUNDING FROM OPERATIONAL ACTIVITIES</b>												
<b>Revenues</b>												
Rates	2,025,028	2,085,779	2,148,352	2,212,802	2,279,187	2,347,563	2,417,991	2,490,531	2,565,247	2,642,205	2,721,470	2,803,113
Operating grants, subsidies and contributions	697,992	710,852	723,970	712,350	695,997	709,917	724,114	738,597	753,370	768,438	783,808	799,484
Fees and charges	893,663	911,530	929,760	948,352	967,323	986,664	1,006,397	1,026,527	1,047,049	1,067,996	1,089,354	1,111,141
Interest earnings	18,807	15,943	15,837	15,922	19,520	20,405	23,255	26,045	27,836	28,650	30,521	32,896
Other revenue	52,282	53,326	54,391	55,479	56,589	57,719	58,873	60,048	61,250	62,477	63,726	64,999
	3,687,772	3,777,430	3,872,310	3,944,905	4,018,616	4,122,268	4,230,630	4,341,748	4,454,752	4,569,766	4,688,879	4,811,633
<b>Expenses</b>												
Employee costs	(1,671,572)	(1,705,002)	(1,739,104)	(1,773,884)	(1,809,360)	(1,845,545)	(1,882,459)	(1,920,107)	(1,958,509)	(1,997,679)	(2,037,632)	(2,078,387)
Materials and contracts	(587,821)	(598,058)	(598,521)	(605,812)	(634,340)	(640,497)	(643,912)	(668,565)	(669,474)	(679,652)	(724,089)	(706,788)
Utility charges (electricity, gas, water etc.)	(205,836)	(209,955)	(214,151)	(218,434)	(222,801)	(227,255)	(231,800)	(236,432)	(241,163)	(245,989)	(250,911)	(255,929)
Depreciation on non-current assets	(1,150,179)	(1,194,362)	(1,226,619)	(1,253,797)	(1,294,796)	(1,327,704)	(1,360,659)	(1,395,337)	(1,436,338)	(1,466,799)	(1,497,817)	(1,535,909)
Interest expense	(25,328)	(23,817)	(20,835)	(24,679)	(21,067)	(17,349)	(21,638)	(18,124)	(19,780)	(16,746)	(14,137)	(12,607)
Insurance expense	(125,437)	(127,947)	(130,507)	(133,118)	(135,779)	(138,497)	(141,265)	(144,089)	(146,972)	(149,909)	(152,907)	(155,965)
Other expenditure	(16,062)	(16,374)	(16,688)	(17,021)	(17,361)	(17,706)	(18,067)	(18,419)	(18,785)	(19,173)	(19,560)	(19,946)
	(3,782,235)	(3,875,515)	(3,946,425)	(4,026,745)	(4,135,504)	(4,214,553)	(4,299,800)	(4,401,073)	(4,491,021)	(4,575,947)	(4,697,053)	(4,765,531)
	(94,463)	(98,085)	(74,115)	(81,840)	(116,888)	(92,285)	(69,170)	(59,325)	(36,269)	(6,181)	(8,174)	46,102
<b>Funding position adjustments</b>												
Depreciation on non-current assets	1,150,179	1,194,362	1,226,619	1,253,797	1,294,796	1,327,704	1,360,659	1,395,337	1,436,338	1,466,799	1,497,817	1,535,909
Movement in liabilities associated with Restricted Cash	5,386	5,467	5,549	5,632	5,717	10,802	10,964	11,129	11,296	6,465	6,562	6,661
<b>Net funding from operational activities</b>	<b>1,061,102</b>	<b>1,101,744</b>	<b>1,158,053</b>	<b>1,177,589</b>	<b>1,183,625</b>	<b>1,246,221</b>	<b>1,302,453</b>	<b>1,347,141</b>	<b>1,411,365</b>	<b>1,467,083</b>	<b>1,496,205</b>	<b>1,588,672</b>
<b>FUNDING FROM CAPITAL ACTIVITIES</b>												
<b>Inflows</b>												
Proceeds on disposal	158,100	124,848	67,917	154,788	120,897	78,831	88,449	134,740	143,411	107,272	220,077	95,118
Non-operating grants, subsidies and contributions	1,562,732	970,506	580,622	529,986	1,172,892	636,434	523,412	520,684	921,175	481,777	487,490	493,318
<b>Outflows</b>												
Purchase of property plant and equipment	(1,307,920)	(1,094,453)	(882,258)	(511,941)	(1,412,777)	(873,345)	(680,150)	(943,037)	(1,384,864)	(709,572)	(709,069)	(565,954)
Purchase of infrastructure	(1,514,929)	(1,034,193)	(1,060,837)	(1,018,628)	(910,886)	(1,065,584)	(949,287)	(1,015,010)	(954,888)	(1,150,747)	(1,286,555)	(1,399,046)
<b>Net funding from capital activities</b>	<b>(1,102,017)</b>	<b>(1,033,292)</b>	<b>(1,294,556)</b>	<b>(845,795)</b>	<b>(1,029,874)</b>	<b>(1,223,664)</b>	<b>(1,017,576)</b>	<b>(1,302,623)</b>	<b>(1,275,166)</b>	<b>(1,271,270)</b>	<b>(1,288,057)</b>	<b>(1,376,564)</b>
<b>FUNDING FROM FINANCING ACTIVITIES</b>												
<b>Inflows</b>												
Transfer from reserves	245,691	146,510	136,460	40,000	179,694	121,783	159,100	256,681	278,518	57,886	15,000	15,000
New borrowings	80,000	0	220,000	0	0	250,000	0	150,000	0	0	0	0
Self supporting loan	16,473	24,299	24,984	25,692	26,418	27,169	8,066	8,229	8,394	8,563	8,736	0
<b>Outflows</b>												
Transfer to reserves	(116,291)	(144,998)	(147,700)	(285,504)	(244,274)	(322,600)	(356,024)	(387,300)	(344,027)	(189,177)	(179,810)	(182,371)
Advances to community groups	(80,000)	0	0	0	0	0	0	0	0	0	0	0
Repayment of past borrowings	(104,958)	(94,263)	(97,241)	(111,982)	(115,589)	(98,909)	(96,019)	(72,128)	(79,084)	(73,085)	(52,074)	(44,737)
<b>Net funding from financing activities</b>	<b>40,915</b>	<b>(68,452)</b>	<b>136,503</b>	<b>(331,794)</b>	<b>(153,751)</b>	<b>(22,557)</b>	<b>(284,877)</b>	<b>(44,518)</b>	<b>(136,199)</b>	<b>(195,813)</b>	<b>(208,148)</b>	<b>(212,108)</b>
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0
<b>Estimated surplus/deficit June 30 C/Fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B7 – Forecast Statement of Funding 2021-2033 (Continued)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COMPOSITION OF CLOSING POSITION</b>												
<b>CURRENT ASSETS</b>												
Unrestricted cash and equivalents	536,675	531,208	525,659	520,027	514,310	503,508	492,544	481,415	470,119	463,654	457,092	450,431
Restricted cash and cash equivalent	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924	1,903,295
Financial assets	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473
Trade and other receivables	(84,301)	(83,616)	(82,908)	(82,182)	(81,431)	(100,534)	(100,371)	(100,206)	(100,037)	(99,864)	(108,600)	(108,600)
Inventories	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464
<b>CURRENT LIABILITIES</b>												
Trade and other payables	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)
Provisions	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)
Reserves	(526,142)	(524,630)	(535,870)	(781,374)	(845,954)	(1,046,771)	(1,243,695)	(1,374,314)	(1,439,823)	(1,571,114)	(1,735,924)	(1,903,295)
Add: Leave Reserve	31,122	36,589	42,138	47,770	53,487	64,289	75,253	86,382	97,678	104,143	110,705	117,366
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>1,007,453</b>	<b>1,001,159</b>	<b>1,007,558</b>	<b>1,248,156</b>	<b>1,307,770</b>	<b>1,478,682</b>	<b>1,664,805</b>	<b>1,784,460</b>	<b>1,838,842</b>	<b>1,963,841</b>	<b>2,113,353</b>	<b>2,274,063</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>(582,397)</b>	<b>(585,375)</b>	<b>(600,116)</b>	<b>(603,723)</b>	<b>(587,043)</b>	<b>(584,153)</b>	<b>(560,262)</b>	<b>(567,218)</b>	<b>(561,219)</b>	<b>(540,208)</b>	<b>(532,871)</b>	<b>(534,314)</b>
Reserves	(526,142)	(524,630)	(535,870)	(781,374)	(845,954)	(1,046,771)	(1,243,695)	(1,374,314)	(1,439,823)	(1,571,114)	(1,735,924)	(1,903,295)
Add: leave reserve	31,122	36,589	42,138	47,770	53,487	64,289	75,253	86,382	97,678	104,143	110,705	117,366
Add: current long term borrowings	94,263	97,241	111,982	115,589	98,909	96,019	72,128	79,084	73,085	52,074	44,737	46,180
	0	0	0	0	0	0	0	0	0	0	0	0

## Appendix B8 – Forecast Statement of Net Current Asset Composition 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Estimated surplus/deficit July 1 B/Fwd</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>CURRENT ASSETS</b>												
Unrestricted cash and equivalents	536,675	531,208	525,659	520,027	514,310	503,508	492,544	481,415	470,119	463,654	457,092	450,431
Restricted cash and cash equivalent	526,142	524,630	535,870	781,374	845,954	1,046,771	1,243,695	1,374,314	1,439,823	1,571,114	1,735,924	1,903,295
Financial assets	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473	16,473
Trade and other receivables	(84,301)	(83,616)	(82,908)	(82,182)	(81,431)	(100,534)	(100,371)	(100,206)	(100,037)	(99,864)	(108,600)	(108,600)
Inventories	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464	12,464
<b>CURRENT LIABILITIES</b>												
Trade and other payables	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)	(171,617)
Provisions	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)	(316,517)
Contract liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Reserves	(526,142)	(524,630)	(535,870)	(781,374)	(845,954)	(1,046,771)	(1,243,695)	(1,374,314)	(1,439,823)	(1,571,114)	(1,735,924)	(1,903,295)
Add: Leave Reserve	31,122	36,589	42,138	47,770	53,487	64,289	75,253	86,382	97,678	104,143	110,705	117,366
Current self supporting loans receivable	(24,299)	(24,984)	(25,692)	(26,418)	(27,169)	(8,066)	(8,229)	(8,394)	(8,563)	(8,736)	0	0
<b>Estimated surplus/deficit June 30 C/Fwd</b>	0	0	0	0	0	0	0	0	0	0	0	0

## Appendix B9 – Forecast Statement of Fixed Asset Movements 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CAPITAL WORKS - INFRASTRUCTURE</b>												
Roads	1,013,693	934,193	940,837	908,628	850,886	945,584	949,287	940,010	954,888	1,150,747	1,211,555	1,399,046
Footpaths	0	60,000	60,000	0	60,000	60,000	0	0	0	0	0	0
Drainage	30,000	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	471,236	40,000	60,000	110,000	0	60,000	0	75,000	0	0	75,000	0
<b>Total capital works - infrastructure</b>	<b>1,514,929</b>	<b>1,034,193</b>	<b>1,060,837</b>	<b>1,018,628</b>	<b>910,886</b>	<b>1,065,584</b>	<b>949,287</b>	<b>1,015,010</b>	<b>954,888</b>	<b>1,150,747</b>	<b>1,286,555</b>	<b>1,399,046</b>
<b>Represented by:</b>												
Additions - expansion, upgrades and new	799,400	304,091	361,765	260,000	252,674	0	0	196,112	196,112	180,684	226,012	397,715
Additions - renewal	715,529	730,102	699,072	758,628	658,212	1,065,584	949,287	818,898	758,776	970,063	1,060,543	1,001,331
<b>Total Capital Works - Infrastructure</b>	<b>1,514,929</b>	<b>1,034,193</b>	<b>1,060,837</b>	<b>1,018,628</b>	<b>910,886</b>	<b>1,065,584</b>	<b>949,287</b>	<b>1,015,010</b>	<b>954,888</b>	<b>1,150,747</b>	<b>1,286,555</b>	<b>1,399,046</b>
<b>Asset movement reconciliation</b>												
Total capital works infrastructure	1,514,929	1,034,193	1,060,837	1,018,628	910,886	1,065,584	949,287	1,015,010	954,888	1,150,747	1,286,555	1,399,046
Depreciation infrastructure	( 725,173)	( 743,430)	( 762,378)	( 780,692)	( 798,663)	( 814,636)	( 830,929)	( 849,375)	( 868,192)	( 887,242)	( 907,094)	( 928,944)
Revaluation of infrastructure assets (inflation)	1,254,483	1,295,367	1,327,089	1,359,602	1,391,552	1,421,628	1,455,080	1,486,544	1,519,590	1,551,716	1,588,021	1,627,368
<b>Net movement in infrastructure assets</b>	<b>2,044,239</b>	<b>1,586,130</b>	<b>1,625,548</b>	<b>1,597,538</b>	<b>1,503,775</b>	<b>1,672,576</b>	<b>1,573,438</b>	<b>1,652,179</b>	<b>1,606,286</b>	<b>1,815,221</b>	<b>1,967,482</b>	<b>2,097,470</b>
<b>CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT</b>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	745,000	565,000	375,000	40,000	950,000	540,000	150,000	465,000	865,000	35,000	65,000	15,000
Furniture and equipment	57,000	80,000	0	0	9,000	0	50,000	0	0	9,000	0	50,000
Plant and equipment	505,920	449,453	507,258	471,941	453,777	333,345	480,150	478,037	519,864	665,572	644,069	500,954
<b>Total capital works property, plant and equipment</b>	<b>1,307,920</b>	<b>1,094,453</b>	<b>882,258</b>	<b>511,941</b>	<b>1,412,777</b>	<b>873,345</b>	<b>680,150</b>	<b>943,037</b>	<b>1,384,864</b>	<b>709,572</b>	<b>709,069</b>	<b>565,954</b>
<b>Represented by:</b>												
Additions - expansion, upgrades and new	705,000	525,000	300,000	0	850,000	250,000	110,000	300,000	750,000	0	0	0
Additions - renewal	602,920	569,453	582,258	511,941	562,777	623,345	570,150	643,037	634,864	709,572	709,069	565,954
<b>Total capital works property, plant and equipment</b>	<b>1,307,920</b>	<b>1,094,453</b>	<b>882,258</b>	<b>511,941</b>	<b>1,412,777</b>	<b>873,345</b>	<b>680,150</b>	<b>943,037</b>	<b>1,384,864</b>	<b>709,572</b>	<b>709,069</b>	<b>565,954</b>
<b>Asset movement reconciliation</b>												
Total capital works property, plant and equipment	1,307,920	1,094,453	882,258	511,941	1,412,777	873,345	680,150	943,037	1,384,864	709,572	709,069	565,954
Depreciation property, plant and equipment	( 425,006)	( 450,932)	( 464,241)	( 473,105)	( 496,133)	( 513,068)	( 529,730)	( 545,962)	( 568,146)	( 579,557)	( 590,723)	( 606,965)
Net book value of disposed/written off assets	( 158,100)	( 124,848)	( 67,917)	( 154,788)	( 120,897)	( 78,831)	( 88,449)	( 134,740)	( 143,411)	( 107,272)	( 220,077)	( 95,118)
Revaluation of property, plant and equipment (inflation)	285,322	306,805	321,809	335,954	340,717	365,854	375,865	384,664	396,767	415,254	424,444	433,760
<b>Net movement in property, plant and equipment</b>	<b>1,010,136</b>	<b>825,478</b>	<b>671,909</b>	<b>220,002</b>	<b>1,136,464</b>	<b>647,300</b>	<b>437,836</b>	<b>646,999</b>	<b>1,070,074</b>	<b>437,997</b>	<b>322,713</b>	<b>297,631</b>
<b>CAPITAL WORKS - TOTALS</b>												
<b>Capital works</b>												
Total capital works infrastructure	1,514,929	1,034,193	1,060,837	1,018,628	910,886	1,065,584	949,287	1,015,010	954,888	1,150,747	1,286,555	1,399,046
Total capital works property, plant and equipment	1,307,920	1,094,453	882,258	511,941	1,412,777	873,345	680,150	943,037	1,384,864	709,572	709,069	565,954
<b>Total capital works</b>	<b>2,822,849</b>	<b>2,128,646</b>	<b>1,943,095</b>	<b>1,530,569</b>	<b>2,323,663</b>	<b>1,938,929</b>	<b>1,629,437</b>	<b>1,958,047</b>	<b>2,339,752</b>	<b>1,860,319</b>	<b>1,995,624</b>	<b>1,965,000</b>
<b>Fixed asset movement</b>												
Net movement in infrastructure assets	2,044,239	1,586,130	1,625,548	1,597,538	1,503,775	1,672,576	1,573,438	1,652,179	1,606,286	1,815,221	1,967,482	2,097,470
Net movement in property, plant and equipment	1,010,136	825,478	671,909	220,002	1,136,464	647,300	437,836	646,999	1,070,074	437,997	322,713	297,631
<b>Net movement in fixed assets</b>	<b>3,054,375</b>	<b>2,411,608</b>	<b>2,297,457</b>	<b>1,817,540</b>	<b>2,640,239</b>	<b>2,319,876</b>	<b>2,011,274</b>	<b>2,299,178</b>	<b>2,676,360</b>	<b>2,253,218</b>	<b>2,290,195</b>	<b>2,395,101</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B10 – Forecast Statement of Capital Funding 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Capital expenditure</b>												
Roads	1,013,693	934,193	940,837	908,628	850,886	945,584	949,287	940,010	954,888	1,150,747	1,211,555	1,399,046
Footpaths	0	60,000	60,000	0	60,000	60,000	0	0	0	0	0	0
Drainage	30,000	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	471,236	40,000	60,000	110,000	0	60,000	0	75,000	0	0	75,000	0
Buildings	745,000	565,000	375,000	40,000	950,000	540,000	150,000	465,000	865,000	35,000	65,000	15,000
Furniture and equipment	57,000	80,000	0	0	9,000	0	50,000	0	0	9,000	0	50,000
Plant and equipment	505,920	449,453	507,258	471,941	453,777	333,345	480,150	478,037	519,864	665,572	644,069	500,954
<b>Total - Capital expenditure</b>	<b>2,822,849</b>	<b>2,128,646</b>	<b>1,943,095</b>	<b>1,530,569</b>	<b>2,323,663</b>	<b>1,938,929</b>	<b>1,629,437</b>	<b>1,958,047</b>	<b>2,339,752</b>	<b>1,860,319</b>	<b>1,995,624</b>	<b>1,965,000</b>
<b>Funded by:</b>												
<b>Capital grants &amp; contributions</b>												
Roads	629,596	545,506	530,622	529,986	497,892	486,434	498,412	470,684	476,175	481,777	487,490	493,318
Footpaths	0	30,000	30,000	0	0	0	0	0	0	0	0	0
Infrastructure	358,136	20,000	20,000	0	0	0	0	50,000	0	0	0	0
Buildings	575,000	375,000	0	0	675,000	150,000	25,000	0	445,000	0	0	0
<b>Total - Capital grants &amp; contributions</b>	<b>1,562,732</b>	<b>970,506</b>	<b>580,622</b>	<b>529,986</b>	<b>1,172,892</b>	<b>636,434</b>	<b>523,412</b>	<b>520,684</b>	<b>921,175</b>	<b>481,777</b>	<b>487,490</b>	<b>493,318</b>
<b>Own source funding</b>												
Roads	384,097	388,687	410,215	378,642	352,994	459,150	450,875	469,326	478,713	668,970	724,065	905,728
Footpaths	0	30,000	30,000	0	60,000	60,000	0	0	0	0	0	0
Drainage	30,000	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	113,100	20,000	40,000	110,000	0	60,000	0	25,000	0	0	75,000	0
Buildings	170,000	190,000	155,000	40,000	275,000	140,000	125,000	315,000	420,000	35,000	65,000	15,000
Furniture and equipment	57,000	80,000	0	0	9,000	0	50,000	0	0	9,000	0	50,000
Plant and equipment	347,820	324,605	439,341	317,153	332,880	254,514	391,701	343,297	376,453	558,300	423,992	405,836
<b>Total - Own source funding</b>	<b>1,102,017</b>	<b>1,033,292</b>	<b>1,074,556</b>	<b>845,795</b>	<b>1,029,874</b>	<b>973,664</b>	<b>1,017,576</b>	<b>1,152,623</b>	<b>1,275,166</b>	<b>1,271,270</b>	<b>1,288,057</b>	<b>1,376,564</b>
<b>Borrowings</b>												
Buildings	0	0	220,000	0	0	250,000	0	150,000	0	0	0	0
<b>Total - Borrowings</b>	<b>0</b>	<b>0</b>	<b>220,000</b>	<b>0</b>	<b>0</b>	<b>250,000</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other (disposals &amp; C/Fwd)</b>												
Plant and equipment	158,100	124,848	67,917	154,788	120,897	78,831	88,449	134,740	143,411	107,272	220,077	95,118
<b>Total - Other (disposals &amp; C/Fwd)</b>	<b>158,100</b>	<b>124,848</b>	<b>67,917</b>	<b>154,788</b>	<b>120,897</b>	<b>78,831</b>	<b>88,449</b>	<b>134,740</b>	<b>143,411</b>	<b>107,272</b>	<b>220,077</b>	<b>95,118</b>
<b>Total Capital Funding</b>	<b>2,822,849</b>	<b>2,128,646</b>	<b>1,943,095</b>	<b>1,530,569</b>	<b>2,323,663</b>	<b>1,938,929</b>	<b>1,629,437</b>	<b>1,958,047</b>	<b>2,339,752</b>	<b>1,860,319</b>	<b>1,995,624</b>	<b>1,965,000</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B11 – Forecast Ratios 2021-2033

	Target Range		Average	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
<b>LIQUIDITY RATIOS</b>															
Current ratio	> 1.00	> 1.20	0.87	0.87	0.87	0.85	0.84	0.87	0.83	0.87	0.85	0.86	0.90	0.89	0.89
<b>OPERATING RATIOS</b>															
Operating surplus ratio	> 1.00%	> 15.00%	(1.77%)	(3.16%)	(3.20%)	(2.35%)	(2.53%)	(3.52%)	(2.70%)	(1.97%)	(1.65%)	(0.98%)	(0.16%)	(0.21%)	1.15%
Own source revenue coverage ratio	> 40.00%	> 60.00%	81.31%	79.05%	79.13%	79.78%	80.28%	80.34%	80.97%	81.55%	81.87%	82.42%	83.07%	83.14%	84.19%
<b>BORROWINGS RATIOS</b>															
Debt service cover ratio	> 3	> 5	13.63	8.30	9.49	9.94	8.76	8.77	10.78	11.16	15.00	14.36	16.45	22.71	27.81
<b>FIXED ASSET RATIOS</b>															
Asset sustainability ratio	> 90.00%	> 110.00%	108.24%	114.63%	108.81%	104.46%	101.34%	94.30%	127.21%	111.67%	104.77%	97.03%	114.51%	118.15%	102.04%
Asset consumption ratio	> 50.00%	> 60.00%	95.88%	96.54%	96.40%	96.33%	96.15%	95.88%	95.89%	95.88%	95.67%	95.43%	95.49%	95.49%	95.39%
Asset renewal funding ratio	> 75.00%	> 95.00%	141.78%	137.40%	146.16%	N/A									

## Appendix B12 – Required Asset Renewals 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	41,616	40,551	0	11,041	117,167	124,698	43,306	8,722	18,029	0	27,515	0
Furniture and equipment	44,737	53,060	0	7,729	16,892	0	41,008	7,171	6,095	0	8,878	10,349
Plant and equipment	510,837	457,381	358,285	478,067	453,843	213,656	445,230	415,295	409,583	461,291	664,559	490,277
Roads	668,377	613,069	599,530	137,529	330,631	911,732	803,601	539,638	582,889	578,225	525,215	612,394
Footpaths	0	0	0	0	0	0	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0
Bridges	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	0	23,495	0	24,400	0	45,947	0	41,231	0	0	51,047	0
<b>Total</b>	<b>1,265,567</b>	<b>1,187,556</b>	<b>957,815</b>	<b>658,766</b>	<b>918,533</b>	<b>1,296,033</b>	<b>1,333,145</b>	<b>1,012,057</b>	<b>1,016,596</b>	<b>1,039,516</b>	<b>1,277,214</b>	<b>1,113,020</b>

## Appendix B13 – Planned Asset Renewals 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	40,000	40,000	75,000	40,000	100,000	290,000	40,000	165,000	115,000	35,000	65,000	15,000
Furniture and equipment	57,000	80,000	0	0	9,000	0	50,000	0	0	9,000	0	50,000
Plant and equipment	505,920	449,453	507,258	471,941	453,777	333,345	480,150	478,037	519,864	665,572	644,069	500,954
Roads	673,693	710,102	639,072	708,628	598,212	945,584	949,287	743,898	758,776	970,063	985,543	1,001,331
Footpaths	0	0	0	0	60,000	60,000	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0
Bridges	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	41,836	20,000	60,000	50,000	0	60,000	0	75,000	0	0	75,000	0
<b>Total</b>	<b>1,318,449</b>	<b>1,299,555</b>	<b>1,281,330</b>	<b>1,270,569</b>	<b>1,220,989</b>	<b>1,688,929</b>	<b>1,519,437</b>	<b>1,461,935</b>	<b>1,393,640</b>	<b>1,679,635</b>	<b>1,769,612</b>	<b>1,567,285</b>

## Appendix B14 –Asset Renewal Funding Surplus (Deficit) 2021-2033

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	( 1,616)	( 551)	75,000	28,959	( 17,167)	165,302	( 3,306)	156,278	96,971	35,000	37,485	15,000
Furniture and equipment	12,263	26,940	0	( 7,729)	( 7,892)	0	8,992	( 7,171)	( 6,095)	9,000	( 8,878)	39,651
Plant and equipment	( 4,917)	( 7,928)	148,973	( 6,126)	( 66)	119,689	34,920	62,742	110,281	204,281	( 20,490)	10,677
Roads	5,316	97,033	39,542	571,099	267,581	33,852	145,686	204,260	175,887	391,838	460,328	388,937
Footpaths	0	0	0	0	60,000	60,000	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0	0	0
Bridges	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure	41,836	( 3,495)	60,000	25,600	0	14,053	0	33,769	0	0	23,953	0
<b>Total</b>	<b>52,882</b>	<b>111,999</b>	<b>323,515</b>	<b>611,803</b>	<b>302,456</b>	<b>392,896</b>	<b>186,292</b>	<b>449,878</b>	<b>377,044</b>	<b>640,119</b>	<b>492,398</b>	<b>454,265</b>

## Appendix B15 – Forecast Significant Accounting Policies

### Basis of Preparation

The Long Term Financial Plan (the Plan) comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of the Plan are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the Plan has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### Critical Accounting Estimates

The preparation of the Plan in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### The Local Government Reporting Entity

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of the Plan.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the trust fund are excluded from the forecast financial statements.

#### (a) Base Year Balances

Balances shown in the Plan as Base Year are as forecast at the time of preparation of the Plan and are based on the current budget and prior year annual financial reporting and may be subject to variation.

#### (b) Rounding Off Figures

All figures shown in the Plan are rounded to the nearest dollar.

#### (c) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation.

#### (d) Forecast Fair Value Adjustments

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time preparation.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur and have not been estimated within the Plan.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such have been estimated as an inflation adjustment to Other Comprehensive Income, based on the value of the non-current assets forecasted to be held by the Shire.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (e) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

### (f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

### (g) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

### (h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

### (i) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

### (j) Inventories

#### *General*

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### *Land held for resale*

Land purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intention to release for sale.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (k) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### *Revaluation*

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### *Land under roads*

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

#### *Depreciation*

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

An effective average depreciation rate for each class of asset has been utilised to estimate the forecast depreciation expense for each year. These are provided in the table below:

Asset Class	Effective average depreciation rate
Buildings	1.43%
Furniture and Equipment	10.53%
Plant and Equipment	10.51%
Roads	0.93%
Footpaths	2.11%
Drainage	1.36%
Bridges	1.00%
Infrastructure	2.00%

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (k) Fixed Assets (Continued)

#### *Depreciation (Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

### (l) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

#### **Fair Value Hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

##### *Level 1*

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

##### *Level 2*

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

##### *Level 3*

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (l) Fair Value of Assets and Liabilities (Continued)

#### **Valuation Techniques**

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

##### *Market approach*

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

##### *Income approach*

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

##### *Cost approach*

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets to be revalued at least every 3 years. Asset revaluations have been modelled to occur annually within the Plan.

### (m) Financial Instruments

#### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### **Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (m) Financial Instruments (Continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### (i) Financial assets at fair value through profit and loss

Financial assets are classified as “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire’s management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

#### (v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (m) Financial Instruments (Continued)

#### **Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

#### **Derecognition**

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### (n) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of the preparation of the Plan, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2019.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on the Plan.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (o) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

### (p) Employee Benefits

#### **Short-Term Employee Benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

#### **Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### (q) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

### (r) Provisions

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (s) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (t) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of the profits once its share of the profits equals the share of the losses not recognised.

### (u) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1 (n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

## Appendix B15 – Forecast Significant Accounting Policies (Continued)

### (v) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

## Appendix C1 – Glossary

### Funding Gap

A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

### Infrastructure Assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. properties, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and often have no separate market value.

### Key Performance Indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

### Level Of Service

The defined service quality for a particular activity or service area (ie street lighting) against which service performance can be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environment, acceptability and cost.

### Maintenance

All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal. Maintenance occurs on a routine (at least annual) basis.

### Planned Maintenance

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

### Reactive Maintenance

- Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

### Significant Maintenance

- Maintenance work to repair components or replace sub-components that need to be identified as a specific maintenance item in the maintenance budget.

## Appendix C1 – Glossary (Continued)

### Unplanned Maintenance

- Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

### Maintenance Expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure which was anticipated in determining the asset's useful life.

### Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

### Modern Equivalent Asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and improvements and efficiencies in production and installation techniques

### Net Present Value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

### Non-Revenue Generating Investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, for example parks and playgrounds, footpaths, properties and bridges, libraries, etc.

### Operations Expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

### Pavement Management System

A systematic process for measuring and predicting the condition of property pavements and wearing surfaces over time and recommending corrective actions.

## Appendix C1 – Glossary (Continued)

### Recoverable Amount

The higher of an asset's fair value, less costs to sell and its value in use.

### Recurrent Expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

### Recurrent Funding

Funding to pay for recurrent expenditure.

### Remaining Useful Life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

### Renewal

Works to upgrade refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.

### Residual Value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

### Revenue Generating Investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

### Risk Management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

### Section or Segment

A self-contained part or piece of an infrastructure asset.

### Service Potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

### Service Potential Remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

## Appendix C1 – Glossary (Continued)

### Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, replacement of air conditioning equipment, etc. This work generally falls below the capital/maintenance threshold and needs to be identified in a specific maintenance budget allocation.

### Sub-Component

Smaller individual parts that make up a component part.

### Useful Life

May be expressed as either:

- (a) The period over which a depreciable asset is expected to be used; or
- (b) The number of production or similar units (ie intervals, cycles) that is expected to be obtained from the asset.