



Draft Strategic Resource Plan

2017 - 2032

(Incorporating Asset Management Planning and
Long Term Financial Planning)

CONTENTS

1.0	FOREWORD	3
2.0	PLANNING OVERVIEW	4
3.0	STRATEGIC OVERVIEW	5
4.0	COMMUNITY PROFILE, VISION AND OBJECTIVES.....	6
5.0	KEY CURRENT INFORMATION	7
6.0	STRATEGIC PLANNING AND POLICIES.....	8
7.0	OPERATIONS OVERVIEW	10
8.0	CAPITAL OVERVIEW	13
9.0	FORECAST CAPITAL PROJECTS	16
10.0	FINANCING OVERVIEW	17
11.0	SCENARIO MODELLING	18
12.0	RISK MANAGEMENT	19
13.0	ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY	20
14.0	MONITORING AND PERFORMANCE	25
15.0	IMPROVEMENT PLAN	30
16.0	OTHER MATTERS.....	31

1.0 FOREWORD

We are pleased to present the Shire of Shark Bay Draft Strategic Resource Plan for 2017 - 2032.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District'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 15 years. 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.

The Council welcomes community participation in the planning process as we develop the strategic direction for a promising future of our District. We invite members of the community to contact a Councillor or senior staff if they have any questions.

The Shire of Shark Bay's Draft Strategic Resource Plan 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 "Shark Bay is a proud, unified community, respecting and sharing our pristine environment and great lifestyle".

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.

Cheryl Cowell
Shire President

Paul Anderson
Chief Executive Officer

2.0 PLANNING OVERVIEW

2.1 PLANNING FOR A SUSTAINABLE AND STABLE FUTURE

The Shire of Shark Bay is planning for a positive, sustainable 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

Based on the most recent audited Annual Financial Report and adopted Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

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, financial 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, due to the uncertainty of receiving future external contributions and the potential for a sudden and unexpected change in the allocation of grants funding. It is important to note, capital works identified in this Plan undertaken utilising external contributions may be postponed should external funding not eventuate. Postponing asset renewal past forecasted estimated useful life and optimum intervention point increases the risk associated with sudden 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 provide for 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 also 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 a significant planning consideration in this Strategic Resource Plan.

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

- Shire Depot;
- Recreation Centre; and
- Heavy Plant and Equipment.

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 remains a high priority for the Shire due to the strategic economic benefit the road network provides to the district. Although of high importance, adequate maintenance, renewal and upgrading of the road network remain highly dependent on the receipt of external grants and contributions.

Finalisation of the Denham foreshore redevelopment is the short term priority, along with construction of aged care units planned for the fourth year of the Plan.

3.2 ASSET MANAGEMENT STRATEGY

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

3.3 FINANCIAL MANAGEMENT STRATEGY

As a local government, the Shire of Shark Bay provides essential transport, facilities and community services to support the Shark Bay community. To undertake this role, the Shire has in the past, and expects in the future, to receive grants and contributions from external bodies including the State and Federal Governments. In the absence of this external assistance, the Shire would not be able to support the (by recourse to property rate revenue alone) extent of the facilities and services it currently provides to the community. In this regard, the Shire is not in a position to independently fund or support the current service levels as they were established and are maintained with support from external contributions. Although not expecting to achieve independent financial status, the Shire considers it can maintain long term financial sustainability providing it continues to receive external grants and contributions, in line with past levels, to support both operations and the renewal of significant community assets. It is within this context that the Shire plans for a sustainable financial future and applies the following overall financial strategy.

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

Borrowings are forecast to remain at low levels throughout the Plan to protect future borrowing capacity and allow the Shire to respond to sudden and unexpected expenditure requirements or the loss of planned external grant contributions. This strategy also provides scope to leverage against 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.

3.4 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 District and State economy will remain stable over the long term; and
- 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

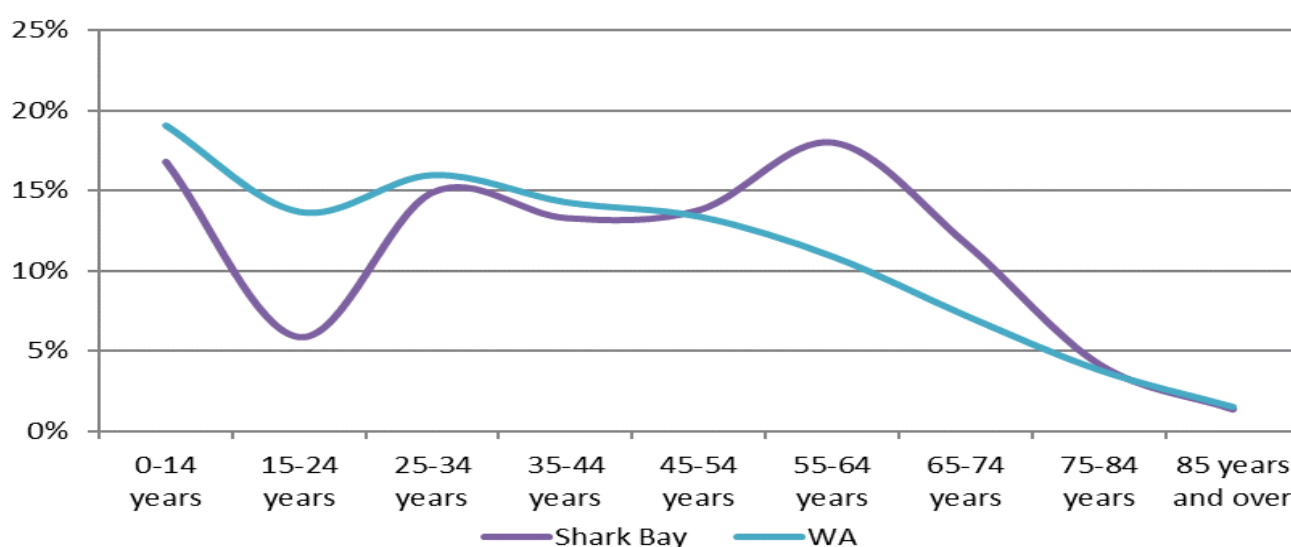
4.1 COMMUNITY

The Shire of Shark Bay is made up of two peninsulas on the western most point of Australia, the fishing and tourist town of Denham situated 833km north of Perth is the centre of administration and community services in the Shire.

The community is serviced by ancillary medical services, a local school which offers distance education after Year 10, a community hall and recreational facilities.

The age demographic of the resident population demonstrates the Shire of Shark Bay has a disproportionately higher percentage of residents aged 55-84, compared to the State of Western Australia, and a significantly lower percentage of youth, young adults and adults aged 25-44. This suggests the Shire is regarded as a lifestyle community.

4.1.1 SHIRE OF SHARK BAY RESIDENT POPULATION BY AGE GROUP



4.2 VISION

The Shire's strategic vision adopted in the Strategic Community Plan 2016 – 2031 is:

"Shark Bay is a proud, unified community, respecting and sharing our pristine environment and great lifestyle".

4.3 GOALS

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

SUSTAINABLE GROWTH AND PROGRESS – especially with regards to protecting our precious natural environment and retaining our lifestyle values and community spirit.

RESPECT FOR THE RIGHTS OF CITIZENS – provide appropriate service delivery and provide the opportunity to participate in the governance of the Shire.

INTEGRITY – commitment to openness, transparency, honesty and fairness.

LIFESTYLE – safe and welcoming community where everyone is valued and has the opportunity to contribute and belong.

5.0 KEY CURRENT INFORMATION

5.1 KEY STATISTICS: SHIRE OF SHARK BAY 2015¹

Number of Elected Members	7
Number of Staff	26
Number of Electors	538
Number of Dwellings	490
Distance from Perth (km)	832
Area (sq km)	24,140
Population (Est.)	984

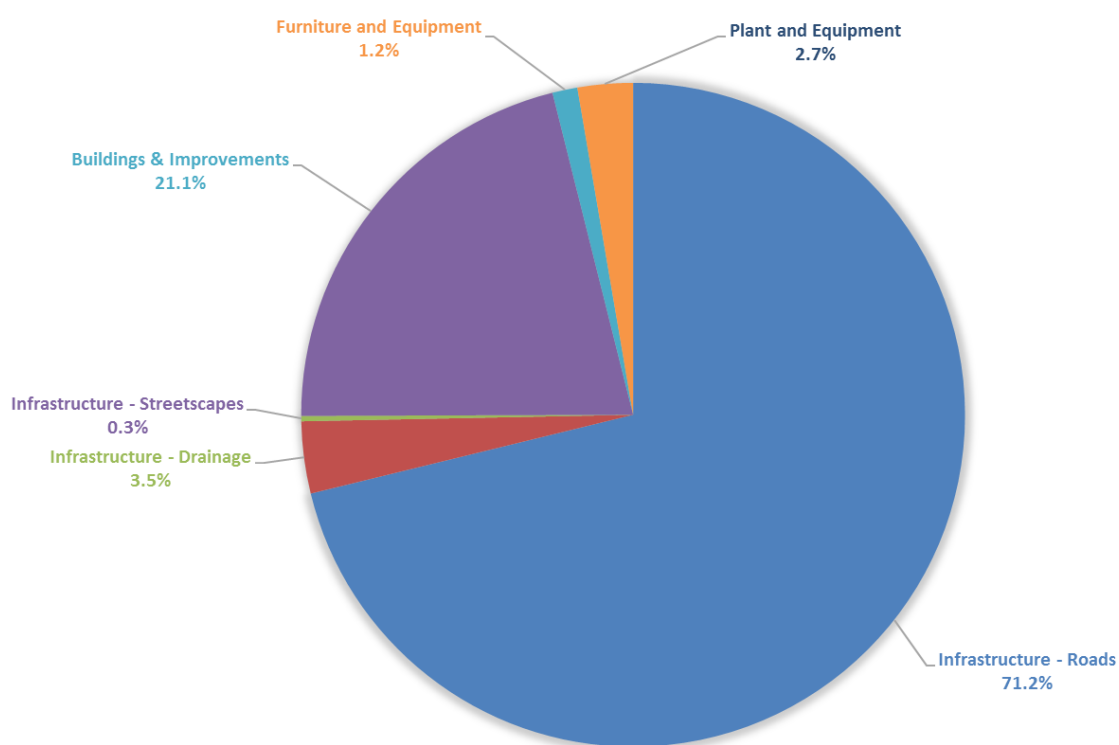
5.2 KEY FINANCIAL INFORMATION 2015²

Rates Revenue	\$1,192,403
Fees and Charges	\$1,547,131
Operating Revenue	\$6,592,405
Operating Expenditure	\$6,437,702
Net Assets	\$112,219,354
Cash Backed Reserves	\$2,035,504
Long Term Borrowings	\$476,393

5.3 KEY ASSET INFORMATION

The Shire controls an asset network with a written down value at 30 June 2015 of over \$108.2m, of which Roads and Buildings constitute the largest component values, as reflected in the chart below.

5.3.1 ASSET VALUE BY CLASS SHIRE OF SHARK BAY 2015



¹ WA Local Government Directory 2015

² Shire of Shark Bay, Audited Annual Financial Report 2015

6.0 STRATEGIC PLANNING AND POLICIES

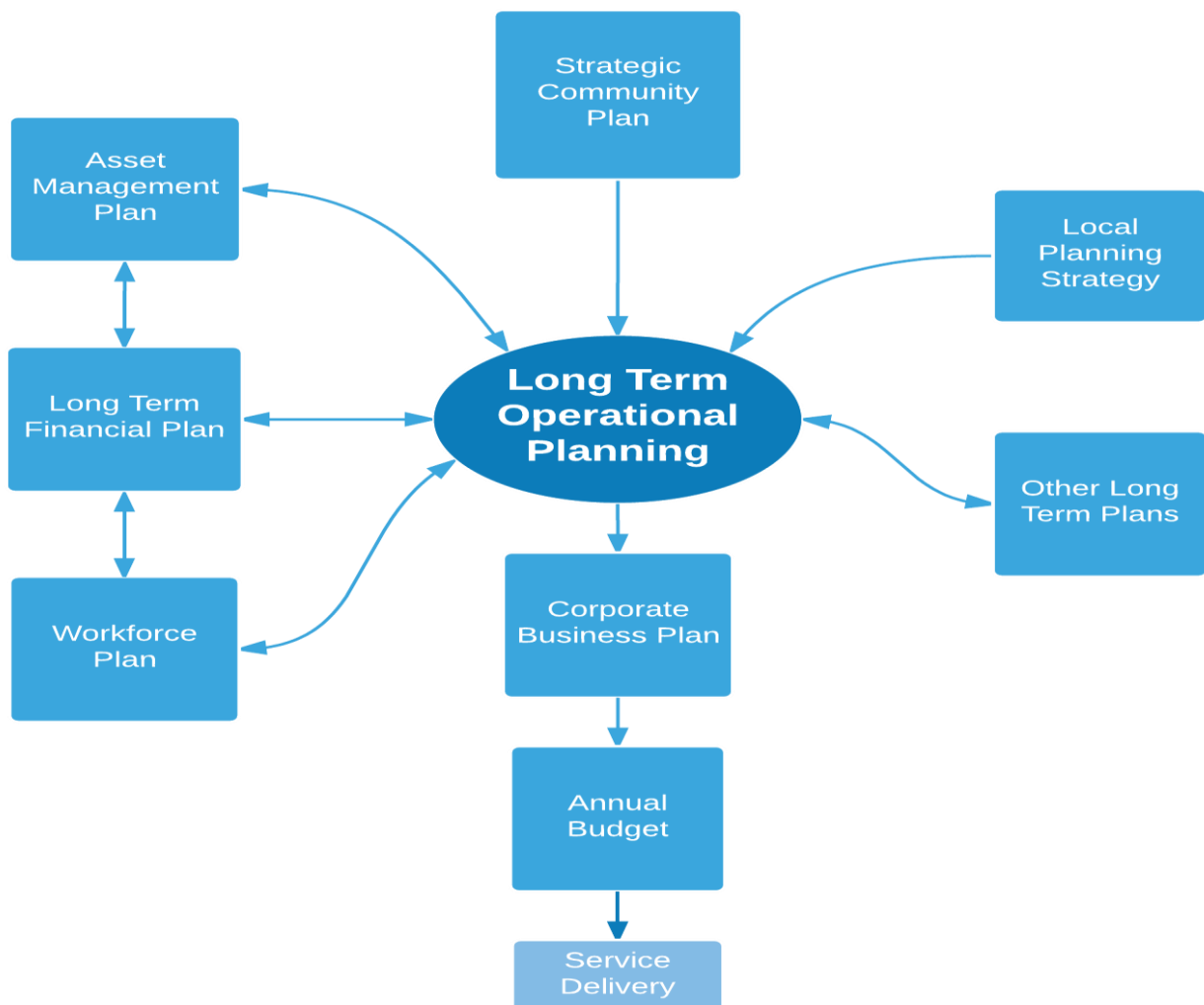
6.1 LINKAGE WITH OTHER PLANS

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 and Communities' Integrated Planning Framework and Guidelines.

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.

6.1.1 STRATEGIC DOCUMENTS LINKAGE



6.0 STRATEGIC PLANNING AND POLICIES (CONTINUED)

6.2 STRATEGIC COMMUNITY PLAN

The Strategic Community Plan was prepared to cover a minimum period of 10 years and sets out the community's vision, aspirations and values. To achieve the vision, a series of outcomes and strategies were developed. Many strategies may be required to achieve a single outcome and many outcomes needed to achieve a single objective.

Individual strategies all require actions that may involve additional 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.

To achieve 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.

6.3 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 planning provides a level of 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.

6.4 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.

6.5 ASSET MANAGEMENT POLICY

An asset management policy should:

- 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; and
- 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.

There is currently no Asset Management Policy in place. Work is being completed on a draft policy, and adoption of a new policy is expected in the near future.

6.6 ASSET MANAGEMENT STRATEGY

On 8th June 2015, the Shire released its asset management plan. Ensuring the maintenance and renewal of assets over the long term is a priority of Council. Required asset renewals have been considered within the Long Term Financial Plan and adequate funding provided over the term.

6.7 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 the years (as columns) and the net result (being revenues less expenses, excluding asset revaluation changes) as a line.

Forecast capital grants during years two and three of the Plan result in significant fluctuations in revenue and the net result. From year four onwards, revenue and expenditure increase in line with inflation resulting in a negative net result.

The Shire is reliant on receiving more than \$58.4m over the 15 years in untied operating grants, subsidies and contributions to maintain its current level of operations and services.

7.1.1 FORECAST REVENUE, EXPENSES AND NET RESULT



7.2 RATES REVENUE

General rate revenue is forecast to increase by 3% (CPI 2% + 1%) throughout the life of the Plan. These increases are to assist in the long term financial sustainability 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 \$1.2m in 2016-17, increasing to \$1.9m in 2030-2031.

7.3 NON-OPERATING GRANTS AND CONTRIBUTIONS

With the exception of projected significant grants received in the years 2018-19 (\$4m for a regional multi-use administration facility) and 2019-20 (\$2.5m towards aged care facility), non-operating grants are static throughout the 15 year period. Refer to Appendix B2.

7.0 OPERATIONS OVERVIEW (Continued)

7.4 WORKFORCE PLANNING

The Shire currently employs 26 full time equivalent (FTE) employees to deliver a range of services to the community and maintain existing assets.

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

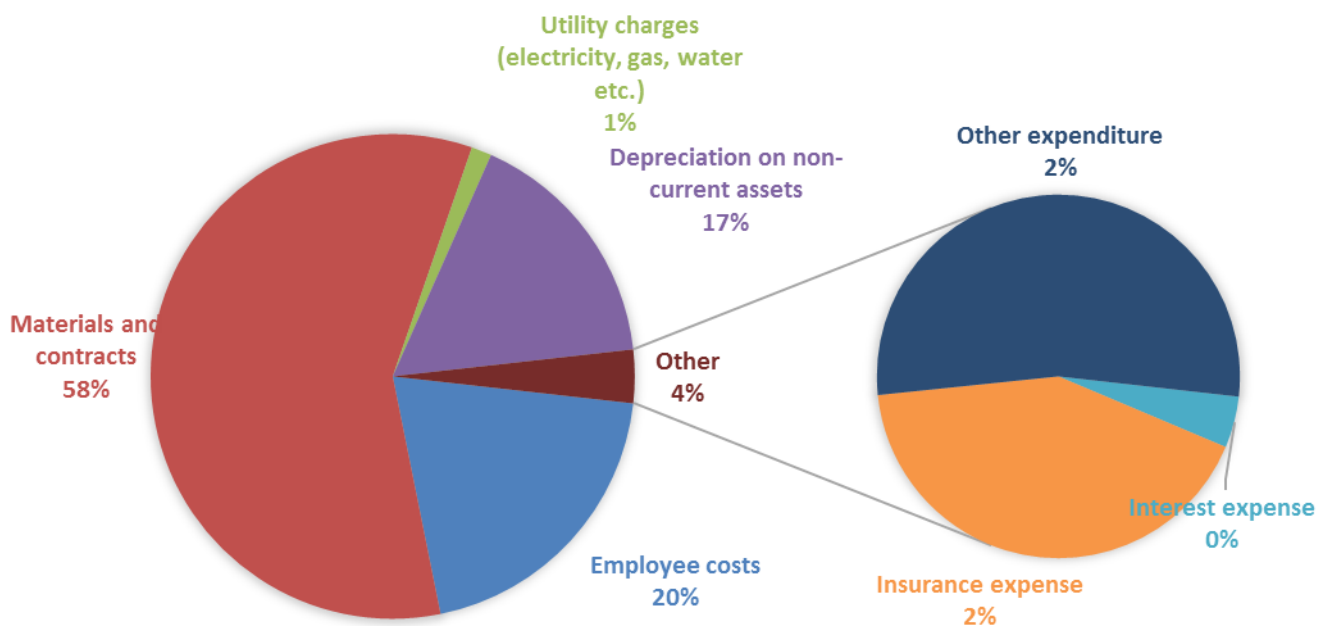
Council encourages a work life balance, multi skilling, flexibility and effective application of staff capability.

7.5 OPERATING EXPENDITURE

Over the duration of the Plan, the operating expenditure components are forecast to remain relatively stable with the most significant change in the mix resulting from the decrease in interest expense as borrowings are repaid.

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 2015-16 (TOTAL OPERATING EXPENDITURE \$7.8M)



7.6 MAINTENANCE EXPENDITURE

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

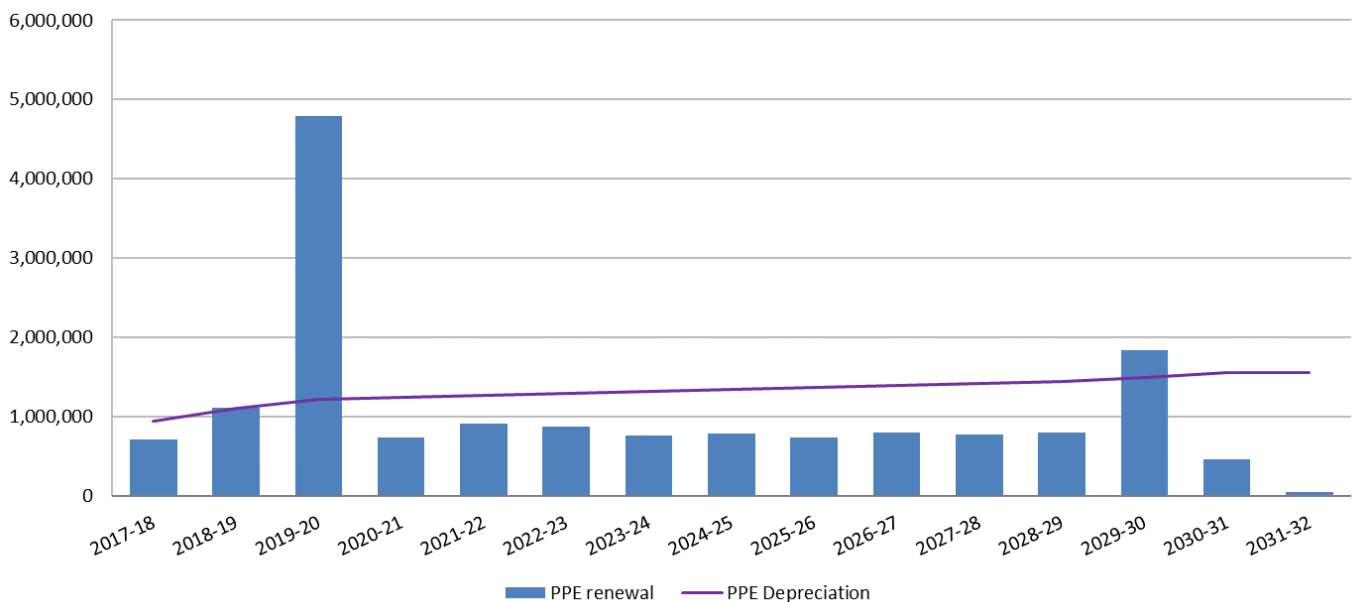
7.0 OPERATIONS OVERVIEW (Continued)

7.7 DEPRECIATION EXPENSE

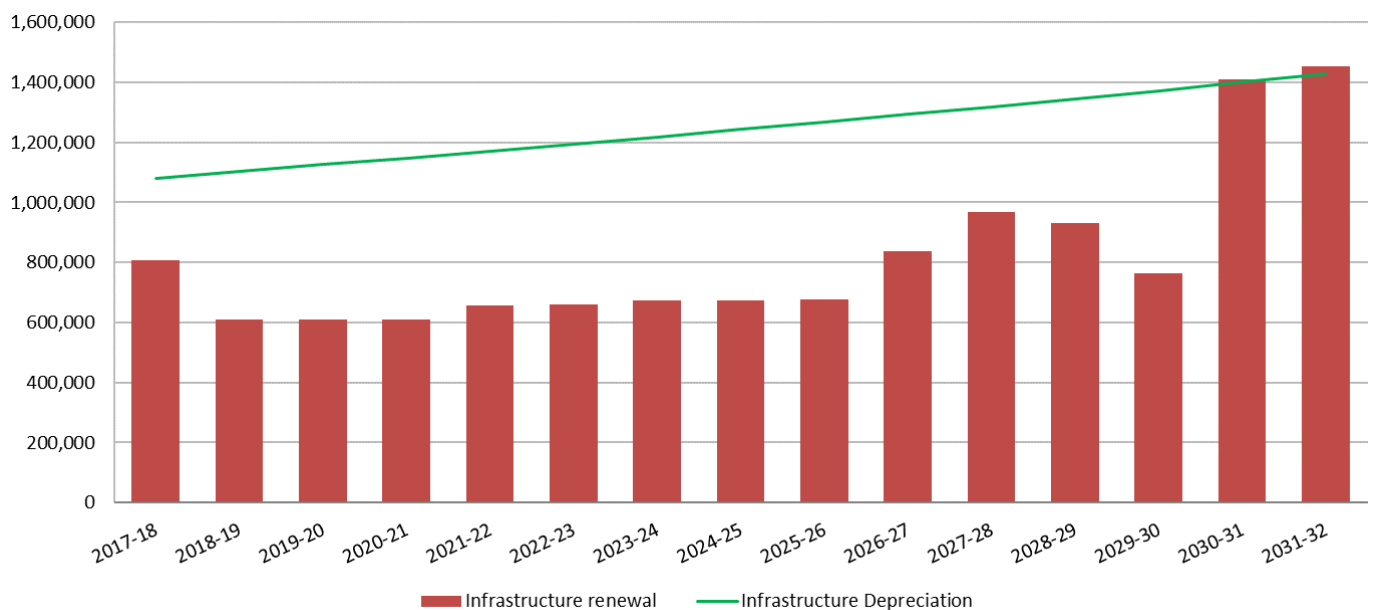
Depreciation expense increases throughout the Plan from \$2.0m in year 1 to \$3.0m in year 15 as assets are revalued and renewed. In the chart below, depreciation of infrastructure over the 15 years is \$18.7m, while the planned level of infrastructure asset renewal expenditure at \$12.3m is lower than estimated depreciation expense. The planned property, plant and equipment renewals total \$16.1m over the 15 years.

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.

7.7.1 DEPRECIATION EXPENSE V ASSET RENEWAL EXPENDITURE – PROPERTY, PLANT AND EQUIPMENT



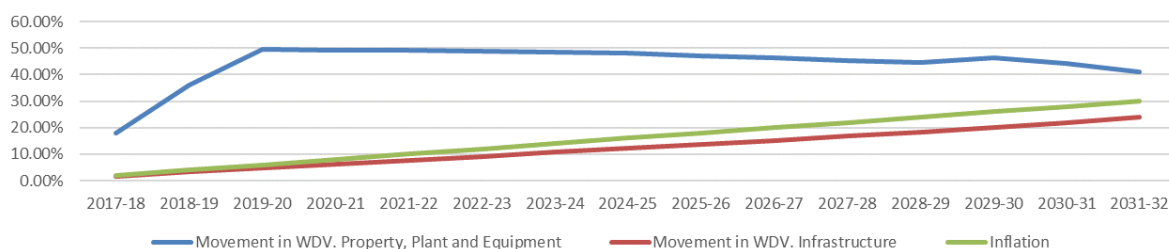
7.7.2 DEPRECIATION EXPENSE V ASSET RENEWAL EXPENDITURE – INFRASTRUCTURE



8.0 CAPITAL OVERVIEW

8.1 MOVEMENT IN ASSET VALUE

8.1.1 CUMULATIVE PERCENTAGE MOVEMENT IN ASSET VALUE



The chart above shows the percentage movement in asset value from the base year. Movement in the value of infrastructure (shown by the red line) is initially equal to inflation (shown by the green line) and continues to track down marginally below inflation. Property, plant and equipment (shown by the blue line) initially increases at a rate substantially above inflation due to the construction of new buildings and renewal of assets being greater than depreciation.

8.2 COMMUNITY DEMAND

User demand for a number of community buildings has changed over time due to the aging of the community and the corresponding lifestyle changes. The fishing and tourist industries continue to place a demand for boating facilities.

Community demand for aged care units and staff housing was identified within the Strategic Community Plan.

8.3 LEVEL OF SERVICE

The level of service of assets is forecast to be maintained over the long term. However, this is dependent on receipt of forecast grants and contributions both for maintenance of assets and for renewal of assets. Changes to the level of these grants may directly impact on forecast service levels.

8.4 UPGRADE/NEW EXPENDITURE

Construction of aged care units and upgrades to existing footpath infrastructure are planned to occur over the next 15 years in response to demand. The footpath upgrades and new works have not been separately identified within the planned asset renewal expenditure, however, where money is available after undertaking essential renewal works, these funds will be utilised for improvement and new works. Detailed annual planning is to be undertaken for footpath infrastructure assets.

The exact timing and extent of the construction of the aged care units are dependent on the receipt of grants and contributions to undertake this work.

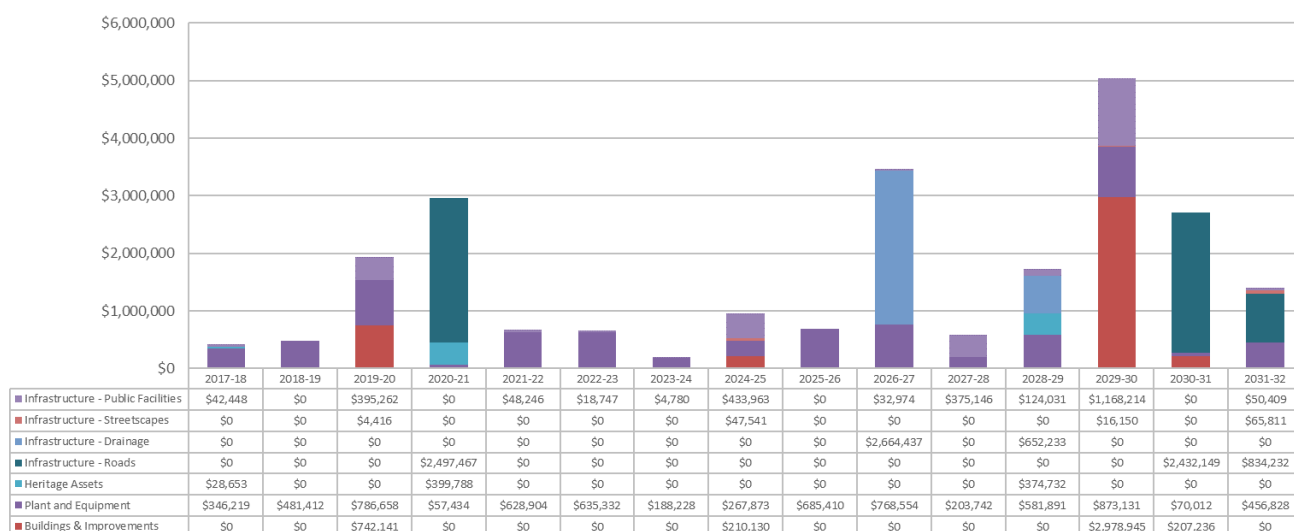
	2016-17	2017-18	2018-19	2019-20	2020-21
Jinker Upgrade	\$250,000				
Aged Persons Units			\$4,000,000		
Cycle / Footpaths Program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

8.0 CAPITAL OVERVIEW (Continued)

8.5 RENEWAL EXPENDITURE

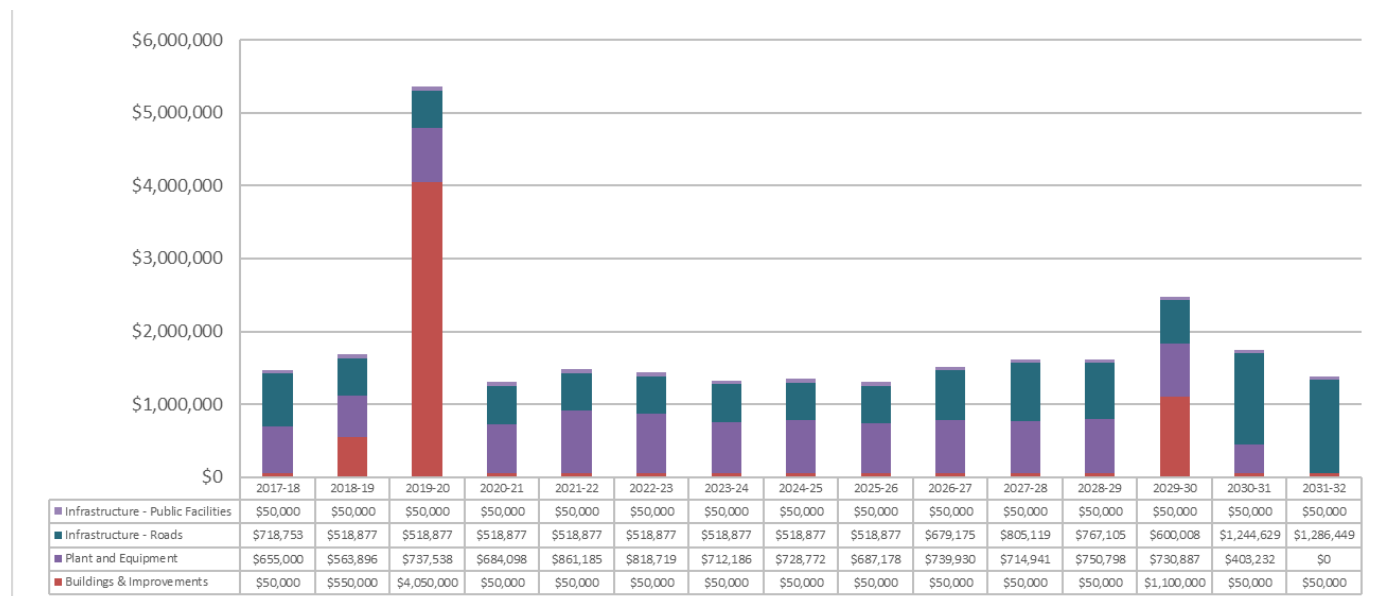
Planned asset renewal expenditure has been determined by allocating the funds available after operating requirements to asset renewals. Allocation of these funds across the various asset classes has been undertaken to best meet the asset renewal expenditure required. The timing and level of required asset renewal expenditure and planned asset renewal expenditure for each asset class is summarised in the charts below.

8.5.1 REQUIRED ASSET RENEWAL EXPENDITURE BY ASSET CLASS



Required buildings and improvements expenditure in 2029-30 includes hall and chambers \$1.8m, depot workshop \$0.7m and a toilet block \$0.4m

8.5.2 PLANNED ASSET RENEWAL EXPENDITURE BY ASSET CLASS

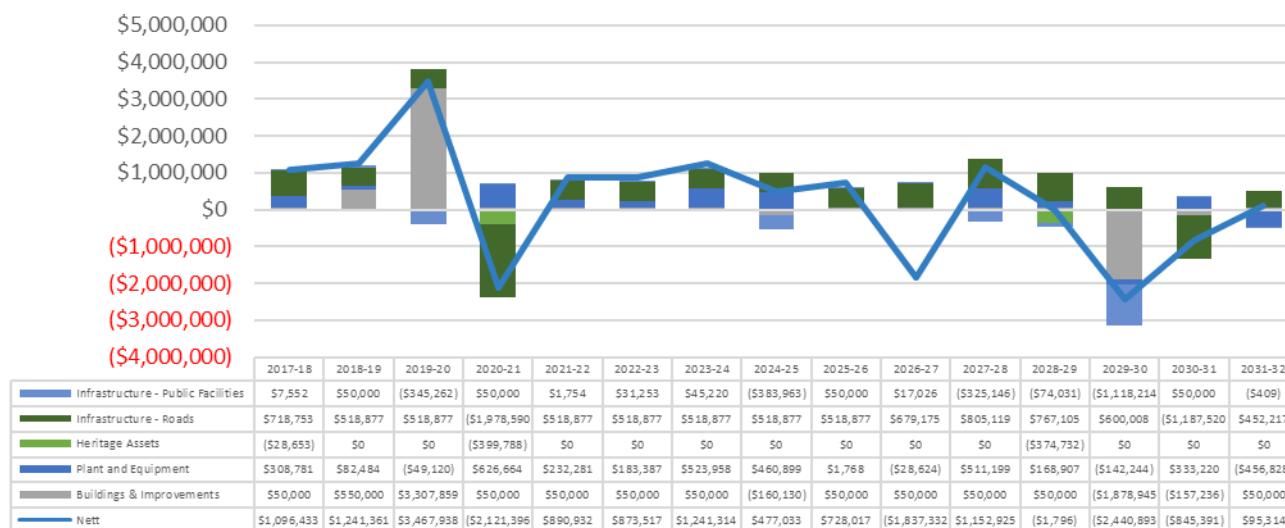


Planned buildings and improvements expenditure in 2019-20 includes \$4m for the regional multi-use administration facility.

8.0 CAPITAL OVERVIEW (Continued)

8.5.3 ASSET RENEWAL FUNDING SURPLUS/(DEFICIT)

The Shire seeks to Plan 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 red line reflecting the net surplus/(deficit) for each year.



While the line drops below zero in certain years, overall there is a surplus of \$2.2m for the 15 years of the Plan indicating assets are planned, overall, to be adequately renewed.

9.0 FORECAST CAPITAL PROJECTS

9.1 PLANNED CAPITAL EXPENDITURE

The table below sets out the total value of planned capital expenditure, detailed by project, as included over the term of the Plan.

Asset class	Project	Total Expenditure \$
Buildings and Improvements	Buildings Renewal	9,750,000
	Staff Housing	500,000
Plant and Equipment	Plant Replacement	9,788,360
Infrastructure Other	Drainage Program	560,000
	Cyclepath/Footpath Program	797,730
	Public Facilities	700,000
Roads	Road Renewal RRG	4,466,000
	Road Renewal RTR	2,998,154
	Road Renewal	1,501,651
Grand Total		31,061,895

10.0 FINANCING OVERVIEW

In general, the finances of the Shire are expected to improve over the term of the Plan with a reduction in the level of outstanding borrowings and a minor decrease in cash savings (reserves) as represented in the graph below.

10.1 BORROWINGS

The principal outstanding on borrowings, including planned new borrowings, reduces over the life of the Plan.

10.2 CASH RESERVES

The balance of cash reserves is forecast to fluctuate over the term of the Plan as they are used to fund the renewals of assets while trending down over the first six years before moving upward in line with inflation.

10.2.1 BORROWINGS AND 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 occurring to consider the impact on the Shire of various reduced funding levels.

To ascertain the effect of reduced funding levels through scenario modelling, a base scenario was developed with a rate yield increase of 1% above inflation. Two alternative scenarios were also developed from this base. In scenario one there was no increase above inflation for the life of the Plan and for scenario two the rates yield increase is 2% above inflation for the duration of the Plan.

All other assumptions remained the same across the two 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.

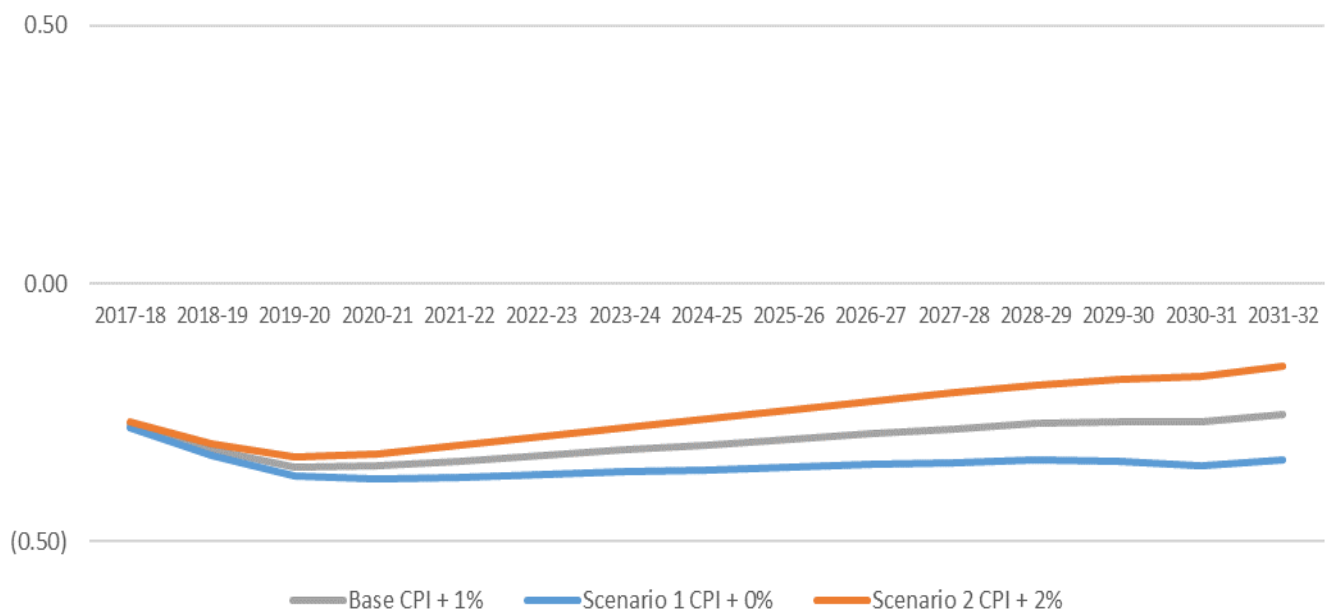
The table below reflects the impact of a change in total rates yield and the total effect of a 1% change in rate yield per annum (other assumptions remaining the same).

11.1.1 ESTIMATED SURPLUS/(DEFICIT) JUNE 30 CARRIED FORWARD

Funding Level	Variance from Base Level in Year 15	Average Variance per Annum
(Scenario one) No rate increase above inflation	(\$26,542)	(\$1,769)
(Scenario two) 2% rate increase above inflation	\$237,632	\$15,842

The chart below reflects the impact of the same change in total rates yield on the 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 of Local Government and Communities' published Advisory Standard.

11.1.2 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 its assets by the Chief Executive/Executive Managers to ensure the level is adequate to protect the Shire's assets. 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 can 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 during 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 of a high level of uncertainty applying to an assumption, 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
District Growth in Population: 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.
Rates Level Increase: Annual rates are based on an increase in the total rate yield of 3% per annum.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: 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	± \$33,182 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
Non-operating Grants and Contributions: 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	± \$126,753 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Earnings: Interest earning of an average rate of 1.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: 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
Employee Costs: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: 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	± \$364,872 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
Depreciation: 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.
Insurance: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: 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 is 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
Revaluations: In line with annual inflation.	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 revaluation of assets will have no impact on cashflows.	High	±\$297,745 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,117,123 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Impairment of Assets: No impairment of assets is 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.
Infrastructure Assets: Expenditure is 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	±\$61,753 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the 10 Year Capital Plan, and plant expenditure is based on the Plant Replacement Program.	Medium	The building capital 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. Plant and equipment replacement is not influenced by external grant funds.	High	±\$65,000 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)

13.4 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
Borrowings: 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.
Employee Entitlements: 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.

13.5 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
Cash Backed Reserves: 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.
Revaluation Surplus: 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	±\$297,745 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,117,123 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
Ownership of Strategic Assets: 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.
Inflators: Forecast inflation at 2% per annum.	Medium	Not assessed as high financial risk.	High	± \$1,076,912 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,223,133 to operating expenditure per 1% movement in the inflators over the life of the Plan.
Commercial Activities: 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.
General Economic Forecasts for State: 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.
General Economic Forecasts for Region: Historically, the region's economy is heavily dependent on agriculture, forestry and fishing. 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 of Local Government and Communities, Long Term Financial Planning Guidelines and Regulation 50 of Local Government (Financial Management) Regulation 1996.

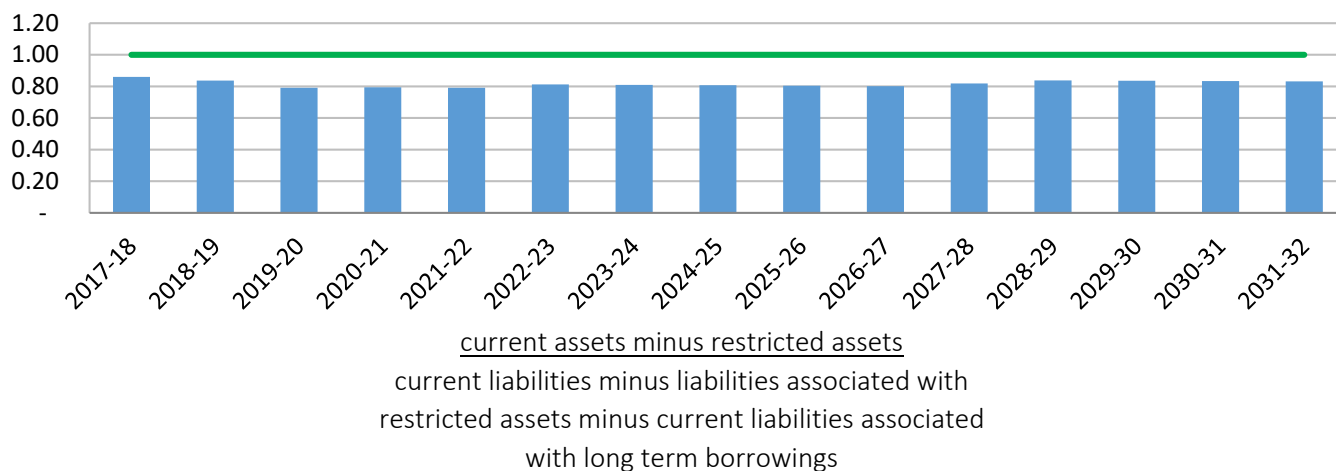
Graphs of these financial ratios are presented on the following pages together with the formula used to calculate the ratio, a brief description of what the ratio indicates and an assessment of the impact of the ratio on the Shire's finances in the future.

14.3 RATIO TARGETS

The Department of Local Government and Communities 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.

14.0 MONITORING AND PERFORMANCE (CONTINUED)

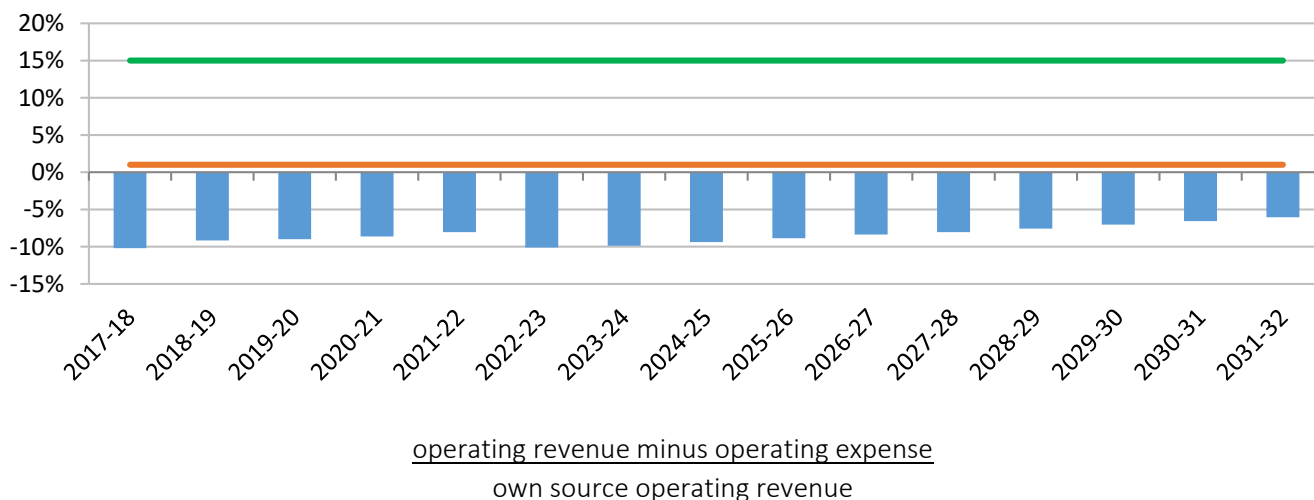
14.4 FORECAST RATIO ANALYSIS – CURRENT RATIO



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 no current borrowing liabilities, the ratio is 1.0. The target is not considered to indicate a threat to the Shire's long term financial position.

14.5 FORECAST RATIO ANALYSIS – OPERATING SURPLUS RATIO

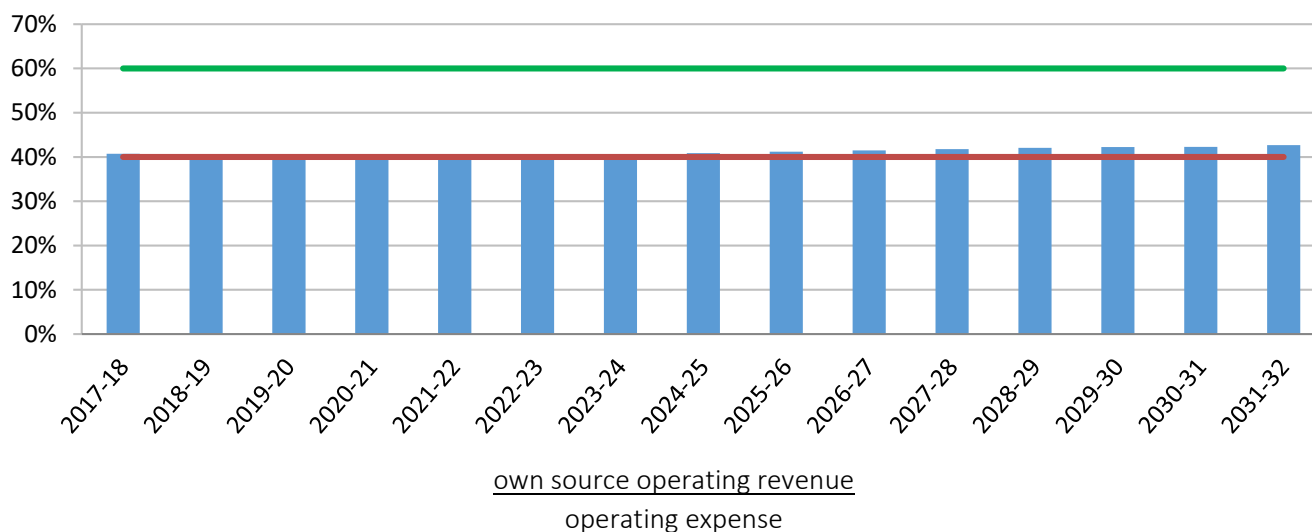


Indication: A measure of the extent to which own source revenues raised cover operational expenses.

Commentary: While the ratio is below target, this is primarily due to the impact of depreciation expense.

14.0 MONITORING AND PERFORMANCE (CONTINUED)

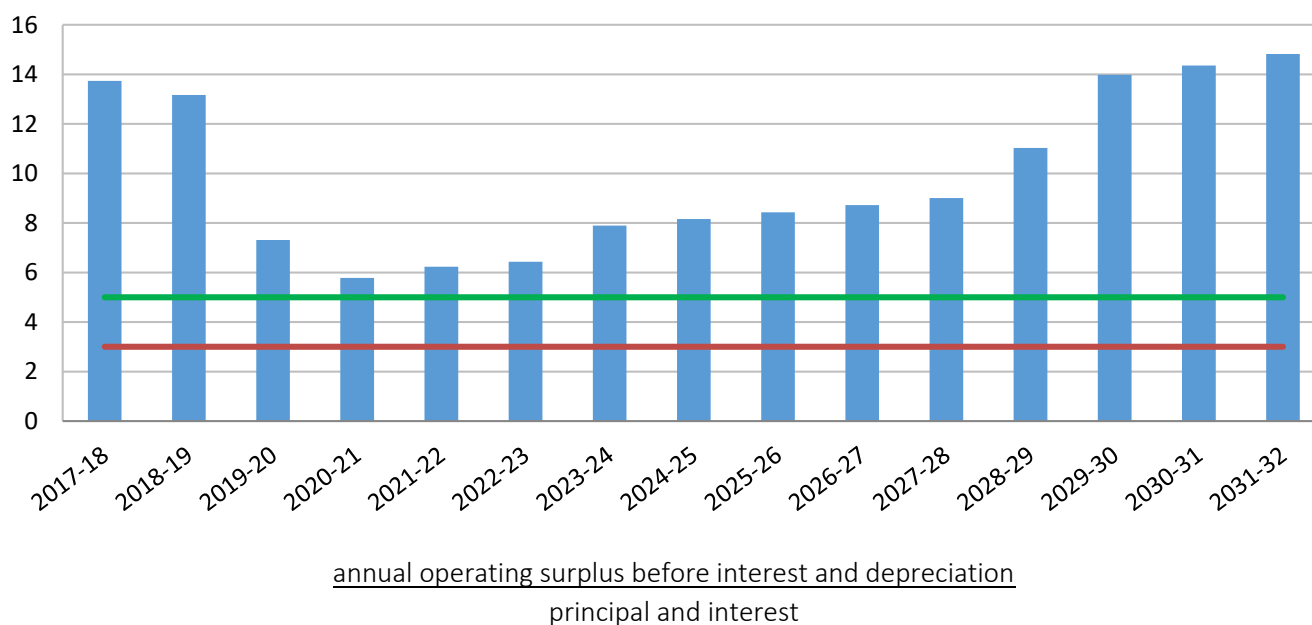
14.6 FORECAST RATIO ANALYSIS – OWN SOURCE REVENUE COVERAGE RATIO



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

Commentary: The ratio is just above the target range indicating the Shire is able to continue to operate in the event of a minor loss of external grants and contributions.

14.7 FORECAST RATIO ANALYSIS – DEBT SERVICE COVERAGE RATIO

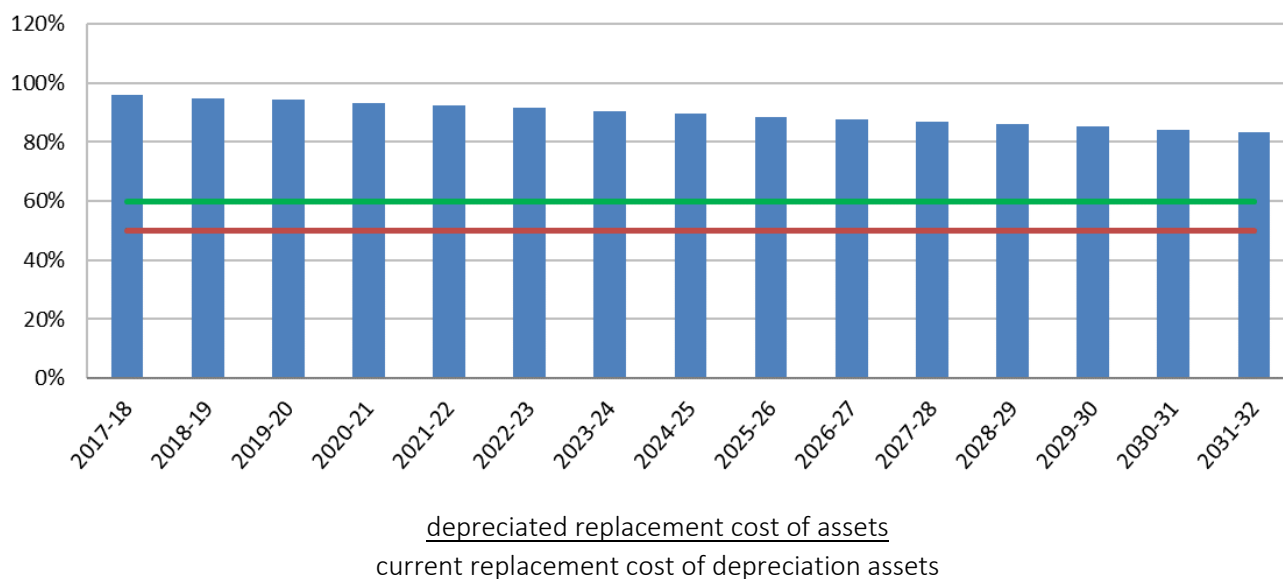


Indication: A measure of the extent of the Shire’s capacity to generate sufficient cash to cover debt payments.

Commentary: The ratio is not applicable as the Shire has not planned to take up any borrowings.

14.0 MONITORING AND PERFORMANCE (CONTINUED)

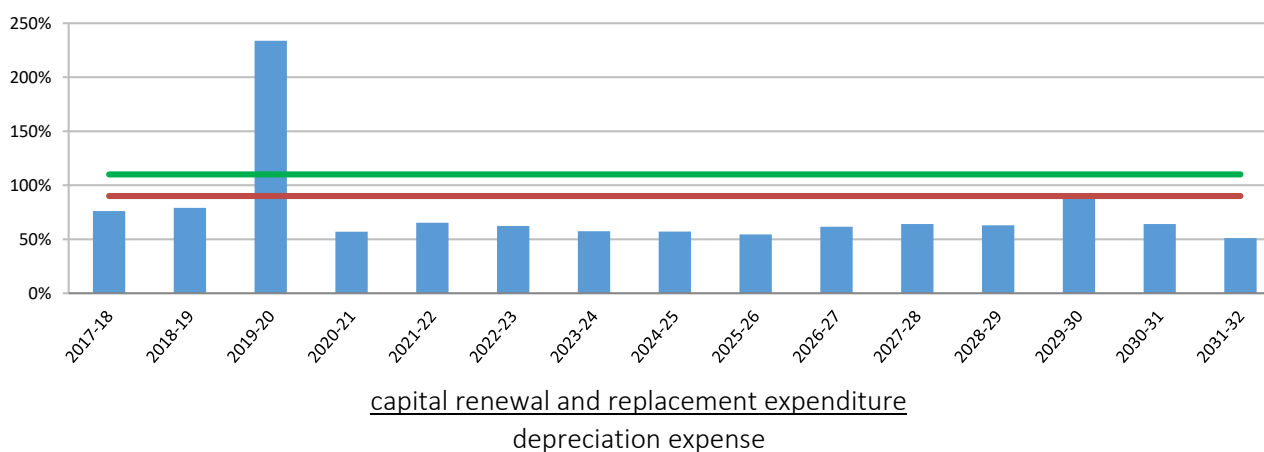
14.8 FORECAST RATIO ANALYSIS – ASSET CONSUMPTION RATIO



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

Commentary: The ratio is above the target range indicating the majority of assets are relatively new. Renewal of long life assets such as buildings in the periods following the Plan result in the slight decrease in this ratio, and as such this trend is not of concern.

14.9 FORECAST RATIO ANALYSIS – ASSET SUSTAINABILITY RATIO

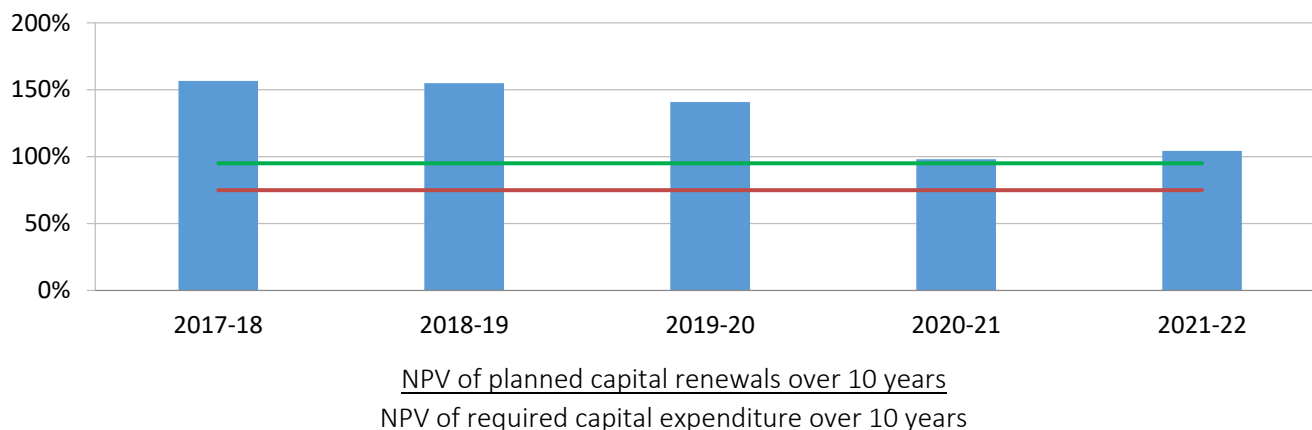


Indication: A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

Commentary: The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio averages at 76% over the term of the Plan, and this includes \$4m expenditure in 2019/20 on a Regional Multi-use Administration Facility.

14.0 MONITORING AND PERFORMANCE (CONTINUED)

14.10 FORECAST RATIO ANALYSIS – ASSET RENEWAL FUNDING RATIO



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

Commentary: The ratio is within the target ratio with planned asset renewal expenditure being in line with required asset renewal expenditure as set out in this Plan.

15.0 IMPROVEMENT PLAN

15.1 STRATEGIC RESOURCE IMPROVEMENT PLAN

All strategic plans require continuous improvement in order to progress 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. Future refinement of the level of service measures is required to provide a capacity to readily record and report against the level 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 a 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.

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

16.0 OTHER MATTERS

PREPARATION

This Plan was prepared for the Shire of Shark Bay by Moore Stephens.

RELIANCE

This Plan has been prepared for the exclusive use of the Shire of Shark Bay and for the purposes specified in our letter of engagement and is not to be used for any other purpose or distributed to any other party without Moore Stephens's prior consent. This Plan is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of Shark Bay. We accept no responsibility for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the Shire of Shark Bay.

This Plan contains quantitative and qualitative statements, including projections, estimates, opinions and forecasts concerning the anticipated future performance of Shire of Shark Bay and the environment in which it operates ('Forward Looking Statements').

None of these Forward Looking Statements are or will be representations as to future matters. The Forward Looking Statements are and will be, based on a large number of assumptions and are, and will be, subject to significant uncertainties and contingencies, many, if not all, of which are outside the control of the Shire of Shark Bay. Actual future events may vary significantly from the Forward Looking Statements. Recipients should make their own investigations and enquiries regarding assumptions, uncertainties and contingencies which may affect the Shire of Shark Bay and the impact that a variation in future outcomes may have on the Plan and the Shire of Shark Bay.

DISCLAIMER

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LIST OF APPENDICES

APPENDIX A1 - CRITICAL ASSETS	2
APPENDIX A2 - ROADS.....	3
APPENDIX A3 - INFRASTRUCTURE - OTHER.....	9
APPENDIX A4 - BUILDINGS AND IMPROVEMENTS	13
APPENDIX A5 - PLANT AND EQUIPMENT	17
APPENDIX A6 - ESTIMATED ASSET LIFE AND RESIDUAL VALUE.....	20
APPENDIX B1 - FORECAST FINANCIAL STATEMENTS.....	24
APPENDIX B2 - FORECAST STATEMENT OF COMPREHENSIVE INCOME 2017-2032 (BY NATURE OR TYPE).....	26
APPENDIX B3 - FORECAST STATEMENT OF COMPREHENSIVE INCOME 2017-2032 (BY PROGRAM)	27
APPENDIX B4 - FORECAST STATEMENT OF FINANCIAL POSITION 2017-2032.....	29
APPENDIX B5 - FORECAST STATEMENT OF CHANGES IN EQUITY 2017-2032	30
APPENDIX B6 - FORECAST STATEMENT OF CASHFLOWS 2017-2032	31
APPENDIX B7 - FORECAST STATEMENT OF FUNDING 2017-2032.....	32
APPENDIX B8 - FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2017-2032	34
APPENDIX B9 - FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2017-2032.....	35
APPENDIX B10 - FORECAST STATEMENT OF CAPITAL FUNDING 2017-2032.....	37
APPENDIX B11 - FORECAST RATIO'S 2017-2032	38
APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES.....	39
APPENDIX C1 - GLOSSARY	48

APPENDIX A1 - CRITICAL ASSETS

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 is provided below along with their relevant estimated current replacement cost.

Asset	Current Replacement Cost
Shire depot	\$870,000
Recreation centre	\$4,810,000
Heavy plant and equipment	\$2,665,000
Total	\$8,345,000

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

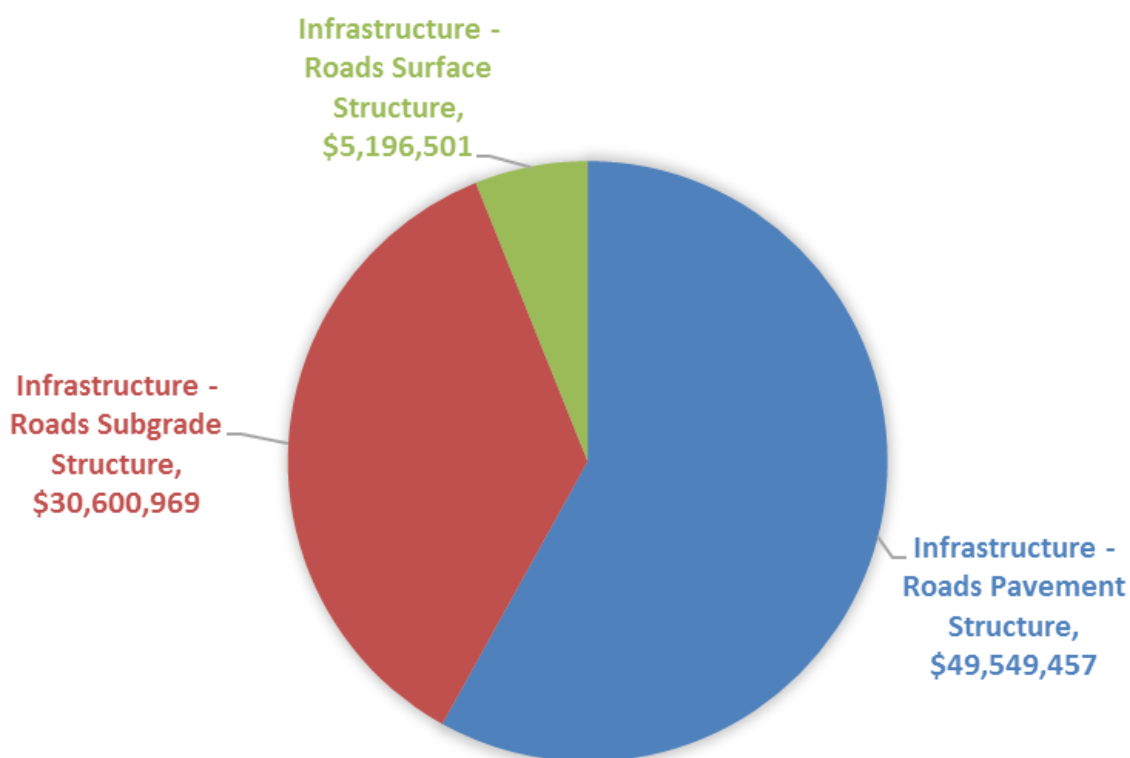
The continued provision of the road network remains one of the key priorities for the Shire. The continued planning for future road infrastructure renewals, influenced by condition based estimation of the remaining useful life, is essential to reducing the risk of sudden unexpected road failure. Regional 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 Shark Bay has a road network servicing an area of 24,140¹ square kilometres.

Road asset information is recorded within a road inventory database. In 2015, 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. Verification of the accuracy of the valuation data is not within the scope of this Plan and has not been undertaken.

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 condition report and valuation² (amended for re-assessment of some useful lives), has been estimated below.



¹ Australian Bureau of Statistic - 2011 Census of Population and Housing

² Talis Consultants, Shire of Shark Bay Infrastructure Valuation 30 June 15

APPENDIX A2 – ROADS (CONTINUED)

2.2 ROAD INVENTORY (CONTINUED)

Road Hierarchy	Length (m)	Area (m ²)	Current Replacement Cost
Asphalt	2,194	17,217	\$473,468
Built - Access	149,520	167,237	\$6,511,625
Built - Distributor	218,634	94,713	\$12,550,364
Double Chip Seal	45	1,450	\$33,495
Formed	1,566,650	-	\$13,986,689
Primer Seal	550	3,710	\$14,284
Regional Distributor	2,414	19,455	\$629,781
Rural – Access	12,115	86,641	\$2,119,064
Rural – Local Distributor	9,280	75,258	\$2,456,312
Single Chip Seal	30,790	239,573	\$4,216,485
Unformed	249,110	-	\$1,562,438
Unsealed	1,577,030	-	\$9,119,847
Urban - Access	9,770	80,596	\$1,666,148
Totals	3,828,102	785,850	\$55,339,998

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 approximately \$719k 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.

2.3.3 NEW EXPENDITURE

Upgrades to existing road infrastructure and the construction of new roads are not currently planned, and no significant increase in community demand is forecast to occur. Road safety related projects will be prioritised where issues are identified. External grant funding would be essential to achieve any upgrades and constructions.

2.3.4 RENEWAL EXPENDITURE

The Shire does not have a formal road program. Work is prioritised based on staff knowledge of the conditions of roads and expected use patterns and is conducted during the budget process. All planned works are funded through a combination of internal funds and external grants.

In the chart below, forecast planned road expenditure is shown by the blue columns, with required road renewals as the red columns. The green line shows the difference between the two expenditure levels. Planned road renewal over the term of the plan totals \$10.2M. Required road renewal is calculated at \$5.8M for the term of the plan; overall there is a \$4.4 renewal surplus for the Shire's road assets.

APPENDIX A2 – ROADS (CONTINUED)

2.3.5 FORECAST PLANNED AND REQUIRED ROAD RENEWAL EXPENDITURE



2.4 LEVEL OF SERVICE

Level of service measures were defined within the Shire's previously adopted Asset Management Plan. These have not been routinely recorded or reported on since the adoption of the plan. 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.

APPENDIX A2 – ROADS (CONTINUED)

2.4.1 ROAD CONSTRUCTION

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Gravel Road Construction			
Condition	Gravel roads are constructed to a high standard.	Customer complaints	One complaint per road per year
Safety	To provide a gravel road network that is free of hazards.	Hazard removed within 4 hours of notification	95% addressed
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 Number of damage/injury claims	One per road 0 claims
Cost Effectiveness	Efficient Capital Works Program	Projects completed within the timeframe and on budget	100% completed within timeframe and on budget
Bitumen Road Construction			
Condition	Bitumen roads are constructed to a high standard.	Customer complaints	One complaint per road per year
Safety	To provide a bitumen road network that is free of hazards.	Hazard removed within 2 hours of notification	95% addressed
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 Number of damage/injury claims	One per road 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)

2.4.2 ROAD MAINTENANCE

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Gravel Road Maintenance			
Condition	Gravel roads are maintained to a high standard and on a regular basis. Drainage is also assessed in order to prohibit 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
Bitumen Road Maintenance			
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)

2.5 RISK MANAGEMENT

An assessment of risks associated with the delivery of 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 the 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 the level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Asset condition decreases due to an 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 a fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant H&S policy. Ensure staff and contractors are trained in policy, and all procedures are complied with.

2.6 IMPROVEMENT

Monitoring and reporting of the key performance measures are 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.

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 - INFRASTRUCTURE - OTHER

3.1 SIGNIFICANT MATTERS

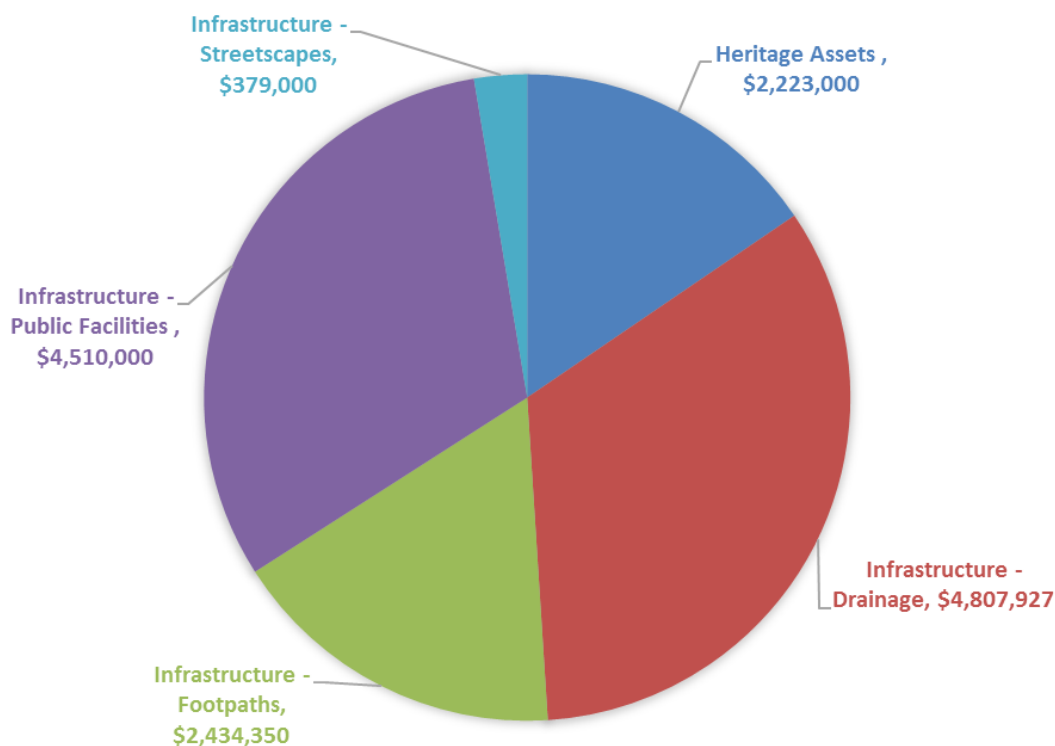
The Shire provides a network of footpath and stormwater drainage infrastructure which includes drainage pipes, pits and outlets.

Maintenance and clearing of drainage as part of the road maintenance program is expected to be sufficient to ensure these assets continue to provide a service to the community. Should any section of road pavement fail and require reconstruction, a detailed assessment of any associated drainage will be made, and the drainage replaced where considered necessary.

3.2 INVENTORY

'Infrastructure – Other' asset information is recorded within the Shire's road inventory database (ROMAN II). The assets within the asset class were valued by an external valuer in June 2015³ with all infrastructure assets. The current replacement cost at the time of the last valuation was \$14.4M.

3.2.1 COMPOSITION OF ESTIMATED CURRENT REPLACEMENT COST OF INFRASTRUCTURE – OTHER ASSETS (\$14.4M).



3.3 FINANCIAL SUMMARY

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

³ Talis Consultants, Shire of Shark Bay Infrastructure Valuation June 2015

APPENDIX A3 – INFRASTRUCTURE – OTHER (Continued)

3.3.1 MAINTENANCE EXPENDITURE

There is currently a lack of available data on forecast 'Infrastructure – Other' maintenance expenditure. It is expected to remain in line with historical levels, though expenditure is not specifically identified.

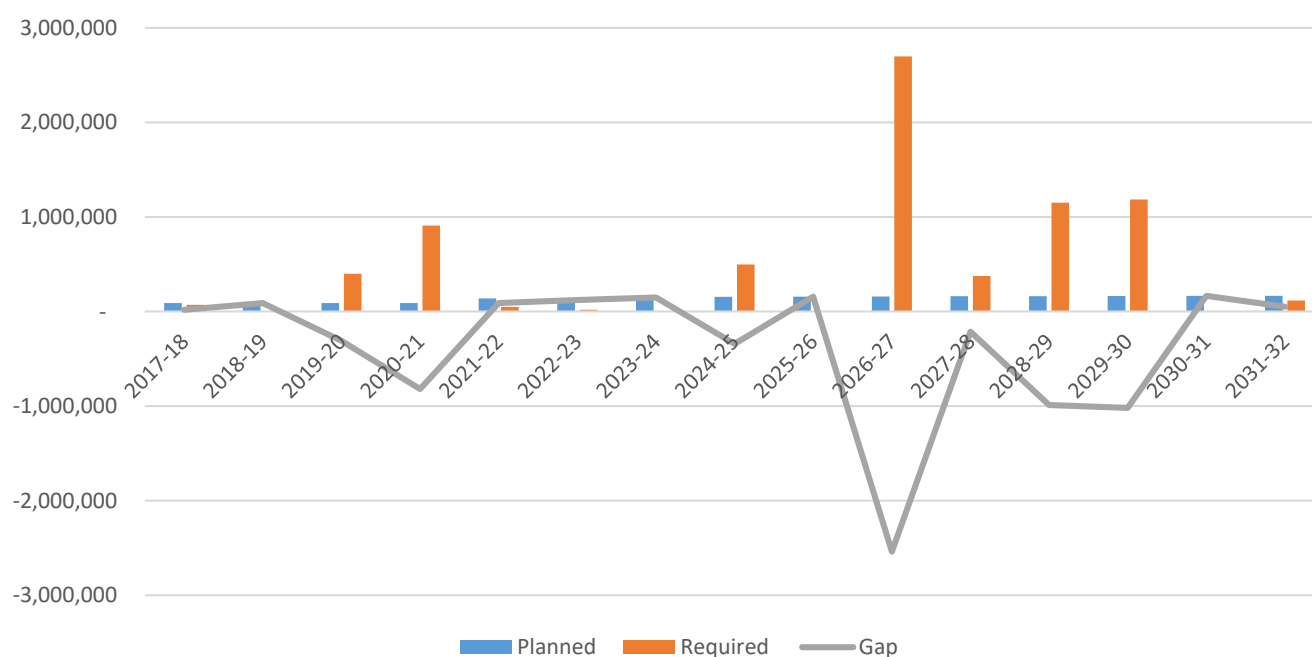
3.3.2 NEW ASSET EXPENDITURE

Upgrades to existing Infrastructure – Other 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.

3.3.3 RENEWAL EXPENDITURE

In the chart below, forecast planned 'Infrastructure – Other' expenditure is shown by the blue columns, with required 'Infrastructure – Other' renewals as the orange columns. The grey line indicates the difference between the two expenditure levels. Planned 'Infrastructure – Other' renewal over the term of the plan totals \$2.1M. Required 'Infrastructure – Other' renewal is calculated at \$7.5M for the term of the plan, overall there is a \$5.4m renewal deficit for the Shire's 'Infrastructure – Other' assets. Significant assets included Requires Renewals are \$2.6M Drainage in 2026-27, \$0.4M Galla Curci (Heritage) plus \$0.7M Drainage in 2028-29 and \$0.5M for tennis courts in 2029-30.

3.3.4 FORECAST PLANNED AND REQUIRED INFRASTRUCTURE - OTHER EXPENDITURE



3.4 LEVEL OF SERVICE

Level of service measures were defined within the Shire's previously adopted Asset Management Plan. These have not been routinely recorded or reported on since the adoption of the plan. Detailed performance measures and performance targets for infrastructure have been developed through the review of the previously identified level of service indicators and are shown in the following tables.

APPENDIX A3 – INFRASTRUCTURE – OTHER (Continued)

3.4 LEVEL OF SERVICE (CONTINUED)

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Drainage			
Condition	Drainage 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 drainage inspection.	Two per year with managers.
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 drainage network that is free of hazards.	Hazard removed within 2 hours of notification	95% addressed.
Cost Effectiveness	Efficient Drainage Maintenance Program.	Maintenance program completed within timeframe and on budget	100% completed within timeframe and on budget.
Footpaths			
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.
Improvements and Infrastructure			
Condition	Parks and gardens are maintained to a high standard with regular mowing, watering, pruning and other maintenance tasks being carried out.	Customer complaints.	Under 5 per year
		Community Survey.	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 the hazard is serious to be addressed within 2 hours of notification.	95% addressed.
All parks and gardens are clean and well maintained	Customer complaints.	Under 5 per year.	All parks and gardens are clean, well maintained.

APPENDIX A3 – INFRASTRUCTURE – OTHER (Continued)

3.5 RISK MANAGEMENT

An assessment of risks associated with the delivery of urban 'infrastructure-other' has identified the following risk details and the treatment strategy for each risk.

Risk	Consequence	Risk Rating	Risk Treatment Plan
Asset Condition decreases due to flood damage.	Desired level of service not maintained.	Medium	Ensure adequate drainage in infrastructure design and maintenance to mitigate the 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 the level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Asset condition decreases due to an inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Incident attributable to sub-standard infrastructure conditions or layout.	Liability Risk.	Low	Ensure drainage, footpath and kerbing network is maintained in compliance with applicable standards.
Health and safety incident whilst working on assets causing a fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant H&S policy. Ensure staff and contractors are trained in policy, and all procedures are complied with. Ensure Council has relevant insurance cover in place.

3.6 IMPROVEMENT

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

APPENDIX A4 - BUILDINGS AND IMPROVEMENTS

4.1 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.

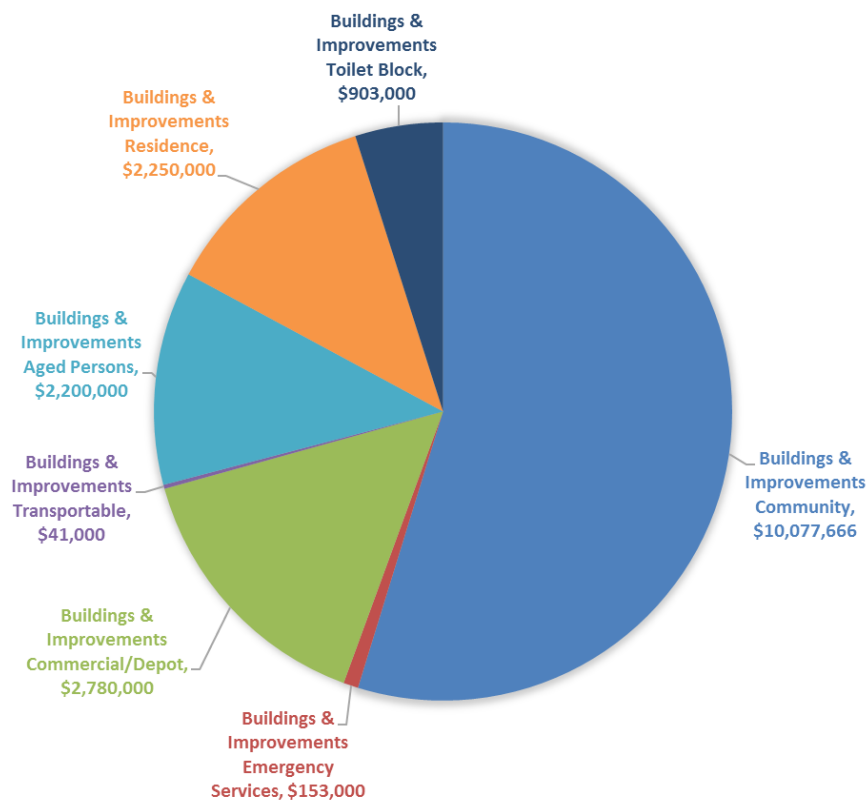
4.2 INVENTORY

Land and buildings were valued by independent professional valuers in June 2014, based on an inspection undertaken in 2014. The replacement costs of the various types of buildings contained within the valuation report⁴ are presented in the chart. A building inventory is maintained within the Shire's financial management system.

⁴ Griffin Valuation Advisors: Shire of Shark Bay Building Valuation June 2014

APPENDIX A4 – BUILDINGS AND IMPROVEMENTS (Continued)

4.2.1 CURRENT REPLACEMENT COST OF BUILDING AND IMPROVMENTS INVENTORY (\$18.4M)



4.3 FINANCIAL

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.

4.3.1 MAINTENANCE EXPENDITURE

Routine maintenance expenditure is approximately \$297,000 per annum and increased in the Plan annually by inflation. This figure is based on historical data and staff knowledge.

APPENDIX A4 – BUILDINGS AND IMPROVEMENTS (Continued)

4.3.2 NEW ASSET EXPENDITURE

The Aged Care facility is currently the only planned new building expenditure. The building is forecasted to be funded partially by external contributions, reserves with the balance being sourced from general purpose funding.

4.3.3 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 have been forecast (adjusted for inflation).

In the chart below, forecast planned expenditure is shown as the blue columns with forecast required renewals shown as the red columns. The green line shows the variation between the two levels. The \$4m renewal in 2019-20 relates to the Regional Multi-use Administration Facility.

4.3.4 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.

4.4 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
Buildings			
Condition	The buildings meet the expectations of the community.	Customer complaints	1 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	1 per year / per building
Safety	The building is safe and suitable for its intended use.	Number of injury claims	0 claims
Condition	The buildings meet the expectations of the community.	Customer complaints	1 per year / per building

APPENDIX A4 – BUILDINGS AND IMPROVEMENTS (Continued)

4.5 RISK MANAGEMENT

An assessment of risks associated with maintaining a stock 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 substandard 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 an 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 the level of service requirements.	Low	Monitor population trends and industry developments in the region.
Health and safety incident whilst working on assets causing a fatality or serious injury.	Prosecution risk.	Low	Ensure council has compliant H&S policy. Ensure staff and contractors are trained in policy, and all procedures are complied with.

4.6 IMPROVEMENT PLAN

The improvement of 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 are important to help ensure the adequate maintenance of the Shire's building assets.

APPENDIX A5 - PLANT AND EQUIPMENT

5.1 SIGNIFICANT MATTERS

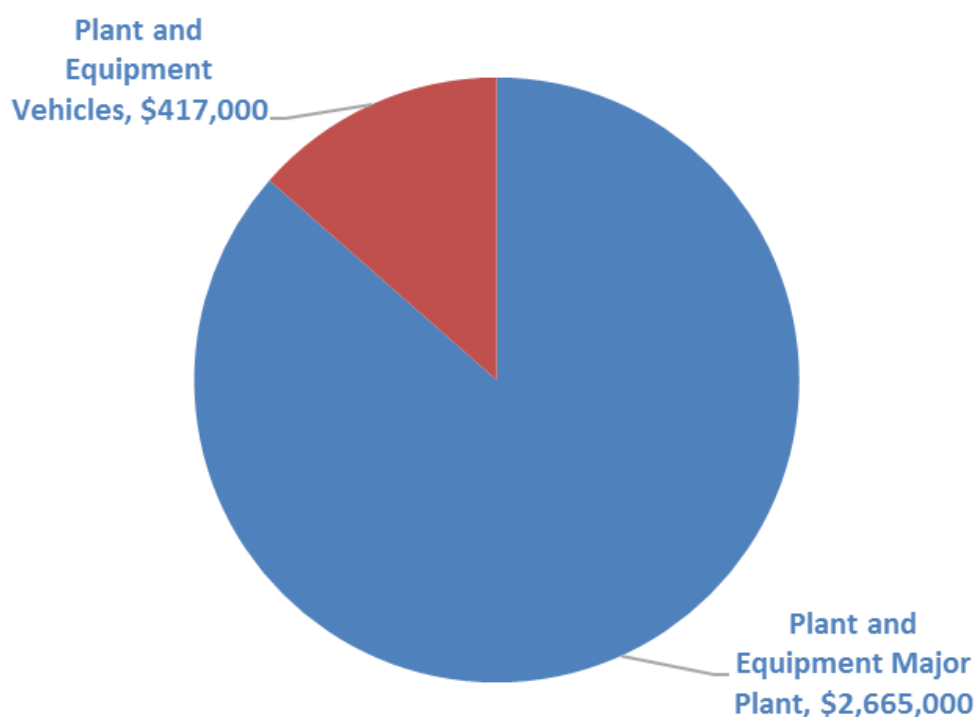
The Shire has a large plant and equipment portfolio which includes items such as graders, tractors, prime movers and passenger vehicles. It also owns an extensive listing of furniture and equipment, such as office furniture, IT and communication equipment, to support operations.

A 10-year plant replacement program is updated on an annual basis as part of the Shire's annual budget process. Heavy plant is considered a critical asset, given the part it plays in responding to any natural emergency within the Shire.

5.2 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.

5.2.1 COMPOSITION OF ESTIMATED CURRENT REPLACEMENT COST OF PLANT AND EQUIPMENT ASSETS \$3.1M



5.3 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.

APPENDIX A5 – PLANT AND EQUIPMENT (CONTINUED)

5.3.1 MAINTENANCE EXPENDITURE

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.

5.3.2 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.

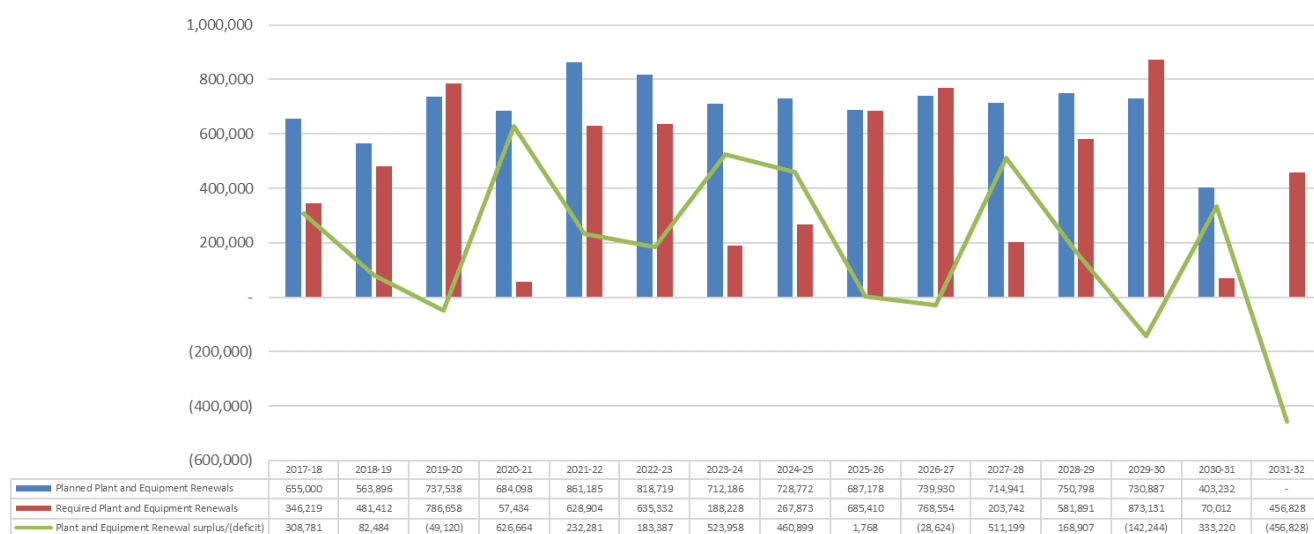
5.3.3 RENEWAL EXPENDITURE

The Shire does not have a replacement/renewal or maintenance program for furniture and equipment. 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. The exception to this is significant expenditure such as IT upgrades or expansion, which is considered within this Plan.

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 below, planned expenditure is shown as the blue columns with required renewals shown as the red columns. The green line shows the variation between the two expenditure levels.

5.3.4 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 \$4m over the term of the plan.

5.4 PLANT DISPOSALS

This plan incorporates the Shire's 15 year Plant Replacement Program. The plant replacement program outlines the purchase, disposal and funding elements for plant and equipment.

APPENDIX A5 – PLANT AND EQUIPMENT (CONTINUED)

5.5 LEVEL OF SERVICE

Level of service measures were defined within the Shire's previously adopted Asset Management Plan. These have not been routinely recorded or reported on since the adoption of the plan. Detailed performance measures and performance targets for Plant and Equipment have been developed through the review of the previously identified level of service indicators and are shown in the following tables.

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

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Function	To ensure Council employees are able to meet Council requirements. To ensure that Councils Capital Works Program is completed. To ensure that any maintenance requirements are carried out.	Council plant and equipment is serviceable for all council programs. Capital works program completed on time and within budget. Maintenance schedule adhered to.	90% satisfaction 100% completed and within budget 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

5.6 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	High	High	Ensure funding for renewals included within the plant replacement program and budgets.
Existing plant and equipment assets do not comply with regulations.	High	High	Regular scheduled inspection and maintenance on all plant and equipment. Ensure safety systems in line with regulations.

5.7 IMPROVEMENT PLAN

The 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 A6 - 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	Hierarchy	Estimated Useful Life	Estimated Residual Value %
Buildings & Improvements	5 bedroom 2 bathroom brick and metal clad residence on concrete slab with reverse cycle airconditioning		50	
Buildings & Improvements	Asbestos, metal and metal clad building on concrete slab		45	
Buildings & Improvements	Brick and concrete tile toilet block on concrete slab		50	
Buildings & Improvements	Brick and metal 4 bedrooms 2 bathrooms clad building on concrete slab with split air conditioning		50	
Buildings & Improvements	Brick and metal clad hall on brick footings with timber floors, stage, kitchen, and split air conditioning		50	
Buildings & Improvements	Brick and metal clad offices on concrete slab with split air conditioning		50	
Buildings & Improvements	Brick and metal clad toilet block on concrete slab		50	
Buildings & Improvements	Brick metal and metal clad garages with timber pergola at rear		50	
Buildings & Improvements	Concrete block and metal clad ambulance shed with attached offices on concrete slab with split air conditioning		50	
Buildings & Improvements	Concrete block and metal clad buildings on concrete slab		50	
Buildings & Improvements	Concrete, metal and metal clad air-conditioned recreation centre on concrete slab with timber sprung multi-purpose courts		50	
Buildings & Improvements	Concrete, metal and metal clad building on concrete slab with airconditioning		50	
Buildings & Improvements	Fibro and metal clad commercial building on timber footings with timber floors and split air conditioning		50	
Buildings & Improvements	Four brick and metal clad aged persons units on concrete slabs with split air conditioning		50	
Buildings & Improvements	Metal and metal clad building on concrete slab		50	
Buildings & Improvements	Metal and metal clad flat roofed transportable on steel footings		45	
Buildings & Improvements	Metal and metal clad shed on concrete slab		45	
Buildings & Improvements	Metal and metal clad transportable on steel footings		45	
Buildings & Improvements	Steel framed metal and metal clad 3 bedroom 2 bathroom 2 storey house on steel footings with split air conditioning		45	
Buildings & Improvements	Steel framed metal and metal clad toilet block on concrete slab		45	
Buildings & Improvements	Steel framed metal clad composting toilet block on concrete slab		25	
Buildings & Improvements	Steel framed metal clad shed on gravel floor		40	
Buildings & Improvements	Steel framed metal clad transportable crib room and bathroom on steel footings		40	
Buildings & Improvements	Three brick and metal clad aged persons units on concrete slab with split air conditioning		50	
Heritage Assets			100	
Heritage Assets	current value deemed to be fair value (unable to ascertain Fair Value)		40	
Heritage Assets	Lighthouse Keepers cottage		150	
Heritage Assets	Metal and metal clad building on concrete slab		40	
Heritage Assets	new 14/15		40	
Heritage Assets	New in 13/14 - will be revalued in 16/17 as part of buildings		40	
Heritage Assets	Timber and Metal clad building on timber footings with timber floors, attached timber verandah and split air conditioning.		45	
Heritage Assets	Weatherboard, metal and metal clad building on concrete slab		40	

APPENDIX A6 – ESTIMATED ASSET LIFE AND RESIDUAL VALUE (Continued)

Asset Class	Asset Sub-Class	Hierarchy	Estimated Useful Life	Estimated Residual Value %
Infrastructure - Drainage	Drainage	Culvert >300mm<500 mm	60	
Infrastructure - Drainage	Drainage	Pit Side Entry and Pipework	80	
Infrastructure - Drainage	StormWater Pipe	<300mm diam	80	
Infrastructure - Drainage	StormWater Pipe	>300<450mm diam	80	
Infrastructure - Drainage	StormWater Pipe	>450<600mm diam	80	
Infrastructure - Drainage	StormWater Pipe	>900mm diam	80	
Infrastructure - Drainage	StormWater Pit	Double Side Entry	60	
Infrastructure - Drainage	StormWater Pit	Grated Gully	60	
Infrastructure - Drainage	StormWater Pit	Headwall	60	
Infrastructure - Drainage	StormWater Pit	Junction Pit	60	
Infrastructure - Drainage	StormWater Pit	Man Hole	60	
Infrastructure - Drainage	StormWater Pit	Side Entry	60	
Infrastructure - Drainage	SW Channel		60	
Infrastructure - Drainage	SW Channel	Kerb - barrier	60	
Infrastructure - Drainage	SW Channel	Kerb - mountable	60	
Infrastructure - Drainage	SW Channel	Kerb - semi mountable	60	
Infrastructure - Drainage	SW Channel	SWC - Open Drain	12	
Infrastructure - Drainage	SW Channel	SWC - Table Drains	10	
Infrastructure - Footpaths	Footpath		80	
Infrastructure - Public Facilities			15	
Infrastructure - Public Facilities	AFL goal posts and behinds		15	
Infrastructure - Public Facilities	Aquamaster bore		20	
Infrastructure - Public Facilities	Barbeque		10	
Infrastructure - Public Facilities	Bore flow meter		20	
Infrastructure - Public Facilities	Brick paving		30	
Infrastructure - Public Facilities	Colorbond		20	
Infrastructure - Public Facilities	Concrete block and pine thatch gazebo on concrete slab		30	
Infrastructure - Public Facilities	Concrete boat ramp		40	
Infrastructure - Public Facilities	Concrete picnic settings		10	
Infrastructure - Public Facilities	Concrete seating		10	
Infrastructure - Public Facilities	Cricket Pitch		20	
Infrastructure - Public Facilities	Double barbeque		10	
Infrastructure - Public Facilities	Dual lane concrete boat ramp and timber jetty		40	
Infrastructure - Public Facilities	Epoxy resin and timber finger jetty		30	
Infrastructure - Public Facilities	Fish cleaning facility		20	
Infrastructure - Public Facilities	Flag poles		15	
Infrastructure - Public Facilities	Floodlights		20	
Infrastructure - Public Facilities	Gravel boat ramp		20	
Infrastructure - Public Facilities	Hit up wall		20	
Infrastructure - Public Facilities	Horse fencing		20	
Infrastructure - Public Facilities	Lighting		20	
Infrastructure - Public Facilities	Limestone and granite memorial		50	
Infrastructure - Public Facilities	Limestone and metal shelter with brick paving		30	
Infrastructure - Public Facilities	Limestone carpark		30	
Infrastructure - Public Facilities	Limestone walling		40	
Infrastructure - Public Facilities	Memorial wall		30	
Infrastructure - Public Facilities	Metal clad shelter with picnic settings		30	
Infrastructure - Public Facilities	Metal seat		10	
Infrastructure - Public Facilities	Oil waste tank and enclosure		20	
Infrastructure - Public Facilities	Painted concrete multipurpose courts		20	
Infrastructure - Public Facilities	Paving		40	
Infrastructure - Public Facilities	Picnic settings		10	
Infrastructure - Public Facilities	Picnic shelters		20	
Infrastructure - Public Facilities	Poly water tanks		20	
Infrastructure - Public Facilities	Reticulation		20	

APPENDIX A6 – ESTIMATED ASSET LIFE AND RESIDUAL VALUE (Continued)

Asset Class	Asset Sub-Class	Hierarchy	Estimated Useful Life	Estimated Residual Value %
Infrastructure - Public Facilities	Revetment wall		60	
Infrastructure - Public Facilities	Rock wall		60	
Infrastructure - Public Facilities	Shade sails		15	
Infrastructure - Public Facilities	Shower		10	
Infrastructure - Public Facilities	Signs		20	
Infrastructure - Public Facilities	Skatepark on concrete hardstand with steel ramps		20	
Infrastructure - Public Facilities	Softfall		15	
Infrastructure - Public Facilities	Softfall with limestone surrounds		15	
Infrastructure - Public Facilities	Steel fencing		20	
Infrastructure - Public Facilities	Steel mesh high-security fencing		20	
Infrastructure - Public Facilities	Steel palisade fencing		20	
Infrastructure - Public Facilities	Steel plates		15	
Infrastructure - Public Facilities	Stonewall and stairs		50	
Infrastructure - Public Facilities	Swimming Pontoon		15	
Infrastructure - Public Facilities	Synthetic tennis courts		20	
Infrastructure - Public Facilities	Timber and metal clad gazebo with picnic settings		20	
Infrastructure - Public Facilities	Timber framed and thatched roof clad fish cleaning facility		30	
Infrastructure - Public Facilities	Timber framed viewing platform on timber supports		40	
Infrastructure - Public Facilities	Timber picnic shelter with picnic settings		20	
Infrastructure - Public Facilities	Timber pine log picnic shelter		10	
Infrastructure - Public Facilities	Timber pine log picnic shelter with picnic settings		20	
Infrastructure - Public Facilities	Timber seat		10	
Infrastructure - Public Facilities	Timber seats		10	
Infrastructure - Public Facilities	Water fountain		10	
Infrastructure - Roads	Treatment Length	Pavement Structure - Formed	1	0%
Infrastructure - Roads	Treatment Length	Pavement Structure - Rural - Access	100	90%
Infrastructure - Roads	Treatment Length	Pavement Structure - Rural - LD	80	90%
Infrastructure - Roads	Treatment Length	Pavement Structure - Unsealed	18	90%
Infrastructure - Roads	Treatment Length	Pavement Structure - Urban Access	100	90%
Infrastructure - Roads	Treatment Length	Pavement Structure - Urban LD	80	90%
Infrastructure - Roads	Treatment Length	Subgrade Structure - Formed	100	100%
Infrastructure - Roads	Treatment Length	Subgrade Structure - Built - Access	100	100%
Infrastructure - Roads	Treatment Length	Subgrade Structure - Built - LD	100	100%
Infrastructure - Roads	Treatment Length	Subgrade Structure - Unformed	100	100%
Infrastructure - Roads	Treatment Length	Surface Structure - Asphalt	30	10%
Infrastructure - Roads	Treatment Length	Surface Structure - Double Chip Seal	22	10%
Infrastructure - Roads	Treatment Length	Surface Structure - Single Chip Seal	15	10%

APPENDIX A6 – ESTIMATED ASSET LIFE AND RESIDUAL VALUE (Continued)

Asset Class	Asset Sub-Class	Hierarchy	Estimated Useful Life	Estimated Residual Value %
Infrastructure - Roads	Treatment Length	Surface Structure - Unsealed	1	0%
Infrastructure - Streetscapes	Bitumen carpark		30	
Infrastructure - Streetscapes	Dump ezy		10	
Infrastructure - Streetscapes	Lighting		20	
Infrastructure - Streetscapes	Limestone block entrance statements		50	
Infrastructure - Streetscapes	Limestone entrance statement on roundabout		40	
Infrastructure - Streetscapes	Rammed earth entrance statement		40	
Infrastructure - Streetscapes	Streetscape banners		20	
Plant and Equipment	Major Plant		7	25%
Plant and Equipment	Vehicles		2	50%

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 – APPENDICES B2 AND B3

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

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.

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B1 - FORECAST FINANCIAL STATEMENTS (CONTINUED)

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	Objectives	Services
Governance	Members of Council Governance – general	Recreation and culture	Public halls, civic centre Swimming areas and beaches Other recreation and sport Television and radio re-broadcasting Libraries Other culture
General purpose funding	Rates Other general purpose funding	Transport	Streets, roads, bridges, depots - Construction (not capitalised) - Maintenance Road plant purchase (if not capitalised) Parking facilities Traffic control Aerodromes Water transport facilities
Law, order, public safety	Fire prevention Animal control Other law, order, public safety	Economic services	Rural services Tourism and area promotion Building control Sale yards and markets Plant nursery Other economic services
Health	Maternal and infant health Preventative services - Immunisation - Meat inspection - Administration and inspection - Pest control - Other Other health	Other property and services	Private works Public works overheads Plant operation Salaries and wages Unclassified Town Planning Schemes
Education and welfare	Pre-school Other education Care of families and children Aged and disabled - Senior citizens centres - Meals on wheels Other welfare		
Housing	Staff housing Other housing		
Community amenities	Sanitation - Household refuse - Other Sewerage Urban stormwater drainage Protection of environment Town planning and regional development Other community amenities		

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B2 - FORECAST STATEMENT OF COMPREHENSIVE INCOME 2017-2032 (BY NATURE OR TYPE)

	2013-14	2014-15	2015-16	Base	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																			
Rates	1,123,603	1,192,403	1,259,107	1,233,252	1,270,249	1,308,357	1,347,608	1,388,036	1,429,677	1,472,567	1,516,746	1,562,247	1,609,115	1,657,391	1,707,113	1,758,328	1,811,079	1,865,411	1,921,374
Operating grants, subsidies and contributions	1,440,371	3,438,654	3,027,252	6,896,734	3,318,193	3,384,557	3,452,246	3,521,291	3,591,716	3,663,550	3,736,820	3,811,557	3,887,788	3,965,543	4,044,854	4,125,750	4,208,265	4,292,432	4,378,281
Fees and charges	1,436,600	1,547,131	1,288,567	1,201,174	1,225,192	1,249,698	1,274,690	1,300,177	1,326,184	1,352,702	1,379,758	1,407,346	1,435,495	1,464,211	1,493,490	1,523,358	1,553,826	1,584,905	1,616,602
Interest earnings	135,113	125,578	206,283	68,540	66,789	72,093	78,730	84,753	90,387	95,398	100,667	108,873	116,735	126,882	134,132	141,600	149,290	146,707	154,700
Other revenue	177,135	288,639	245,033	217,000	221,340	225,768	230,282	234,886	239,583	244,373	249,261	254,245	259,330	264,519	269,811	275,207	280,712	286,327	292,054
	4,312,822	6,592,405	6,026,242	9,616,700	6,101,763	6,240,473	6,383,556	6,529,143	6,677,547	6,828,590	6,983,252	7,144,268	7,308,463	7,478,546	7,649,400	7,824,243	8,003,172	8,175,782	8,363,011
Expenses																			
Employee costs	(1,620,267)	(1,778,356)	(2,003,884)	(2,158,916)	(2,202,100)	(2,246,147)	(2,291,062)	(2,336,883)	(2,383,617)	(2,431,285)	(2,479,910)	(2,529,507)	(2,580,100)	(2,631,714)	(2,684,357)	(2,738,048)	(2,792,805)	(2,848,663)	(2,905,640)
Materials and contracts	(2,145,138)	(1,945,835)	(3,381,619)	(6,295,603)	(2,109,924)	(2,152,114)	(2,195,145)	(2,239,039)	(2,283,813)	(2,329,465)	(2,376,056)	(2,423,568)	(2,472,045)	(2,521,517)	(2,571,947)	(2,623,374)	(2,675,849)	(2,729,381)	(2,783,979)
Utility charges (electricity, gas, water etc.)	(162,035)	(140,053)	(160,926)	(145,960)	(148,879)	(151,851)	(154,882)	(157,979)	(161,138)	(164,358)	(167,649)	(171,001)	(174,419)	(177,915)	(181,475)	(185,104)	(188,804)	(192,580)	(196,433)
Depreciation on non-current assets	(1,880,511)	(2,226,363)	(1,798,990)	(1,782,700)	(2,015,210)	(2,209,255)	(2,339,157)	(2,385,716)	(2,432,244)	(2,479,814)	(2,528,614)	(2,578,348)	(2,629,186)	(2,680,902)	(2,733,719)	(2,787,495)	(2,865,070)	(2,946,777)	(2,982,406)
Interest expense	(33,186)	(27,055)	(22,890)	(17,505)	(14,344)	(19,296)	(55,353)	(78,956)	(72,448)	(65,986)	(59,635)	(54,161)	(48,467)	(42,543)	(36,379)	(29,966)	(25,142)	(20,746)	(16,173)
Insurance expense	(142,824)	(144,018)	(149,196)	(160,850)	(164,067)	(167,346)	(170,693)	(174,105)	(177,588)	(181,139)	(184,763)	(188,458)	(192,227)	(196,074)	(199,996)	(203,995)	(208,074)	(212,234)	(216,478)
Other expenditure	(155,643)	(176,022)	(294,067)	(204,500)	(208,590)	(212,761)	(217,015)	(221,356)	(225,784)	(230,299)	(234,907)	(239,605)	(244,395)	(249,286)	(254,272)	(259,357)	(264,545)	(269,837)	(275,234)
	(6,139,604)	(6,437,702)	(7,811,572)	(10,766,034)	(6,863,114)	(7,158,770)	(7,423,307)	(7,594,034)	(7,736,632)	(7,882,346)	(8,031,534)	(8,184,648)	(8,340,839)	(8,499,951)	(8,662,145)	(8,827,339)	(9,020,289)	(9,220,218)	(9,376,343)
	(1,826,782)	154,703	(1,785,330)	(1,149,334)	(761,351)	(918,297)	(1,039,751)	(1,064,891)	(1,059,085)	(1,053,756)	(1,048,282)	(1,040,380)	(1,032,376)	(1,021,405)	(1,012,745)	(1,003,096)	(1,017,117)	(1,044,436)	(1,013,332)
Non-operating grants, subsidies and contributions	3,612,978	2,643,464	2,353,743	1,388,106	612,420	4,412,544	2,912,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
Profit on disposal of assets	4,310	4,000	44,144	3,410	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(111,225)	(301,065)	(209,673)	(6,753)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	1,679,281	2,501,102	402,884	235,429	(148,931)	3,494,247	1,872,793	(652,347)	(646,541)	(641,212)	(635,738)	(627,836)	(619,832)	(608,861)	(600,201)	(590,552)	(604,573)	(631,892)	(813,455)
Other Comprehensive Income	0	0	(321,612)	0	2,191,817	2,225,599	2,327,643	2,432,087	2,453,367	2,480,482	2,509,053	2,532,538	2,558,162	2,579,413	2,606,605	2,632,883	2,661,184	2,713,770	2,743,282
TOTAL COMPREHENSIVE INCOME	1,679,281	2,501,102	81,272	235,429	2,042,886	5,719,846	4,200,436	1,779,740	1,806,826	1,839,270	1,873,315	1,904,702	1,938,330	1,970,552	2,006,404	2,042,331	2,056,611	2,081,878	1,929,827

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B3 - FORECAST STATEMENT OF COMPREHENSIVE INCOME 2017-2032 (BY PROGRAM)

	2013-14	2014-15	2015-16	Base	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue																			
Governance	44,618	60,231	40,643	5,000	5,100	5,202	5,306	5,412	5,520	5,630	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729
General purpose funding	2,211,775	4,163,290	2,406,879	3,198,292	3,271,468	3,353,568	3,438,919	3,525,621	3,613,954	3,703,732	3,795,896	3,893,173	3,992,344	4,096,098	4,199,307	4,305,152	4,413,699	4,514,516	4,628,520
Law, order, public safety	51,157	166,510	103,391	52,830	53,887	54,965	56,063	57,185	58,328	59,494	60,683	61,896	63,135	64,399	65,687	66,999	68,339	69,706	71,101
Health	1,203	751	1,006	750	765	780	796	812	828	845	862	879	897	915	933	952	971	990	1,010
Housing	72,598	75,289	86,977	84,760	86,450	88,184	89,947	91,742	93,579	95,447	97,358	99,300	101,285	103,314	105,375	107,479	109,628	111,822	114,059
Community amenities	257,668	283,884	297,558	284,000	289,680	295,473	301,383	307,410	313,559	319,830	326,226	332,751	339,406	346,194	353,118	360,181	367,385	374,733	382,227
Recreation and culture	289,967	263,836	247,719	520,150	530,553	541,163	551,983	563,022	574,282	585,766	597,481	609,429	621,619	634,051	646,731	659,665	672,859	686,317	700,041
Transport	452,222	435,131	2,014,705	4,720,604	1,098,540	1,120,512	1,142,921	1,165,778	1,189,093	1,212,874	1,237,132	1,261,874	1,287,111	1,312,854	1,339,112	1,365,896	1,393,215	1,421,080	1,449,502
Economic services	922,556	1,111,056	775,554	750,314	765,320	780,626	796,238	812,161	828,404	844,972	861,871	879,108	896,691	914,626	932,920	951,578	970,608	990,021	1,009,822
Other property and services	9,058	32,427	51,810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	4,312,822	6,592,405	6,026,242	9,616,700	6,101,763	6,240,473	6,383,556	6,529,143	6,677,547	6,828,590	6,983,252	7,144,268	7,308,463	7,478,546	7,649,400	7,824,243	8,003,172	8,175,782	8,363,011
Expenses Excluding Finance Costs																			
Governance	(349,176)	(271,337)	(204,535)	(299,681)	(306,999)	(314,171)	(321,028)	(327,443)	(333,980)	(340,647)	(347,459)	(354,403)	(361,488)	(368,722)	(376,097)	(383,612)	(391,436)	(399,429)	(407,266)
General purpose funding	(101,057)	(99,309)	(197,993)	(118,973)	(121,353)	(123,780)	(126,256)	(128,780)	(131,356)	(133,983)	(136,662)	(139,394)	(142,182)	(145,027)	(147,928)	(150,887)	(153,905)	(156,983)	(160,123)
Law, order, public safety	(241,040)	(332,166)	(389,603)	(303,147)	(314,863)	(325,576)	(334,545)	(341,227)	(348,018)	(354,945)	(362,020)	(369,234)	(376,596)	(384,109)	(391,770)	(399,577)	(408,194)	(417,061)	(424,736)
Health	(52,403)	(59,205)	(58,479)	(65,372)	(66,679)	(68,012)	(69,371)	(70,758)	(72,173)	(73,617)	(75,089)	(76,591)	(78,122)	(79,685)	(81,280)	(82,906)	(84,564)	(86,256)	(87,982)
Housing	(110,168)	(162,666)	(183,826)	(184,713)	(201,117)	(215,059)	(224,893)	(229,369)	(233,882)	(238,484)	(243,208)	(248,016)	(252,926)	(257,936)	(263,044)	(268,247)	(275,019)	(282,097)	(286,235)
Community amenities	(756,777)	(627,698)	(593,881)	(620,366)	(635,425)	(650,203)	(664,359)	(677,644)	(691,179)	(704,984)	(719,072)	(733,441)	(748,098)	(763,053)	(778,303)	(793,856)	(810,029)	(826,562)	(842,780)
Recreation and culture	(1,570,524)	(1,739,436)	(1,986,275)	(2,099,333)	(2,217,093)	(2,320,602)	(2,399,994)	(2,447,910)	(2,496,407)	(2,545,916)	(2,596,530)	(2,648,131)	(2,700,813)	(2,754,512)	(2,809,294)	(2,865,127)	(2,930,826)	(2,998,844)	(3,049,851)
Transport	(1,833,395)	(1,753,463)	(2,924,747)	(5,709,284)	(1,902,125)	(2,010,649)	(2,090,158)	(2,131,858)	(2,173,949)	(2,216,929)	(2,260,901)	(2,305,735)	(2,351,522)	(2,398,162)	(2,445,757)	(2,494,258)	(2,554,150)	(2,616,419)	(2,658,068)
Economic services	(1,092,458)	(1,323,833)	(1,205,972)	(1,347,660)	(1,083,116)	(1,111,422)	(1,137,350)	(1,160,089)	(1,183,240)	(1,206,855)	(1,230,958)	(1,255,542)	(1,280,625)	(1,306,202)	(1,332,293)	(1,358,903)	(1,387,024)	(1,415,821)	(1,443,129)
Other property and services	580	(41,534)	(43,371)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(6,106,418)	(6,410,647)	(7,788,682)	(10,748,529)	(6,848,770)	(7,139,474)	(7,367,954)	(7,515,078)	(7,664,184)	(7,816,360)	(7,971,899)	(8,130,487)	(8,292,372)	(8,457,408)	(8,625,766)	(8,797,373)	(8,995,147)	(9,199,472)	(9,360,170)
Finance Costs																			
Governance	(17,213)	(13,899)	(11,235)	(8,080)	(6,752)	(2,902)	(31,449)	(58,063)	(54,689)	(51,487)	(48,156)	(44,689)	(41,083)	(37,331)	(33,428)	(29,367)	(25,142)	(20,746)	(16,173)
Community amenities	0	0	0	0	0	(10,000)	(18,757)	(17,044)	(15,262)	(13,408)	(11,479)	(9,472)	(7,384)	(5,212)	(2,951)	(599)	0	0	0
Economic services	(15,973)	(13,156)	(11,655)	(9,425)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other property and services	0	0	0	0	(7,592)	(6,394)	(5,147)	(3,849)	(2,497)	(1,091)	0	0	0	0	0	0	0	0	0
	(33,186)	(27,055)	(22,890)	(17,505)	(14,344)	(19,296)	(55,353)	(78,956)	(72,448)	(65,986)	(59,635)	(54,161)	(48,467)	(42,543)	(36,379)	(29,966)	(25,142)	(20,746)	(16,173)
Non Operating Grants, Subsidies and Contributions																			
Governance	0	0	0	0	0	500,000	2,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	1,037,648	125,505	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community amenities	0	378,341	0	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	867,692	17,617	1,333,192	416,306	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	1,029,297	2,122,001	1,020,551	971,800	612,420	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
	3,612,978	2,643,464	2,353,743	1,388,106	612,420	4,412,544	2,912,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B3 - FORECAST STATEMENT OF COMPREHENSIVE INCOME 2017-2032 (BY PROGRAM) (CONTINUED)

	2013-14	2014-15	2015-16	Base	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Profit/(Loss) on Disposal of Assets																			
Governance	4,134	0	(96,121)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	0	(23,319)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health	0	0	(33,311)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	(21,889)	(193,165)	(5,870)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	(88,984)	(80,581)	(27,765)	(3,343)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic services	(176)	0	(2,462)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(106,915)	(297,065)	(165,529)	(3,343)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	1,679,281	2,501,102	402,884	235,429	(148,931)	3,494,247	1,872,793	(652,347)	(646,541)	(641,212)	(635,738)	(627,836)	(619,832)	(608,861)	(600,201)	(590,552)	(604,573)	(631,892)	(813,455)
Other Comprehensive Income	0	0	(321,612)	0	2,191,817	2,225,599	2,327,643	2,432,087	2,453,367	2,480,482	2,509,053	2,532,538	2,558,162	2,579,413	2,606,605	2,632,883	2,661,184	2,713,770	2,743,282
TOTAL COMPREHENSIVE INCOME	1,679,281	2,501,102	81,272	235,429	2,042,886	5,719,846	4,200,436	1,779,740	1,806,826	1,839,270	1,873,315	1,904,702	1,938,330	1,970,552	2,006,404	2,042,331	2,056,611	2,081,878	1,929,827

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B4 - FORECAST STATEMENT OF FINANCIAL POSITION 2017-2032

	2014	2015	2016	Base	30 June 18	30 June 19	30 June 20	30 June 21	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS																			
Unrestricted Cash and Equivalents	422,848	1,566,388	1,106,057	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872
Restricted Cash and Cash Equivalent	2,649,795	8,433,119	6,053,741	988,517	1,341,996	1,784,445	2,185,992	2,561,549	2,895,731	3,246,904	3,793,980	4,318,161	4,994,516	5,477,962	5,975,829	6,488,478	6,316,277	6,849,102	7,397,682
Trade and Other Receivables	1,137,594	523,807	728,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827
Inventories	146,545	110,379	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159
TOTAL CURRENT ASSETS	4,356,782	10,633,693	8,078,784	1,980,375	2,333,854	2,776,303	3,177,850	3,553,407	3,887,589	4,238,762	4,785,838	5,310,019	5,986,374	6,469,820	6,967,687	7,480,336	7,308,135	7,840,960	8,389,540
NON-CURRENT ASSETS																			
Other Receivables	8,651	10,306	12,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090	14,090
Property Plant and Equipment	25,126,671	25,179,465	24,089,005	24,115,448	24,191,250	28,558,077	32,408,847	32,306,911	32,264,162	32,224,730	32,037,295	31,893,452	31,620,472	31,401,837	31,065,101	30,802,906	31,424,991	30,714,299	29,774,476
Infrastructure	19,592,167	83,091,929	85,290,036	87,991,640	89,527,258	90,857,639	92,175,784	93,518,755	94,874,689	96,236,297	97,614,499	98,997,917	100,386,232	101,939,409	103,625,954	105,283,269	106,781,188	108,927,729	111,131,022
TOTAL NON-CURRENT ASSETS	44,727,489	108,281,700	109,391,131	112,121,178	113,732,598	119,429,806	124,598,721	125,839,756	127,152,941	128,475,117	129,665,884	130,905,459	132,020,794	133,355,336	134,705,145	136,100,265	138,220,269	139,656,118	140,919,588
TOTAL ASSETS	49,084,271	118,915,393	117,469,915	114,101,553	116,066,452	122,206,109	127,776,571	129,393,163	131,040,530	132,713,879	134,451,722	136,215,478	138,007,168	139,825,156	141,672,832	143,580,601	145,528,404	147,497,078	149,309,128
CURRENT LIABILITIES																			
Trade and Other Payables	323,230	5,938,676	4,539,701	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858	991,858
Current Portion of Long-term Liabilities	105,311	192,364	63,588	92,332	59,611	92,999	163,148	159,459	165,921	135,472	140,946	146,640	152,564	158,728	134,562	108,808	113,204	117,777	122,536
Provisions	249,151	226,944	197,101	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055	203,055
TOTAL CURRENT LIABILITIES	677,692	6,357,984	4,800,390	1,287,245	1,254,524	1,287,912	1,358,061	1,354,372	1,360,834	1,330,385	1,335,859	1,341,553	1,347,477	1,353,641	1,329,475	1,303,721	1,308,117	1,312,690	1,317,449
NON-CURRENT LIABILITIES																			
Long-term Borrowings	476,393	284,029	301,060	208,729	163,463	549,886	1,849,763	1,690,304	1,524,383	1,388,911	1,247,965	1,101,325	948,761	790,033	655,471	546,663	433,459	315,682	193,146
Provisions	40,266	54,026	67,839	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525	69,525
TOTAL NON-CURRENT LIABILITIES	516,659	338,055	368,899	278,254	232,988	619,411	1,919,288	1,759,829	1,593,908	1,458,436	1,317,490	1,170,850	1,018,286	859,558	724,996	616,188	502,984	385,207	262,671
TOTAL LIABILITIES	1,194,351	6,696,039	5,169,289	1,565,499	1,487,512	1,907,323	3,277,349	3,114,201	2,954,742	2,788,821	2,653,349	2,512,403	2,365,763	2,213,199	2,054,471	1,919,909	1,811,101	1,697,897	1,580,120
NET ASSETS	47,889,920	112,219,354	112,300,626	112,536,054	114,578,940	120,298,786	124,499,222	126,278,962	128,085,788	129,925,058	131,798,373	133,703,075	135,641,405	137,611,957	139,618,361	141,660,692	143,717,303	145,799,181	147,729,008
EQUITY																			
Retained Surplus	36,789,448	39,250,011	39,733,131	40,935,310	40,432,900	43,484,698	44,955,944	43,928,040	42,947,317	41,954,932	40,772,118	39,620,101	38,323,914	37,231,607	36,133,539	35,030,338	34,597,966	33,433,249	32,071,214
Reserves - Cash Backed	1,994,965	2,035,504	1,955,268	988,517	1,341,996	1,784,445	2,185,992	2,561,549	2,895,731	3,246,904	3,793,980	4,318,161	4,994,516	5,477,962	5,975,829	6,488,478	6,316,277	6,849,102	7,397,682
Revaluation Surplus	9,105,507	70,933,839	70,612,227	70,612,227	72,804,044	75,029,643	77,357,286	79,789,373	82,242,740	84,723,222	87,232,275	89,764,813	92,322,975	94,902,388	97,508,993	100,141,876	102,803,060	105,516,830	108,260,112
TOTAL EQUITY	47,889,920	112,219,354	112,300,626	112,536,054	114,578,940	120,298,786	124,499,222	126,278,962	128,085,788	129,925,058	131,798,373	133,703,075	135,641,405	137,611,957	139,618,361	141,660,692	143,717,303	145,799,181	147,729,008

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B5 - FORECAST STATEMENT OF CHANGES IN EQUITY 2017-2032

	2015	2016	2017	Base	30 June 18	30 June 19	30 June 20	30 June 21	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS																			
Opening Balance	35,110,167	36,789,448	39,250,011	39,733,130	40,935,310	40,432,900	43,484,698	44,955,944	43,928,040	42,947,317	41,954,932	40,772,118	39,620,101	38,323,914	37,231,607	36,133,539	35,030,338	34,597,966	33,433,249
Net Result	1,679,281	2,501,102	402,884	235,429	(148,931)	3,494,247	1,872,793	(652,347)	(646,541)	(641,212)	(635,738)	(627,836)	(619,832)	(608,861)	(600,201)	(590,552)	(604,573)	(631,892)	(813,455)
Amount transferred (to)/from Reserves		(40,539)	80,236	966,751	(353,479)	(442,449)	(401,547)	(375,557)	(334,182)	(351,173)	(547,076)	(524,181)	(676,355)	(483,446)	(497,867)	(512,649)	172,201	(532,825)	(548,580)
Closing Balance	36,789,448	39,250,011	39,733,131	40,935,310	40,432,900	43,484,698	44,955,944	43,928,040	42,947,317	41,954,932	40,772,118	39,620,101	38,323,914	37,231,607	36,133,539	35,030,338	34,597,966	33,433,249	32,071,214
RESERVES - CASH BACKED																			
Opening Balance	1,994,965	1,994,965	2,035,504	1,955,268	988,517	1,341,996	1,784,445	2,185,992	2,561,549	2,895,731	3,246,904	3,793,980	4,318,161	4,994,516	5,477,962	5,975,829	6,488,478	6,316,277	6,849,102
Amount transferred to/(from) Retained Surplus	0	40,539	(80,236)	(966,751)	353,479	442,449	401,547	375,557	334,182	351,173	547,076	524,181	676,355	483,446	497,867	512,649	(172,201)	532,825	548,580
Closing Balance	1,994,965	2,035,504	1,955,268	988,517	1,341,996	1,784,445	2,185,992	2,561,549	2,895,731	3,246,904	3,793,980	4,318,161	4,994,516	5,477,962	5,975,829	6,488,478	6,316,277	6,849,102	7,397,682
REVALUATION SURPLUS																			
Opening Balance	9,105,507	70,933,839	70,933,839	70,612,227	70,612,227	72,804,044	75,029,643	77,357,286	79,789,373	82,242,740	84,723,222	87,232,275	89,764,813	92,322,975	94,902,388	97,508,993	100,141,876	102,803,060	105,516,830
Total Other Comprehensive Income	0	0	(321,612)	0	2,191,817	2,225,599	2,327,643	2,432,087	2,453,367	2,480,482	2,509,053	2,532,538	2,558,162	2,579,413	2,606,605	2,632,883	2,661,184	2,713,770	2,743,282
Closing Balance	9,105,507	70,933,839	70,612,227	70,612,227	72,804,044	75,029,643	77,357,286	79,789,373	82,242,740	84,723,222	87,232,275	89,764,813	92,322,975	94,902,388	97,508,993	100,141,876	102,803,060	105,516,830	108,260,112
TOTAL EQUITY																			
	47,889,920	112,219,354	112,300,626	112,536,054	114,578,940	120,298,786	124,499,222	126,278,962	128,085,788	129,925,058	131,798,373	133,703,075	135,641,405	137,611,957	139,618,361	141,660,692	143,717,303	145,799,181	147,729,008

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B6 - FORECAST STATEMENT OF CASHFLOWS 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows From Operating Activities															
Receipts															
Rates	1,270,249	1,308,357	1,347,608	1,388,036	1,429,677	1,472,567	1,516,746	1,562,247	1,609,115	1,657,391	1,707,113	1,758,328	1,811,079	1,865,411	1,921,374
Operating grants, subsidies and contributions	3,318,193	3,384,557	3,452,246	3,521,291	3,591,716	3,663,550	3,736,820	3,811,557	3,887,788	3,965,543	4,044,854	4,125,750	4,208,265	4,292,432	4,378,281
Fees and charges	1,225,192	1,249,698	1,274,690	1,300,177	1,326,184	1,352,702	1,379,758	1,407,346	1,435,495	1,464,211	1,493,490	1,523,358	1,553,826	1,584,905	1,616,602
Interest earnings	66,789	72,093	78,730	84,753	90,387	95,398	100,667	108,873	116,735	126,882	134,132	141,600	149,290	146,707	154,700
Other revenue	221,340	225,768	230,282	234,886	239,583	244,373	249,261	254,245	259,330	264,519	269,811	275,207	280,712	286,327	292,054
	6,101,763	6,240,473	6,383,556	6,529,143	6,677,547	6,828,590	6,983,252	7,144,268	7,308,463	7,478,546	7,649,400	7,824,243	8,003,172	8,175,782	8,363,011
Payments															
Employee costs	(2,202,100)	(2,246,147)	(2,291,062)	(2,336,883)	(2,383,617)	(2,431,285)	(2,479,910)	(2,529,507)	(2,580,100)	(2,631,714)	(2,684,357)	(2,738,048)	(2,792,805)	(2,848,663)	(2,905,640)
Materials and contracts	(2,109,924)	(2,152,114)	(2,195,145)	(2,239,039)	(2,283,813)	(2,329,465)	(2,376,056)	(2,423,568)	(2,472,045)	(2,521,517)	(2,571,947)	(2,623,374)	(2,675,849)	(2,729,381)	(2,783,979)
Utility charges	(148,879)	(151,851)	(154,882)	(157,979)	(161,138)	(164,358)	(167,649)	(171,001)	(174,419)	(177,915)	(181,475)	(185,104)	(188,804)	(192,580)	(196,433)
Interest expenses	(14,344)	(19,296)	(55,353)	(78,956)	(72,448)	(65,986)	(59,635)	(54,161)	(48,467)	(42,543)	(36,379)	(29,966)	(25,142)	(20,746)	(16,173)
Insurance expenses	(164,067)	(167,346)	(170,693)	(174,105)	(177,588)	(181,139)	(184,763)	(188,458)	(192,227)	(196,074)	(199,996)	(203,995)	(208,074)	(212,234)	(216,478)
Other expenditure	(208,590)	(212,761)	(217,015)	(221,356)	(225,784)	(230,299)	(234,907)	(239,605)	(244,395)	(249,286)	(254,272)	(259,357)	(264,545)	(269,837)	(275,234)
	(4,847,904)	(4,949,515)	(5,084,150)	(5,208,318)	(5,304,388)	(5,402,532)	(5,502,920)	(5,606,300)	(5,711,653)	(5,819,049)	(5,928,426)	(6,039,844)	(6,155,219)	(6,273,441)	(6,393,937)
Net Cash Provided By (Used In) Operating Activities	1,253,859	1,290,958	1,299,406	1,320,825	1,373,159	1,426,058	1,480,332	1,537,968	1,596,810	1,659,497	1,720,974	1,784,399	1,847,953	1,902,341	1,969,074
Cash Flows from Investing Activities															
Payments for purchase of property, plant & equipment	(705,000)	(5,113,896)	(4,787,538)	(734,098)	(911,185)	(868,719)	(762,186)	(778,772)	(737,178)	(789,930)	(764,941)	(800,798)	(1,830,887)	(453,232)	(50,000)
Payments for construction of infrastructure	(856,813)	(642,917)	(626,357)	(647,827)	(656,897)	(658,877)	(672,136)	(674,160)	(676,249)	(838,703)	(966,872)	(930,293)	(764,660)	(1,410,774)	(1,452,594)
Non-operating grants, subsidies and contributions	612,420	4,412,544	2,912,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
Proceeds from sale of plant & equipment	127,000	75,949	233,466	187,261	276,020	206,088	223,994	167,547	227,068	192,602	254,890	181,359	271,657	195,150	0
Net Cash Provided By (Used In) Investing Activities	(822,393)	(1,268,320)	(2,267,885)	(782,120)	(879,518)	(908,964)	(797,784)	(872,841)	(773,815)	(1,023,487)	(1,064,379)	(1,137,188)	(1,911,346)	(1,256,312)	(1,302,717)
Cash Flows from Financing Activities															
Repayment of debentures	(77,987)	(80,189)	(129,974)	(163,148)	(159,459)	(165,921)	(135,472)	(140,946)	(146,640)	(152,564)	(158,728)	(134,562)	(108,808)	(113,204)	(117,777)
Proceeds from new debentures	0	500,000	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used In) Financing Activities	(77,987)	419,811	1,370,026	(163,148)	(159,459)	(165,921)	(135,472)	(140,946)	(146,640)	(152,564)	(158,728)	(134,562)	(108,808)	(113,204)	(117,777)
Net Increase (Decrease) in Cash Held	353,479	442,449	401,547	375,557	334,182	351,173	547,076	524,181	676,355	483,446	497,867	512,649	(172,201)	532,825	548,580
Cash at beginning of year	1,119,389	1,472,868	1,915,317	2,316,864	2,692,421	3,026,603	3,377,776	3,924,852	4,449,033	5,125,388	5,608,834	6,106,701	6,619,350	6,447,149	6,979,974
Cash and Cash Equivalents at the End of Year	1,472,868	1,915,317	2,316,864	2,692,421	3,026,603	3,377,776	3,924,852	4,449,033	5,125,388	5,608,834	6,106,701	6,619,350	6,447,149	6,979,974	7,528,554
Reconciliation of Net Cash Provided By Operating Activities to Net Result															
Net Result	(148,931)	3,494,247	1,872,793	(652,347)	(646,541)	(641,212)	(635,738)	(627,836)	(619,832)	(608,861)	(600,201)	(590,552)	(604,573)	(631,892)	(813,455)
Depreciation	2,015,210	2,209,255	2,339,157	2,385,716	2,432,244	2,479,814	2,528,614	2,578,348	2,629,186	2,680,902	2,733,719	2,787,495	2,865,070	2,946,777	2,982,406
Grants/Contributions for the development of assets	(612,420)	(4,412,544)	(2,912,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(412,544)	(199,877)
Net Cash from Operating Activities	1,253,859	1,290,958	1,299,406	1,320,825	1,373,159	1,426,058	1,480,332	1,537,968	1,596,810	1,659,497	1,720,974	1,784,399	1,847,953	1,902,341	1,969,074

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B7 - FORECAST STATEMENT OF FUNDING 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES															
Revenues															
Rates	1,270,249	1,308,357	1,347,608	1,388,036	1,429,677	1,472,567	1,516,746	1,562,247	1,609,115	1,657,391	1,707,113	1,758,328	1,811,079	1,865,411	1,921,374
Operating grants, subsidies and contributions	3,318,193	3,384,557	3,452,246	3,521,291	3,591,716	3,663,550	3,736,820	3,811,557	3,887,788	3,965,543	4,044,854	4,125,750	4,208,265	4,292,432	4,378,281
Profit on asset disposal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,225,192	1,249,698	1,274,690	1,300,177	1,326,184	1,352,702	1,379,758	1,407,346	1,435,495	1,464,211	1,493,490	1,523,358	1,553,826	1,584,905	1,616,602
Service charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest earnings	66,789	72,093	78,730	84,753	90,387	95,398	100,667	108,873	116,735	126,882	134,132	141,600	149,290	146,707	154,700
Other revenue	221,340	225,768	230,282	234,886	239,583	244,373	249,261	254,245	259,330	264,519	269,811	275,207	280,712	286,327	292,054
	6,101,763	6,240,473	6,383,556	6,529,143	6,677,547	6,828,590	6,983,252	7,144,268	7,308,463	7,478,546	7,649,400	7,824,243	8,003,172	8,175,782	8,363,011
Expenses															
Employee costs	(2,202,100)	(2,246,147)	(2,291,062)	(2,336,883)	(2,383,617)	(2,431,285)	(2,479,910)	(2,529,507)	(2,580,100)	(2,631,714)	(2,684,357)	(2,738,048)	(2,792,805)	(2,848,663)	(2,905,640)
Materials and contracts	(2,109,924)	(2,152,114)	(2,195,145)	(2,239,039)	(2,283,813)	(2,329,465)	(2,376,056)	(2,423,568)	(2,472,045)	(2,521,517)	(2,571,947)	(2,623,374)	(2,675,849)	(2,729,381)	(2,783,979)
Utility charges (electricity, gas, water etc.)	(148,879)	(151,851)	(154,882)	(157,979)	(161,138)	(164,358)	(167,649)	(171,001)	(174,419)	(177,915)	(181,475)	(185,104)	(188,804)	(192,580)	(196,433)
Depreciation on non-current assets	(2,015,210)	(2,209,255)	(2,339,157)	(2,385,716)	(2,432,244)	(2,479,814)	(2,528,614)	(2,578,348)	(2,629,186)	(2,680,902)	(2,733,719)	(2,787,495)	(2,865,070)	(2,946,777)	(2,982,406)
Loss on asset disposal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest expense	(14,344)	(19,296)	(55,353)	(78,956)	(72,448)	(65,986)	(59,635)	(54,161)	(48,467)	(42,543)	(36,379)	(29,966)	(25,142)	(20,746)	(16,173)
Insurance expense	(164,067)	(167,346)	(170,693)	(174,105)	(177,588)	(181,139)	(184,763)	(188,458)	(192,227)	(196,074)	(199,996)	(203,995)	(208,074)	(212,234)	(216,478)
Other expenditure	(208,590)	(212,761)	(217,015)	(221,356)	(225,784)	(230,299)	(234,907)	(239,605)	(244,395)	(249,286)	(254,272)	(259,357)	(264,545)	(269,837)	(275,234)
	(6,863,114)	(7,158,770)	(7,423,307)	(7,594,034)	(7,736,632)	(7,882,346)	(8,031,534)	(8,184,648)	(8,340,839)	(8,499,951)	(8,662,145)	(8,827,339)	(9,020,289)	(9,220,218)	(9,376,343)
	(761,351)	(918,297)	(1,039,751)	(1,064,891)	(1,059,085)	(1,053,756)	(1,048,282)	(1,040,380)	(1,032,376)	(1,021,405)	(1,012,745)	(1,003,096)	(1,017,117)	(1,044,436)	(1,013,332)
Funding Position Adjustments															
Depreciation on non-current assets	2,015,210	2,209,255	2,339,157	2,385,716	2,432,244	2,479,814	2,528,614	2,578,348	2,629,186	2,680,902	2,733,719	2,787,495	2,865,070	2,946,777	2,982,406
Net profit and losses on disposal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Movement in employee benefit provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Initial Recognition of Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Funding From Operational Activities	1,253,859	1,290,958	1,299,406	1,320,825	1,373,159	1,426,058	1,480,332	1,537,968	1,596,810	1,659,497	1,720,974	1,784,399	1,847,953	1,902,341	1,969,074
FUNDING FROM CAPITAL ACTIVITIES															
Inflows															
Proceeds on disposal	127,000	75,949	233,466	187,261	276,020	206,088	223,994	167,547	227,068	192,602	254,890	181,359	271,657	195,150	0
Non-operating grants, subsidies and contributions	612,420	4,412,544	2,912,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
Outflows															
Purchase of land held for resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of property plant and equipment	(705,000)	(5,113,896)	(4,787,538)	(734,098)	(911,185)	(868,719)	(762,186)	(778,772)	(737,178)	(789,930)	(764,941)	(800,798)	(1,830,887)	(453,232)	(50,000)
Purchase of infrastructure	(856,813)	(642,917)	(626,357)	(647,827)	(656,897)	(658,877)	(672,136)	(674,160)	(676,249)	(838,703)	(966,872)	(930,293)	(764,660)	(1,410,774)	(1,452,594)
Net Funding From Capital Activities	(822,393)	(1,268,320)	(2,267,885)	(782,120)	(879,518)	(908,964)	(797,784)	(872,841)	(773,815)	(1,023,487)	(1,064,379)	(1,137,188)	(1,911,346)	(1,256,312)	(1,302,717)

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B7 - FORECAST STATEMENT OF FUNDING 2017-2032 (CONTINUED)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM FINANCING ACTIVITIES															
Inflows															
Transfer from reserves	10,000	0	0	25,595	78,971	73,486	0	0	0	0	0	0	700,000	0	0
New borrowings	0	500,000	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Self supporting loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outflows															
Transfer to reserves	(363,479)	(442,449)	(401,547)	(401,152)	(413,153)	(424,659)	(547,076)	(524,181)	(676,355)	(483,446)	(497,867)	(512,649)	(527,799)	(532,825)	(548,580)
Advances to community groups	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of past borrowings	(77,987)	(80,189)	(129,974)	(163,148)	(159,459)	(165,921)	(135,472)	(140,946)	(146,640)	(152,564)	(158,728)	(134,562)	(108,808)	(113,204)	(117,777)
Net Funding From Financing Activities	(431,466)	(22,638)	968,479	(538,705)	(493,641)	(517,094)	(682,548)	(665,127)	(822,995)	(636,010)	(656,595)	(647,211)	63,393	(646,029)	(666,357)
Estimated Surplus/Deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Surplus/Deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B8 - FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated Surplus/Deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS															
Unrestricted Cash and Equivalents	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872	130,872
Restricted Cash and Cash Equivalent	1,341,996	1,784,445	2,185,992	2,561,549	2,895,731	3,246,904	3,793,980	4,318,161	4,994,516	5,477,962	5,975,829	6,488,478	6,316,277	6,849,102	7,397,682
Trade and Other Receivables	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827	670,827
Inventories	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159	190,159
CURRENT LIABILITIES															
Trade and Other Payables	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)	(991,858)
Reserves	(1,341,996)	(1,784,445)	(2,185,992)	(2,561,549)	(2,895,731)	(3,246,904)	(3,793,980)	(4,318,161)	(4,994,516)	(5,477,962)	(5,975,829)	(6,488,478)	(6,316,277)	(6,849,102)	(7,397,682)
Current Self Supporting Loans Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Movement in Accrued Salaries and Wages	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Surplus/Deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B9 - FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE															
Infrastructure - Roads	718,753	518,877	518,877	518,877	518,877	518,877	518,877	518,877	518,877	679,175	805,119	767,105	600,008	1,244,629	1,286,449
Infrastructure - Footpaths	48,060	34,040	17,480	38,950	48,020	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145	76,145
Infrastructure - Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Infrastructure - Public Facilities	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Capital Works - Infrastructure	856,813	642,917	626,357	647,827	656,897	658,877	672,136	674,160	676,249	838,703	966,872	930,293	764,660	1,410,774	1,452,594
Represented by:															
Additions - Assets at no cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Expansion, Upgrades and New	48,060	34,040	17,480	38,950	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	808,753	608,877	608,877	608,877	656,897	658,877	672,136	674,160	676,249	838,703	966,872	930,293	764,660	1,410,774	1,452,594
Total Capital Works - Infrastructure	856,813	642,917	626,357	647,827	656,897	658,877	672,136	674,160	676,249	838,703	966,872	930,293	764,660	1,410,774	1,452,594
Asset Movement Reconciliation															
Total Capital Works Infrastructure	856,813	642,917	626,357	647,827	656,897	658,877	672,136	674,160	676,249	838,703	966,872	930,293	764,660	1,410,774	1,452,594
Depreciation Infrastructure	(1,081,027)	(1,103,081)	(1,125,366)	(1,148,370)	(1,171,338)	(1,194,764)	(1,218,659)	(1,243,032)	(1,267,893)	(1,293,251)	(1,319,116)	(1,345,497)	(1,372,408)	(1,399,857)	(1,427,854)
Net Book Value of disposed/Written Off assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation of Infrastructure assets (Inflation)	1,759,832	1,790,545	1,817,154	1,843,514	1,870,375	1,897,495	1,924,725	1,952,290	1,979,959	2,007,725	2,038,789	2,072,519	2,105,667	2,135,624	2,178,553
Net Movement in Infrastructure Assets	1,535,618	1,330,381	1,318,145	1,342,971	1,355,934	1,361,608	1,378,202	1,383,418	1,388,315	1,553,177	1,686,545	1,657,315	1,497,919	2,146,541	2,203,293
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT															
Buildings & Improvements	50,000	4,550,000	4,050,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	1,100,000	50,000	50,000
Plant and Equipment	655,000	563,896	737,538	684,098	861,185	818,719	712,186	728,772	687,178	739,930	714,941	750,798	730,887	403,232	0
Total Capital Works Property, Plant and Equipment	705,000	5,113,896	4,787,538	734,098	911,185	868,719	762,186	778,772	737,178	789,930	764,941	800,798	1,830,887	453,232	50,000
Represented by:															
Additions - Assets at no cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Expansion, Upgrades and New	0	4,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	705,000	1,113,896	4,787,538	734,098	911,185	868,719	762,186	778,772	737,178	789,930	764,941	800,798	1,830,887	453,232	50,000
Total Capital Works Property, Plant and Equipment	705,000	5,113,896	4,787,538	734,098	911,185	868,719	762,186	778,772	737,178	789,930	764,941	800,798	1,830,887	453,232	50,000
Asset Movement Reconciliation															
Total Capital Works Property, Plant and Equipment	705,000	5,113,896	4,787,538	734,098	911,185	868,719	762,186	778,772	737,178	789,930	764,941	800,798	1,830,887	453,232	50,000
Depreciation Property, Plant and Equipment	(934,183)	(1,106,174)	(1,213,791)	(1,237,346)	(1,260,906)	(1,285,050)	(1,309,955)	(1,335,316)	(1,361,293)	(1,387,651)	(1,414,603)	(1,441,998)	(1,492,662)	(1,546,920)	(1,554,552)
Net Book Value of disposed/Written Off assets	(127,000)	(75,949)	(233,466)	(187,261)	(276,020)	(206,088)	(223,994)	(167,547)	(227,068)	(192,602)	(254,890)	(181,359)	(271,657)	(195,150)	0
Revaluation of Property, Plant and Equipment (Inflation)	431,985	435,054	510,489	588,573	582,992	582,987	584,328	580,248	578,203	571,688	567,816	560,364	555,517	578,146	564,729
Net Movement in Property, Plant and Equipment	75,802	4,366,827	3,850,770	(101,936)	(42,749)	(39,432)	(187,435)	(143,843)	(272,980)	(218,635)	(336,736)	(262,195)	622,085	(710,692)	(939,823)

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B9 - FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2017-2032 (CONTINUED)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - TOTALS															
Capital Works															
Total Capital Works Infrastructure	856,813	642,917	626,357	647,827	656,897	658,877	672,136	674,160	676,249	838,703	966,872	930,293	764,660	1,410,774	1,452,594
Total Capital Works Property, Plant and Equipment	705,000	5,113,896	4,787,538	734,098	911,185	868,719	762,186	778,772	737,178	789,930	764,941	800,798	1,830,887	453,232	50,000
Total Capital Works	1,561,813	5,756,813	5,413,895	1,381,925	1,568,082	1,527,596	1,434,322	1,452,932	1,413,427	1,628,633	1,731,813	1,731,091	2,595,547	1,864,006	1,502,594
Fixed Asset Movement															
Net Movement in Infrastructure Assets	1,535,618	1,330,381	1,318,145	1,342,971	1,355,934	1,361,608	1,378,202	1,383,418	1,388,315	1,553,177	1,686,545	1,657,315	1,497,919	2,146,541	2,203,293
Net Movement in Property, Plant and Equipment	75,802	4,366,827	3,850,770	(101,936)	(42,749)	(39,432)	(187,435)	(143,843)	(272,980)	(218,635)	(336,736)	(262,195)	622,085	(710,692)	(939,823)
Net Movement in Fixed Assets	1,611,420	5,697,208	5,168,915	1,241,035	1,313,185	1,322,176	1,190,767	1,239,575	1,115,335	1,334,542	1,349,809	1,395,120	2,120,004	1,435,849	1,263,470

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B10 - FORECAST STATEMENT OF CAPITAL FUNDING 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure															
Infrastructure - Roads	718,753	518,877	518,877	518,877	518,877	518,877	518,877	518,877	518,877	679,175	805,119	767,105	600,008	1,244,629	1,286,449
Infrastructure - Footpaths	48,060	34,040	17,480	38,950	48,020	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145	76,145
Infrastructure - Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Infrastructure - Public Facilities	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Buildings & Improvements	50,000	4,550,000	4,050,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	1,100,000	50,000	50,000
Plant and Equipment	655,000	563,896	737,538	684,098	861,185	818,719	712,186	728,772	687,178	739,930	714,941	750,798	730,887	403,232	0
Total - Capital Expenditure	1,561,813	5,756,813	5,413,895	1,381,925	1,568,082	1,527,596	1,434,322	1,452,932	1,413,427	1,628,633	1,731,813	1,731,091	2,595,547	1,864,006	1,502,594
Funded By:															
Capital Grants & Contributions															
Infrastructure - Roads	612,420	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
Buildings & Improvements	0	4,000,000	2,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Total - Capital Grants & Contributions	612,420	4,412,544	2,912,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	412,544	199,877
Own Source Funding															
Infrastructure - Roads	106,333	106,333	106,333	106,333	106,333	106,333	106,333	106,333	106,333	266,631	392,575	354,561	187,464	832,085	1,086,572
Infrastructure - Footpaths	48,060	34,040	17,480	38,950	48,020	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145	76,145
Infrastructure - Drainage	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Infrastructure - Public Facilities	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Buildings & Improvements	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	1,100,000	50,000	50,000
Plant and Equipment	528,000	487,947	504,072	496,837	585,165	612,631	488,192	561,225	460,110	547,328	460,051	569,439	459,230	208,082	0
Total - Own Source Funding	822,393	768,320	767,885	782,120	879,518	908,964	797,784	872,841	773,815	1,023,487	1,064,379	1,137,188	1,911,346	1,256,312	1,302,717
Borrowings															
Buildings & Improvements	0	500,000	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Total - Borrowings	0	500,000	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0
Other (Disposals & C/Fwd)															
Plant and Equipment	127,000	75,949	233,466	187,261	276,020	206,088	223,994	167,547	227,068	192,602	254,890	181,359	271,657	195,150	0
Total - Other (Disposals & C/Fwd)	127,000	75,949	233,466	187,261	276,020	206,088	223,994	167,547	227,068	192,602	254,890	181,359	271,657	195,150	0
Total Capital Funding	1,561,813	5,756,813	5,413,895	1,381,925	1,568,082	1,527,596	1,434,322	1,452,932	1,413,427	1,628,633	1,731,813	1,731,091	2,595,547	1,864,006	1,502,594

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B11 - FORECAST RATIO’S 2017-2032

	Target Range				Average	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
LIQUIDITY RATIOS																				
Current Ratio	>	1.00	>	1.20	0.82	0.86	0.84	0.79	0.79	0.79	0.81	0.81	0.81	0.80	0.80	0.82	0.84	0.84	0.83	0.83
OPERATING RATIOS																				
Operating Surplus Ratio	>	1.00%	>	15.00%	(30%)	(27%)	(32%)	(35%)	(35%)	(34%)	(33%)	(32%)	(31%)	(30%)	(29%)	(28%)	(27%)	(27%)	(27%)	(25%)
Own Source Revenue Coverage Ratio	>	40.00%	>	60.00%	41%	41%	40%	39%	40%	40%	40%	40%	41%	41%	41%	42%	42%	42%	42%	42%
BORROWINGS RATIOS																				
Debt Service Cover Ratio	>	3	>	5	9.94	13.74	13.17	7.31	5.78	6.23	6.43	7.89	8.16	8.43	8.72	9.01	11.03	13.98	14.36	14.82
FIXED ASSET RATIOS																				
Asset Sustainability Ratio	>	90.00%	>	110.00%	75%	75%	78%	231%	56%	64%	62%	57%	56%	54%	61%	63%	62%	91%	63%	50%
Asset Consumption Ratio	>	50.00%	>	60.00%	90%	96%	95%	94%	93%	92%	91%	91%	90%	89%	88%	87%	86%	85%	84%	83%
Asset Renewal Funding Ratio	>	75.00%	>	95.00%	127%	150%	148%	135%	95%	104%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Refer to Appendix B12 – Forecast Significant Accounting Policies

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The forecast financial statements 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 this Strategic Resource Plan are presented below and have been consistently applied unless stated otherwise.

Except for the Statement of Cash Flow and Statement of Funding, 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

2015/16 ACTUAL BALANCES

Balances shown in this Plan as 2015/16 Actual are as forecast at the time of the Plan's preparation and are subject to final adjustments.

ROUNDING OFF FIGURES

All figures shown in this Plan, other than a rate in the dollar, are rounded to the nearest dollar.

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.

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.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO are presented as operating cash flow.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, 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.

Bank overdrafts are shown as short term borrowings in current liabilities in the Statement of Financial Position.

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 collectable.

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.

INVENTORIES - 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.

FIXED ASSETS

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. In accordance with the regulations, each asset class must be revalued at least every 3 years, within the Plan revaluations based on inflation have been forecast as occurring annually.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INITIAL RECOGNITION AND MEASUREMENT BETWEEN MANDATORY REVALUATION DATES

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

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.

TRANSITIONAL ARRANGEMENT

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the local government may still be utilising both methods across differing asset classes.

Those assets carried at fair value will be carried in accordance with the revaluation methodology as detailed above.

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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's estimated 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 average annual depreciation percentage is used for each class of asset within the financial statements:

Asset Class	Averaged Depreciation Rate (Percentage)
Buildings	2.16%
Plant and Equipment	13.16%
Roads	0.54%
Improvements and Infrastructure	1.10 to 6.12%

The depreciation percentages are based on the estimated useful life, estimated residual value/non-depreciable component for each subclass of asset used to forecast the estimated renewal timing of each asset. These are detailed in the table in Appendix A6.

The assets residual values and estimated useful life are reviewed and adjusted if appropriate, at the end of each reporting period. 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. When revalued assets are sold, amounts included in the revaluation surplus relating to those assets are transferred to retained surplus.

CAPITALISATION THRESHOLD

Items to be capitalised are per Council Policy. Equipment not capitalised is to be recorded on an asset inventory listing.

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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the Council 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.

FINANCIAL INSTRUMENTS - 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.

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 at "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 Council'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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT (CONTINUED)

(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.

FINANCIAL INSTRUMENTS - 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.

FINANCIAL INSTRUMENTS - 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 Council 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF ASSETS

In accordance with Australian Accounting Standards the Council'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 adopting this Plan, it is not possible to estimate the amount of impairment losses (if any). In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this Plan.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

EMPLOYEE BENEFITS - SHORT-TERM EMPLOYEE BENEFITS

Provision is made for the Council'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 Council'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 Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

EMPLOYEE BENEFITS - 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

APPENDIX B12 - FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

PROVISIONS

Provisions are recognised when the Council 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.

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 Council, 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.

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

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 Council's operational cycle. In the case of liabilities where the Council 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 Council's intentions to release for sale.

COMPARATIVE FIGURES

Where required, comparative figures have been adjusted to conform with changes in presentation for the first year of the Plan.

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 (i.e. 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.

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.

APPENDIX C1 - GLOSSARY (CONTINUED)

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 and equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is, on the other hand, included elsewhere in 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.

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.

APPENDIX C1 - GLOSSARY (CONTINUED)

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).

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 (i.e. intervals, cycles) that is expected to be obtained from the asset.