



SHIRE OF SHARK BAY

Strategic Resource Plan

(Incorporating Asset Management Planning and Long Term Financial Planning)

2018 - 2033

STRATEGIC RESOURCE PLAN

(Incorporating Asset Management Planning and Long Term Financial Planning)

2018 - 2033

Contents

1.0	Foreword.....	3
2.0	Planning Overview	4
3.0	Strategic Overview.....	5
4.0	Community Profile, Vision and Objectives	7
5.0	Key Current Information.....	8
6.0	Strategic Planning and Policies	9
7.0	Operations Overview	11
8.0	Capital Overview	14
9.0	Forecast Capital Projects	17
10.0	Financing Overview.....	19
11.0	Scenario Modelling	20
12.0	Risk Management	21
13.0	Assumptions, Risks, Uncertainties and Sensitivity	22
14.0	Monitoring and Performance	28
15.0	Improvement Plan	33

Shire of Shark Bay

65 Knight Terrace

Denham WA 6537

P: 08 9948 1218

F: 08 9948 1237

E: admin@sharkbay.wa.gov.au

www.sharkbay.wa.gov.au

Document Management

Version 2018 – 2033 | V2.1

Status Adopted

Date of Adoption 26 April 2018

1.0 Foreword

We are pleased to present to the community the Shire of Shark Bay Strategic Resource Plan for 2018 - 2033.

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.

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 Council staff member if they have any questions.

The Shire of Shark Bay's Strategic Resource Plan is an important planning tool as we strive to achieve the strategies set out in the Shire of Shark Bay Strategic Community Plan 2018-2028.

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 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 2016-17 audited Annual Financial Report and 2017-18 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.

Modelling was undertaken to determine the long term funding required for asset maintenance and renewal. By adjusting the estimated useful life of assets, the balance between the risk of loss asset service and the financial costs of asset renewal and maintenance was determined.

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

2.3 Critical Assets

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

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

- 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 remain a high priority for the Shire due to the strategic economic benefit the road network provides to the district. Adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions. Construction of aged care units is planned for the third year of the Plan, subject to receipt of grant funding.

3.2 Asset Management Strategy

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

3.3 Financial Management Strategy

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

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

Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/(Deficit) \$
2018-19	1,704,617	927,400	777,217
2019-20	1,325,835	3,045,726	(1,719,891)
2020-21	1,776,560	1,432,581	343,979
2021-22	1,300,108	1,018,679	281,429
2022-23	3,124,873	2,089,630	1,035,243
2023-24	1,584,999	414,670	1,170,329
2024-25	1,274,889	2,317,814	(1,042,925)
2025-26	1,409,447	627,451	781,996
2026-27	1,628,964	2,531,783	(902,819)
2027-28	1,411,665	473,317	938,348
2028-29	1,661,863	810,936	850,927
2029-30	1,755,340	3,201,693	(1,446,353)
2030-31	1,698,317	920,384	777,933
2031-32	1,518,884	616,361	902,523
2032-33	2,269,863	2,102,654	167,210
Total	25,446,224	22,531,079	2,915,145

3.0 Strategic Overview (Continued)

3.3 Financial Management Strategy (Continued)

The Shire has budgeted to take up new loans of \$250,000 in 2018-19 for the town oval bore, \$500,000 in 2020-21 for age housing provision and \$1,500,000 in 2022-23 for construction of regional multi-use facilities. From 2023-24 onwards the Shire has not forecast any additional borrowings as part of its strategy to allow flexibility to respond to sudden or unexpected expenditure requirements or the loss of planned external grant contributions. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of cash backed reserves to save for significant future asset renewal spikes.

3.4 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 region and State economy will remain stable for 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

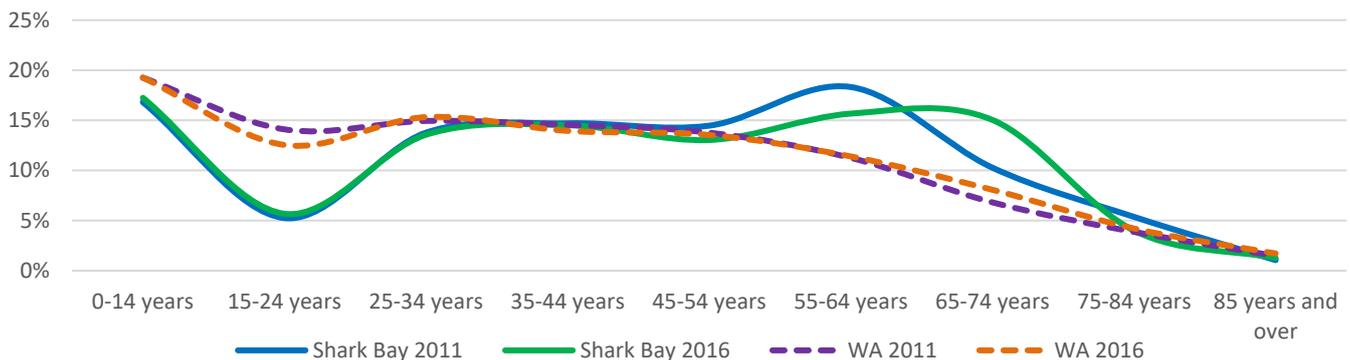
4.1 Community

Situated 129 km from the North West Coastal Highway on the Peron Peninsula, the fishing and tourist town of Denham is the centre of administration and community services in the Shire. It has 547 km of unsealed road which services the pastoral community and the closed salt mining town of Useless Loop. Monkey Mia, located 24 km from Denham by sealed road, is the largest tourist resort in the Shire. The airport is situated midway between the tourist resort and Denham. Jetty and boat launching facilities are provided at Denham and Monkey Mia to accommodate the commercial and recreational fishing industries.

The community is serviced by ancillary medical services, a local school, which offers distance education after Year 6, a community hall and recreational facilities. Vital tourist accommodation is provided by five caravan parks, two visitor hostels and six hotels, motels or serviced apartments with five or more rooms. Tour companies offer fishing charters, scenic 4wd and quad bike tours, scenic flights and sailing trips to view the spectacular marine life of the area.

4.2 Shire of Shark Bay Resident Population by Age Group

In 2016, the Shire of Shark Bay's population on the night of the census was 946, with no significant variation forecast. The chart below reflects the percentage of the estimated resident population within each age grouping for the Shire of Shark Bay (represented by the blue (2011) and green (2016) lines) and Western Australia (represented by the purple (2011) and orange (2016) dotted lines).



In comparison to the Western Australia demographic (reflected by the dotted orange and purple lines), the Shire has a lower proportion of younger residents in the 0-34 year old age range, with many in this group leaving for schooling and early career opportunities. The number of people aged from 55 to 74 years is higher than the State average with the percentage in the 65 to 74 age range increasing from 2011 to 2016, this may be due to the combination of long term residents remaining in the Shire and people of this age group choosing to settle in the area for the lifestyle.

4.3 Vision

The Shire's strategic vision: ***"Shark Bay is a proud, unified community, respecting and sharing our pristine environment and great lifestyle"***

4.4 Strategic Objectives

The following key themes are captured in the Shire's Strategic Community Plan 2018-2028 and considered within the Strategic Resource Plan:

- **Economic:** A progressive, resilient and diverse economy;
- **Environment:** Help protect our unique natural and built environment;
- **Social:** A safe, welcoming and inclusive community; and
- **Leadership:** A transparent, resilient organisation demonstrating leadership and governance.

5.0 Key Current Information

5.1 Key Statistics: Shire of Shark Bay 2017¹

Number of Elected Members	7
Number of Employees	28
Number of Electors	538
Number of Dwellings	490
Distance from Perth (km)	832
Area (sq km) ³	24,201.4
Population (Est.) ²	946

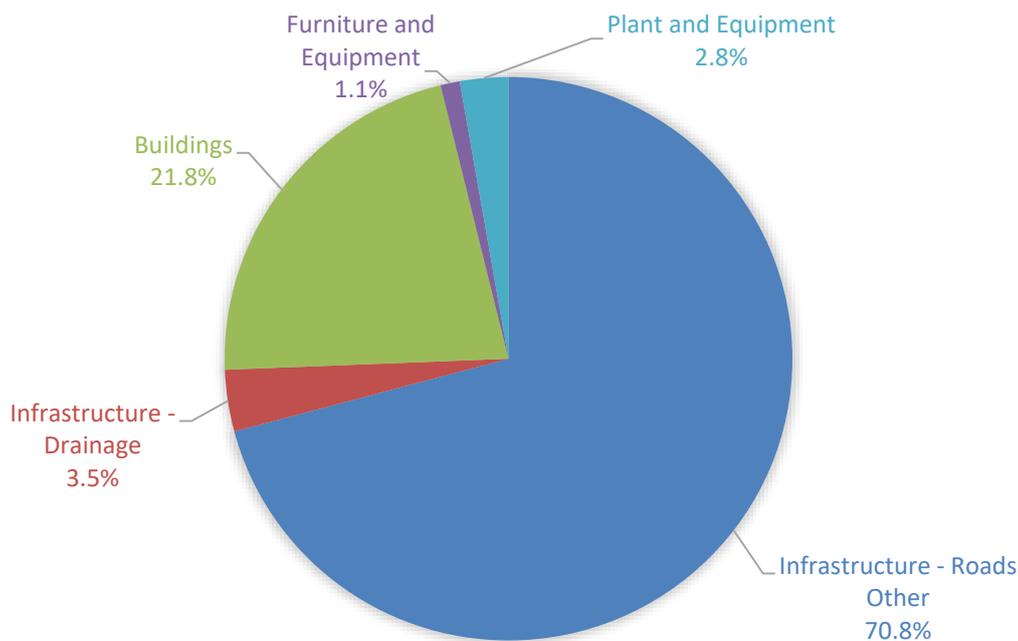
5.2 Key Financial Information 2016-17

Rates Revenue	\$1,229,350
Fees and Charges	\$1,544,203
Operating Revenue	\$10,328,538
Operating Expenditure	\$10,683,868
Net Assets	\$114,693,571
Cash Backed Reserves	\$1,238,250
Long Term Borrowings	\$301,060

5.3 Key Asset Information

The Shire controls an asset network with a written down value of over \$114.7m, of which Roads and Buildings constitute the largest component value as reflected in the chart below.

5.3.1 Asset Value by Class: Shire of Shark Bay 2017



¹ WALGA Online Local Government Directory 2016/2017, Shire of Shark Bay

² Australian Bureau of Statistics Shark Bay (S) (LGA57770) 2016 Census of Population and Housing, viewed 20 March 2018

6.0 Strategic Planning and Policies

6.1 Linkage with Other Plans

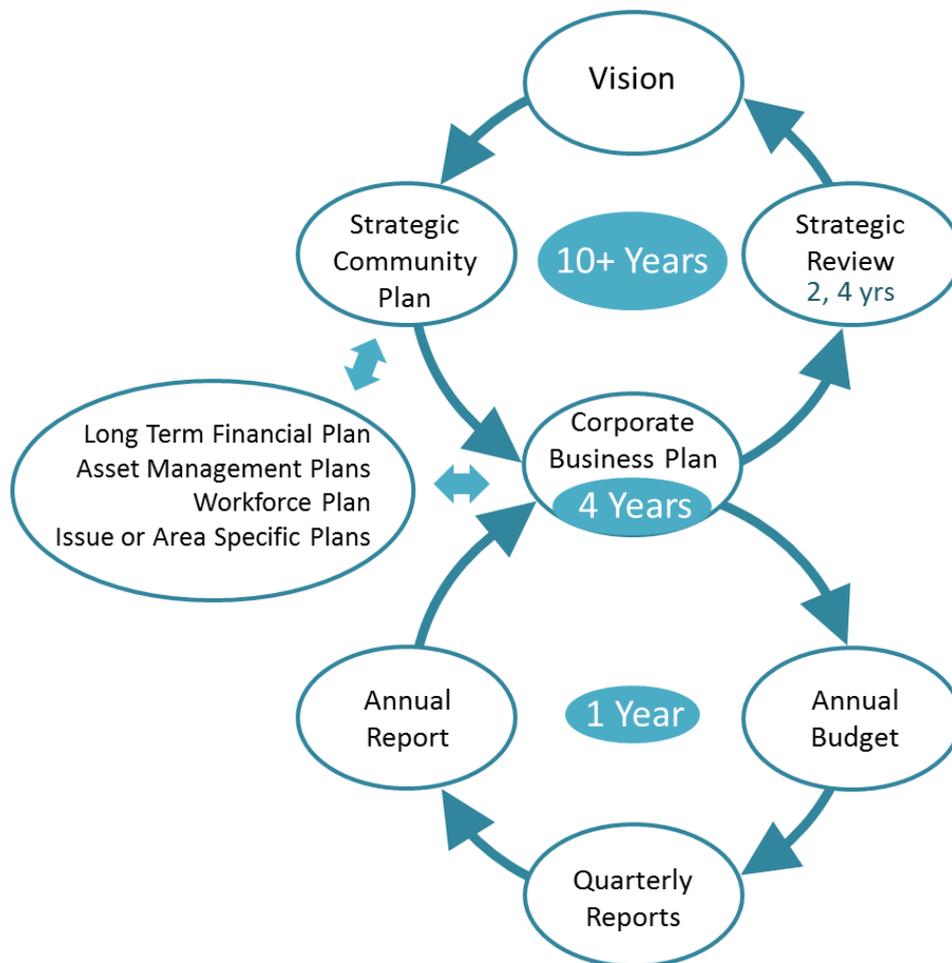
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other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

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

6.2 Strategic Documents Linkage

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

6.2.1 Diagram: Integrated Planning and Reporting Cycle³



³ Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

6.0 Strategic Planning and Policies (Continued)

6.3 Strategic Community Plan

The Strategic Community Plan has been prepared to cover a minimum period of 15 years and set out the community's vision, aspirations and objectives for the district. To achieve the vision, a series of outcomes and strategies are developed. Many strategies may be required to achieve a single outcome and many outcomes needed to achieve a single objective.

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

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

6.4 Corporate Business Plan

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

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

6.5 Workforce and Other Strategic Plans

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

6.6 Asset Management Policy

The purpose of an asset management policy is to:

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

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

6.7 Asset Management Strategy

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

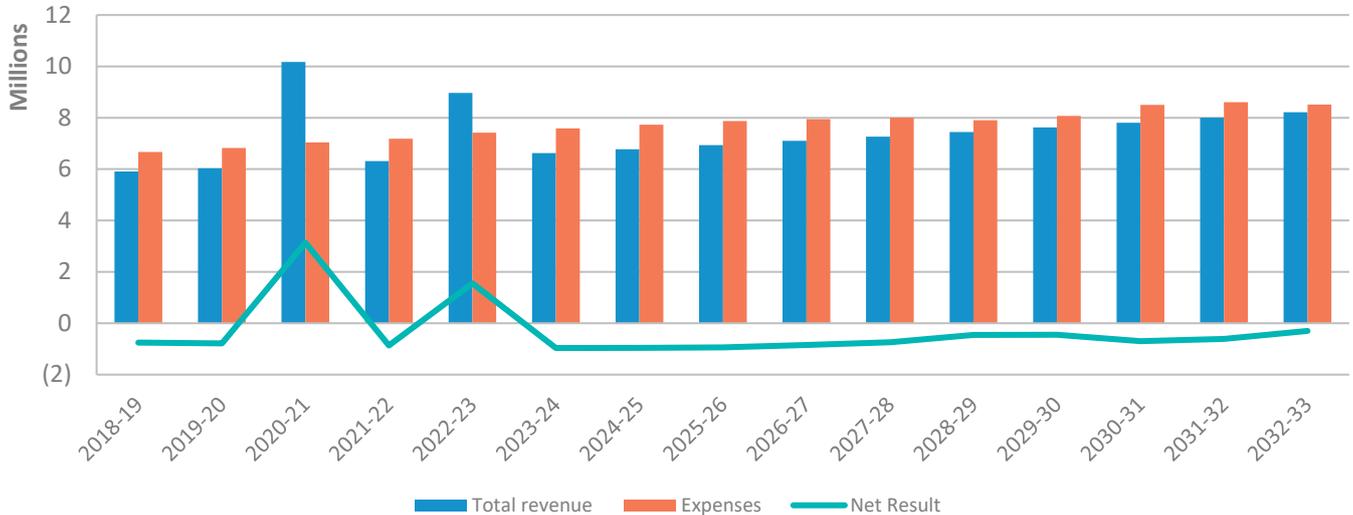
6.8 Borrowing Policy

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

7.0 Operations Overview

7.1 Operations

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



7.2 Forecast Revenue, Expenses and Net Result

The Shire is reliant on receiving more than \$42.9m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. A steady increase in operating revenue and expenditure is forecast over the 15 years of the Plan. Fluctuations to the level of non-operating grants and contributions received, produce changes to the net result.

7.3 Rates Revenue

Rate revenue is forecast to increase by 4.0% (CPI 2% + 2%) over the term of the Plan. These increases are to assist in the long term financial stability of the Shire and to maintain the level of service to the community. Rates are expected to generate \$1.31m in 2018-19 increasing to \$2.27m in 2032-33.

7.4 Non-Operating Grants and Contributions

Non-operating grants and contributions are forecast to have a spike in 2020-21 with \$3,500,000 forecast to be received for construction of aged housing, and in 2022-23 with \$2,000,000 for construction of regional multi-use facilities, levels are forecast to remain stable for the remainder of the Plan.

7.5 Operating Grants and Contributions

Over the term of the Plan, the operating grants and contributions are forecast to increase in line with inflation of 2%.

7.0 Operations Overview (Continued)

7.6 Workforce Planning

The Shire currently employs 28 full time equivalent employees to deliver a range of services to the community and maintain assets.

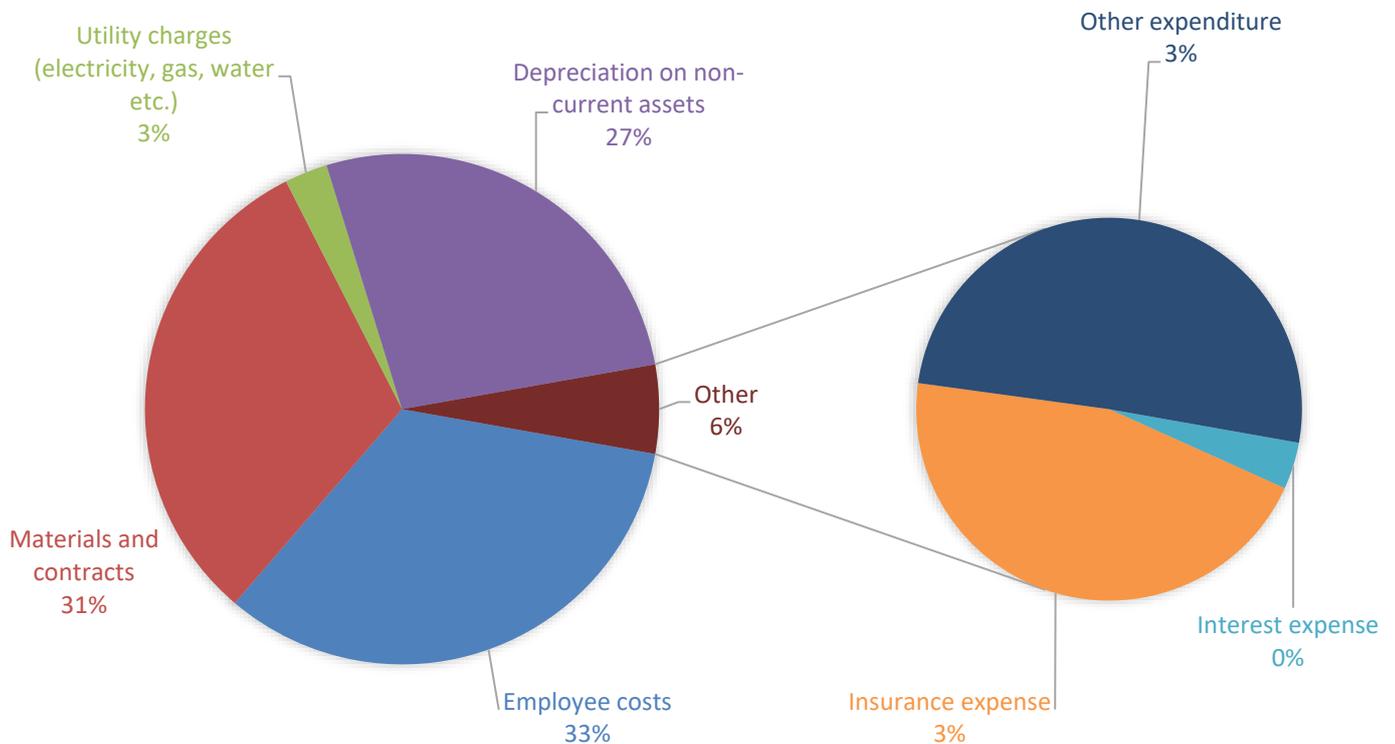
The Shire's Workforce Plan has been considered in the development of this Strategic Resource Plan. No financial impacts are expected from the Workforce Plan with employee costs forecast to rise in line with CPI at 2%.

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

7.7 Operating Expenditure

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

7.7.1 Composition of Forecast Operating Expenditure 2018-19 (Total Operating Expenditure \$6.48m)



7.8 Maintenance Expenditure

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

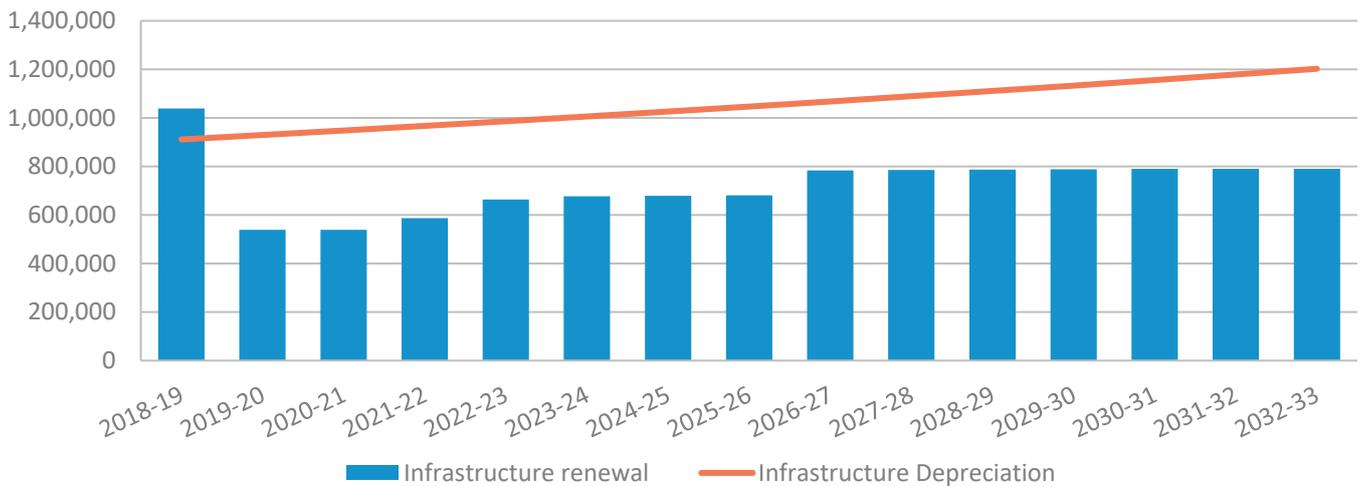
7.0 Operations Overview (Continued)

7.9 Depreciation Expense

Depreciation expense increases throughout the Plan from \$1.7m in year 1 to \$2.4m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$15.7m, shown by the orange line in the chart below. The planned level of infrastructure asset renewal expenditure at \$10.9m (reflected by the blue columns) is below the estimated infrastructure depreciation for all years after 2018-19, as shown in the chart below.

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

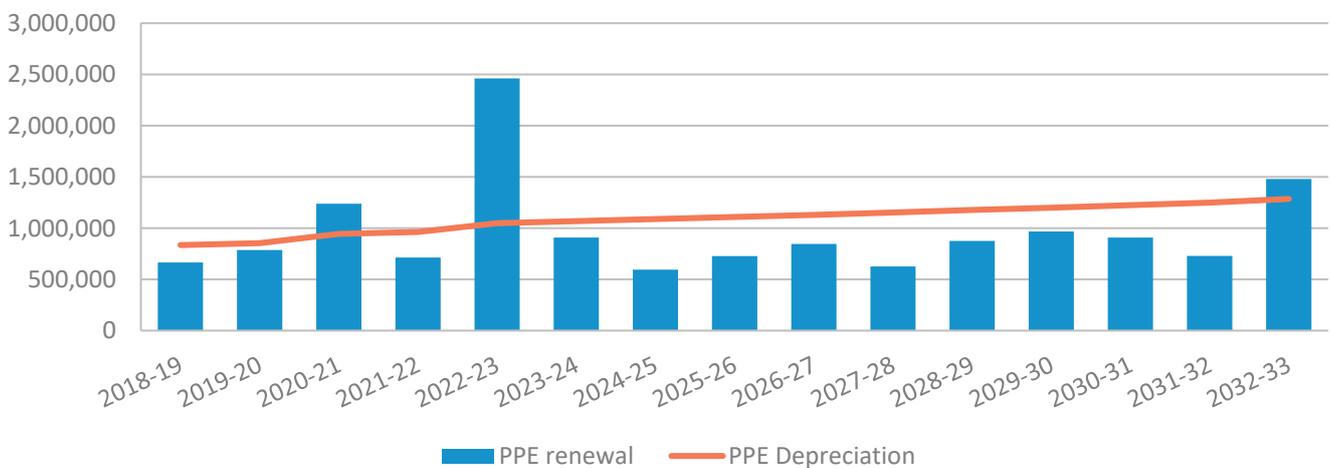
7.9.1 Infrastructure Depreciation Expense -V- Asset Renewal Expenditure



Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets may result in a closer alignment between asset renewals and depreciation expense.

Planned property, plant and equipment asset renewals of \$14.5m (reflected by the blue columns) over the 15 years is below depreciation expense of \$16.3m (reflected by the orange line) over the same period as shown in the chart below.

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



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

8.0 Capital Overview

8.1 Community Demand

User demand for community buildings changes over time due to changing community interests and lifestyle. The fishing and tourist industries continue to place a demand for boating facilities.

Provision of aged care units and ongoing maintenance of transport infrastructure were identified within the Strategic Community Plan and have been included within the Plan.

8.2 Upgrade/New Expenditure

Construction of aged care units and upgrades to existing foot/cycle path 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.

Upgrades to buildings and infrastructure are planned to occur over the next 15 years in response to community expectation. Where funds are available after undertaking essential renewal works, funds will be utilised for improvement and new works. Detailed annual planning will be undertaken for asset upgrade/new expenditure in the year the project occurs.

8.2.1 New Capital Projects

Asset Class Project	2018-19 \$	2019-20 \$	2020-21 \$
Buildings			
Aged Care Housing			4,050,000
Infrastructure			
Cycle Path Program	34,040	17,480	38,950
Grand Total	34,000	17,480	4,088,950

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.

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

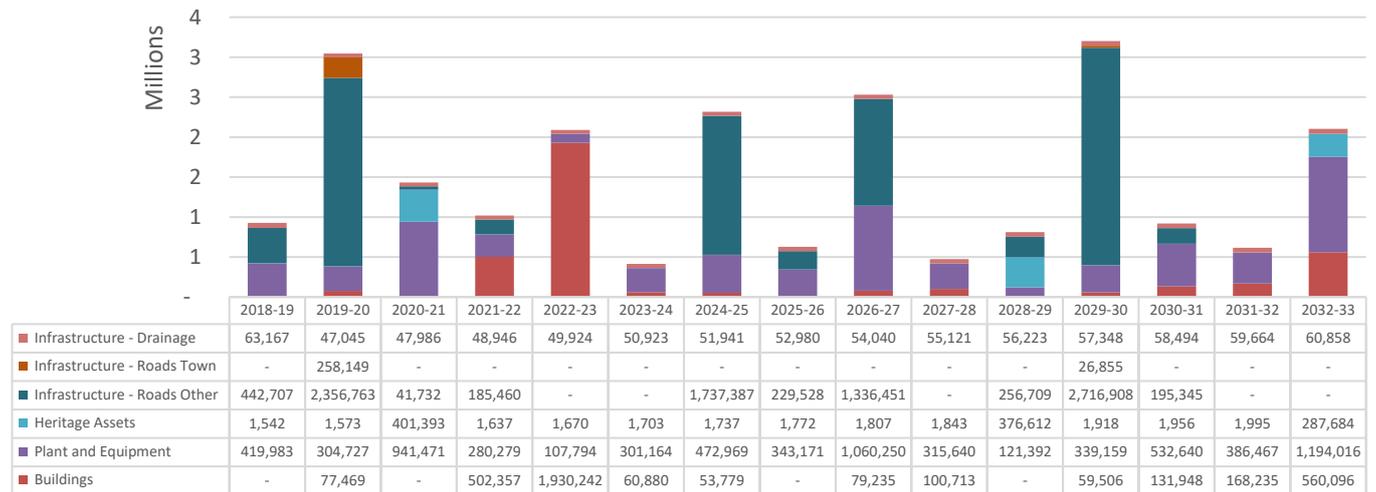
8.0 Capital Overview (Continued)

8.4 Renewal Expenditure

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

8.4.1 Required Asset Renewal Expenditure by Asset Class

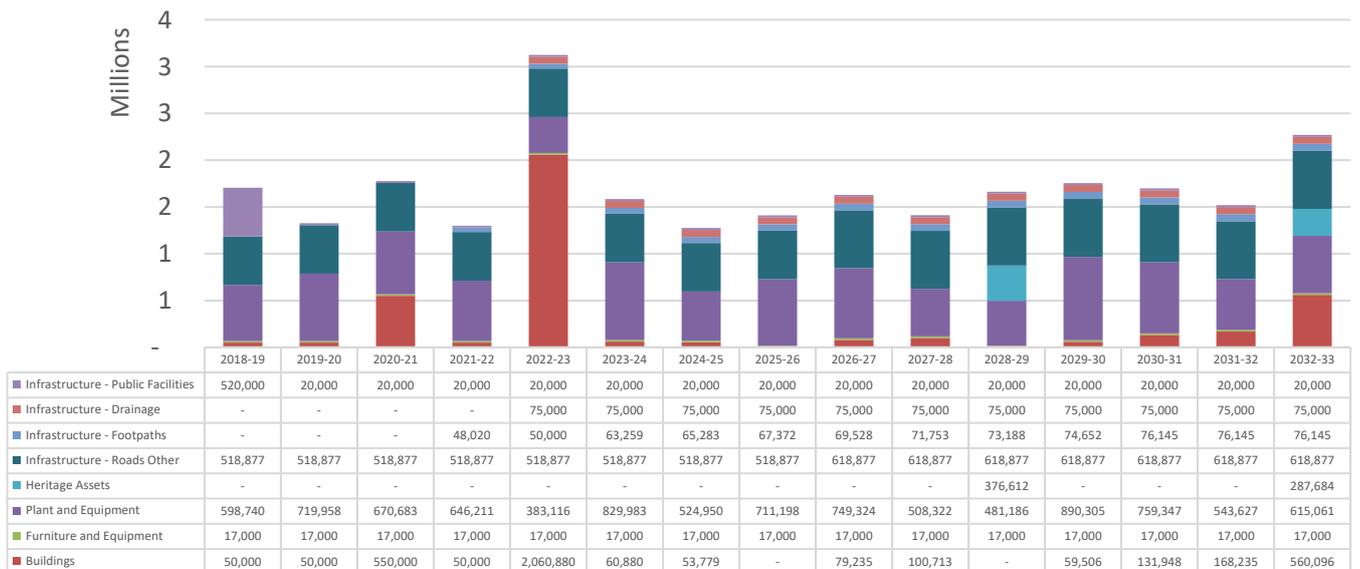
Renewal of roads and plant and equipment dominate the forecast required asset renewals.



8.5 Planned Asset Renewal

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

8.5.1 Planned Asset Renewal Expenditure by Asset Class



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

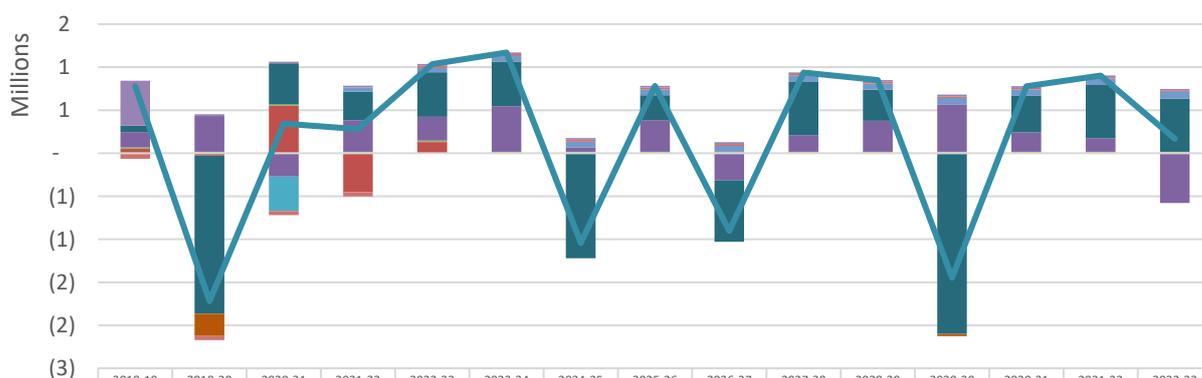
8.0 Capital Overview (Continued)

8.6 Asset Renewal Funding Surplus/(Deficit)

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

The chart below reflects the asset renewal funding surplus varies throughout the term of the Plan and the overall surplus of \$2.9m. Improvements in the estimation of the required asset renewals may significantly impact the level of this surplus.

8.6.1 Asset Renewal Funding Surplus/(Deficit)



	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	2032-33
Infrastructure - Public Facilities	520,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Infrastructure - Drainage	(63,167)	(47,045)	(47,986)	(48,946)	25,076	24,077	23,059	22,020	20,960	19,879	18,777	17,652	16,506	15,336	14,142
Infrastructure - Footpaths	-	-	-	48,020	50,000	63,259	65,283	67,372	69,528	71,753	73,188	74,652	76,145	76,145	76,145
Infrastructure - Roads Town	-	(258,149)	-	-	-	-	-	-	-	-	-	(26,855)	-	-	-
Infrastructure - Roads Other	76,170	(1,837,88)	477,145	333,417	518,877	518,877	(1,218,51)	289,349	(717,574)	618,877	362,168	(2,098,03)	423,532	618,877	618,877
Heritage Assets	(1,542)	(1,573)	(401,393)	(1,637)	(1,670)	(1,703)	(1,737)	(1,772)	(1,807)	(1,843)	(0)	(1,918)	(1,956)	(1,995)	-
Plant and Equipment	178,757	415,231	(270,788)	365,932	275,322	528,819	51,981	368,027	(310,926)	192,682	359,794	551,146	226,707	157,160	(578,955)
Furniture and Equipment	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Buildings	50,000	(27,469)	550,000	(452,357)	130,638	-	-	-	-	-	-	-	-	-	-
Total	777,217	(1,719,89)	343,979	281,429	1,035,243	1,170,329	(1,042,92)	781,996	(902,819)	938,348	850,927	(1,446,35)	777,933	902,523	167,210

As assets approach their initial estimated asset renewal time the timing and need for renewal will be re-assessed and may well vary enabling the reallocation of limited resources between asset classes and between years through the use of cash backed reserves.

9.0 Forecast Capital Projects

9.1 Key Asset Renewal Timeline

Renewal of road infrastructure and plant and equipment represents the bulk of the planned asset renewals, along with the addition of two major building constructions planned in 2020-21 and 2022-23 which are mostly funded by grants.

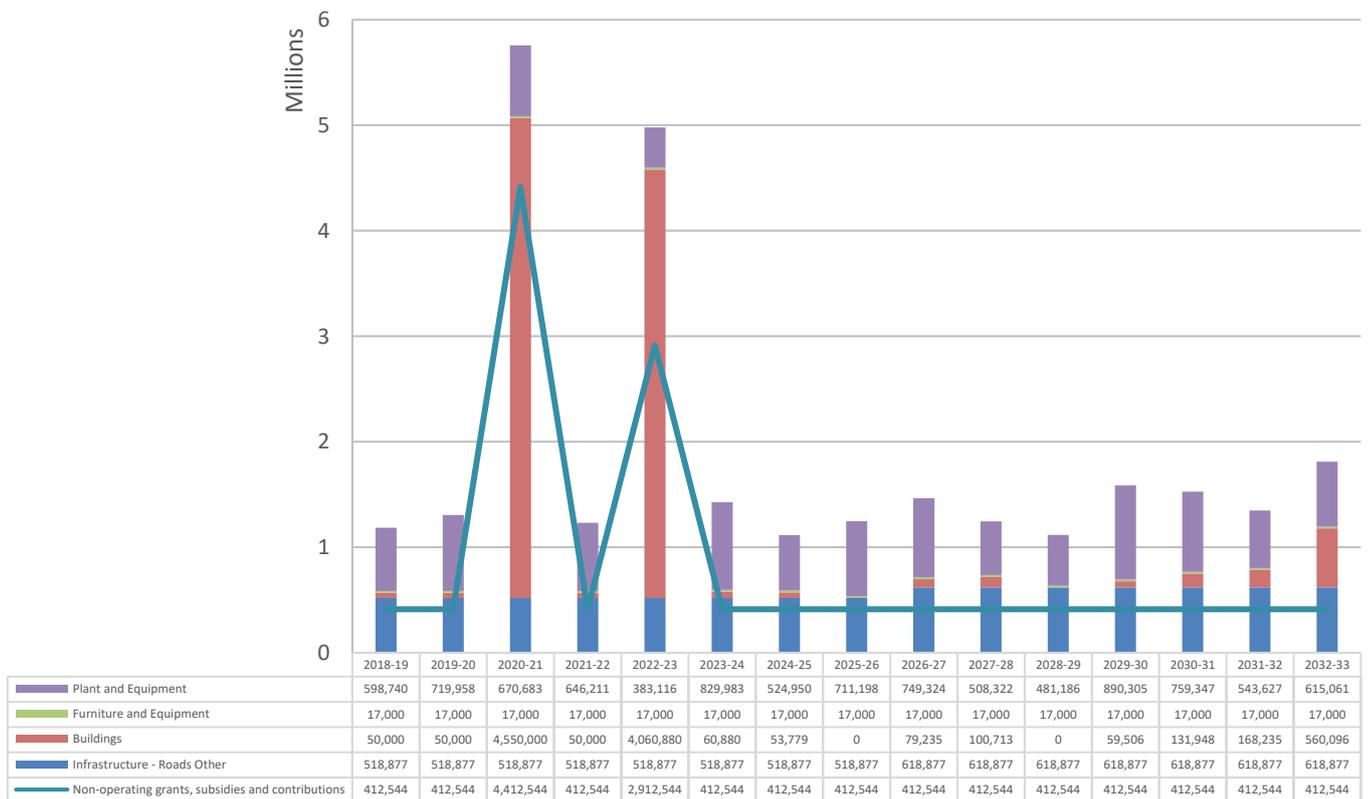
Planned asset expenditure (by asset class) is reflected in the chart below, with the level of capital grants reflected by the blue line.

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

- Construction of aged care housing; and
- Construction of regional multi-use facilities.

Combined new and renewal asset expenditure of \$31.5m has been planned. New asset expenditure comprises \$6.0m of the total asset expenditure and asset renewal expenditure of \$25.4m. Total asset expenditure by class is reflected in the chart below by the columns with the level of non-operating grants shown by the blue line.

9.1.1 Total Planned Asset Expenditure by Asset Class



9.0 Forecast Capital Projects (Continued)

9.2 Planned Capital Expenditure

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

Asset Class	Project	Total Expenditure (2018-2033) \$
Buildings		
	Staff Housing	500,000.00
	Building Renewal	9,475,272.00
Buildings Total		9,975,272.00
Furniture and Equipment		
	Low value Items	255,000.00
Furniture and Equipment Total		255,000.00
Plant and Equipment		
	Plant Replacement	9,632,011.00
Plant and Equipment Total		9,632,011.00
Infrastructure – Footpaths		
	Cycle path/Footpath Program	901,960.00
Infrastructure - Footpaths Total		901,960.00
Infrastructure - Drainage		
	Drainage Program	825,000.00
Infrastructure - Drainage Total		825,000.00
Infrastructure - Roads		
	Roads Renewal	700,000.00
	Road Renewal RRG - Per Program	1,145,000.00
	Road Renewal RRG	3,640,000.00
	Road Renewal RTR	2,998,155.00
Infrastructure - Roads Total		8,483,155.00
Infrastructure – Public Facilities		
	Public Facilities Renewal	300,000.00
	Town Oval Bore	500,000.00
Infrastructure – Public Facilities Total		800,000.00
Heritage Assets		
	Galla Curci	376,612.00
	Camel Wagon	287,684.25
Heritage Assets Total		664,296.25
Grand Total		31,536,694.25

Notional amounts have been allocated in the Plan in for renewal of heritage assets. These renewals are unlikely to occur at the same value or timing as the allocated funds, as renewal of Heritage assets will be considered on a case by case basis at the time the Heritage asset is viewed as requiring renewal.

10.0 Financing Overview

In general, the finances of the Shire are expected to remain stable over the term as represented in the graph below.

10.1 Borrowings

The Shire has forecast to take up new loans of \$250,000 in 2018-19 for the town oval bore, \$500,000 in 2020-21 for age housing provision and \$1,500,000 in 2022-23 for construction of regional multi-use facilities. There are no further new loans forecast and modelled in the Plan. The principal outstanding on borrowings increases from \$234k in 2017-18 to \$546k in 2032-33. The new loans are forecast to be taken up in the first five years of the Plan, with increasing capacity to borrow in reaction to unplanned events or urgent issues over the remainder of the Plan.

10.2 Cash Reserves

The balance of cash reserves is forecast to fluctuate over duration of the Plan as funds are used to renew assets though generally trends upwards in line with inflation.

10.2.1 Forecast Borrowings and Cash Reserves



11.0 Scenario Modelling

11.1 Scenario Modelling

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

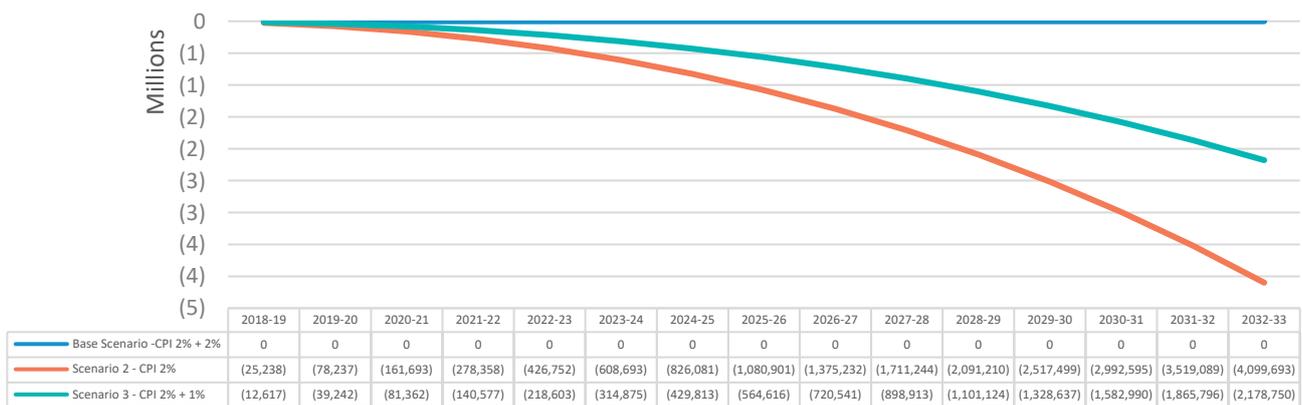
To ascertain the effect of reduced funding levels, a base scenario was developed with a rate yield increase of 2% above inflation of 2%. Two alternative scenarios were also developed from this base, in scenario two the rates yield increase is in line with inflation for the term of the Plan and for scenario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

All other assumptions remained the same across the three scenarios.

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

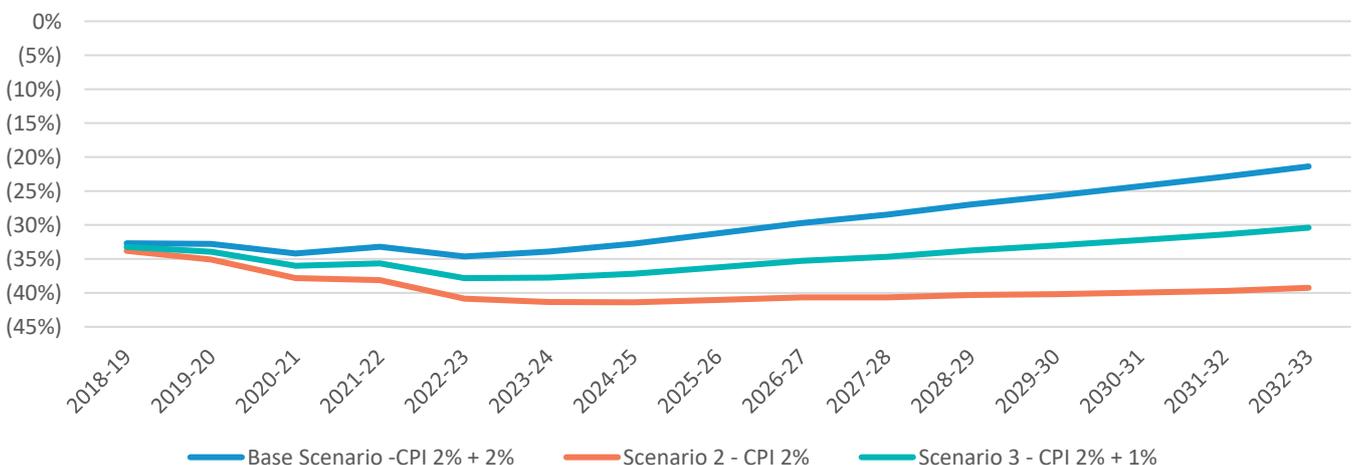
The charts below reflect the impact of a change in total rates yield on the estimated surplus (deficit) at June 30 from the base scenario (other assumptions remaining the same).

11.1.1 Estimated Surplus (Deficit) June 30 Carried Forward



The chart below reflects the impact of the same change in total rates yield on the Shire’s Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it maintained the operating surplus ratio. A further 2% increase is required to move the ratio toward the target ratios levels set out in the Department’s 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 assets by the Chief Executive Officer/ Executive Managers to ensure the level is adequate. The Shire's insurer is LGIS.

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

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

12.2 Certainty of Assumptions

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

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

12.3 Sensitivity Analysis

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

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

13.0 Assumptions, Risks, Uncertainties and Sensitivity

13.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
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 have been based on an increase in the total rate yield of 4%, being 2% higher than forecast inflation rate of 2%.	Low	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.	High	± \$24,848 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.	High	± \$126,881 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	± \$353,807 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 the estimated useful lives on individual assets.	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 has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

13.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Revaluations: In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$350,925 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,123,625 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 has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$126,881 to the value of infrastructure assets per 1% movement in the capital grants received 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	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

13.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
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.

13.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

13.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
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	±\$350,925 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,123,625 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	± \$985,019 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,146,932 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 remain stable in the short term with a corresponding stability 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, fishing and tourism and this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

14.0 Monitoring and Performance

14.1 Monitoring

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

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

14.2 Performance Assessment

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

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

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

14.3 Ratio Targets

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

14.0 Monitoring and Performance (Continued)

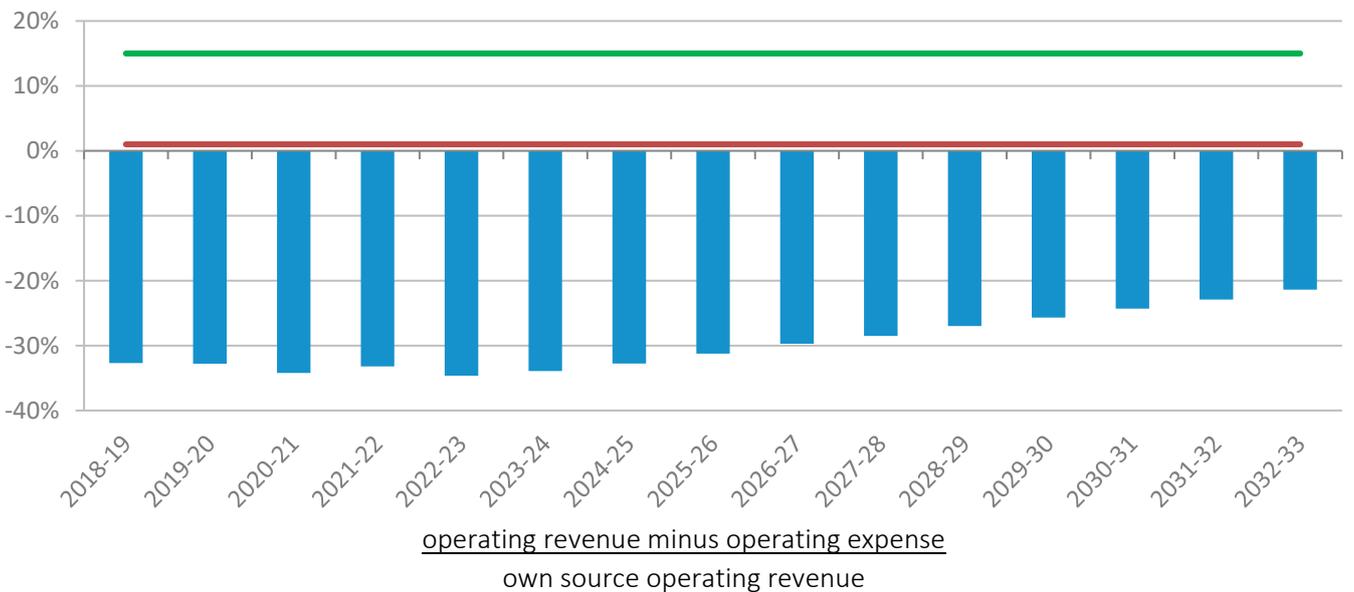
14.4 Forecast Ratio Analysis – Current Ratio



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

Commentary: As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0. As borrowings are settled the ratio increases. The trend is not considered to indicate a threat to the Shire’s long term financial position.

14.5 Forecast Ratio Analysis – Operating Surplus Ratio

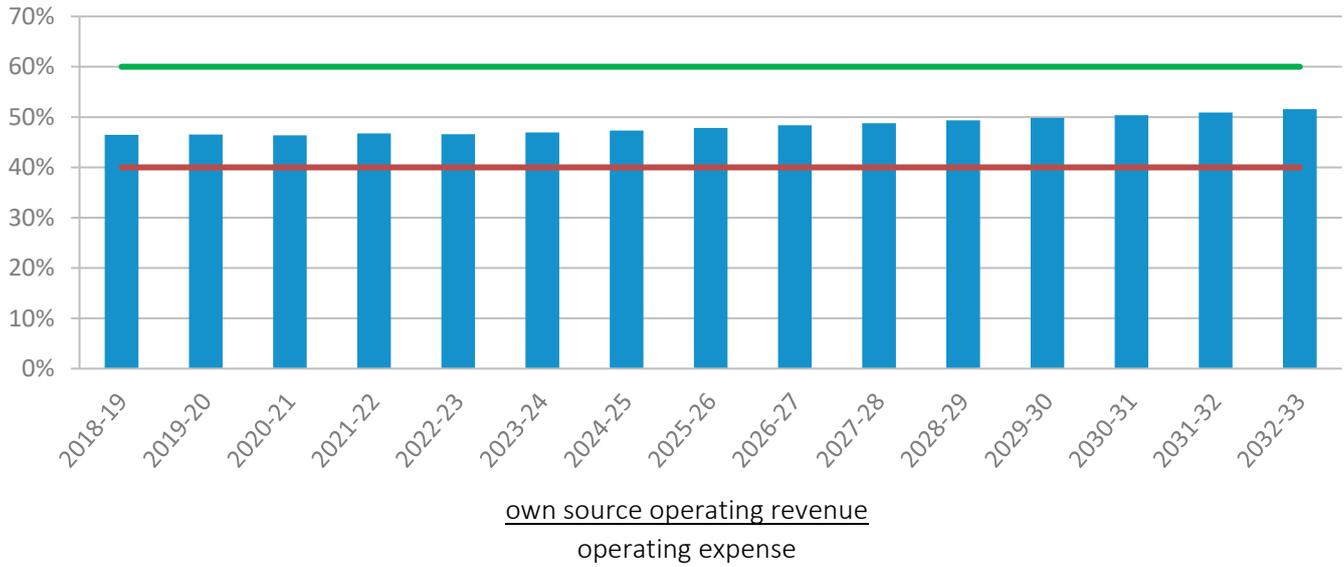


Indication: A measure of the extent to which own source revenues raised cover operational expenses.

Commentary: While the ratio is below the target, the ratio increases over the term of the Plan. This indicates a level of capital grants such as Regional Road Group funding will be required to maintain assets at current levels into the future.

14.0 Monitoring and Performance (Continued)

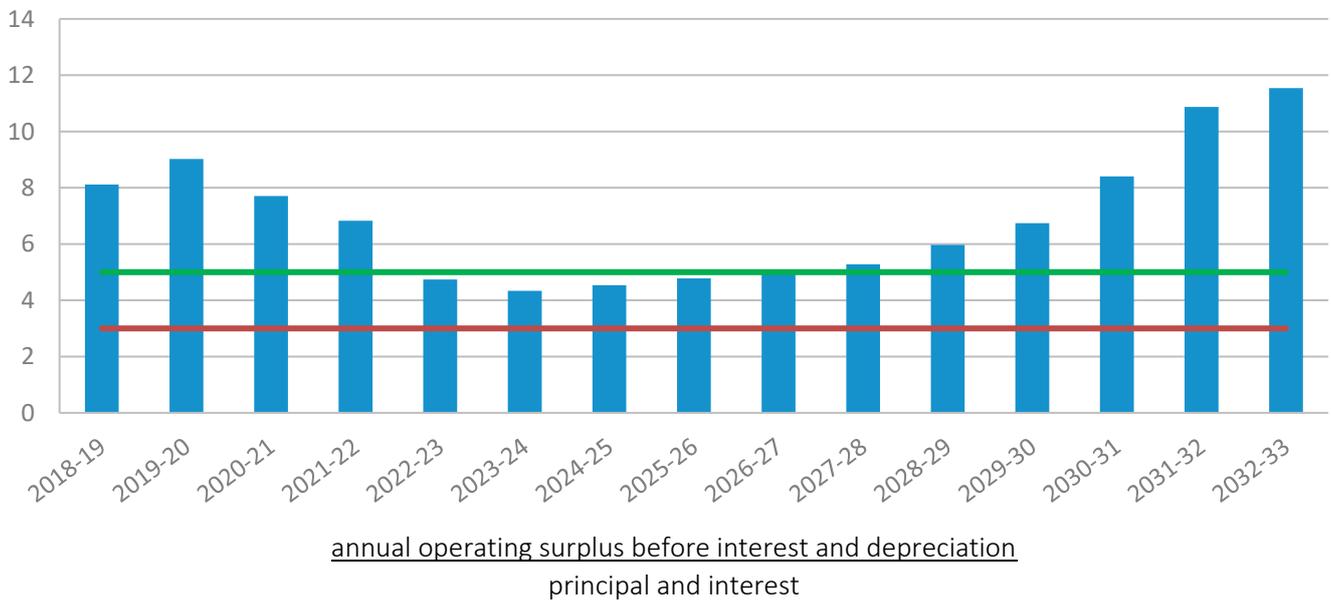
14.6 Forecast Ratio Analysis – Own Source Revenue Coverage Ratio



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

Commentary: The ratio is above the target range indicating the Shire would be 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

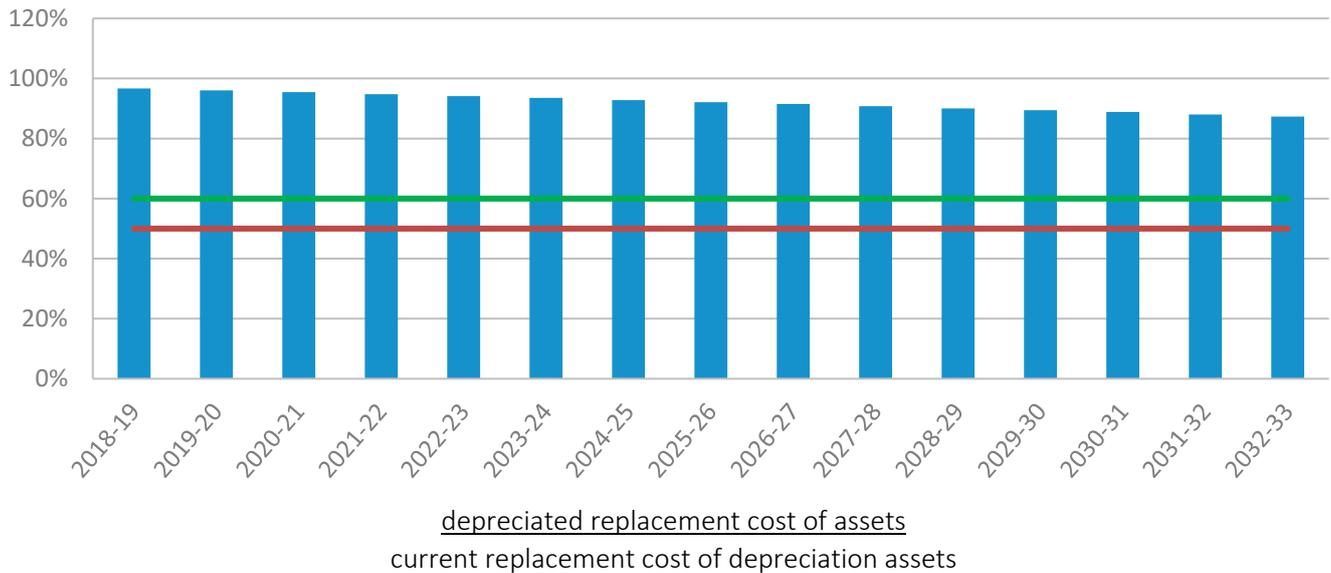


Indication: A measure of the extent of the Shire’s capacity to generate sufficient cash to cover debt payments.

Commentary: Whilst the ratio fluctuates as expected due to the forecast new loans being taken up in 2020-21 and 2022-23, it remains above the target range for the duration of the plan. No further new loans are forecast and the ratio improves as borrowings are paid off. The ratio indicates the Shire has a capacity to take up the planned borrowings in the short term, providing underlying assumptions remain valid.

14.0 Monitoring and Performance (Continued)

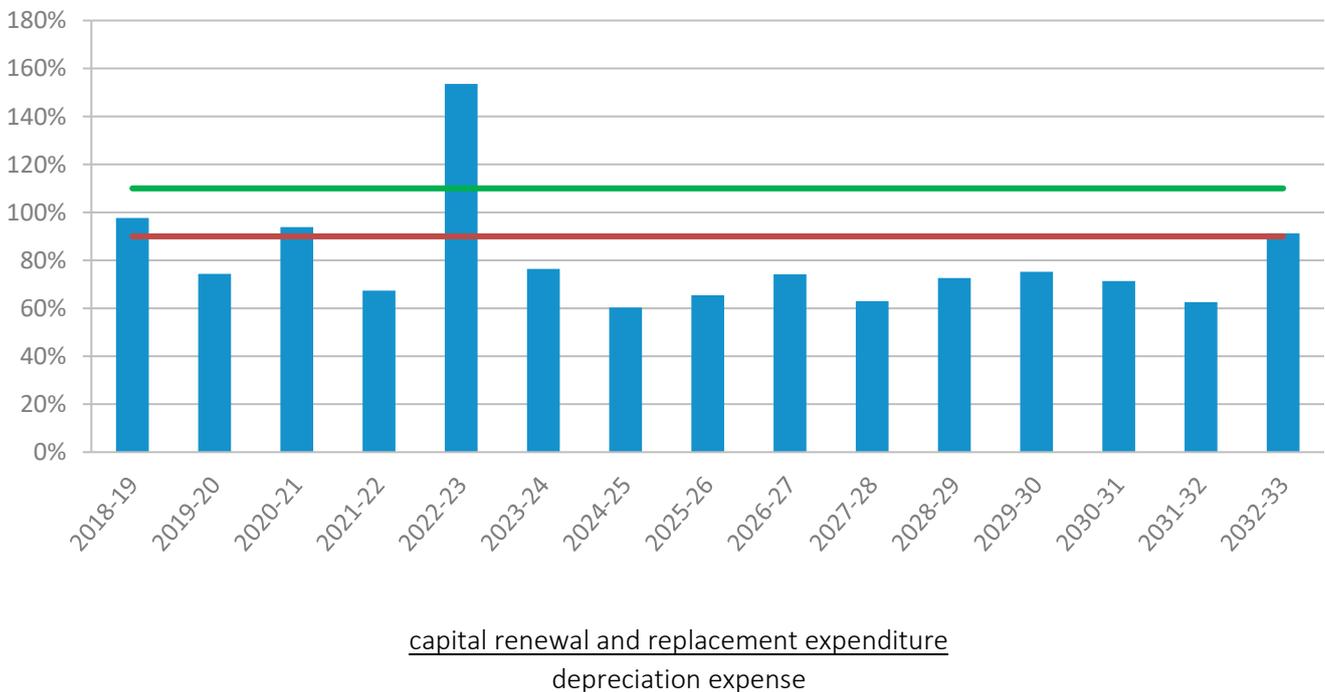
14.8 Forecast Ratio Analysis – Asset Consumption Ratio



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

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

14.9 Forecast Ratio Analysis –Asset Sustainability Ratio

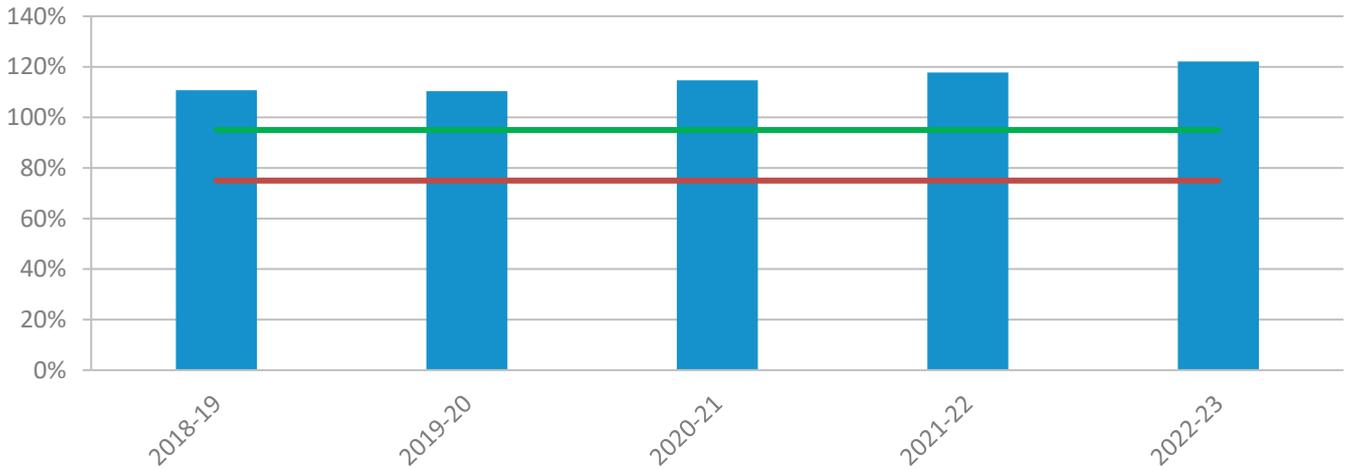


Indication: A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

Commentary: The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio averages at 79.93% over the term of the Plan which is below the guideline level of 90% and indicates the Shire is generally not renewing assets in line with their forecast useful lives due to the average useful life of assets exceeding the 15 years of the Plan.

14.0 Monitoring and Performance (Continued)

14.10 Forecast Ratio Analysis – Asset Renewal Funding Ratio



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

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

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

15.0 Improvement Plan

15.1 Strategic Resource Improvement Plan

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

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

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

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

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

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

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

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

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

List of Appendices

Appendix A1 – Critical Assets.....	2
Appendix A2 – Roads	3
Appendix A3 – Drainage.....	11
Appendix A4 – Footpaths.....	15
Appendix A5 – Buildings	17
Appendix A6 – Heritage Assets	22
Appendix A7 – Plant and Equipment	24
Appendix A8 – Estimated Asset Life and Residual Value	27
Appendix B1 – Forecast Financial Statements	29
Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2018-2033	31
Appendix B3 – Forecast Statement of Comprehensive Income by Program 2018-2033.....	32
Appendix B4 – Forecast Statement of Financial Position 2018-2033	33
Appendix B5 – Forecast Statement of Changes in Equity 2018-2033	34
Appendix B6 – Forecast Statement of Cashflows 2018-2033.....	35
Appendix B7 – Forecast Statement of Funding 2018-2033	36
Appendix B8 – Forecast Statement of Net Current Asset Composition 2018-2033.....	37
Appendix B9 – Forecast Statement of Fixed Asset Movements 2018-2033	38
Appendix B10 – Forecast Statement of Capital Funding 2018-2033	39
Appendix B11 – Forecast Ratios 2018-2033.....	40
Appendix B12 – Required Asset Renewals 2018-2033.....	41
Appendix B13 – Planned Asset Renewals 2018-2033	42
Appendix B14 –Asset Renewal Funding Surplus (Deficit) 2018-2033.....	43
Appendix B15 – Forecast Significant Accounting Policies	44
Appendix C1 – Glossary	51

Appendix A1 – Critical Assets

1.1 Description

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

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

Asset	Current Replacement Cost (\$)
Shire depot	1,162,700
Recreation centre	6,001,100
Heavy plant and equipment	2,339,000
Total	9,502,800

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 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 24,201¹ square kilometres.

Road assets within this Plan include the following components:

- Kerbing; and
- Subgrade, Pavement and Seal.

Road asset information is recorded within a road inventory database and was extracted in March 2018, this forms the basis of the measurements and current replacement cost estimates. This information has been updated by management subsequent to the valuation. Verification of the accuracy of the valuation data is not within the scope of this Plan and has not been undertaken.

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

Road Assets	Length (m)	Current Replacement Cost (\$)
Other Roads		82,659,570
Town Roads		2,673,298
Grand Total		85,332,868

The tables on the following page detail the components in two sections, town roads and all other roads.

¹ Australian Bureau of Statistics Shark Bay (S) (LGA57770) 2016 Census of Population and Housing, viewed 20 March 2018

Appendix A2 – Roads (Continued)

2.2 Road Inventory (Continued)

Other Roads Assets	Length (m)	Current Replacement Cost (\$)
Structural Asphaltic Concrete		
Subgrade Structure	5,270	229,765
Pavement Structure	30	5,643
Surface Structure	7,600	1,407,285
Thin Surfaced Flexible		
Subgrade Structure	37,597	2,527,740
Pavement Structure	56,197	7,587,985
Surface Structure	38,687	3,518,623
Unsealed		
Subgrade Structure	205,303	13,267,271
Pavement Structure	71,843	7,594,589
Formed		
Subgrade Structure	333,290	14,285,854
Pavement Structure	443,390	32,234,811
Other Roads Total		82,659,566

Town Roads Assets	Length (m)	Current Replacement Cost (\$)
Structural Asphaltic Concrete		
Subgrade Structure	2,440	96,285
Pavement Structure	7,6880	934,549
Surface Structure	110	21,175
Thin Surfaced Flexible		
Subgrade Structure	2,652	180,014
Pavement Structure	7,172	1,154,550
Surface Structure	1562	248,124
Unsealed		
Subgrade Structure	290	14,036
Formed		
Pavement Structure	290	24,563
Town Roads Total		

Appendix A2 – Roads (Continued)

2.3 Financial Summary

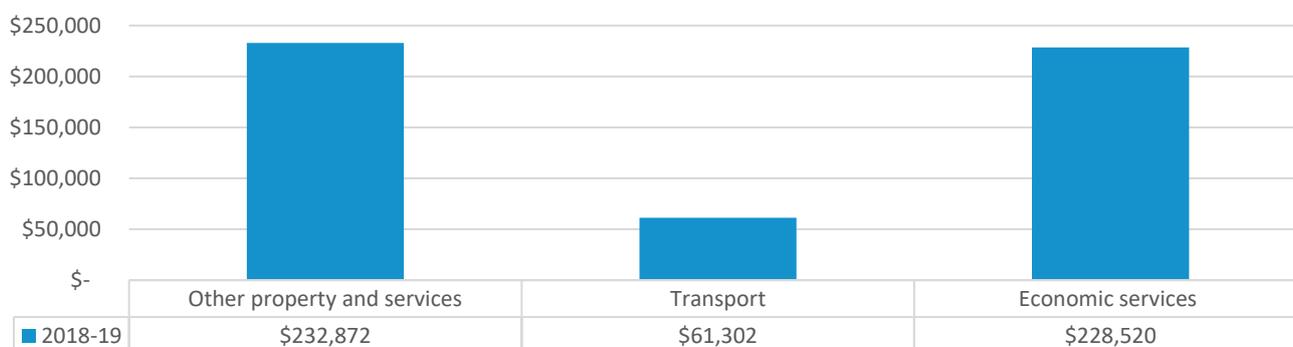
Financial impacts of managing the Shire road assets are broken down into maintenance, new and renewal expenditure, each of which is examined separately as follows.

2.3.1 Maintenance Expenditure

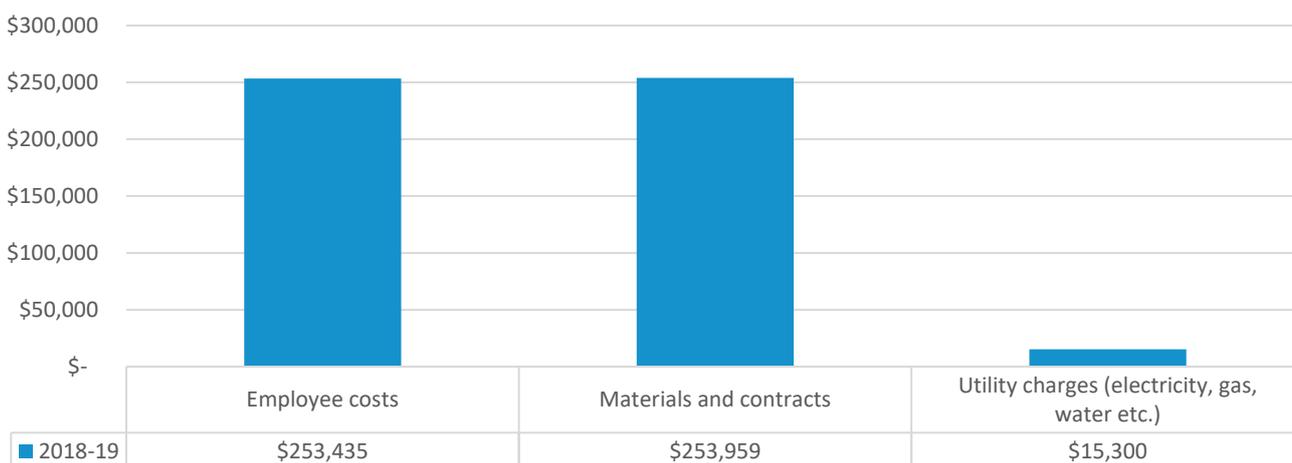
Road maintenance expenditure includes maintenance of associated infrastructure such as drainage and footpaths. Road maintenance expenditure is primarily related to the grading of unsealed roads and associated drainage clearing within the district along with a low level of reactionary minor repair works. As far as possible the road maintenance program is scheduled annually, based on staff knowledge of road conditions and expected traffic volumes.

Road maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2018-19:

2.3.2 Maintenance Expenditure by Program



2.3.3 Maintenance Expenditure by Nature and Type



2.3.4 New Expenditure

Road safety related projects will be prioritised where issues are identified. External grant funding would be essential to achieve any upgrades.

Appendix A2 – Roads (Continued)

2.3.5 Renewal Expenditure

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

In the chart below, planned road expenditure is shown as blue columns, with required road renewals as the orange columns. The green line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$8.4m. Required road renewal is calculated at \$9.7m for the term, overall there is a \$1.3m renewal deficit for the Shire’s road assets.

2.3.6 Forecast Planned and Required Road Renewal Expenditure



	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	2032-33
Required Infrastructure - Roads Renewals	442,707	2,614,912	41,732	185,460	-	-	1,737,387	229,528	1,336,451	-	256,709	2,743,763	195,345	-	-
Planned Infrastructure - Roads Renewals	518,877	518,877	518,877	518,877	518,877	518,877	518,877	518,877	618,877	618,877	618,877	618,877	618,877	618,877	618,877
Planned Renewals Gap/(Surplus)	76,170	(2,096,03)	477,145	333,417	518,877	518,877	(1,218,51)	289,349	(717,574)	618,877	362,168	(2,124,88)	423,532	618,877	618,877

The level and extent of the renewal surplus is dependent on the accuracy of unit cost estimates and remaining useful life estimates for each road component. An improvement in this information will result in improved planning outcomes and enable the scheduling of works to minimise the negative impact of renewal spikes.

Appendix A2 – Roads (Continued)

2.3 Renewal Expenditure (Continued)

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

	Required Roads Renewals \$	Planned Roads Renewals \$	Roads Renewal Funding (Gap)/Surplus \$
2018-19	442,707	518,877	76,170
2019-20	2,614,912	518,877	(2,096,035)
2020-21	41,732	518,877	477,145
2021-22	185,460	518,877	333,417
2022-23	0	518,877	518,877
2023-24	0	518,877	518,877
2024-25	1,737,387	518,877	(1,218,510)
2025-26	229,528	518,877	289,349
2026-27	1,336,451	618,877	(717,574)
2027-28	0	618,877	618,877
2028-29	256,709	618,877	362,168
2029-30	2,743,763	618,877	(2,124,886)
2030-31	195,345	618,877	423,532
2031-32	0	618,877	618,877
2032-33	0	618,877	618,877
Total	9,783,994	8,483,155	(1,300,839)

2.4 Level of Service

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

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

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

Appendix A2 – Roads (Continued)

2.4.2 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 minimise the risk of flooding and damage.	Customer complaints.	Two complaints 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.	Two complaints per road per year.
	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/Drainage			
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.	Two complaints 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.	Two complaints per road per year.
	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 from road assets has identified the following risks and treatment strategies.

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

2.6 Improvement

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

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

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 – Drainage

3.1 Significant Matters

The Shire provides a network of stormwater drainage infrastructure which includes culverts, pipes, and kerbing.

The determination of appropriate intervention points for renewal work, along with forecasting the timing and amount of funding required, is important to ensure this work can be undertaken prior to any asset failure. A current assessment reflects drainage and kerbing with a current replacement cost of \$4.8m. Further detailed investigation of these assets is required to confirm the timing and costs of the required renewal intervals.

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

3.2 Inventory

The Shire is developing a basic drainage asset inventory which is maintained within the road asset inventory system (RAMM). Utilising the dimension data held in RAMM and the unit rates provided by the Shire, a current replacement cost has been estimated \$4.8m and includes the following components:

- Kerbing
- Open drains
- Table drains
- Concrete pits
- Culverts
- Piping

Appendix A3 –Drainage (Continued)

3.3 Financial Summary

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

3.3.1 Maintenance Expenditure

Drainage maintenance expenditure is included with Roads maintenance at Appendix A2.

3.3.2 New Expenditure

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

3.3.3 Renewal Expenditure

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

In the chart below, forecast planned drainage expenditure is shown by the blue columns, with required drainage renewals as the orange columns. The green line indicates the difference between the two expenditure levels. Planned drainage renewal over the term of the Plan is \$825k. Required drainage renewal is also calculated at \$814k for the term of the Plan, with a renewal surplus of \$10k currently forecast.

3.3.4 Forecast Planned and Required Drainage Renewal Expenditure



No major drainage renewals are forecast to be required within the first five years of the Plan. Minor surface drain renewals will be undertaken as part of the renewal of pavements where these works are undertaken.

3.4 Level of Service

Level of service measures have not been routinely recorded or reported on. Detailed performance measures and performance targets for drainage construction and maintenance have been developed and are shown in the following tables.

Appendix A3 – Drainage (Continued)

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

Appendix A3 – Drainage (Continued)

3.5 Risk Management

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

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

3.6 Improvement

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

Continued improvement in the knowledge of the road network and associated infrastructure (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 A4 – Footpaths

4.1 Significant Matters

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

4.2 Inventory

Footpath asset information is recorded within the Shire’s road inventory database (RAMM). The assets within the asset class were valued by management in 2018 with all road infrastructure assets. The current replacement cost is not currently recorded.

4.3 Financial Summary

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

4.3.1 Maintenance Expenditure

Routine maintenance expenditure is currently forecast based on historical data and staff experience and is considered during the annual budget process. It is comprised of a number of expenditure items including employee cost and materials and contracts.

4.3.2 New Asset Expenditure

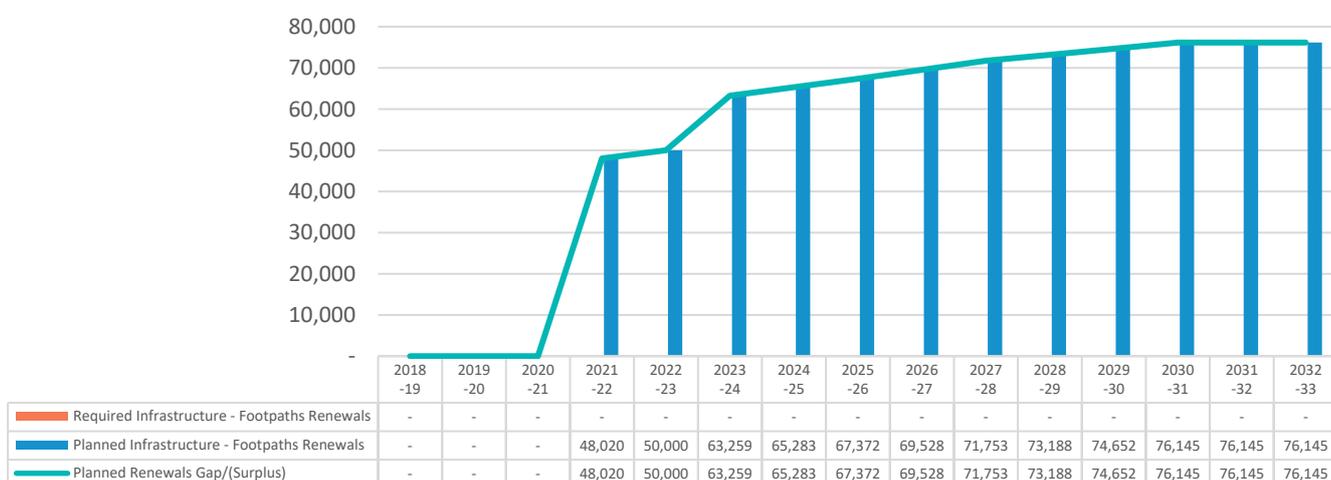
Upgrades to the existing foot/cycle paths are planned for 2018-19 to 2020-21 in line with the Cycle Path Program. New projects will be prioritised where issues are identified. External grant funding would be essential to achieve these upgrades.

4.4 Renewal Expenditure

Footpaths have no detailed forecast required renewal expenditure. Work is prioritised using staff knowledge of the conditions of the footpaths.

In the chart below, forecast planned footpaths expenditure is shown by the blue columns, with required footpaths renewals as the orange columns. The green line indicates the difference between the two expenditure levels. Required footpaths renewal has not been allocated funding for the term of the Plan, however planned footpaths renewal is forecast for \$811k for the term of the Plan.

4.4.1 Forecast Planned and Required Footpath Renewal Expenditure



Appendix A4 – Footpaths (Continued)

4.5 Level of Service

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

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Condition	Footpaths are maintained to a reasonable standard and on a regular basis.	Customer complaints. Routine footpath inspection.	Two complaints per year. 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. To ensure that any maintenance issues that arise are dealt with promptly.	Customer complaints. Within 2 working days of notification.	Two complaints per year. 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.

4.6 Risk Management

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

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

4.7 Improvement Plan

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

Appendix A5 – Buildings

5.1 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.

5.2 Inventory

Land and buildings were valued by independent professional valuers in 2017, based on an inspection undertaken. The replacement costs of the various types of buildings contained within the valuation report is presented in the chart. A building inventory is maintained within the Shire's financial management system.

5.2.1 Composition of Estimated Current Replacement Cost of Building Assets

Buildings	Current Replacement Cost (\$)
Aged Persons Centre	2,613,000
Boolbardie Golf Clubhouse	403,000
Cemetery Shelters	7,900
Charlie Sappie Park Information Bay and Picnic Shelter	62,000
Community Resource Centre	968,000
Dirk Hartog Island Light House Quarters, Toilet and Laundry	1,646,000
Emergency Services Buildings	1,245,000
Picnic Shelters	707,900
Toilet Blocks	490,000
Fish Cleaning Shelters	80,000
Recreation Grounds Facilities	6,001,100
Refuse Site	113,000
Overlander Community Centre	715,000
Shire Depot Infrastructure	1,162,700
Tamala Camp Accommodation and Camp Kitchen	315,000
Townsite Residences	2,625,000
Townsite Solar Panels	50,700
Shire Offices	1,690,000
Hall & Chambers	1,620,000
Child Care Centre	345,000
Mortuary	26,000
Paint and Signage Shed	46,000
World Heritage Interpretation Centre	8,381,000
Buildings Total	31,313,300

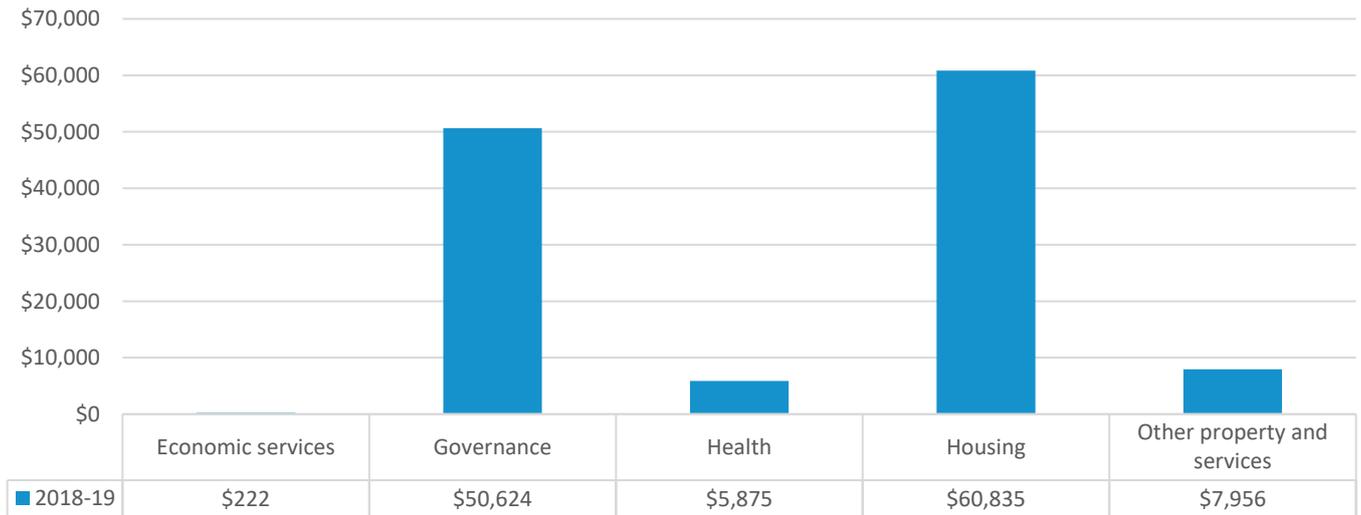
Appendix A5 – Buildings (Continued)

5.3 Financial Summary

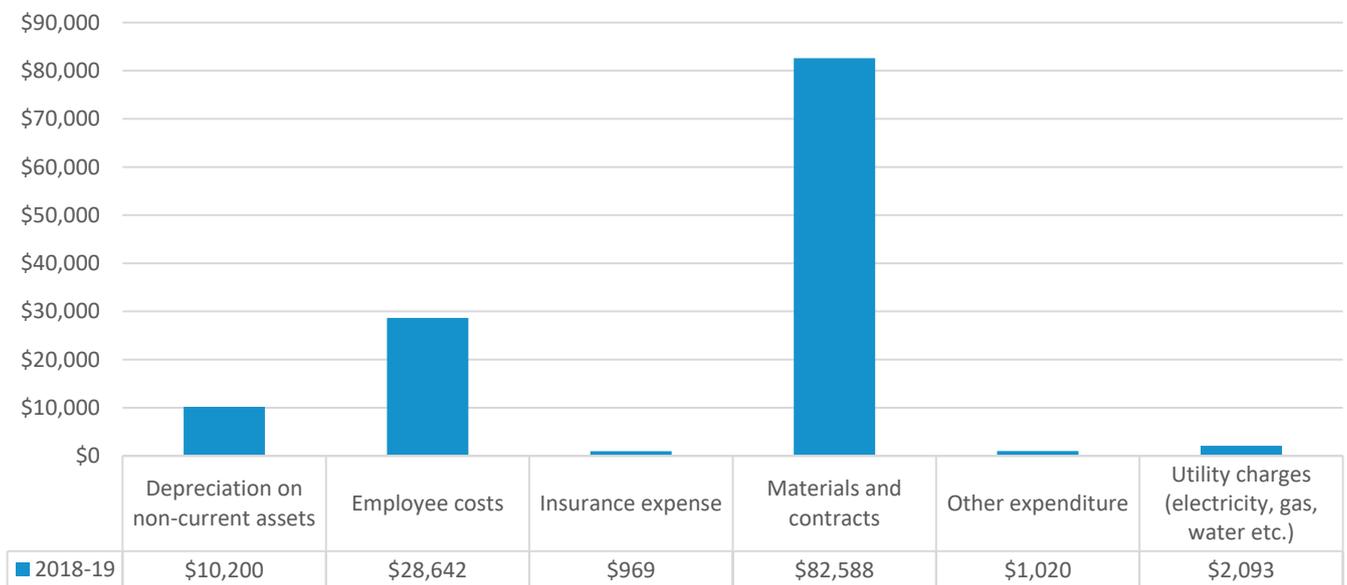
The financial impacts of managing the Shire building assets has been broken down into maintenance, new and renewal expenditure, each of which is examined separately.

5.3.1 Maintenance Expenditure by Program

Routine maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2018-19:



5.3.2 Maintenance Expenditure by Nature and Type



Appendix A5 – Buildings (Continued)

5.3.3 New/Upgrade Asset Expenditure

The table below reflects new/upgrade building projects currently planned within the Long Term Financial Plan. These projects are forecasted to be funded partially from external contributions, reserves with the balance being sourced from general purpose funding.

Year	Project	Planned Expenditure \$
2020-21	Aged Care Facilities	4,000,000
2022-23	Regional Multi-use Facilities	2,000,000
Total		6,000,000

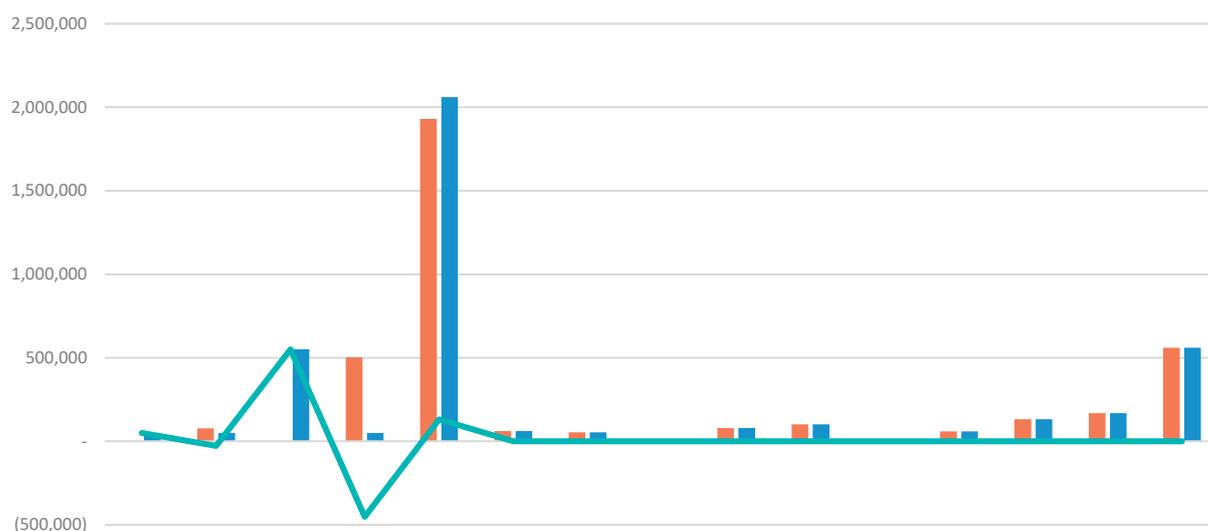
These buildings are forecasted to be funded partially from external contributions, with the balance being sourced from general purpose funding.

5.3.4 Renewal Expenditure

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

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

5.3.5 Forecast Planned and Required Building Renewal Expenditure



	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	2032-33
Required Buildings Renewals	-	77,469	-	502,357	1,930,242	60,880	53,779	-	79,235	100,713	-	59,506	131,948	168,235	560,096
Planned Buildings Renewals	50,000	50,000	550,000	50,000	2,060,880	60,880	53,779	-	79,235	100,713	-	59,506	131,948	168,235	560,096
Planned Renewals Gap/(Surplus)	50,000	(27,469)	550,000	(452,357)	130,638	-	-	-	-	-	-	-	-	-	-

Renewal of the current administration building in 2022-23 through the construction of a regional multi use facility dominates the renewal forecasts. The timing and extent of building renewals in the later years of the Plan will be subject to condition based assessments closer to the estimated renewal timing, along with further assessment of demand. All funds currently allocated to building renewals in the Plan will be placed in the building cash reserves if not required for the renewal of minor building components. Both the timing and costs associated with building renewals are highly variable and in many instances dependent on the level of building maintenance.

Appendix A5 – Buildings (Continued)

5.3.6 Forecast Planned and Required Building Renewal Expenditure

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

	Required Building Renewals \$	Planned Building Renewals \$	Building Renewal Funding (Deficit)/Surplus \$
2018-19	0	50,000	50,000
2019-20	77,469	50,000	(27,469)
2020-21	0	550,000	550,000
2021-22	502,357	50,000	(452,357)
2022-23	1,930,242	2,060,880	130,638
2023-24	60,880	60,880	0
2024-25	53,779	53,779	0
2025-26	0	0	0
2026-27	79,235	79,235	0
2027-28	100,713	100,713	0
2028-29	0	0	0
2029-30	59,506	59,506	0
2030-31	131,948	131,948	0
2031-32	168,235	168,235	0
2032-33	560,096	560,096	0
Total	3,724,460	3,975,272	250,812

5.4 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
Condition	The building's meets the expectations of the community.	Customer complaints.	Two 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.	Two per year per building.
Safety	The building is safe and suitable for its intended use.	Number of injury claims	0 claims.

Appendix A5 – Buildings (Continued)

5.5 Risk Management

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

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

5.6 Improvement

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

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

Appendix A6 – Heritage Assets

6.1 Significant Matters

The Shire controls heritage assets which are significant to our community and country's heritage.

The nature of these assets is one of changing requirements due to community expectations and will require further analysis to fully consider future funding requirements as individual assets require expenditure.

Availability of grant funding will significantly impact the timing and extent of expenditure on heritage assets.

6.2 Inventory

The Shire's heritage assets current replacement cost at the time of valuation at 30 June 2015 was \$2.22m.

6.2.1 Composition of Estimated Current Replacement Cost of Other Infrastructure Assets

Infrastructure - Other	Estimated Current Replacement Cost (\$)
Camel Wagon	
Cape Inscription Lighthouse	1,300,000
Child Care Centre	355,000
Directional Plaque	
Galla Curci	284,000
HMAS Sydney II Memorial	
Old Goal	27,000
Stables	57,000
Velsheda	200,000
Heritage Assets Total	2,223,000

6.3 Financial Summary

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

6.3.1 Maintenance Expenditure

Heritage assets maintenance expenditure is forecast to increase in line with inflation.

6.3.2 New Expenditure

No additional items are forecast to be required over the life of this Plan.

Appendix A6 – Heritage Assets (Continued)

6.3.3 Renewal Expenditure

Required heritage asset renewals over the next 15 years have been forecast. Minor asset renewals will be determined and funded within the annual budget cycle. Notional amounts have been allocated in the Plan in 2028-29 and 2032-33 for renewal of heritage assets. These renewals are unlikely to occur at the same value or timing as the allocated funds, as renewal of Heritage assets will be considered on a case by case basis at the time the Heritage asset is viewed as requiring renewal.

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

6.3.4 Forecast Planned and Required Heritage Assets Renewal Expenditure



6.4 Level of Service

Detailed performance measures and performance targets for Heritage Assets are defined in the table below

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Condition	Well maintained community facilities.	Customer complaints.	Under 5 per year
	Community satisfaction with asset.	Community survey.	90% satisfaction
Function	Fit for purpose.	Customer complaints.	Under 5 per year
	Community importance with asset.	Customer survey.	90% satisfaction
Safety	To ensure that any maintenance issues or hazards are dealt with promptly.	Issue or hazard is dealt with within one working day of notification. If hazard is serious to be addressed within 2 hours of notification.	95% addressed

6.5 Improvement

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

Appendix A7 – Plant and Equipment

7.1 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 15 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.

7.2 Inventory

The table 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.

7.2.1 Composition of Estimated Current Replacement Cost of Plant and Equipment Assets

Asset	Current Replacement Cost \$
Major Plant	2,130,000
Vehicles	209,000
Total	2,339,000

7.3 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.

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.

7.3.1 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.

7.3.2 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 orange columns. The green line shows the variation between the two expenditure levels.

Appendix A7 – Plant and Equipment (Continued)

7.3.3 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 as the plant replacement program has been modified to available financial resources. The Plan overall has a funding surplus of \$2.5m over the term of the Plan with planned renewals of \$9.6m and required asset renewals of \$7.1m.

7.3.4 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 A7 – Plant and Equipment (Continued)

7.4 Level of Service

Level of service measures were defined within the Shire’s previously adopted Asset Management Plan.

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

7.5 Risk Management

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

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

7.6 Improvement Plan

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

Appendix A8 – Estimated Asset Life and Residual Value

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

Asset Class	Asset Sub-Class	Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Infrastructure - Roads Other	Pavement Structure	Formed	100	
Infrastructure - Roads Other	Pavement Structure	Formed	100	
Infrastructure - Roads Other	Pavement Structure	Unsealed	20	
Infrastructure - Roads Other	Pavement Structure	Unsealed	20	
Infrastructure - Roads Other	Pavement Structure	Thin Surfaced Flexible	100	
Infrastructure - Roads Other	Pavement Structure	Thin Surfaced Flexible	100	
Infrastructure - Roads Other	Pavement Structure	Structural Asphaltic Concrete	100	
Infrastructure - Roads Other	Pavement Structure	Structural Asphaltic Concrete	100	
Infrastructure - Roads Other	Subgrade Structure	Formed	100	100%
Infrastructure - Roads Other	Subgrade Structure	Formed	100	100%
Infrastructure - Roads Other	Subgrade Structure	Unsealed	100	100%
Infrastructure - Roads Other	Subgrade Structure	Unsealed	100	100%
Infrastructure - Roads Other	Subgrade Structure	Thin Surfaced Flexible	100	100%
Infrastructure - Roads Other	Subgrade Structure	Thin Surfaced Flexible	100	100%
Infrastructure - Roads Other	Subgrade Structure	Structural Asphaltic Concrete	100	100%
Infrastructure - Roads Other	Subgrade Structure	Structural Asphaltic Concrete	100	100%
Infrastructure - Roads Other	Surface Structure	Formed		
Infrastructure - Roads Other	Surface Structure	Formed		
Infrastructure - Roads Other	Surface Structure	Unsealed		
Infrastructure - Roads Other	Surface Structure	Unsealed		
Infrastructure - Roads Other	Surface Structure	Thin Surfaced Flexible	30	
Infrastructure - Roads Other	Surface Structure	Thin Surfaced Flexible	30	
Infrastructure - Roads Other	Surface Structure	Structural Asphaltic Concrete	30	
Infrastructure - Roads Other	Surface Structure	Structural Asphaltic Concrete	30	
Infrastructure - Roads Town	Pavement Structure	Formed		
Infrastructure - Roads Town	Pavement Structure	Unsealed	20	
Infrastructure - Roads Town	Pavement Structure	Thin Surfaced Flexible	100	
Infrastructure - Roads Town	Pavement Structure	Thin Surfaced Flexible	100	
Infrastructure - Roads Town	Pavement Structure	Structural Asphaltic Concrete		
Infrastructure - Roads Town	Pavement Structure	Structural Asphaltic Concrete	100	
Infrastructure - Roads Town	Subgrade Structure	Unsealed	100	100%
Infrastructure - Roads Town	Subgrade Structure	Thin Surfaced Flexible	100	100%
Infrastructure - Roads Town	Subgrade Structure	Thin Surfaced Flexible	100	100%
Infrastructure - Roads Town	Subgrade Structure	Structural Asphaltic Concrete	100	100%
Infrastructure - Roads Town	Surface Structure	Unsealed		
Infrastructure - Roads Town	Surface Structure	Thin Surfaced Flexible	30	
Infrastructure - Roads Town	Surface Structure	Thin Surfaced Flexible	30	
Infrastructure - Roads Town	Surface Structure	Structural Asphaltic Concrete	30	

Appendix A8 – Estimated Asset Life and Residual Value (Continued)

Asset Class	Asset Sub-Class	Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Infrastructure - Drainage	Kerb Barrier		80	
Infrastructure - Drainage	Kerb Flush Edge		80	
Infrastructure - Drainage	Kerb Mountable		80	
Infrastructure - Drainage	Kerb Semi Mountable		80	
Infrastructure - Drainage	Open Drain (Excavated)		60	
Infrastructure - Drainage	Table Drain (Shallow)		60	
Infrastructure - Drainage	Double Grated Pit	Concrete	80	
Infrastructure - Drainage	Headwall	Concrete	80	
Infrastructure - Drainage	Double Side Entry Pit	Concrete	80	
Infrastructure - Drainage	Grated Pit		80	
Infrastructure - Drainage	Grated Pit	Concrete	80	
Infrastructure - Drainage	Junction Pit	Concrete	80	
Infrastructure - Drainage	Man Hole	Concrete	80	
Infrastructure - Drainage	Side Entry Pit	Concrete	80	
Infrastructure - Drainage	Open Drain	Concrete	80	
Infrastructure - Drainage	Open Drain	Unknown	80	
Infrastructure - Drainage	Unknown	Unknown	80	
Infrastructure - Drainage	Circular Pipe	Concrete	80	
Infrastructure - Drainage	Circular Pipe	Polyvinylchloride	80	
Infrastructure - Drainage	Circular Pipe	Plastic	80	
Infrastructure - Drainage	Circular Pipe	Reinforced Concrete Pipe	80	
Infrastructure - Drainage	Barrel	Concrete	80	
Infrastructure - Drainage	Barrel	Polyvinylchloride	80	
Infrastructure - Drainage	Barrel	Reinforced Concrete Pipe	80	
Infrastructure - Drainage	Rainwater Pipe	Unknown	80	
Infrastructure - Drainage	Culvert	Concrete	80	
Infrastructure - Footpaths			70	
Infrastructure - Footpaths	Brick		50	

Asset Class	Asset Sub-Class	Estimated Useful Life	Estimated Residual Value %
Buildings		60	
Plant and Equipment	Major Plant	6	20%
Plant and Equipment	Vehicles	2	50%
Heritage Assets		100	
Heritage Assets	Metal and metal clad building on concrete slab	40	
Heritage Assets	Timber and metal clad building on timber footings with timber floors, attached timber verandah, split air-conditioning.	45	
Heritage Assets	Weatherboard, metal and metal clad building on concrete slab	40	
Heritage Assets	Lighthouse Keepers cottage	150	

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

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

Statement of Financial Position

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

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

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

Statement of Funding

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

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

Statement of Fixed Asset Movements

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

Statement of Fixed Asset Funding

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

Forecast Ratios

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.

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 as per the *Local Government (Financial Management) Regulations 1996* are used in the Plan to represent these services, however not all services listed may be provided by the Shire of Shark Bay.

Objectives	Services
Governance	Members of Council Governance – general
General purpose funding	Rates Other general purpose funding
Law, order, public safety	Fire prevention Animal control Other law, order, public safety
Health	Maternal and infant health Preventative services <ul style="list-style-type: none"> - Immunisation - Meat inspection - Administration and inspection - Pest control - Other Other health
Education and welfare	Pre-school Other education Care of families and children Aged and disabled <ul style="list-style-type: none"> - Senior citizens centres - Meals on wheels Other welfare
Housing	Staff housing Other housing
Community amenities	Sanitation <ul style="list-style-type: none"> - Household refuse - Other Sewerage Urban stormwater drainage Protection of environment Town planning and regional development Other community amenities

Objectives	Services
Recreation and culture	Public halls, civic centre Swimming areas Other recreation and sport Television and radio re-broadcasting Libraries Other culture
Transport	Streets, roads, bridges, depots <ul style="list-style-type: none"> - Construction (not capitalised) - Maintenance Road plant purchase (if not capitalised) Parking facilities Traffic control Aerodromes Water transport facilities
Economic services	Rural services Tourism and area promotion Building control Sale yards and markets Plant nursery Other economic services
Other property and services	Private works Public works overheads Plant operation Salaries and wages Unclassified Town Planning Schemes

Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2018-2033

	2014-15	2015-16	2016-17	Base	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																			
Rates	1,192,403	1,259,107	1,229,350	1,261,908	1,312,384	1,364,880	1,419,474	1,476,252	1,535,302	1,596,716	1,660,586	1,727,010	1,796,090	1,867,932	1,942,650	2,020,354	2,101,169	2,185,215	2,272,626
Operating grants, subsidies and contributions	3,438,654	3,027,252	6,578,293	1,400,524	2,484,846	2,534,542	2,585,233	2,636,938	2,689,677	2,743,471	2,798,341	2,854,309	2,911,394	2,969,623	3,029,016	3,089,598	3,151,391	3,214,419	3,278,707
Fees and charges	1,547,131	1,288,567	1,554,203	1,395,260	1,485,620	1,515,335	1,545,640	1,576,547	1,608,080	1,640,238	1,673,047	1,706,498	1,740,630	1,775,446	1,810,951	1,847,164	1,884,108	1,921,793	1,960,229
Interest earnings	125,578	206,283	66,987	47,060	49,409	38,791	38,752	39,226	43,348	47,872	41,913	44,200	48,514	43,810	50,262	47,691	49,530	54,480	72,722
Other revenue	288,639	245,033	899,705	159,200	164,803	168,099	171,461	174,889	178,385	181,950	185,588	189,300	193,088	196,951	200,892	204,911	209,012	213,194	217,459
	6,592,405	6,026,242	10,328,538	4,263,952	5,497,062	5,621,647	5,760,560	5,903,852	6,054,792	6,210,247	6,359,475	6,521,317	6,689,716	6,853,762	7,033,771	7,209,718	7,395,210	7,589,101	7,801,743
Expenses																			
Employee costs	(1,778,356)	(2,003,884)	(2,059,644)	(2,224,126)	(2,168,610)	(2,211,982)	(2,256,214)	(2,301,333)	(2,347,352)	(2,394,293)	(2,442,186)	(2,491,032)	(2,540,858)	(2,591,686)	(2,643,527)	(2,696,397)	(2,750,331)	(2,805,346)	(2,861,459)
Materials and contracts	(1,945,835)	(3,381,619)	(6,249,404)	(2,227,667)	(2,027,466)	(2,088,010)	(2,129,757)	(2,172,345)	(2,215,786)	(2,260,092)	(2,305,293)	(2,351,396)	(2,398,415)	(2,446,402)	(2,495,332)	(2,545,233)	(2,596,143)	(2,648,076)	(2,701,044)
Utility charges (electricity, gas, water etc.)	(140,053)	(160,926)	(160,786)	(172,022)	(175,462)	(178,968)	(182,547)	(186,199)	(189,917)	(193,715)	(197,592)	(201,545)	(205,575)	(209,690)	(213,888)	(218,161)	(222,526)	(226,974)	(231,514)
Depreciation on non-current assets	(2,226,363)	(1,798,990)	(1,812,933)	(1,689,050)	(1,745,882)	(1,783,164)	(1,892,732)	(1,929,562)	(2,034,733)	(2,074,056)	(2,114,924)	(2,155,177)	(2,197,448)	(2,241,613)	(2,289,042)	(2,333,256)	(2,379,936)	(2,428,777)	(2,487,958)
Interest expense	(27,055)	(22,890)	(18,238)	(14,360)	(14,457)	(14,907)	(21,682)	(27,990)	(54,040)	(78,074)	(72,251)	(66,198)	(59,904)	(53,359)	(46,556)	(40,282)	(34,027)	(29,367)	(25,142)
Insurance expense	(144,018)	(149,196)	(159,597)	(162,150)	(165,393)	(168,700)	(172,074)	(175,517)	(179,028)	(182,609)	(186,260)	(189,982)	(193,783)	(197,660)	(201,614)	(205,648)	(209,759)	(213,956)	(218,235)
Other expenditure	(176,022)	(294,067)	(223,266)	(180,785)	(184,401)	(188,088)	(191,847)	(195,685)	(199,597)	(203,588)	(207,661)	(211,813)	(216,049)	(220,371)	(224,779)	(229,274)	(233,860)	(238,537)	(243,308)
	(6,437,702)	(7,811,572)	(10,683,868)	(6,670,160)	(6,481,671)	(6,633,819)	(6,846,853)	(6,988,631)	(7,220,453)	(7,386,427)	(7,526,167)	(7,667,143)	(7,812,032)	(7,960,781)	(8,114,738)	(8,268,251)	(8,426,582)	(8,591,033)	(8,768,660)
	154,703	(1,785,330)	(355,330)	(2,406,208)	(984,609)	(1,012,172)	(1,086,293)	(1,084,779)	(1,165,661)	(1,176,180)	(1,166,692)	(1,145,826)	(1,122,316)	(1,107,019)	(1,080,967)	(1,058,533)	(1,031,372)	(1,001,932)	(966,917)
Non-operating grants, subsidies and contributions	2,643,464	2,353,743	2,519,715	902,247	412,544	412,544	4,412,544	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
Profit on disposal of assets	4,000	44,144	0	10,092	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(301,065)	(209,673)	(721,192)	(63,894)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	2,501,102	402,884	1,443,193	(1,557,763)	(572,065)	(599,628)	3,326,251	(672,235)	1,746,883	(763,636)	(754,148)	(733,282)	(709,772)	(694,475)	(668,423)	(645,989)	(618,828)	(589,388)	(554,373)
Other Comprehensive Income	0	(321,612)	1,105,656	0	2,200,792	2,239,586	2,271,457	2,391,944	2,427,546	2,527,016	2,568,426	2,596,788	2,627,960	2,670,196	2,703,592	2,734,128	2,774,493	2,816,838	2,848,743
TOTAL COMPREHENSIVE INCOME	2,501,102	81,272	2,548,849	(1,557,763)	1,628,727	1,639,958	5,597,708	1,719,709	4,174,429	1,763,380	1,814,278	1,863,506	1,918,188	1,975,721	2,035,169	2,088,139	2,155,665	2,227,450	2,294,370

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B3 – Forecast Statement of Comprehensive Income by Program 2018-2033

	2014-15	2015-16	2016-17	Base	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	2032-33	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue																				
Governance	60,231	40,643	15,541	16,000	16,320	16,646	16,979	17,318	17,665	18,018	18,379	18,747	19,122	19,505	19,895	20,293	20,699	21,113	21,535	
General purpose funding	4,163,290	2,406,879	4,175,557	2,212,977	3,345,194	3,426,741	3,521,757	3,620,281	3,725,548	3,834,423	3,936,131	4,049,514	4,168,474	4,282,090	4,410,668	4,534,157	4,666,133	4,805,438	4,962,406	
Law, order, public safety	166,510	103,391	68,810	74,560	141,051	143,872	146,749	149,683	152,677	155,730	158,845	162,022	165,263	168,569	171,942	175,383	178,892	182,471	186,122	
Health	751	1,006	2,524	2,450	2,499	2,548	2,599	2,651	2,705	2,759	2,814	2,870	2,927	2,986	3,045	3,106	3,168	3,232	3,296	
Housing	75,289	86,977	77,914	86,210	99,929	101,933	103,972	106,046	108,169	110,329	112,537	114,782	117,077	119,422	121,806	124,239	126,723	129,259	131,845	
Community amenities	283,884	297,558	311,371	277,400	286,908	292,646	298,500	304,471	310,560	316,771	323,107	329,569	336,160	342,883	349,741	356,735	363,870	371,147	378,570	
Recreation and culture	263,836	247,719	404,384	264,077	305,278	311,384	317,608	323,958	330,436	337,045	343,786	350,660	357,675	364,829	372,124	379,566	387,160	394,905	402,803	
Transport	435,131	2,014,705	3,818,165	424,858	443,355	452,221	461,266	470,491	479,901	489,499	499,289	509,274	519,460	529,849	540,447	551,255	562,280	573,526	584,996	
Economic services	1,111,056	775,554	1,394,674	857,420	807,568	823,717	840,192	856,996	874,135	891,618	909,451	927,640	946,194	965,118	984,422	1,004,109	1,024,192	1,044,675	1,065,568	
Other property and services	32,427	51,810	59,598	48,000	48,960	49,939	50,938	51,957	52,996	54,055	55,136	56,239	57,364	58,511	59,681	60,875	62,093	63,335	64,602	
	6,592,405	6,026,242	10,328,538	4,263,952	5,497,062	5,621,647	5,760,560	5,903,852	6,054,792	6,210,247	6,359,475	6,521,317	6,689,716	6,853,762	7,033,771	7,209,718	7,395,210	7,589,101	7,801,743	
Expenses Excluding Finance Costs																				
Governance	(271,337)	(204,535)	(250,440)	(304,973)	(159,124)	(182,313)	(186,117)	(189,840)	(193,780)	(197,648)	(201,601)	(205,629)	(209,737)	(213,938)	(218,228)	(222,587)	(227,040)	(231,586)	(236,243)	
General purpose funding	(99,309)	(197,993)	(110,340)	(120,131)	(122,533)	(124,984)	(127,483)	(130,032)	(132,633)	(135,286)	(137,992)	(140,751)	(143,566)	(146,438)	(149,368)	(152,356)	(155,403)	(158,511)	(161,682)	
Law, order, public safety	(332,166)	(389,603)	(282,506)	(369,108)	(352,074)	(359,172)	(368,219)	(375,555)	(384,749)	(392,408)	(400,240)	(408,190)	(416,328)	(424,663)	(433,222)	(441,844)	(450,680)	(459,730)	(469,196)	
Health	(59,205)	(58,479)	(63,426)	(64,505)	(65,795)	(67,109)	(68,450)	(69,818)	(71,215)	(72,639)	(74,093)	(75,575)	(77,087)	(78,629)	(80,203)	(81,807)	(83,444)	(85,113)	(86,815)	
Housing	(162,666)	(183,826)	(158,206)	(174,554)	(179,617)	(183,364)	(192,076)	(195,846)	(204,299)	(208,291)	(212,417)	(216,528)	(220,800)	(225,237)	(229,920)	(234,408)	(239,102)	(243,970)	(249,572)	
Community amenities	(627,698)	(593,881)	(596,008)	(646,090)	(619,414)	(631,843)	(645,768)	(658,666)	(673,000)	(686,433)	(700,149)	(714,115)	(728,388)	(742,964)	(757,870)	(772,997)	(788,460)	(804,255)	(820,524)	
Recreation and culture	(1,739,436)	(1,986,275)	(2,105,055)	(2,320,535)	(2,305,743)	(2,352,735)	(2,427,205)	(2,475,366)	(2,549,570)	(2,600,048)	(2,651,828)	(2,704,105)	(2,757,877)	(2,813,122)	(2,870,354)	(2,927,181)	(2,985,736)	(3,045,912)	(3,110,769)	
Transport	(1,753,463)	(2,924,747)	(5,317,469)	(1,455,051)	(1,490,941)	(1,521,456)	(1,573,639)	(1,604,813)	(1,656,509)	(1,689,235)	(1,722,842)	(1,756,693)	(1,791,582)	(1,827,481)	(1,864,790)	(1,901,623)	(1,939,659)	(1,978,820)	(2,021,523)	
Economic services	(1,323,833)	(1,205,972)	(1,712,004)	(1,153,353)	(1,119,429)	(1,141,920)	(1,167,991)	(1,191,300)	(1,218,041)	(1,242,339)	(1,267,156)	(1,292,411)	(1,318,224)	(1,344,602)	(1,371,609)	(1,398,972)	(1,426,950)	(1,455,545)	(1,485,119)	
Other property and services	(41,534)	(43,371)	(70,176)	(47,500)	(52,544)	(54,016)	(68,223)	(69,405)	(82,617)	(84,026)	(85,598)	(86,948)	(88,539)	(90,348)	(92,618)	(94,194)	(96,081)	(98,224)	(102,075)	
	(6,410,647)	(7,788,682)	(10,665,630)	(6,655,800)	(6,467,214)	(6,618,912)	(6,825,171)	(6,960,641)	(7,166,413)	(7,308,353)	(7,453,916)	(7,600,945)	(7,752,128)	(7,907,422)	(8,068,182)	(8,227,969)	(8,392,555)	(8,561,666)	(8,743,518)	
Finance Costs																				
Governance	(13,899)	(11,235)	(8,402)	(5,900)	(3,626)	(1,449)	(296)	0	(30,000)	(57,767)	(54,689)	(51,487)	(48,156)	(44,689)	(41,083)	(37,331)	(33,428)	(29,367)	(25,142)	
Community amenities	0	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	
Recreation and culture	0	0	0	0	(4,437)	(8,311)	(7,537)	(6,736)	(5,905)	(5,045)	(4,154)	(3,232)	(2,276)	(1,286)	(261)	0	0	0	0	
Economic services	(13,156)	(11,655)	(9,836)	(8,460)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other property and services	0	0	0	0	(6,394)	(5,147)	(3,849)	(2,497)	(1,091)	0	0	0	0	0	0	0	0	0	0	
	(27,055)	(22,890)	(18,238)	(14,360)	(14,457)	(14,907)	(21,682)	(27,990)	(54,040)	(78,074)	(72,251)	(66,198)	(59,904)	(53,359)	(46,556)	(40,282)	(34,027)	(29,367)	(25,142)	
Non Operating Grants, Subsidies and Contributions																				
Governance	0	0	0	0	0	0	500,000	0	2,500,000	0	0	0	0	0	0	0	0	0	0	
Community amenities	378,341	0	10,359	0	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	0	0	
Recreation and culture	17,617	1,333,192	1,537,749	229,760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transport	2,122,001	1,020,551	971,607	672,487	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	412,544	412,544	412,544
	2,643,464	2,353,743	2,519,715	902,247	412,544	412,544	4,412,544	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	
Profit/(Loss) on Disposal of Assets																				
Governance	0	(96,121)	(35,000)	4,842	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Health	0	(33,311)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Recreation and culture	(193,165)	(5,870)	(25,467)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transport	(80,581)	(27,765)	(640,725)	(58,644)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Economic services	0	(2,462)	(20,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	(297,065)	(165,529)	(721,192)	(53,802)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NET RESULT	2,501,102	402,884	1,443,193	(1,557,763)	(572,065)	(599,628)	3,326,251	(672,235)	1,746,883	(763,636)	(754,148)	(733,282)	(709,772)	(694,475)	(668,423)	(645,989)	(618,828)	(589,388)	(554,373)	
Other Comprehensive Income	0	(321,612)	1,105,656	0	2,200,792	2,239,586	2,271,457	2,391,944	2,427,546	2,527,016	2,568,426	2,596,788	2,627,960	2,670,196	2,703,592	2,734,128	2,774,493	2,816,838	2,848,743	
TOTAL COMPREHENSIVE INCOME	2,501,102	81,272	2,548,849	(1,557,763)	1,628,727	1,639,958	5,597,708	1,719,709	4,174,429	1,763,380	1,814,278	1,863,506	1,918,188	1,975,721	2,035,169	2,088,139	2,155,665	2,227,450	2,294,370	

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B4 – Forecast Statement of Financial Position 2018-2033

	2015	2016	2017	Base	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	30 June 33		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
CURRENT ASSETS																					
Unrestricted Cash and Equivalents	1,566,388	1,106,057	2,096,415	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	
Restricted Cash and Cash Equivalent	8,433,119	6,053,741	1,909,228	1,076,719	811,318	810,302	822,165	925,213	1,038,306	889,308	946,479	1,054,350	936,765	1,098,050	1,033,797	1,079,767	1,203,510	1,659,577	1,400,221	1,400,221	
Trade and Other Receivables	523,807	728,827	156,701	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877
Inventories	110,379	190,159	187,603	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869
TOTAL CURRENT ASSETS	10,633,693	8,078,784	4,349,947	1,609,967	1,344,566	1,343,550	1,355,413	1,458,461	1,571,554	1,422,556	1,479,727	1,587,598	1,470,013	1,631,298	1,567,045	1,613,015	1,736,758	2,192,825	1,933,469	1,933,469	
NON-CURRENT ASSETS																					
Other Receivables	10,306	12,090	25,005	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663	19,663
Property Plant and Equipment	25,179,465	24,089,005	25,317,632	25,079,960	25,231,621	25,385,603	29,939,676	29,991,467	33,860,070	34,049,008	34,063,421	34,056,948	34,211,035	34,122,039	34,311,899	34,439,025	34,566,193	34,446,373	35,092,517	35,092,517	
Infrastructure	83,091,929	85,290,036	86,171,453	87,489,595	89,400,941	90,815,727	92,261,688	93,726,673	95,278,596	96,855,085	98,445,005	100,048,286	101,764,851	103,496,617	105,242,669	107,002,887	108,777,140	110,563,760	112,362,534	112,362,534	
TOTAL NON-CURRENT ASSETS	108,281,700	109,391,131	111,514,090	112,589,218	114,652,225	116,220,993	122,221,027	123,737,803	129,158,329	130,923,756	132,528,089	134,124,897	135,995,549	137,638,319	139,574,231	141,461,575	143,362,996	145,029,796	147,474,714	147,474,714	
TOTAL ASSETS	118,915,393	117,469,915	115,864,037	114,199,185	115,996,791	117,564,543	123,576,440	125,196,264	130,729,883	132,346,312	134,007,816	135,712,495	137,465,562	139,269,617	141,141,276	143,074,590	145,099,754	147,222,621	149,408,183	149,408,183	
CURRENT LIABILITIES																					
Trade and Other Payables	5,938,676	4,539,701	578,024	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248	533,248
Current Portion of Long-term Liabilities	192,364	63,588	66,998	95,600	72,206	65,233	99,885	103,835	146,951	152,774	158,827	165,121	171,666	163,510	154,825	130,501	104,583	108,808	113,204	113,204	
Provisions	226,944	197,101	203,734	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442	208,442
TOTAL CURRENT LIABILITIES	6,357,984	4,800,390	848,756	837,290	813,896	806,923	841,575	845,525	888,641	894,464	900,517	906,811	913,356	905,200	896,515	872,191	846,273	850,498	854,894	854,894	
NON-CURRENT LIABILITIES																					
Long-term Borrowings	284,029	301,060	234,062	138,462	330,735	265,502	645,039	541,204	1,857,278	1,704,504	1,545,677	1,380,556	1,208,890	1,045,380	890,555	760,054	655,471	546,663	433,459	433,459	
Provisions	54,026	67,839	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648	87,648
TOTAL NON-CURRENT LIABILITIES	338,055	368,899	321,710	226,110	418,383	353,150	732,687	628,852	1,944,926	1,792,152	1,633,325	1,468,204	1,296,538	1,133,028	978,203	847,702	743,119	634,311	521,107	521,107	
TOTAL LIABILITIES	6,696,039	5,169,289	1,170,466	1,063,400	1,232,279	1,160,073	1,574,262	1,474,377	2,833,567	2,686,616	2,533,842	2,375,015	2,209,894	2,038,228	1,874,718	1,719,893	1,589,392	1,484,809	1,376,001	1,376,001	
NET ASSETS	112,219,354	112,300,626	114,693,571	113,135,785	114,764,512	116,404,470	122,002,178	123,721,887	127,896,316	129,659,696	131,473,974	133,337,480	135,255,668	137,231,389	139,266,558	141,354,697	143,510,362	145,737,812	148,032,182	148,032,182	
EQUITY																					
Retained Surplus	39,250,011	39,733,131	41,737,438	40,341,183	40,034,519	39,435,907	42,750,295	41,975,012	43,608,802	42,994,164	42,182,845	41,341,692	40,749,505	39,893,745	39,289,575	38,597,616	37,855,045	36,809,590	36,514,573	36,514,573	
Reserves - Cash Backed	2,035,504	1,955,268	1,238,250	1,076,719	811,318	810,302	822,165	925,213	1,038,306	889,308	946,479	1,054,350	936,765	1,098,050	1,033,797	1,079,767	1,203,510	1,659,577	1,400,221	1,400,221	
Asset Revaluation Surplus	70,933,839	70,612,227	71,717,883	71,717,883	73,918,675	76,158,261	78,429,718	80,821,662	83,249,208	85,776,224	88,344,650	90,941,438	93,569,398	96,239,594	98,943,186	101,677,314	104,451,807	107,268,645	110,117,388	110,117,388	
TOTAL EQUITY	112,219,354	112,300,626	114,693,571	113,135,785	114,764,512	116,404,470	122,002,178	123,721,887	127,896,316	129,659,696	131,473,974	133,337,480	135,255,668	137,231,389	139,266,558	141,354,697	143,510,362	145,737,812	148,032,182	148,032,182	

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B5 – Forecast Statement of Changes in Equity 2018-2033

	2015	2016	2017	Base	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	30 June 33	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
RETAINED SURPLUS																				
Opening Balance	36,748,909	39,250,011	39,577,227	41,737,415	40,341,183	40,034,519	39,435,907	42,750,295	41,975,012	43,608,802	42,994,164	42,182,845	41,341,692	40,749,505	39,893,745	39,289,575	38,597,616	37,855,045	36,809,590	
Net Result	2,501,102	402,884	1,443,193	(1,557,763)	(572,065)	(599,628)	3,326,251	(672,235)	1,746,883	(763,636)	(754,148)	(733,282)	(709,772)	(694,475)	(668,423)	(645,989)	(618,828)	(589,388)	(554,373)	
Amount transferred (to)/from Reserves		80,236	717,018	161,531	265,401	1,016	(11,863)	(103,048)	(113,093)	148,998	(57,171)	(107,871)	117,585	(161,285)	64,253	(45,970)	(123,743)	(456,067)	259,356	
Closing Balance	39,250,011	39,733,131	41,737,438	40,341,183	40,034,519	39,435,907	42,750,295	41,975,012	43,608,802	42,994,164	42,182,845	41,341,692	40,749,505	39,893,745	39,289,575	38,597,616	37,855,045	36,809,590	36,514,573	
RESERVES - CASH/INVESTMENT BACKED																				
Opening Balance	2,035,504	2,035,504	1,955,268	1,238,250	1,076,719	811,318	810,302	822,165	925,213	1,038,306	889,308	946,479	1,054,350	936,765	1,098,050	1,033,797	1,079,767	1,203,510	1,659,577	
Amount transferred to/(from) Retained Surplus	0	(80,236)	(717,018)	(161,531)	(265,401)	(1,016)	11,863	103,048	113,093	(148,998)	57,171	107,871	(117,585)	161,285	(64,253)	45,970	123,743	456,067	(259,356)	
Closing Balance	2,035,504	1,955,268	1,238,250	1,076,719	811,318	810,302	822,165	925,213	1,038,306	889,308	946,479	1,054,350	936,765	1,098,050	1,033,797	1,079,767	1,203,510	1,659,577	1,400,221	
ASSET REVALUATION SURPLUS																				
Opening Balance	70,933,839	70,933,839	70,612,227	71,717,883	71,717,883	73,918,675	76,158,261	78,429,718	80,821,662	83,249,208	85,776,224	88,344,650	90,941,438	93,569,398	96,239,594	98,943,186	101,677,314	104,451,807	107,268,645	
Total Other Comprehensive Income	0	(321,612)	1,105,656	0	2,200,792	2,239,586	2,271,457	2,391,944	2,427,546	2,527,016	2,568,426	2,596,788	2,627,960	2,670,196	2,703,592	2,734,128	2,774,493	2,816,838	2,848,743	
Closing Balance	70,933,839	70,612,227	71,717,883	71,717,883	73,918,675	76,158,261	78,429,718	80,821,662	83,249,208	85,776,224	88,344,650	90,941,438	93,569,398	96,239,594	98,943,186	101,677,314	104,451,807	107,268,645	110,117,388	
TOTAL EQUITY	112,219,354	112,300,626	114,693,571	113,135,785	114,764,512	116,404,470	122,002,178	123,721,887	127,896,316	129,659,696	131,473,974	133,337,480	135,255,668	137,231,389	139,266,558	141,354,697	143,510,362	145,737,812	148,032,182	

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B6 – Forecast Statement of Cashflows 2018-2033

	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	2032-33	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cash Flows From Operating Activities																
Receipts																
Rates	1,312,384	1,364,880	1,419,474	1,476,252	1,535,302	1,596,716	1,660,586	1,727,010	1,796,090	1,867,932	1,942,650	2,020,354	2,101,169	2,185,215	2,272,626	
Operating grants, subsidies and contributions	2,484,846	2,534,542	2,585,233	2,636,938	2,689,677	2,743,471	2,798,341	2,854,309	2,911,394	2,969,623	3,029,016	3,089,598	3,151,391	3,214,419	3,278,707	
Fees and charges	1,485,620	1,515,335	1,545,640	1,576,547	1,608,080	1,640,238	1,673,047	1,706,498	1,740,630	1,775,446	1,810,951	1,847,164	1,884,108	1,921,793	1,960,229	
Interest earnings	49,409	38,791	38,752	39,226	43,348	47,872	41,913	44,200	48,514	43,810	50,262	47,691	49,530	54,480	72,722	
Other revenue	164,803	168,099	171,461	174,889	178,385	181,950	185,588	189,300	193,088	196,951	200,892	204,911	209,012	213,194	217,459	
	5,497,062	5,621,647	5,760,560	5,903,852	6,054,792	6,210,247	6,359,475	6,521,317	6,689,716	6,853,762	7,033,771	7,209,718	7,395,210	7,589,101	7,801,743	
Payments																
Employee costs	(2,168,610)	(2,211,982)	(2,256,214)	(2,301,333)	(2,347,352)	(2,394,293)	(2,442,186)	(2,491,032)	(2,540,858)	(2,591,686)	(2,643,527)	(2,696,397)	(2,750,331)	(2,805,346)	(2,861,459)	
Materials and contracts	(2,027,466)	(2,088,010)	(2,129,757)	(2,172,345)	(2,215,786)	(2,260,092)	(2,305,293)	(2,351,396)	(2,398,415)	(2,446,402)	(2,495,332)	(2,545,233)	(2,596,143)	(2,648,076)	(2,701,044)	
Utility charges	(175,462)	(178,968)	(182,547)	(186,199)	(189,917)	(193,715)	(197,592)	(201,545)	(205,575)	(209,690)	(213,888)	(218,161)	(222,526)	(226,974)	(231,514)	
Interest expenses	(14,457)	(14,907)	(21,682)	(27,990)	(54,040)	(78,074)	(72,251)	(66,198)	(59,904)	(53,359)	(46,556)	(40,282)	(34,027)	(29,367)	(25,142)	
Insurance expenses	(165,393)	(168,700)	(172,074)	(175,517)	(179,028)	(182,609)	(186,260)	(189,982)	(193,783)	(197,660)	(201,614)	(205,648)	(209,759)	(213,956)	(218,235)	
Other expenditure	(184,401)	(188,088)	(191,847)	(195,685)	(199,597)	(203,588)	(207,661)	(211,813)	(216,049)	(220,371)	(224,779)	(229,274)	(233,860)	(238,537)	(243,308)	
	(4,735,789)	(4,850,655)	(4,954,121)	(5,059,069)	(5,185,720)	(5,312,371)	(5,411,243)	(5,511,966)	(5,614,584)	(5,719,168)	(5,825,696)	(5,934,995)	(6,046,646)	(6,162,256)	(6,280,702)	
Net Cash Provided By (Used In) Operating Activities	761,273	770,992	806,439	844,783	869,072	897,876	948,232	1,009,351	1,075,132	1,134,594	1,208,075	1,274,723	1,348,564	1,426,845	1,521,041	
Cash Flows from Investing Activities																
Payments for purchase of property, plant & equipment	(665,740)	(786,958)	(5,237,683)	(713,211)	(4,460,996)	(907,863)	(595,729)	(728,198)	(845,559)	(626,035)	(874,798)	(966,811)	(908,295)	(728,862)	(1,479,841)	
Payments for construction of infrastructure	(1,072,917)	(556,357)	(577,827)	(586,897)	(663,877)	(677,136)	(679,160)	(681,249)	(783,405)	(785,630)	(787,065)	(788,529)	(790,022)	(790,022)	(790,022)	
Non-operating grants, subsidies and contributions	412,544	412,544	4,412,544	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	
Proceeds from sale of plant & equipment	130,560	230,969	194,201	245,714	97,160	272,532	124,058	254,250	188,824	197,478	140,501	268,868	191,453	240,145	185,730	
Net Cash Provided By (Used In) Investing Activities	(1,195,553)	(699,802)	(1,208,765)	(641,850)	(2,115,169)	(899,923)	(738,287)	(742,653)	(1,027,596)	(801,643)	(1,108,818)	(1,073,928)	(1,094,320)	(866,195)	(1,671,589)	
Cash Flows from Financing Activities																
Repayment of debentures	(81,121)	(72,206)	(85,811)	(99,885)	(140,810)	(146,951)	(152,774)	(158,827)	(165,121)	(171,666)	(163,510)	(154,825)	(130,501)	(104,583)	(108,808)	
Proceeds from new debentures	250,000	0	500,000	0	1,500,000	0	0	0	0	0	0	0	0	0	0	
Net Cash Provided By (Used In) Financing Activities	168,879	(72,206)	414,189	(99,885)	1,359,190	(146,951)	(152,774)	(158,827)	(165,121)	(171,666)	(163,510)	(154,825)	(130,501)	(104,583)	(108,808)	
Net Increase (Decrease) in Cash Held	(265,401)	(1,016)	11,863	103,048	113,093	(148,998)	57,171	107,871	(117,585)	161,285	(64,253)	45,970	123,743	456,067	(259,356)	
Cash at beginning of year	1,235,221	969,820	968,804	980,667	1,083,715	1,196,808	1,047,810	1,104,981	1,212,852	1,095,267	1,256,552	1,192,299	1,238,269	1,362,012	1,818,079	
Cash and Cash Equivalents at the End of Year	969,820	968,804	980,667	1,083,715	1,196,808	1,047,810	1,104,981	1,212,852	1,095,267	1,256,552	1,192,299	1,238,269	1,362,012	1,818,079	1,558,723	
Reconciliation of Net Cash Provided By Operating Activities to Net Result																
Net Result	(572,065)	(599,628)	3,326,251	(672,235)	1,746,883	(763,636)	(754,148)	(733,282)	(709,772)	(694,475)	(668,423)	(645,989)	(618,828)	(589,388)	(554,373)	
Depreciation	1,745,882	1,783,164	1,892,732	1,929,562	2,034,733	2,074,056	2,114,924	2,155,177	2,197,448	2,241,613	2,289,042	2,333,256	2,379,936	2,428,777	2,487,958	
Grants/Contributions for the development of assets	(412,544)	(412,544)	(4,412,544)	(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)	
Net Cash Provided By (Used In) Operating Activities	761,273	770,992	806,439	844,783	869,072	897,876	948,232	1,009,351	1,075,132	1,134,594	1,208,075	1,274,723	1,348,564	1,426,845	1,521,041	

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B7 – Forecast Statement of Funding 2018-2033

	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	2032-33	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
FUNDING FROM OPERATIONAL ACTIVITIES																
Revenues																
Rates	1,312,384	1,364,880	1,419,474	1,476,252	1,535,302	1,596,716	1,660,586	1,727,010	1,796,090	1,867,932	1,942,650	2,020,354	2,101,169	2,185,215	2,272,626	
Operating grants, subsidies and contributions	2,484,846	2,534,542	2,585,233	2,636,938	2,689,677	2,743,471	2,798,341	2,854,309	2,911,394	2,969,623	3,029,016	3,089,598	3,151,391	3,214,419	3,278,707	
Fees and charges	1,485,620	1,515,335	1,545,640	1,576,547	1,608,080	1,640,238	1,673,047	1,706,498	1,740,630	1,775,446	1,810,951	1,847,164	1,884,108	1,921,793	1,960,229	
Interest earnings	49,409	38,791	38,752	39,226	43,348	47,872	41,913	44,200	48,514	43,810	50,262	47,691	49,530	54,480	72,722	
Other revenue	164,803	168,099	171,461	174,889	178,385	181,950	185,588	189,300	193,088	196,951	200,892	204,911	209,012	213,194	217,459	
	5,497,062	5,621,647	5,760,560	5,903,852	6,054,792	6,210,247	6,359,475	6,521,317	6,689,716	6,853,762	7,033,771	7,209,718	7,395,210	7,589,101	7,801,743	
Expenses																
Employee costs	(2,168,610)	(2,211,982)	(2,256,214)	(2,301,333)	(2,347,352)	(2,394,293)	(2,442,186)	(2,491,032)	(2,540,858)	(2,591,686)	(2,643,527)	(2,696,397)	(2,750,331)	(2,805,346)	(2,861,459)	
Materials and contracts	(2,027,466)	(2,088,010)	(2,129,757)	(2,172,345)	(2,215,786)	(2,260,092)	(2,305,293)	(2,351,396)	(2,398,415)	(2,446,402)	(2,495,332)	(2,545,233)	(2,596,143)	(2,648,076)	(2,701,044)	
Utility charges (electricity, gas, water etc.)	(175,462)	(178,968)	(182,547)	(186,199)	(189,917)	(193,715)	(197,592)	(201,545)	(205,575)	(209,690)	(213,888)	(218,161)	(222,526)	(226,974)	(231,514)	
Depreciation on non-current assets	(1,745,882)	(1,783,164)	(1,892,732)	(1,929,562)	(2,034,733)	(2,074,056)	(2,114,924)	(2,155,177)	(2,197,448)	(2,241,613)	(2,289,042)	(2,333,256)	(2,379,936)	(2,428,777)	(2,487,958)	
Interest expense	(14,457)	(14,907)	(21,682)	(27,990)	(54,040)	(78,074)	(72,251)	(66,198)	(59,904)	(53,359)	(46,556)	(40,282)	(34,027)	(29,367)	(25,142)	
Insurance expense	(165,393)	(168,700)	(172,074)	(175,517)	(179,028)	(182,609)	(186,260)	(189,982)	(193,783)	(197,660)	(201,614)	(205,648)	(209,759)	(213,956)	(218,235)	
Other expenditure	(184,401)	(188,088)	(191,847)	(195,685)	(199,597)	(203,588)	(207,661)	(211,813)	(216,049)	(220,371)	(224,779)	(229,274)	(233,860)	(238,537)	(243,308)	
	(6,481,671)	(6,633,819)	(6,846,853)	(6,988,631)	(7,220,453)	(7,386,427)	(7,526,167)	(7,667,143)	(7,812,032)	(7,960,781)	(8,114,738)	(8,268,251)	(8,426,582)	(8,591,033)	(8,768,660)	
	(984,609)	(1,012,172)	(1,086,293)	(1,084,779)	(1,165,661)	(1,176,180)	(1,166,692)	(1,145,826)	(1,122,316)	(1,107,019)	(1,080,967)	(1,058,533)	(1,031,372)	(1,001,932)	(966,917)	
Funding Position Adjustments																
Depreciation on non-current assets	1,745,882	1,783,164	1,892,732	1,929,562	2,034,733	2,074,056	2,114,924	2,155,177	2,197,448	2,241,613	2,289,042	2,333,256	2,379,936	2,428,777	2,487,958	
Net Funding From Operational Activities	761,273	770,992	806,439	844,783	869,072	897,876	948,232	1,009,351	1,075,132	1,134,594	1,208,075	1,274,723	1,348,564	1,426,845	1,521,041	
FUNDING FROM CAPITAL ACTIVITIES																
Inflows																
Proceeds on disposal	130,560	230,969	194,201	245,714	97,160	272,532	124,058	254,250	188,824	197,478	140,501	268,868	191,453	240,145	185,730	
Non-operating grants, subsidies and contributions	412,544	412,544	4,412,544	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	
Outflows																
Purchase of property plant and equipment	(665,740)	(786,958)	(5,237,683)	(713,211)	(4,460,996)	(907,863)	(595,729)	(728,198)	(845,559)	(626,035)	(874,798)	(966,811)	(908,295)	(728,862)	(1,479,841)	
Purchase of infrastructure	(1,072,917)	(556,357)	(577,827)	(586,897)	(663,877)	(677,136)	(679,160)	(681,249)	(783,405)	(785,630)	(787,065)	(788,529)	(790,022)	(790,022)	(790,022)	
Net Funding From Capital Activities	(1,195,553)	(699,802)	(1,208,765)	(641,850)	(2,115,169)	(899,923)	(738,287)	(742,653)	(1,027,596)	(801,643)	(1,108,818)	(1,073,928)	(1,094,320)	(866,195)	(1,671,589)	
FUNDING FROM FINANCING ACTIVITIES																
Inflows																
Transfer from reserves	308,470	33,467	20,549	10,000	0	200,000	50,000	0	160,000	0	110,000	0	130,000	160,000	360,000	
New borrowings	250,000	0	500,000	0	1,500,000	0	0	0	0	0	0	0	0	0	0	
Outflows																
Transfer to reserves	(43,069)	(32,451)	(32,412)	(113,048)	(113,093)	(51,002)	(107,171)	(107,871)	(42,415)	(161,285)	(45,747)	(45,970)	(253,743)	(616,067)	(100,644)	
Repayment of past borrowings	(81,121)	(72,206)	(85,811)	(99,885)	(140,810)	(146,951)	(152,774)	(158,827)	(165,121)	(171,666)	(163,510)	(154,825)	(130,501)	(104,583)	(108,808)	
Net Funding From Financing Activities	434,280	(71,190)	402,326	(202,933)	1,246,097	2,047	(209,945)	(266,698)	(47,536)	(332,951)	(99,257)	(200,795)	(254,244)	(560,650)	150,548	
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 B15 – Forecast Significant Accounting Policies

Appendix B8 – Forecast Statement of Net Current Asset Composition 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502	158,502
Restricted Cash and Cash Equivalent	811,318	810,302	822,165	925,213	1,038,306	889,308	946,479	1,054,350	936,765	1,098,050	1,033,797	1,079,767	1,203,510	1,659,577	1,400,221
Trade and Other Receivables	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877	184,877
Inventories	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	189,869	89,869
CURRENT LIABILITIES															
Trade and Other Payables	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)	(533,248)
Reserves	(811,318)	(810,302)	(822,165)	(925,213)	(1,038,306)	(889,308)	(946,479)	(1,054,350)	(936,765)	(1,098,050)	(1,033,797)	(1,079,767)	(1,203,510)	(1,659,577)	(1,400,221)
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 B15 – Forecast Significant Accounting Policies

Appendix B9 – Forecast Statement of Fixed Asset Movements 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE															
Infrastructure - Roads Other	518,877	518,877	518,877	518,877	518,877	518,877	518,877	518,877	618,877	618,877	618,877	618,877	618,877	618,877	618,877
Infrastructure - Footpaths	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	76,145
Infrastructure - Drainage	0	0	0	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - Public Facilities	520,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Capital Works - Infrastructure	1,072,917	556,357	577,827	586,897	663,877	677,136	679,160	681,249	783,405	785,630	787,065	788,529	790,022	790,022	790,022
Represented by:															
Additions - Expansion, Upgrades and New	34,040	17,480	38,950	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	1,038,877	538,877	538,877	586,897	663,877	677,136	679,160	681,249	783,405	785,630	787,065	788,529	790,022	790,022	790,022
Total Capital Works - Infrastructure	1,072,917	556,357	577,827	586,897	663,877	677,136	679,160	681,249	783,405	785,630	787,065	788,529	790,022	790,022	790,022
Asset Movement Reconciliation															
Total Capital Works Infrastructure	1,072,917	556,357	577,827	586,897	663,877	677,136	679,160	681,249	783,405	785,630	787,065	788,529	790,022	790,022	790,022
Depreciation Infrastructure	(911,362)	(929,590)	(948,181)	(967,145)	(986,488)	(1,006,218)	(1,026,342)	(1,046,868)	(1,067,806)	(1,089,162)	(1,110,945)	(1,133,164)	(1,155,827)	(1,178,945)	(1,202,523)
Revaluation of Infrastructure assets (Inflation)	1,749,791	1,788,019	1,816,315	1,845,233	1,874,534	1,905,571	1,937,102	1,968,900	2,000,966	2,035,298	2,069,932	2,104,853	2,140,058	2,175,543	2,211,275
Net Movement in Infrastructure Assets	1,911,346	1,414,786	1,445,961	1,464,985	1,551,923	1,576,489	1,589,920	1,603,281	1,716,565	1,731,766	1,746,052	1,760,218	1,774,253	1,786,620	1,798,774
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT															
Buildings	50,000	50,000	4,550,000	50,000	4,060,880	60,880	53,779	0	79,235	100,713	0	59,506	131,948	168,235	560,096
Furniture and Equipment	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Plant and Equipment	598,740	719,958	670,683	646,211	383,116	829,983	524,950	711,198	749,324	508,322	481,186	890,305	759,347	543,627	615,061
Heritage Assets	0	0	0	0	0	0	0	0	0	0	376,612	0	0	0	287,684
Total Capital Works Property, Plant and Equipment	665,740	786,958	5,237,683	713,211	4,460,996	907,863	595,729	728,198	845,559	626,035	874,798	966,811	908,295	728,862	1,479,841
Represented by:															
Additions - Expansion, Upgrades and New	0	0	4,000,000	0	2,000,000	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	665,740	786,958	1,237,683	713,211	2,460,996	907,863	595,729	728,198	845,559	626,035	874,798	966,811	908,295	728,862	1,479,841
Total Capital Works Property, Plant and Equipment	665,740	786,958	5,237,683	713,211	4,460,996	907,863	595,729	728,198	845,559	626,035	874,798	966,811	908,295	728,862	1,479,841
Asset Movement Reconciliation															
Total Capital Works Property, Plant and Equipment	665,740	786,958	5,237,683	713,211	4,460,996	907,863	595,729	728,198	845,559	626,035	874,798	966,811	908,295	728,862	1,479,841
Depreciation Property, Plant and Equipment	(834,520)	(853,574)	(944,551)	(962,417)	(1,048,245)	(1,067,838)	(1,088,582)	(1,108,309)	(1,129,642)	(1,152,451)	(1,178,097)	(1,200,092)	(1,224,109)	(1,249,832)	(1,285,435)
Net Book Value of disposed/Written Off assets	(130,560)	(230,969)	(194,201)	(245,714)	(97,160)	(272,532)	(124,058)	(254,250)	(188,824)	(197,478)	(140,501)	(268,868)	(191,453)	(240,145)	(185,730)
Revaluation of Property, Plant and Equipment (Inflation)	451,001	451,567	455,142	546,711	553,012	621,445	631,324	627,888	626,994	634,898	633,660	629,275	634,435	641,295	637,468
Net Movement in Property, Plant and Equipment	151,661	153,982	4,554,073	51,791	3,868,603	188,938	14,413	(6,473)	154,087	(88,996)	189,860	127,126	127,168	(119,820)	646,144
CAPITAL WORKS - TOTALS															
Capital Works															
Total Capital Works Infrastructure	1,072,917	556,357	577,827	586,897	663,877	677,136	679,160	681,249	783,405	785,630	787,065	788,529	790,022	790,022	790,022
Total Capital Works Property, Plant and Equipment	665,740	786,958	5,237,683	713,211	4,460,996	907,863	595,729	728,198	845,559	626,035	874,798	966,811	908,295	728,862	1,479,841
Total Capital Works	1,738,657	1,343,315	5,815,510	1,300,108	5,124,873	1,584,999	1,274,889	1,409,447	1,628,964	1,411,665	1,661,863	1,755,340	1,698,317	1,518,884	2,269,863
Fixed Asset Movement															
Net Movement in Infrastructure Assets	1,911,346	1,414,786	1,445,961	1,464,985	1,551,923	1,576,489	1,589,920	1,603,281	1,716,565	1,731,766	1,746,052	1,760,218	1,774,253	1,786,620	1,798,774
Net Movement in Property, Plant and Equipment	151,661	153,982	4,554,073	51,791	3,868,603	188,938	14,413	(6,473)	154,087	(88,996)	189,860	127,126	127,168	(119,820)	646,144
Net Movement in Fixed Assets	2,063,007	1,568,768	6,000,034	1,516,776	5,420,526	1,765,427	1,604,333	1,596,808	1,870,652	1,642,770	1,935,912	1,887,344	1,901,421	1,666,800	2,444,918

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B10 – Forecast Statement of Capital Funding 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure															
Infrastructure - Roads Other	518,877	518,877	518,877	518,877	518,877	518,877	518,877	518,877	618,877	618,877	618,877	618,877	618,877	618,877	618,877
Infrastructure - Footpaths	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	76,145
Infrastructure - Drainage	0	0	0	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - Public Facilities	520,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Buildings	50,000	50,000	4,550,000	50,000	4,060,880	60,880	53,779	0	79,235	100,713	0	59,506	131,948	168,235	560,096
Furniture and Equipment	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Plant and Equipment	598,740	719,958	670,683	646,211	383,116	829,983	524,950	711,198	749,324	508,322	481,186	890,305	759,347	543,627	615,061
Heritage Assets	0	0	0	0	0	0	0	0	0	0	376,612	0	0	0	287,684
Total - Capital Expenditure	1,738,657	1,343,315	5,815,510	1,300,108	5,124,873	1,584,999	1,274,889	1,409,447	1,628,964	1,411,665	1,661,863	1,755,340	1,698,317	1,518,884	2,269,863
Funded By:															
Capital Grants & Contributions															
Infrastructure - Roads Other	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	412,544	412,544
Buildings	0	0	4,000,000	0	2,500,000	0	0	0	0	0	0	0	0	0	0
Total - Capital Grants & Contributions	412,544	412,544	4,412,544	412,544	2,912,544	412,544									
Own Source Funding															
Infrastructure - Roads Other	106,333	106,333	106,333	106,333	106,333	106,333	106,333	106,333	206,333	206,333	206,333	206,333	206,333	206,333	206,333
Infrastructure - Footpaths	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	76,145
Infrastructure - Drainage	0	0	0	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - Public Facilities	270,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Buildings	50,000	50,000	50,000	50,000	60,880	60,880	53,779	0	79,235	100,713	0	59,506	131,948	168,235	560,096
Furniture and Equipment	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Plant and Equipment	468,180	488,989	476,482	400,497	285,956	557,451	400,892	456,948	560,500	310,844	340,685	621,437	567,894	303,482	429,331
Heritage Assets	0	0	0	0	0	0	0	0	0	0	376,612	0	0	0	287,684
Total - Own Source Funding	945,553	699,802	708,765	641,850	615,169	899,923	738,287	742,653	1,027,596	801,643	1,108,818	1,073,928	1,094,320	866,195	1,671,589
Borrowings															
Infrastructure - Public Facilities	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	0	0	500,000	0	1,500,000	0	0	0	0	0	0	0	0	0	0
Total - Borrowings	250,000	0	500,000	0	1,500,000	0									
Other (Disposals & C/Fwd)															
Plant and Equipment	130,560	230,969	194,201	245,714	97,160	272,532	124,058	254,250	188,824	197,478	140,501	268,868	191,453	240,145	185,730
Total - Other (Disposals & C/Fwd)	130,560	230,969	194,201	245,714	97,160	272,532	124,058	254,250	188,824	197,478	140,501	268,868	191,453	240,145	185,730
Total Capital Funding	1,738,657	1,343,315	5,815,510	1,300,108	5,124,873	1,584,999	1,274,889	1,409,447	1,628,964	1,411,665	1,661,863	1,755,340	1,698,317	1,518,884	2,269,863

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B11 – Forecast Ratios 2018-2033

	Target Range		Average	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	2032-33		
	>	>																		
LIQUIDITY RATIOS																				
Current Ratio	>	1.00	>	1.20	0.73	0.75	0.77	0.73	0.73	0.70	0.70	0.70	0.70	0.69	0.71	0.72	0.75	0.79	0.79	0.79
OPERATING RATIOS																				
Operating Surplus Ratio	>	1.00%	>	15.00%	(29.66%)	(32.69%)	(32.79%)	(34.21%)	(33.21%)	(34.64%)	(33.93%)	(32.76%)	(31.25%)	(29.70%)	(28.50%)	(26.99%)	(25.69%)	(24.30%)	(22.90%)	(21.38%)
Own Source Revenue Coverage Ratio	>	40.00%	>	60.00%	48.27%	46.47%	46.54%	46.38%	46.75%	46.61%	46.93%	47.32%	47.83%	48.37%	48.79%	49.35%	49.83%	50.36%	50.92%	51.58%
BORROWINGS RATIOS																				
Debt Service Cover Ratio	>	3	>	5	6.93	8.12	9.02	7.70	6.83	4.74	4.34	4.53	4.78	5.04	5.28	5.97	6.74	8.40	10.87	11.54
FIXED ASSET RATIOS																				
Asset Sustainability Ratio	>	90.00%	>	110.00%	79.93%	97.64%	74.35%	93.86%	67.38%	153.58%	76.42%	60.28%	65.40%	74.13%	62.98%	72.60%	75.23%	71.36%	62.54%	91.23%
Asset Consumption Ratio	>	50.00%	>	60.00%	92.09%	96.66%	96.02%	95.47%	94.75%	94.12%	93.52%	92.79%	92.09%	91.52%	90.77%	90.04%	89.46%	88.83%	88.03%	87.34%
Asset Renewal Funding Ratio	>	75.00%	>	95.00%	115.12%	110.73%	110.36%	114.69%	117.74%	122.10%	N/A									

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B12 – Required Asset Renewals 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	0	77,469.00	0	502,357.00	1,930,242.00	60,880.00	53,779.00	0	79,235.00	100,713.00	0	59,506.00	131,948.00	168,235.00	560,096.00
Plant and Equipment	419,983.16	304,726.90	941,470.82	280,279.11	107,794.00	301,163.68	472,969.37	343,171.30	1,060,249.68	315,639.76	121,391.75	339,158.91	532,640.46	386,466.67	1,194,015.79
Heritage Assets	1,542.47	1,573.32	401,392.78	1,636.88	1,669.61	1,703.01	1,737.07	1,771.81	1,807.24	1,843.39	376,612.26	1,917.86	1,956.22	1,995.34	287,684.25
Infrastructure - Roads Other	442,707.00	2,356,763.00	41,732.00	185,460.00	0	0	1,737,387.00	229,528.00	1,336,451.00	0	256,709.00	2,716,908.00	195,345.00	0	0
Infrastructure - Roads Town	0	258,149.00	0	0	0	0	0	0	0	0	0	26,855.00	0	0	0
Infrastructure - Drainage	63,167.47	47,044.92	47,985.82	48,945.54	49,924.45	50,922.94	51,941.40	52,980.23	54,039.83	55,120.63	56,223.04	57,347.50	58,494.45	59,664.34	60,857.63
Total	927,400.10	3,045,726.14	1,432,581.42	1,018,678.53	2,089,630.06	414,669.62	2,317,813.83	627,451.33	2,531,782.76	473,316.77	810,936.05	3,201,693.27	920,384.13	616,361.36	2,102,653.66

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B13 – Planned Asset Renewals 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	50,000.00	50,000.00	550,000.00	50,000.00	2,060,880.00	60,880.00	53,779.00	0	79,235.00	100,713.00	0	59,506.00	131,948.00	168,235.00	560,096.00
Furniture and Equipment	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Plant and Equipment	598,740.00	719,958.00	670,683.00	646,211.00	383,116.00	829,983.00	524,950.00	711,198.00	749,324.00	508,322.00	481,186.00	890,305.00	759,347.00	543,627.00	615,061.00
Heritage Assets	0	0	0	0	0	0	0	0	0	0	376,612.00	0	0	0	287,684.25
Infrastructure - Roads Other	518,877.00	518,877.00	518,877.00	518,877.00	518,877.00	518,877.00	518,877.00	518,877.00	618,877.00	618,877.00	618,877.00	618,877.00	618,877.00	618,877.00	618,877.00
Infrastructure - Footpaths	0	0	0	48,020.00	50,000.00	63,259.00	65,283.00	67,372.00	69,528.00	71,753.00	73,188.00	74,652.00	76,145.00	76,145.00	76,145.00
Infrastructure - Drainage	0	0	0	0	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00
Infrastructure - Public Facilities	520,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Total	1,704,617.00	1,325,835.00	1,776,560.00	1,300,108.00	3,124,873.00	1,584,999.00	1,274,889.00	1,409,447.00	1,628,964.00	1,411,665.00	1,661,863.00	1,755,340.00	1,698,317.00	1,518,884.00	2,269,863.25

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B14 –Asset Renewal Funding Surplus (Deficit) 2018-2033

	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	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	50,000.00	(27,469.00)	550,000.00	(452,357.00)	130,638.00	0	0	0	0	0	0	0	0	0	0
Furniture and Equipment	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Plant and Equipment	178,756.84	415,231.10	(270,787.82)	365,931.89	275,322.00	528,819.32	51,980.63	368,026.70	(310,925.68)	192,682.24	359,794.25	551,146.09	226,706.54	157,160.33	(578,954.79)
Heritage Assets	(1,542.47)	(1,573.32)	(401,392.78)	(1,636.88)	(1,669.61)	(1,703.01)	(1,737.07)	(1,771.81)	(1,807.24)	(1,843.39)	(0.26)	(1,917.86)	(1,956.22)	(1,995.34)	0
Infrastructure - Roads Other	76,170.00	(1,837,886.00)	477,145.00	333,417.00	518,877.00	518,877.00	(1,218,510.00)	289,349.00	(717,574.00)	618,877.00	362,168.00	(2,098,031.00)	423,532.00	618,877.00	618,877.00
Infrastructure - Roads Town	0	(258,149.00)	0	0	0	0	0	0	0	0	0	(26,855.00)	0	0	0
Infrastructure - Footpaths	0	0	0	48,020.00	50,000.00	63,259.00	65,283.00	67,372.00	69,528.00	71,753.00	73,188.00	74,652.00	76,145.00	76,145.00	76,145.00
Infrastructure - Drainage	(63,167.47)	(47,044.92)	(47,985.82)	(48,945.54)	25,075.55	24,077.06	23,058.60	22,019.77	20,960.17	19,879.37	18,776.96	17,652.50	16,505.55	15,335.66	14,142.37
Infrastructure - Public Facilities	520,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Total	777,216.90	(1,719,891.14)	343,978.58	281,429.47	1,035,242.94	1,170,329.38	(1,042,924.83)	781,995.67	(902,818.76)	938,348.23	850,926.95	(1,446,353.27)	777,932.87	902,522.64	167,209.59

Refer to Appendix B15 – Forecast Significant Accounting Policies

Appendix B15 – Forecast Significant Accounting Policies

Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(a) Base Year Balances

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

(b) Rounding Off Figures

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

(c) Comparative Figures

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

(d) Forecast Fair Value Adjustments

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

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

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

Appendix B15 – Forecast Significant Accounting Policies (Continued)

(e) Rates, Grants, Donations and Other Contributions

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

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

(f) Goods and Services Tax (GST)

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

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

(g) Superannuation

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

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

(h) Cash and Cash Equivalents

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

(i) Trade and Other Receivables

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

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

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

(j) Inventories

General

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

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

Land held for resale

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

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

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

Appendix B15 – Forecast Significant Accounting Policies (Continued)

(k) Fixed Assets

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

Revaluation

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

Land under roads

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

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

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

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

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

Depreciation

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

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

Asset Class	Effective average depreciation rate
Buildings	1.67%
Plant and Equipment	19.65%
Heritage Assets	1.06%
Infrastructure – Roads Other	1.14%
Infrastructure – Roads Town	1.11%
Infrastructure – Drainage	1.48%

Appendix B15 – Forecast Significant Accounting Policies (Continued)

(k) Fixed Assets (Continued)

Depreciation (Continued)

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

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

(l) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Appendix B15 – Forecast Significant Accounting Policies (Continued)

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

Valuation Techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(m) Impairment of Assets

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

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

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

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

At the time of the preparation of the Plan, it is not possible to estimate the amount of impairment losses.

Appendix B15 – Forecast Significant Accounting Policies (Continued)

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(p) 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.

(q) Provisions

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

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

Appendix B15 – Forecast Significant Accounting Policies (Continued)

(r) Leases

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

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

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

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

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

(s) Current and Non-Current Classification

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

Appendix C1 – Glossary

Funding Gap

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

Infrastructure Assets

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

Key Performance Indicator

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

Level of Service

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

Maintenance

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

Planned Maintenance

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

Reactive Maintenance

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

Significant Maintenance

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

Appendix C1 – Glossary (Continued)

Unplanned Maintenance

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

Maintenance Expenditure

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

Materiality

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

Modern Equivalent Asset

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

Net Present Value (NPV)

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

Non-Revenue Generating Investments

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

Operations Expenditure

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

Pavement Management System

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

Recoverable Amount

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

Appendix C1 – Glossary (Continued)

Recurrent Expenditure

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

Recurrent Funding

Funding to pay for recurrent expenditure.

Remaining Useful Life

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

Renewal

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

Residual Value

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

Revenue Generating Investments

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

Risk Management

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

Section or Segment

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

Service Potential

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

Service Potential Remaining

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

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.

Appendix C1 – Glossary (Continued)

Sub-Component

Smaller individual parts that make up a component part.

Useful Life

May be expressed as either:

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

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

The services provided in terms of this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance either expressed or implied.

Moore Stephens, Perth, a Perth based partnership of trusts ("the firm"), carries on business separately and independently from other Moore Stephens member firms around Australia and worldwide.

Services provided under this engagement are provided by the Firm and not by any other independent Moore Stephens member firm. No other independent Moore Stephens member has any liability for services provided by other members.

A reference to Moore Stephens refers to Moore Stephens (WA) Pty Ltd trading as agent ABN 99 433 544 961. An independent member of Moore Stephens International Limited – member in principal cities throughout the world. The Perth Moore Stephens is not a partner or agent of any other Moore Stephens firm.

Document Management

Version	2018 – 2033 V2.1
Status	Adopted
Date of Adoption	26 April 2018