

**SHIRE OF SHARK BAY**  
**STRATEGIC RESOURCE PLAN**  
(Incorporating Asset Management Planning  
and Long Term Financial Planning)  
2020 - 2035



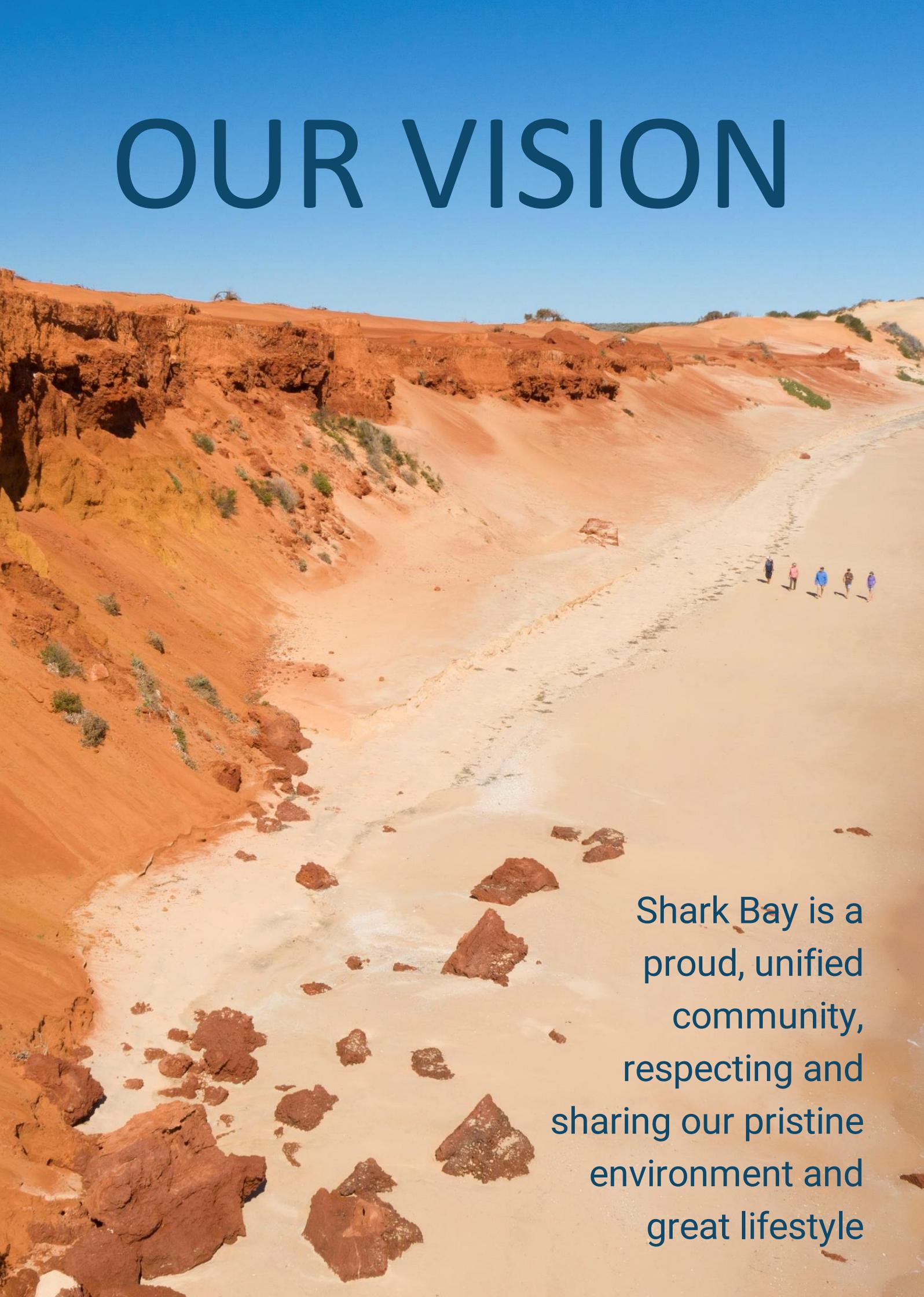
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65 Knight Terrace  
Denham WA 6537  
08 9948 1218  
[admin@sharkbay.wa.gov.au](mailto:admin@sharkbay.wa.gov.au)  
[www.sharkbay.wa.gov.au](http://www.sharkbay.wa.gov.au)

# OUR VISION

An aerial photograph of Shark Bay, Australia, showing a wide, sandy beach curving along a coastline of red, eroded cliffs. The sky is clear and blue. In the distance, a group of about six people is walking along the beach. The foreground shows large, dark brown rocks scattered on the sand.

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

# 1.0 Foreword

We are pleased to present the Shire of Shark Bay Strategic Resource Plan for 2020 - 2035.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District's future. Despite the current uncertain times, 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, both during and beyond the COVID-19 Pandemic.

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 2020 - 2030.

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  
President

Paul Anderson  
Chief Executive Officer



## 2.0 Key Information

ASSUMPTIONS	STATISTICS <sup>1 2</sup>	FINANCIAL INFORMATION <sup>3</sup>
 <p>2% Inflation Rate</p>	 <p>7 Elected Members</p>	<p>\$1,315,134 Rates Revenue</p>
 <p>Stable Population</p>	 <p>37 Employees</p>	<p>\$1,587,992 Fees and Charges</p>
 <p>Stable Levels of Service</p>	 <p>538 Electors</p>	<p>\$5,693,341 Operating Revenue</p>
 <p>Stable Operations</p>	 <p>530 Dwellings</p>	<p>\$4,425,738 Operating Expenditure</p>
 <p>Balanced Annual Budget</p>	 <p>832km Distance from Perth</p>	<p>\$93,351,965 Net Assets</p>
 <p>4% from 2021-22 → (2% + CPI 2%) Rates   Fees and Charges * No increase in 2020-21 due to COVID-19</p>	 <p>24,201km<sup>2</sup> Area</p>	<p>\$1,904,394 Cash Backed Reserves</p>
 <p>0.5% Employee Costs</p>	 <p>946 Population</p>	<p>\$163,463 Long Term Borrowings</p>

<sup>1</sup>WALGA Online Local Government Directory 2017/2018, Shire of Shark Bay'

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

<sup>3</sup>Shire of Shark Bay 2018-19 Annual Financial Report

## 3.0 Executive Summary

The following information provides a brief summary of the Strategic Resource Plan 2020 - 2035, this should be read in conjunction with the underlying assumptions detailed in this Plan.

### 3.1 Planning for a Sustainable and Stable Future

The Shire of Shark Bay is planning for a positive and stable future, despite the current uncertainty arising from COVID-19. The Shire seeks to maintain, and where possible, improve service levels into the future while ensuring a healthy financial position.

Long term maintenance and renewal of the Shire's infrastructure remains a significant challenge and requires external funding to ensure the economic and social benefits of the Shire's infrastructure to the broader region and Western Australia are not impacted.

### 3.2 Significant Issues

The continued provision of community infrastructure remains one of the key priorities and major expenditure items for the Shire.

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.

Due to the current world-wide COVID-19 pandemic, and the subsequent restrictions put in place by the Federal and State Governments, the economic forecast has an increased level of uncertainty. In line with the State Government's direction, the Shire of Shark Bay has not planned for an increase in rates or fees and charges revenue in 2020/21.

Rate revenue is forecast to increase by 4.0% (CPI 2% + 2%) from 2021/22 for the duration of the Plan. These increases are to assist in the long term financial stability of the Shire and to increase the level of services to the community. These will be reviewed in the future once the impacts of the COVID-19 Pandemic are more apparent.

### 3.3 Forecast Capital Projects

A capital works program has been planned over the term of the Plan with a mixture of new/upgrade assets and asset renewals aimed at ensuring the continued provision of high quality community infrastructure to residents of the Shire. External funding is required to undertake these works.

Project by Asset Class	2020 - 2035 Amount (\$)
<b>Infrastructure – Roads Other</b>	
Road upgrades and renewal program	11,243,181
<b>Infrastructure - Drainage</b>	
Drainage renewals	150,000
<b>Infrastructure - Streetscapes</b>	
Streetscape renewals	138,172
<b>Plant and Equipment</b>	
Plant replacement program	11,040,393
<b>Furniture and equipment</b>	
Furniture and Equipment renewals	491,532
<b>Grand Total</b>	<b>23,063,278</b>

Building works are currently planned to be undertaken as part of routine planned building maintenance with no planned buildign renewals.



## 4.0 Community Profile, Vision and Objective

### 4.1 Location

The distinctive Edel Land and Peron peninsulas form the two bays of Shark Bay, enclosing a truly unique World Heritage listed area covering 2.2 million hectares. Stretching from the western most point of Western Australia at Steep Point to approximately 200 km inland, the Shire covers 24,170 km<sup>2</sup> of land with a coastline of over 1,500 km.

Shark Bay was inscribed on the World Heritage list in 1991. From the ancient Stromatolites at Hamelin Pool, to the world's largest sea grass meadows and spectacular annual whale migrations, the marine environment in the Shire of Shark Bay is truly deserving of its World Heritage listing.

### 4.2 Heritage

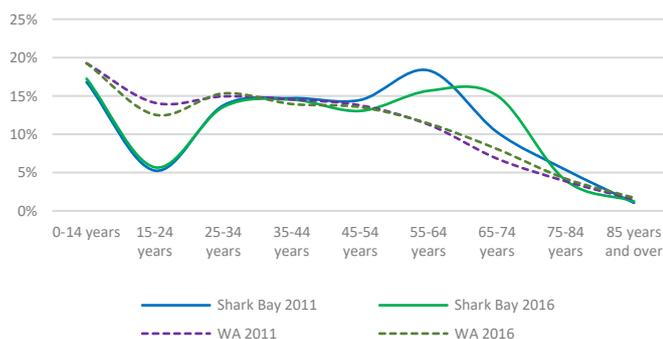
Shark Bay is the traditional country of three Aboriginal language groups: Malgana, Nhanda and Yingkarta. The first recorded European landing in Western Australia was by Dirk Hartog in 1616.

Workers came from Asia and the Pacific to share in the natural resources of the region with guano mining, pearling, pastoralism, sandalwood cutting and fishing all featuring in the rich cultural and economic heritage of the Shire.

### 4.3 People

The following statistics reflect the Shire's population in comparison to the population of the state of Western Australia.

Population	2011		2016
Shark Bay	857	↑	946
WA	2.35m	↑	2.47m



### 4.4 Vision

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

### 4.5 Strategic Objectives

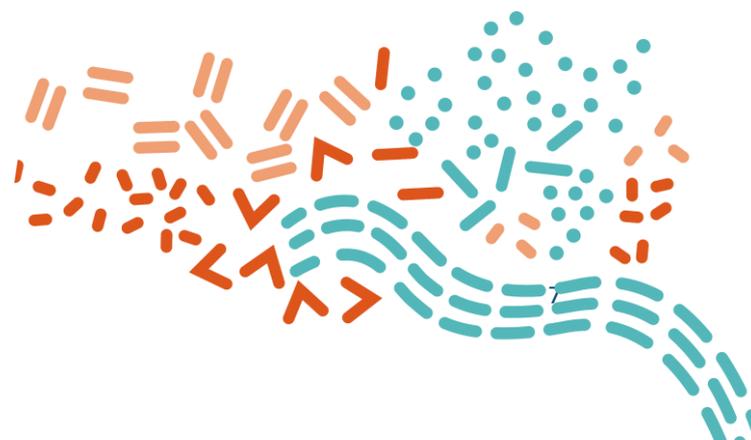
The following key themes are identified in the Shire's Strategic Community Plan 2020-2030 and considered within the Strategic Resource Plan:

**Economic:** A progressive, resilient and diverse economy

**Environment:** Help protect our unique natural and built environment

**Social:** A safe, welcoming and inclusive community

**Leadership:** A transparent, resilient organisation demonstrating leadership and governance

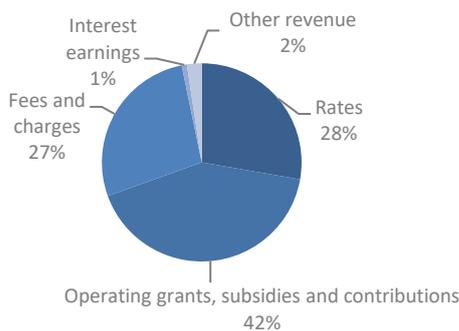


# 5.0 Long Term Financial Planning Overview

## 5.1 Forecast Revenue

Rates are expected to remain at current levels in 2020-21 and generate \$1.42m before gradually increasing to \$2.46m in 2034-35 and comprise 28% of operating revenue over the term of the Plan. The Shire is reliant on receiving more than \$42.78m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non operating grants are expected to remain stable for road renewal.

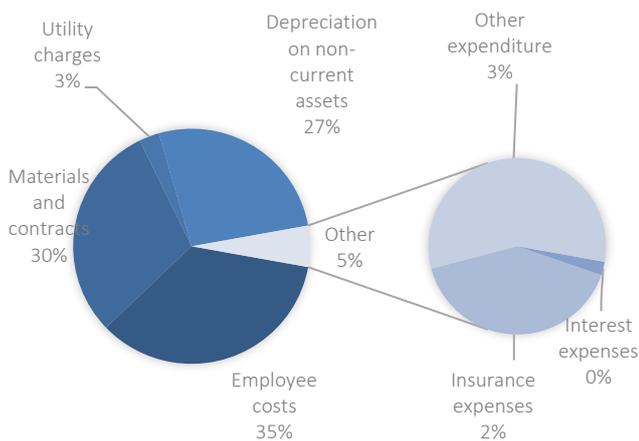
## 5.2 Revenue Composition Year 1 to 15



## 5.3 Forecast Expenditure

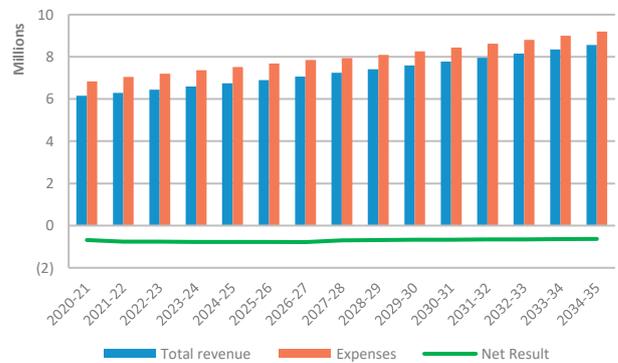
Expenditure is forecast to increase in line with inflation with the exception of depreciation expense which is impacted by the addition of assets over the term of the Plan.

## 5.4 Expenditure Composition Year 1 to 15



## 5.5 Net Result

The chart below reflects in the columns the steady increase in operating revenue and expenditure forecast over the 15 years, with the green line reflecting the net result.



A negative net result over the long term indicates net asset values will decline as depreciation expenses erode asset values. This may be masked by continuous revaluation of assets. Improved asset funding or changes to expected useful life of assets as they are better understood may address the negative net result.

## 5.6 Depreciation Expense

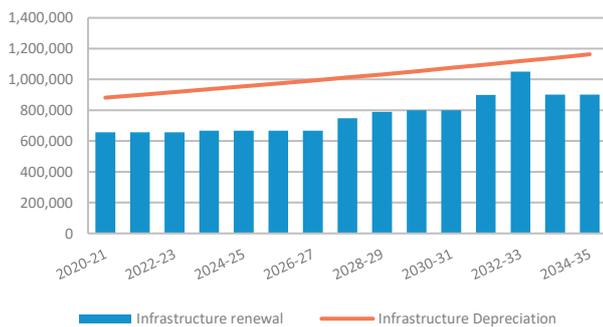
Ideally, the average asset renewal should be in line with depreciation expense over the long term, to ensure the value of assets is maintained. On average, the Shire is planning to renew its infrastructure assets at a lower level than they are depreciating over the term of the Plan.

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.

# 5.0 Long term financial planning overview (continued)

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

Depreciation expense increases throughout the Plan from \$1.88m in year 1 to \$2.38m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$15.24m, shown by the orange line in the chart below. The planned level of infrastructure asset renewal expenditure at \$11.53m (reflected by the blue columns) is over the term of the Plan below the level of depreciation.



Further review of asset useful lives for infrastructure assets is required given the recent use of polymers in the construction of road pavements providing a longer useful life. Planned property, plant and equipment asset renewals of \$11.53m (reflected by the blue columns) over the 15 years is greater than the depreciation expense of \$16.67m (reflected by the orange line) over the same period as shown in the chart below.

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



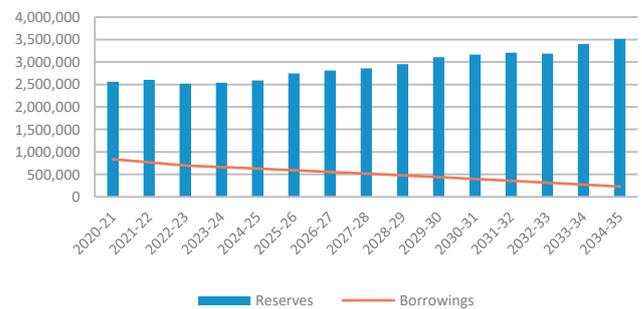
Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets may result in a closer alignment between asset renewals and depreciation expense.

## 5.9 Maintenance Expenditure

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

## 5.10 Forecast Borrowings and Cash Reserves

In general, the finances of the Shire are expected to remain stable over the long term. Reserves will be utilised to save for major forecast asset renewals and then utilised to fund the renewals resulting in the variations in reserve levels as shown in the chart below.



This is part of its strategy to allow flexibility to respond to sudden or unexpected expenditure requirements. 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.

# 5.0 Long term financial planning overview (continued)

## 5.11 Forecast Operating Ratios 2020 - 2035

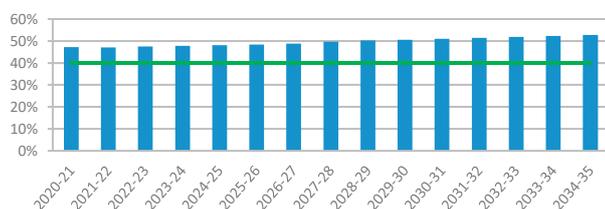
Monitoring the Shire’s financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The green line reflects the Department of Local Government, Sport and Cultural Industries’ (the Department) minimum target level of the ratio.

### Current Ratio



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

### Own Source Revenue Coverage Ratio



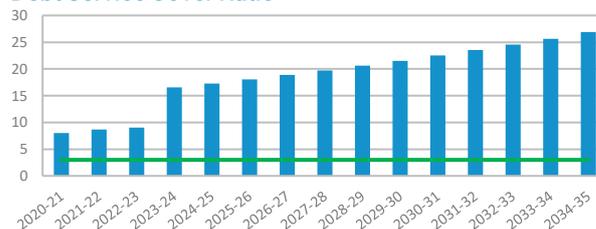
The ratio is above the target indicating the Shire is not reliant on grants and contributions.

### Operating Surplus Ratio



The ratio above highlights how the cumulative impact of the rates increases are intended to address the Operating Surplus Ratio.

### Debt Service Cover Ratio



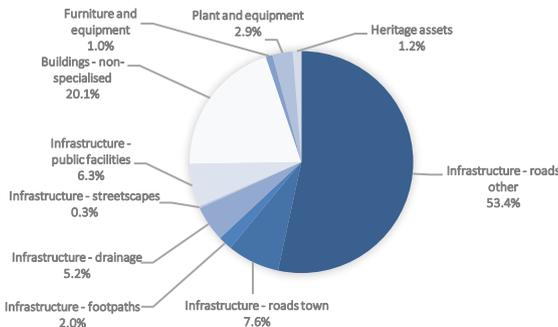
The ratio indicates the Shire has an increasing capacity to take up borrowings if required, providing underlying assumptions remain valid.

An explanation of all ratios is provided at Section 11.0.

## 6.0 Asset Management Planning Overview

### 6.1 Key Asset Information

The Shire controls an asset network with a written down value of \$87.93m, of which Roads and Buildings constitute the largest component values as reflected in the chart below.



### 6.2 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; and
- Ensure adequate provision is made for the maintenance and replacement of assets in accordance with the assessed levels of service.

The 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.

### 6.3 Asset Management Strategy

Developing 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.

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 of 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 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 funded by 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.

Recognising a proportion of assets have been constructed with the assistance of external financial contributions, the Shire seeks to, within its financial capacity, maintain these assets into the future. A strategy of alignment of estimated asset useful lives with the forecast financial capacity aims to ensure the long term affordability of Shire assets. By focusing resources and efforts on a small number of key critical assets, the Shire has achieved its targeted asset management outcomes, integrated with financial planning within its forecast financial capacity based on an annual rate increase of 4% (CPI of 2% + 2%) from year 2 of the Plan onwards.

### 6.4 Level of Service

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

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

## 6.0 Asset Management Planning Overview (continued)

### 6.5 Financial Management Strategy for Assets

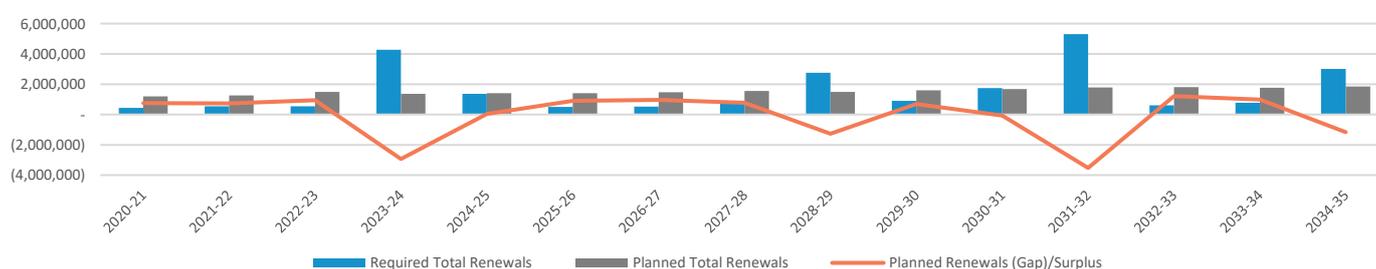
Based on the 2018-19 Annual Financial Statements and 2019-20 Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

Impacts of the COVID-19 Pandemic have created a large amount of uncertainty. Revenue and expenditure for 2020-21 are expected to align with 2019-20. Should the need arise for additional funding to meet the impacts of COVID-19 these will be drawn from Reserve. 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, along with the forecast required asset renewals to maintain services in the future are shown as columns in the chart below with the values in the table on the right. 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. The Shire is planning for renewal of all assets at the end of their useful life, except for buildings. Buildings are to be maintained so they may be used beyond their standard useful life. Further useful life information is required for road assets to better determine the remaining useful life of road assets

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 asset renewal funding surplus/(deficit) representing the difference between the planned and required asset renewals is represented by the line in the chart below with values provided in the table to the right.

Required v Planned Asset Renewals - All Assets



### 6.6 Forecast Planned and Required Asset Renewals

Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/ (Deficit) \$
2020-21	1,186,176	434,324	751,852
2021-22	1,256,665	534,379	722,286
2022-23	1,486,210	535,645	950,565
2023-24	1,355,066	4,280,087	(2,925,021)
2024-25	1,401,050	1,358,026	43,024
2025-26	1,395,663	503,044	892,619
2026-27	1,475,918	518,006	957,912
2027-28	1,559,238	789,897	769,341
2028-29	1,493,035	2,756,527	(1,263,492)
2029-30	1,588,036	908,360	679,676
2030-31	1,674,900	1,739,811	(64,911)
2031-32	1,777,415	5,303,920	(3,526,505)
2032-33	1,811,958	599,632	1,212,326
2033-34	1,753,961	778,566	975,395
2034-35	1,847,987	3,005,036	(1,157,049)
<b>Total</b>	<b>23,063,278</b>	<b>24,045,261</b>	<b>(981,983)</b>

A number of assumptions and estimates have been utilised in arriving at these values and actual events may vary significantly from those provided.

The required asset renewal spike in 2023-24 is a result of road data reflecting a requirement to re-sheet all 359,803m of the unsealed road network in the single year. Further review and update of this asset information should address this theoretical renewal requirement.

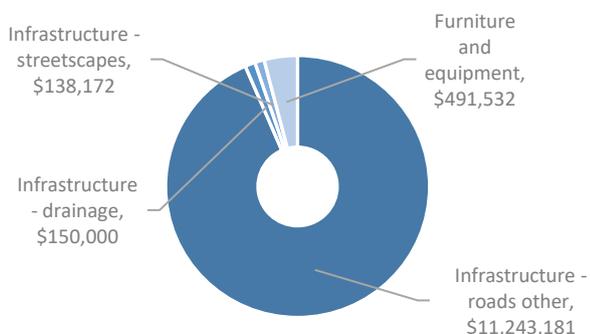
As assets approach their initial estimated asset renewal, the timing and need for renewal will be re-assessed and may well vary enabling the reallocation of limited resources between asset classes and between years through the use of cash backed reserves.

# 6.0 Asset Management Planning Overview (continued)

## 6.7 Planned Asset Expenditure

Renewal asset expenditure of \$23m has been planned as per the previous table. No new, upgrade or expansion of asset are planned.

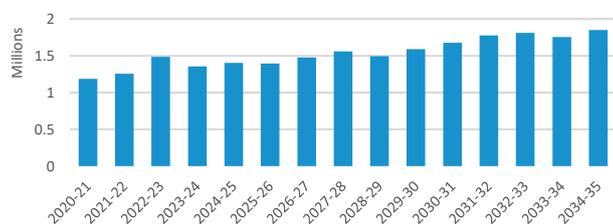
## 6.8 Planned Capital Expenditure 2020 - 2035



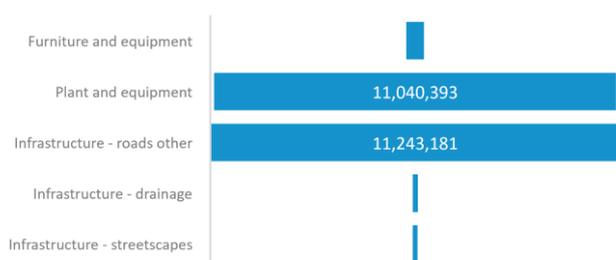
## 6.9 Planned Asset Renewal

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.

## 6.10 Planned Asset Renewal Expenditure



## 6.11 Planned Asset Renewal Expenditure by Class



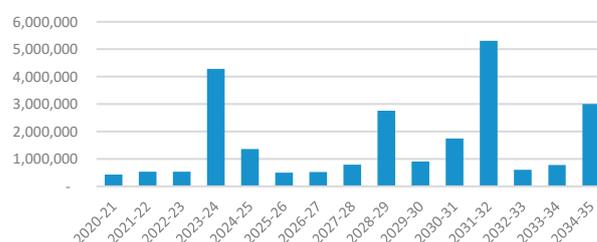
Planned asset renewals by asset class over the 15 years of the Plan reflected in the chart above shows the major renewal spend relates to roads and plant and equipment.

## 6.12 Required 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.

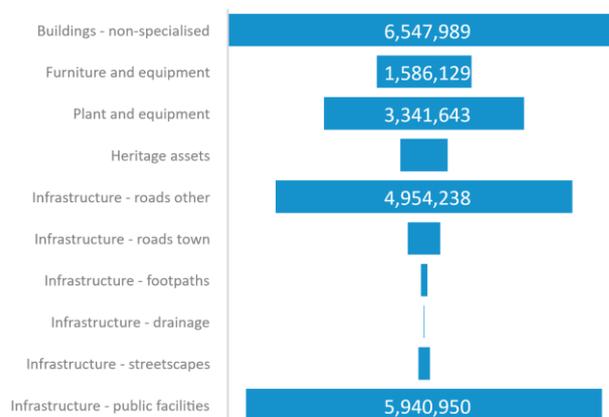
Asset renewal expenditure has been estimated based on forecast renewal costs and timings. Total asset renewals of \$24.0m are forecast to be required over the 15 years of the Plan.

## 6.13 Required Asset Renewal Expenditure



As discussed at 6.6 the spike in 2023-24 is a result of the asset data indicating a need to re-sheet all the sheeted roads in one year.

## 6.14 Required Asset Renewal Expenditure by Asset Class

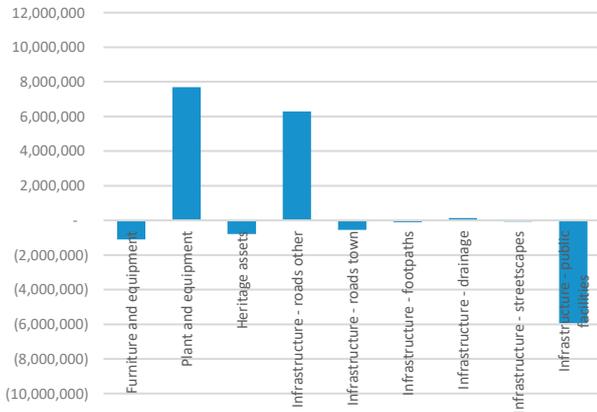


Renewal of roads dominate the forecast required asset renewals.

# 6.0 Asset Management Planning Overview (continued)

## 6.15 Asset Renewal Funding Surplus/(Gap)

Differences between the forecast planned and required asset renewals for all each asset class over the 15 years of the Plan exist as shown in the chart below.



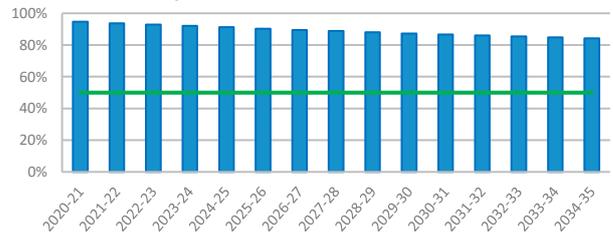
## 6.16 Upgrade/New Expenditure

No significant upgrades to 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 prior to each project.

Asset expenditure for upgrade/new assets are not modelled over the 15 years of the Plan.

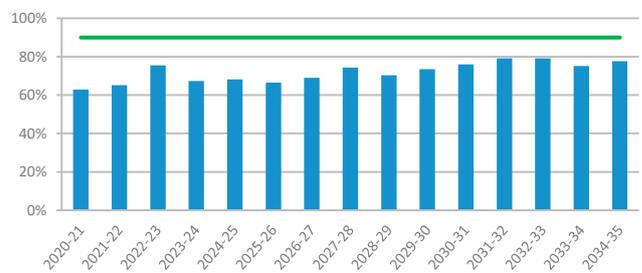
## 6.17 Forecast Asset Ratios 2020 - 2035

Asset Consumption Ratio



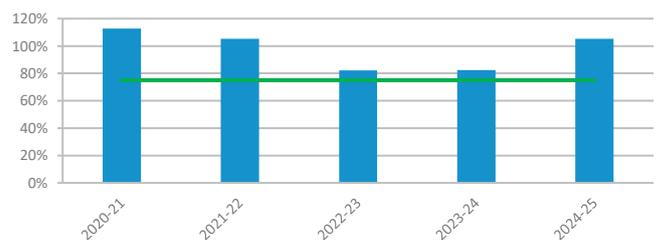
The asset consumption ratio is above the target range and remains so throughout the term of the Plan, with assets being renewed at adequate levels to maintain the average age of assets.

Asset Sustainability Ratio



The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio average is below the guideline level and indicates the Shire is generally renewing assets at a level below their forecast depreciation expense.

Asset Renewal Funding Ratio



The ratio is above the target ratio, with planned asset renewal expenditure being above required asset renewal expenditure as set out in this Plan.

# 7.0 Scenario Modelling

## 7.1 Scenario Modelling

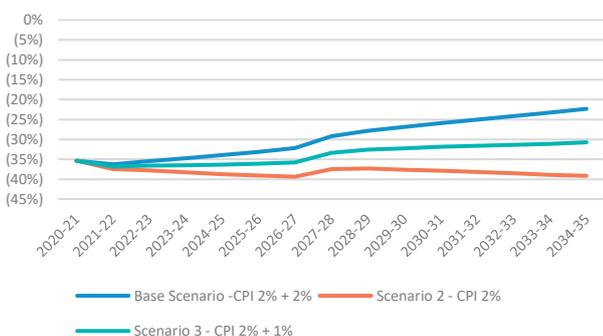
Scenarios were developed to test the financial impact of reduced levels of operating funding with modelling for the impact on the Shire of various reduced funding levels.

To ascertain the effect of reduced funding levels, a base scenario was developed with a rate yield increase of 2% above inflation (2%) from 2021/22 onwards. Two alternative scenarios were also developed from this base as reflected in the table below. All other assumptions remained the same across the three scenarios.

Scenario	Increase above CPI (2%)	Total Increase
Base Scenario	2%	4%
Scenario 2	0%	2%
Scenario 3	1%	3%

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

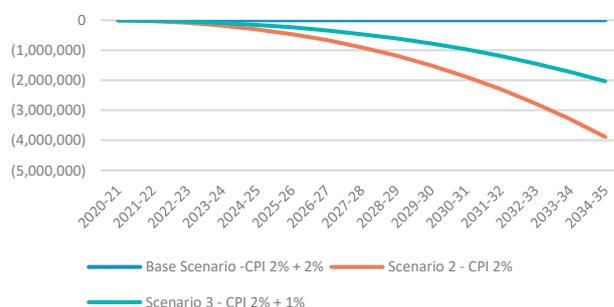
## 7.2 Scenario Comparison – Operating Surplus Ratio



The chart above shows 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 improved the operating surplus ratio.

The following chart shows 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).

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



The cumulative impact of the changes in rates along with fees and charges results in the surplus (deficit) shown in the table below.

Year	Scenario 2 CPI 2%	Scenario 3 CPI 2% + 1%
2020-21	0	0
2021-22	(28,400)	(14,201)
2022-23	(87,472)	(43,884)
2023-24	(178,620)	(90,280)
2024-25	(303,519)	(154,016)
2025-26	(464,123)	(236,252)
2026-27	(662,477)	(338,209)
2027-28	(900,717)	(461,171)
2028-29	(1,181,081)	(606,484)
2029-30	(1,505,899)	(775,566)
2030-31	(1,877,619)	(969,910)
2031-32	(2,298,796)	(1,191,084)
2032-33	(2,772,103)	(1,440,734)
2033-34	(3,300,331)	(1,720,583)
2034-35	(\$3,886,395)	(\$2,032,450)

# 8.0 Strategic Planning and Policies

## 8.1 Linkage with Other Plans

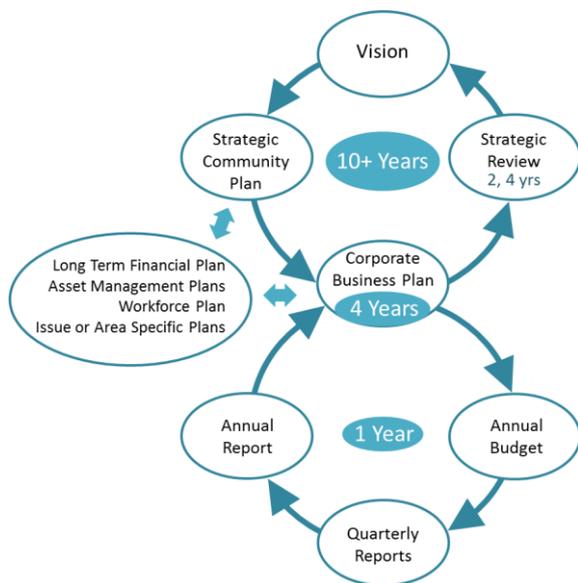
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other 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's Integrated Planning Framework and Guidelines.

## 8.2 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.

Diagram: Integrated Planning and Reporting Cycle<sup>1</sup>



## 8.3 Strategic Community Plan 2020 - 2030

The Strategic Community Plan has been prepared to cover a minimum period of 10 years and set out the community's vision, aspirations and objectives for the Shire. To achieve the vision, a series of priorities, objectives and strategies were developed. Many strategies may be required to achieve a single objective and many objectives needed to achieve a single priority.

Individual strategies all require actions involving extra human, physical and financial resources. Achieving the Shire's strategic priorities requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.

## 8.4 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 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.

## 8.5 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.

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 0.5% above forecast inflation of 2%.

<sup>1</sup> Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

## 9.0 Risk Management

### 9.1 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 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.

### 9.2 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.

### 9.3 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.

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>District Growth in Population:</b> The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Rates Level Increase:</b> Annual rates have been based on an increase in the total rate yield of 4% from 2021/22 onwards, being 2% higher than forecast inflation rate of 2%.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Operating Grants and Contributions:</b> Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$24,741 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
<b>Non-operating Grants and Contributions:</b> Remain in line with funding requirements identified for various capital works.	High	The forecast capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	High	± \$67,569 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
<b>Fees and Charges:</b> Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Interest Earnings:</b> Interest earning of an average rate of 2% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Revenue:</b> Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Profit on Asset Disposal:</b> Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Employee Costs:</b> Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Materials and Contracts:</b> Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$359,070 to the value of materials and contracts per 1% movement in the value over the life of the Plan. A high level of uncertainty exists in relation to the costs to address impacts of the COVID-19 Pandemic.
<b>Depreciation:</b> 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.
<b>Insurance:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Expenditure:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Loss on Asset Disposal:</b> A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Revaluations:</b> In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$212,75 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$856,100 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
<b>Impairment of Assets:</b> No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
<b>Infrastructure Assets:</b> Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$67,569 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
<b>Property, Plant and Equipment:</b> Building expenditure is in accordance with the 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.

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

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

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

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

## 10.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Cash Backed Reserves:</b> It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Revaluation Surplus:</b> Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$212,75 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$856,100 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

# 10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

## 10.6 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
<p><b>Ownership of Strategic Assets:</b> The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.</p>	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.
<p><b>Inflators:</b> Forecast inflation at 2% per annum.</p>	Medium	Not assessed as high financial risk.	High	± \$1,024,904 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,198,748 to operating expenditure per 1% movement in the inflators over the life of the Plan.
<p><b>Commercial Activities:</b> The Shire has no plans to undertake a significant commercial activity during the period of the Plan.</p>	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<p><b>General Economic Forecasts for State:</b> The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the state economy.</p>	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<p><b>General Economic Forecasts for Region:</b> Historically, the region's economy is heavily dependent on agriculture, fishing and tourism and this remains the assumption for the term of this Plan.</p>	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

# 11.0 Monitoring and Performance

## 11.1 Monitoring

The Plan will be the subject of a desktop review each year to consider 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.

## 11.2 Ratio Targets

A series of performance indicators, in the form of financial ratios set out in the table below, 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*.

The Department's Advisory Standard also provides target levels for each of the ratios.

Ratio	Calculation	Indication	Minimum target
Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings}}$	A measure of the Shire's immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets.	1.
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$	A measure of the extent to which own source revenues raised cover operational expenses.	1%
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$	A measure of the extent of the Shire's ability to cover costs using only discretionary revenue.	40%
Debt Service Coverage Ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{principal and interest}}$	A measure of the extent of the Shire's capacity to generate sufficient cash to cover debt payments.	3
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciation assets}}$	A measure of the aged condition of the Shire's physical assets.	50%
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$	A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.	90%
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$	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).	75%

## 12.0 Improvement Plan

### 12.1 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.

*Road Asset data:* Road asset data requires review to better reflect the estimated remaining life of each unsealed road sector.

*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).

*Standard Useful Life Estimates:* Improvements in road asset records should enable better estimation of standard useful lives of road assets components based on the method of construction used.

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; and
- Maintain formal asset maintenance and renewal programs for all assets.

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# 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	837,706
Recreation centre	4,811,531
Heavy plant	3,164,714
<b>Total</b>	<b>8,813,951</b>

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

Road assets are discussed further in Appendix A2 with regional and local distributor roads 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 24,201<sup>1</sup> square kilometres.

Road assets within this Plan include the following components:

- 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	1,002,777	47,470,314
Town Roads	50,541	6,739,727
<b>Grand Total</b>		<b>54,210,042</b>

The following tables detail the components in two sections, town roads and all other roads, segregated by the type of seal.

Other Roads Assets	Length (m)	Current Replacement Cost (\$)
<b>Structural Asphaltic Concrete Seal</b>		
Subgrade Structure	560	32,229
Pavement Structure	560	120,931
Surface Structure	560	117,810
<b>Spray Sealed</b>		
Subgrade Structure	36,567	2,380,076
Pavement Structure	36,567	8,512,536
Surface Structure	36,567	3,028,923
<b>Unsealed</b>		
Subgrade Structure	531,593	25,732,963
Pavement Structure	359,803	7,544,844
<b>Other Roads Total</b>	<b>1,002,777</b>	<b>47,470,314</b>

Town Roads Assets	Length (m)	Current Replacement Cost (\$)
<b>Structural Asphaltic Concrete Seal</b>		
Subgrade Structure	8,450	505,945
Pavement Structure	8,450	1,766,597
Surface Structure	8,450	2,066,515
<b>Spray Sealed</b>		
Subgrade Structure	6,357	370,565
Pavement Structure	6,357	1,319,632
Surface Structure	6,357	508,283
<b>Unsealed</b>		
Subgrade Structure	3,060	154,049
Pavement Structure	3,060	48,140
<b>Other Roads Total</b>	<b>50,541</b>	<b>6,739,727</b>

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

# Appendix A2 – Roads (continued)

## 2.3 Financial Summary

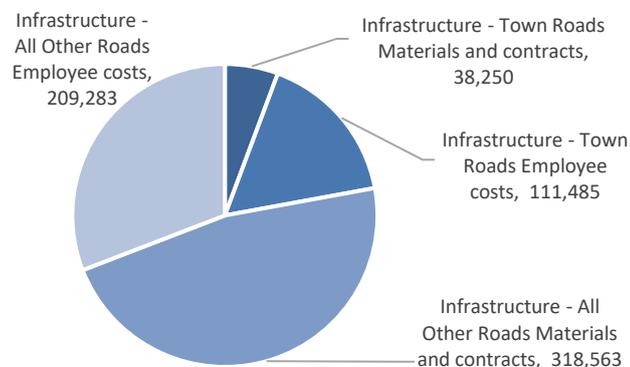
Financial impacts of managing the Shire road assets are broken down into maintenance, new and renewal expenditure, each of which is examined separately as follows.

### 2.3.1 Maintenance Expenditure

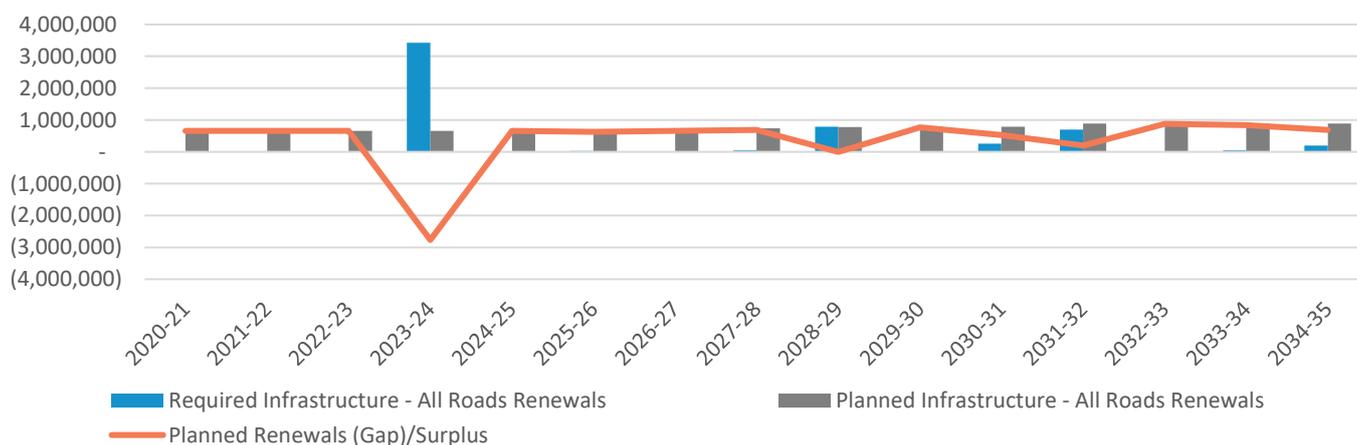
Road maintenance expenditure includes maintenance of associated infrastructure such as drainage and footpaths. Road maintenance expenditure is primarily related to the grading of unsealed roads and associated drainage clearing within the district along with a low level of reactionary minor repair works. 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 2020-21:

### 2.3.2 Maintenance Expenditure by Nature and Type



### Required v Planned Asset Renewals - All Roads



### 2.3.3 New Expenditure

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

### 2.3.4 Renewal Expenditure

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

In the chart below, planned road expenditure is shown as grey columns, with required road renewals as the orange columns. The blue line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$11.2m. Required road renewal is calculated at \$5.5m for the term, overall there is a \$5.7m renewal surplus for the Shire's road assets.

### 2.3.5 Forecast Planned and Required Road Renewal Expenditure

The level and extent of the renewal surplus is dependent on the accuracy of unit cost estimates and remaining useful life estimates for each road component. 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)

### 2.3.5 Forecast Planned and Required Road 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)/Surpluses \$
2020-21	0	656,796	656,796
2021-22	0	656,796	656,796
2022-23	0	656,796	656,796
2023-24	3,422,188	656,796	(2,765,392)
2024-25	0	656,796	656,796
2025-26	23,515	656,796	633,281
2026-27	0	656,796	656,796
2027-28	44,512	737,796	693,284
2028-29	785,342	778,259	(7,083)
2029-30	15,768	778,259	772,491
2030-31	260,389	778,259	527,870
2031-32	695,955	888,259	192,304
2032-33	10,205	888,259	878,054
2033-34	48,421	888,259	839,838
2034-35	197,948	888,259	690,311
<b>Total</b>	<b>9,075,172</b>	<b>11,243,181</b>	<b>5,738,938</b>

### 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)

### 2.5 Road Construction

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Gravel Road Construction</b>			
Condition	Gravel roads are constructed to a high standard.	Customer complaints.	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.
<b>Bitumen Road Construction</b>			
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)

### 2.6 Road Maintenance

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Gravel Road Maintenance</b>			
Condition	Gravel roads are maintained to a high standard and on a regular basis. Drainage is also assessed in order to minimise the risk of flooding and damage.	Customer complaints.	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.
<b>Bitumen Road Maintenance/Drainage</b>			
Condition	Bitumen roads are maintained to a high standard and on a regular basis. Drainage is also to be assessed and drains cleaned in order to minimise the risk of flooding and damage.	Customer complaints.	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)

### 2.7 Risk Management

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

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

### 2.8 Improvement

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

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

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 \$7.3m. 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 and Table drains
- Concrete pits
- Culverts
- Piping

## 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

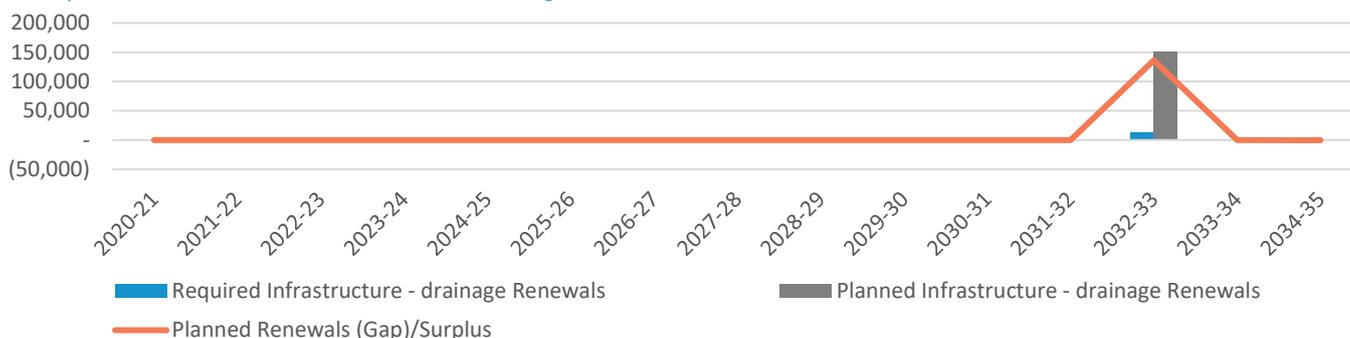
The Plan has a nominal amount forecast for kerbing and drainage renewal expenditure. The timing of kerbing renewals should be aligned to the renewal of the road pavements of kerbed roads and requires further detailed analysis and planning.

In the chart below, forecast planned drainage expenditure is shown by the grey columns, with required drainage renewals as the orange columns. The blue line indicates the difference between the two expenditure levels. Planned drainage renewal over the term of the Plan is \$150k. Required drainage renewal is calculated at \$17k for the term of the Plan, with a renewal surplus of \$132k currently forecast.

### 3.3.4 Forecast Planned and Required Drainage Renewal Expenditure

Major drainage renewals are not forecast to be required until 2032-33. Minor surface drain renewals will be undertaken as part of the renewal of pavements where these works are undertaken.

Required v Planned Asset Renewals - Drainage



## Appendix A3 – Drainage (continued)

### 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.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
<b>Road Maintenance/Drainage</b>			
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.

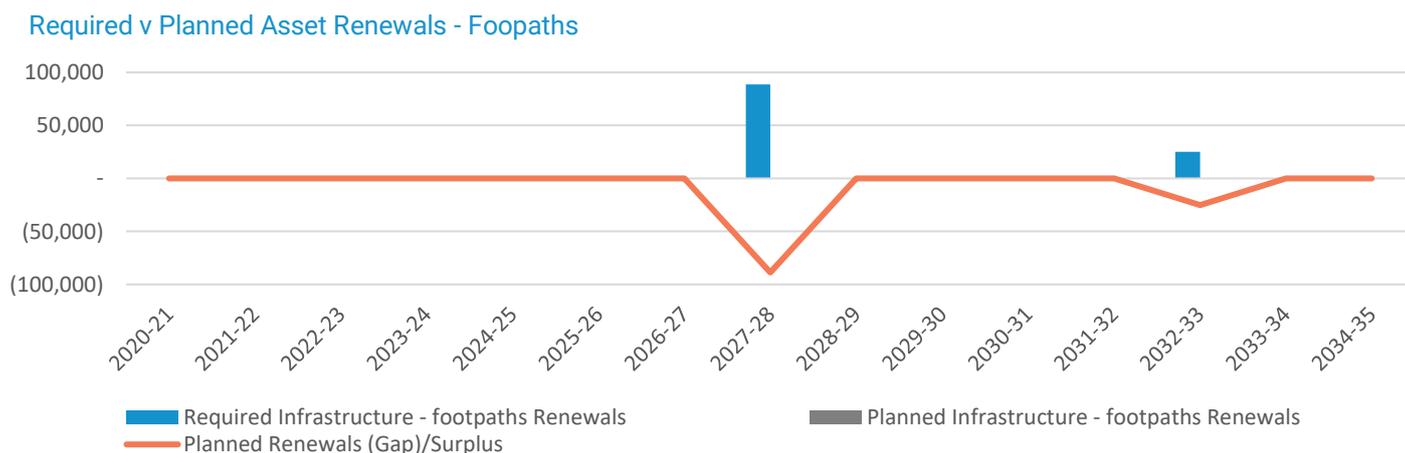
### 4.3.2 New Asset Expenditure

No new footpath asset expenditure is planned. External grant funding would be essential to achieve these upgrades.

### 4.3.3 Renewal Expenditure

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

In the following chart, forecast planned footpaths expenditure is shown by the grey columns, with required footpaths renewals as the orange columns. The blue line indicates the difference between the two expenditure levels. Required footpaths for the term of the Plan is \$114k, however no footpaths renewal are planned for the term of the Plan.



## Appendix A4 – Footpaths

### 4.4 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.

### 4.5 Risk Management

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

Risk	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.

### 4.6 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 major buildings contained within the valuation report is shown in the table to the right. 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	1,096,030
Community Resource Centre	558,885
Denham Community Hall	613,248
Depot Infrastructure	837,706
Emergency Services Precinct	1,156,574
Fish Cleaning Facility	34,067
George Wear Public Infrastructure	116,960
Golf Course Infrastructure	118,486
Information Bay	18,000
Little Lagoon Infrastructure	253,040
Mortuary	7,518
Multi Purpose Sport and Recreation Centre	5,212,529
Nettas Gazebo	25,940
Overlander Community Centre	285,634
Picnic Shelters and BBQ Facilities	351,710
Public Toilets	335,474
Refuse Site Infrastructure	195,631
Shire Office & Commercial Rentals	479,192
Tamala Camp Accommodation and Camp Kitchen	140,502
Townsite Residences	2,068,240
World Heritage Interpretation Centre	6,644,582
<b>Buildings Total</b>	<b>20,549,947</b>

# 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. A detailed building maintenance plan has been developed to help ensure buildings are maintained at a level to maximise their useful life and minimise the need to renew entire building structures.

### 5.3.2 New/Upgrade Asset Expenditure

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

### 5.3.3 Renewal Expenditure

Using the estimated remaining useful life and the 'reinstatement with new' values provided in the independent valuation report, the timing and extent of future required property renewals has been forecast (adjusted for inflation). Whilst the valuation indicates the required renewal timings given the forecast level of planned maintenance building assets are expected to last well beyond the indicated renewal timings.

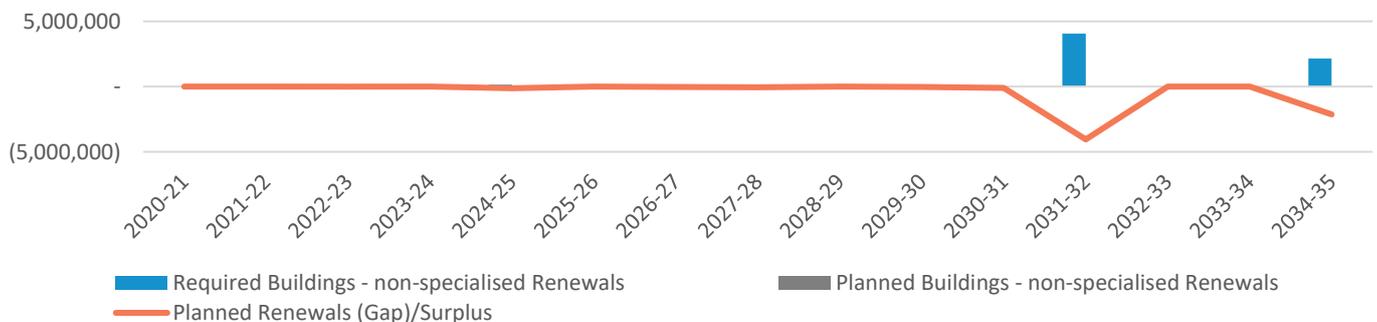
### 5.3.4 Forecast Planned and Required Building Renewal Expenditure

Due to the current COVID-19 situation and level of uncertainty, no building renewals are planned. Funds will continue to be saved within reserves to address future building renewals, based on a detailed assessment at the time of the building requires renewal.

The table below details the required building renewal as per the latest building valuations.

	Required Building Renewals \$	Planned Building Renewals \$	Building Renewal Funding (Deficit)/Surplus \$
2020-21	0	0	0
2021-22	0	0	0
2022-23	5,406	0	(5,406)
2023-24	0	0	0
2024-25	132,967	0	(132,967)
2025-26	0	0	0
2026-27	27,598	0	(27,598)
2027-28	54,708	0	(54,708)
2028-29	0	0	0
2029-30	29,717	0	(29,717)
2030-31	99,805	0	(99,805)
2031-32	4,051,639	0	(4,051,639)
2032-33	0	0	0
2033-34	0	0	0
2034-35	2,146,149	0	(2,146,149)
<b>Total</b>	<b>6,547,989</b>	<b>0</b>	<b>(6,547,989)</b>

### Required v Planned Asset Renewals - Buildings



## Appendix A5 – Buildings (Continued)

### 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.

### 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 \$1.3m.

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

Heritage Assets	Estimated Current Replacement Cost (\$)
Camel Wagon	6,164
Cape Inscription Lighthouse	932,200
Child Care Centre	53,888
Directional Plaque	13,391
Galla Curci	39,760
HMAS Sydney II Memorial	143,500
Old Goal	29,930
Stables	4,200
Velsheda	36,000
<b>Heritage Assets Total</b>	<b>1,259,033</b>

## 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.

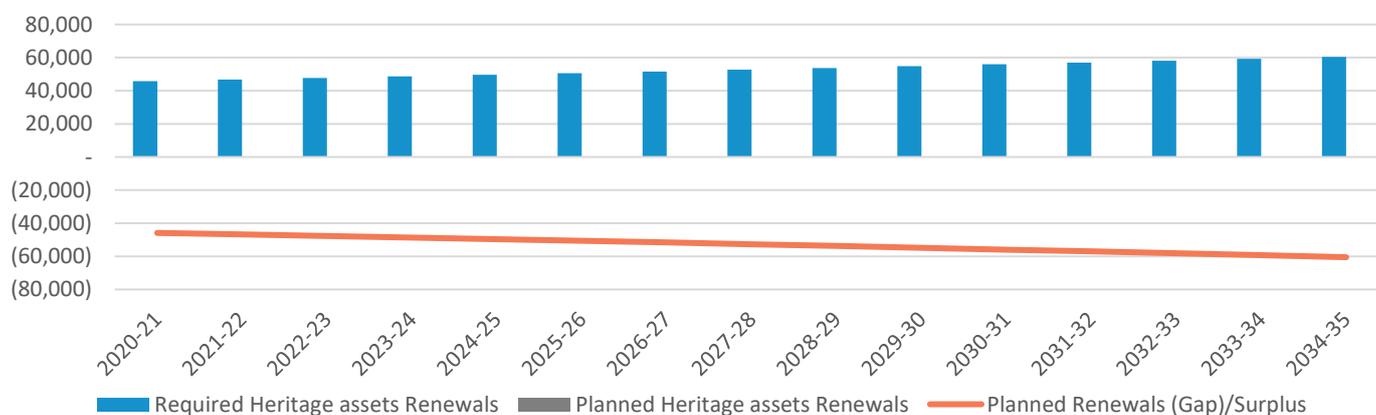
### 6.3.3 Renewal Expenditure

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. 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 grey columns, with forecast required renewals shown as the orange columns. The blue line shows the variation between the two levels.

### 6.3.4 Forecast Planned and Required Heritage Assets Renewal Expenditure

Required v Planned Asset Renewals - Heritage Assets



## Appendix A6 – Heritage Assets (Continued)

### 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 \$
Heavy Plant	2,340,286
Light Plant	39,550
Sundry	378,496
Vehicles	406,384
<b>Total</b>	<b>3,164,716</b>

## 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 at 7.3.3, planned expenditure is shown as the grey columns with required renewals shown as the orange columns. The blue line shows the variation between the two expenditure levels.

# Appendix A7 – Plant and Equipment (continued)

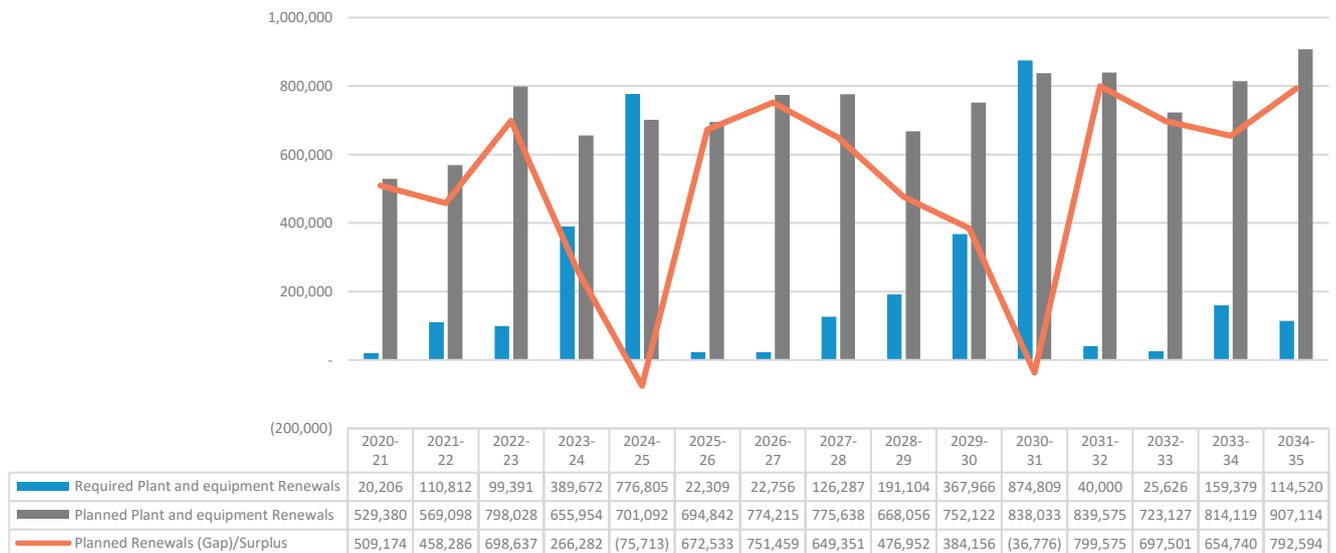
## 7.3.3 Forecast Planned and Required Plant and Equipment Renewal Expenditure

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 \$7.7m over the term of the Plan with planned renewals of \$11.0m and required asset renewals of \$3.3m.

## 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.

### Required v Planned Asset Renewals - 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
<b>Fleet Management</b>			
Function	To ensure Council employees are able to meet Council requirements.	Council plant and equipment is serviceable for all Council programs.	90% satisfaction.
	To ensure that Councils Capital Works Program is completed.	Capital Works Program completed on time and within budget.	100% completed and within budget.
	To ensure that any maintenance requirements are carried out.	Maintenance schedule adhered to.	100% completed and on time.
Compliance	All vehicles and plant are operated as they have been designed to do and in a safe manner.	Number of complaints/number of fines.	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	Gravel Sheet	Unsealed	12	60%
Infrastructure - Roads Other	Sealed Pavement	Asphalt	60	60%
Infrastructure - Roads Other	Sealed Pavement	Spray Seal	60	60%
Infrastructure - Roads Other	Sealed Pavement	Spray Seal	80	60%
Infrastructure - Roads Other	Subgrade	Asphalt	100	100%
Infrastructure - Roads Other	Subgrade	Spray Seal	100	100%
Infrastructure - Roads Other	Subgrade	Unsealed	100	100%
Infrastructure - Roads Other	Surface	Spray Seal	100	100%
Infrastructure - Roads Other	Surface	Spray Seal	15	60%
Infrastructure - Roads Town	Gravel Sheet	Unsealed	10	60%
Infrastructure - Roads Town	Sealed Pavement	Spray Seal	80	60%
Infrastructure - Roads Town	Sealed Pavement	Asphalt	80	60%
Infrastructure - Roads Town	Sealed Pavement	Spray Seal	60	60%
Infrastructure - Roads Town	Sealed Pavement	Asphalt	60	60%
Infrastructure - Roads Town	Subgrade	Asphalt	100	100%
Infrastructure - Roads Town	Subgrade	Spray Seal	100	100%
Infrastructure - Roads Town	Subgrade	Unsealed	100	100%
Infrastructure - Roads Town	Surface	Spray Seal	15	60%
Infrastructure - Roads Town	Surface	Asphalt	20	60%
Infrastructure - Drainage	SW Channel	Table Drain	45	60%
Infrastructure - Drainage	SW Channel	Kerbing	45	60%
Infrastructure - Drainage	SW Drainage	Pipe	80	60%
Infrastructure - Drainage	SW Drainage	Pit	45	60%
Infrastructure - Drainage	SW Drainage	Sump	80	60%
Infrastructure - Footpaths	Footpath	Brick Paving	60	30%
Infrastructure - Footpaths	Footpath	Asphalt	60	30%
Infrastructure - Footpaths	Footpath	Concrete	80	30%
Infrastructure - Footpaths	Footpath	Gravel	40	30%
Infrastructure - Public Facilities			17	
Infrastructure - Public Facilities	Playground		20	
Infrastructure - Streetscapes			21	

Asset Class	Asset Sub-Class	Estimated Useful Life	Estimated Residual Value %
Buildings		40	
Buildings	Picnic Shelter	15	
Buildings	Shed	15	
Buildings	Solar Panels	15	
Buildings	Toilet	15	
Furniture and Equipment		10	
Furniture and equipment	IT equipment	5	
Plant and Equipment		6	60%
Plant and Equipment	Heavy	6	20%
Plant and Equipment	Sundry	20	0%
Plant and Equipment	Truck	6	20%
Heritage Assets		28	

Refer to Appendix B12 – Forecast Significant Accounting Policies

# 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.

The statements have been prepared based on a number of forecasts and estimates, and readers should ensure they have read and understood the reliance section on page 44 under Other Matters.

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

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

## Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2020 – 2035

	2016-17	2017-18	2018-19	Base	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	2033-34	2034-35	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenues</b>																				
Rates	1,229,350	1,285,748	1,315,134	1,447,231	1,419,991	1,476,791	1,535,863	1,597,301	1,661,191	1,727,638	1,796,744	1,868,615	1,943,360	2,021,093	2,101,937	2,186,016	2,273,458	2,364,396	2,458,972	
Operating grants, subsidies and contributions	6,578,293	2,457,458	2,430,128	1,511,795	2,474,104	2,523,587	2,574,059	2,625,541	2,678,052	2,731,613	2,786,245	2,841,970	2,898,811	2,956,789	3,015,925	3,076,243	3,137,767	3,200,521	3,264,532	
Fees and charges	1,554,203	1,509,057	1,587,992	1,655,006	1,617,169	1,649,511	1,682,504	1,716,151	1,750,474	1,785,485	1,821,201	1,857,625	1,894,772	1,932,665	1,971,317	2,010,735	2,050,952	2,091,975	2,133,812	
Interest earnings	66,987	64,093	64,894	26,405	49,325	52,062	52,962	51,183	51,668	52,643	55,765	56,968	58,018	59,886	63,002	64,131	64,935	64,598	68,886	
Other revenue	899,705	151,133	295,193	138,264	141,030	143,853	146,730	149,664	152,658	155,709	158,825	162,001	165,240	168,548	171,921	175,362	178,870	182,446	186,097	
	10,328,538	5,467,489	5,693,341	4,778,701	5,701,619	5,845,804	5,992,118	6,139,840	6,294,043	6,453,088	6,618,780	6,787,179	6,960,201	7,138,981	7,324,102	7,512,487	7,705,982	7,903,936	8,112,299	
<b>Expenses</b>																				
Employee costs	(2,059,644)	(2,126,678)	(2,133,740)	(2,306,423)	(2,308,904)	(2,399,636)	(2,459,637)	(2,521,128)	(2,584,164)	(2,648,770)	(2,715,000)	(2,782,881)	(2,852,450)	(2,923,764)	(2,996,855)	(3,071,778)	(3,148,573)	(3,227,288)	(3,307,969)	
Materials and contracts	(6,249,404)	(2,041,576)	(1,787,850)	(2,040,682)	(2,053,259)	(2,119,322)	(2,161,701)	(2,204,932)	(2,249,023)	(2,293,997)	(2,339,880)	(2,386,664)	(2,434,398)	(2,483,116)	(2,532,782)	(2,583,432)	(2,635,111)	(2,687,824)	(2,741,582)	
Utility charges	(160,786)	(198,833)	(158,128)	(187,510)	(191,261)	(195,085)	(198,981)	(202,957)	(207,009)	(211,144)	(215,366)	(219,674)	(224,066)	(228,552)	(233,126)	(237,787)	(242,543)	(247,400)	(252,352)	
Depreciation on non-current assets	(1,812,933)	(2,004,033)	(2,201,594)	(2,015,110)	(1,886,333)	(1,928,087)	(1,968,766)	(2,010,532)	(2,053,136)	(2,096,059)	(2,137,984)	(2,098,847)	(2,120,082)	(2,162,077)	(2,203,429)	(2,246,990)	(2,290,590)	(2,335,961)	(2,381,460)	
Interest expenses	(18,238)	(14,337)	(10,331)	(7,210)	(19,744)	(17,443)	(15,370)	(13,600)	(12,907)	(12,201)	(11,480)	(10,746)	(9,997)	(9,233)	(8,453)	(7,659)	(6,848)	(6,022)	(5,179)	
Insurance expenses	(159,597)	(151,514)	(147,871)	(156,295)	(159,422)	(162,609)	(165,861)	(169,175)	(172,560)	(176,008)	(179,531)	(183,125)	(186,786)	(190,522)	(194,329)	(198,217)	(202,180)	(206,225)	(210,348)	
Other expenditure	(223,266)	(160,185)	(187,818)	(219,265)	(223,651)	(228,121)	(232,682)	(237,334)	(242,081)	(246,921)	(251,859)	(256,897)	(262,037)	(267,279)	(272,624)	(278,074)	(283,636)	(289,307)	(295,092)	
	(10,683,868)	(6,697,156)	(6,627,332)	(6,932,495)	(6,842,574)	(7,050,303)	(7,202,998)	(7,359,658)	(7,520,880)	(7,685,100)	(7,851,100)	(7,938,834)	(8,089,816)	(8,264,543)	(8,441,598)	(8,623,937)	(8,809,481)	(9,000,027)	(9,193,982)	
	(355,330)	(1,229,667)	(933,991)	(2,153,794)	(1,140,955)	(1,204,499)	(1,210,880)	(1,219,818)	(1,226,837)	(1,232,012)	(1,232,320)	(1,151,655)	(1,129,615)	(1,125,562)	(1,117,496)	(1,111,450)	(1,103,499)	(1,096,091)	(1,081,683)	
Non-operating grants, subsidies and contributions	2,519,715	857,238	519,673	527,462	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	
Fair value adjustments to financial assets at fair value through profit or loss	0	0	30,933	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Profit on asset disposals	0	0	21,608	12,302	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Loss on asset disposal	(721,192)	(15,787)	(73,403)	(79,180)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>NET RESULT</b>	1,443,193	(388,216)	(435,180)	(1,693,210)	(690,492)	(754,036)	(760,417)	(769,355)	(776,374)	(781,549)	(781,857)	(701,192)	(679,152)	(675,099)	(667,033)	(660,987)	(653,036)	(645,628)	(631,220)	
<b>Other comprehensive income</b>	1,105,656	(20,518,210)	0	0	1,759,027	1,775,573	1,788,733	1,812,520	1,831,293	1,850,669	1,866,137	1,916,749	1,942,584	1,965,382	1,986,593	2,012,812	2,041,755	2,069,001	2,091,856	
<b>TOTAL COMPREHENSIVE INCOME</b>	2,548,849	(20,906,426)	(435,180)	(1,693,210)	1,068,535	1,021,537	1,028,316	1,043,165	1,054,919	1,069,120	1,084,280	1,215,557	1,263,432	1,290,283	1,319,560	1,351,825	1,388,719	1,423,373	1,460,636	

Refer to Appendix B15 – Forecast Significant Accounting Policies

# Appendix B3 – Forecast Statement of Comprehensive Income by Program 2020 – 2035

	2016-17	2017-18	2018-19	Base	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>																			
Governance	15,541	3,252	63,712	7,502	7,646	7,799	7,955	8,114	8,276	8,441	8,611	8,784	8,959	9,138	9,320	9,506	9,695	9,889	10,087
General purpose funding	4,175,557	3,275,156	3,337,405	2,431,402	3,442,984	3,541,996	3,642,231	3,742,958	3,849,224	3,959,374	4,075,185	4,192,714	4,313,852	4,439,703	4,570,839	4,704,167	4,841,494	4,982,156	5,132,084
Law, order, public safety	68,810	121,296	55,792	108,123	65,839	67,156	68,498	69,870	71,267	72,692	74,145	75,628	77,140	78,683	80,257	81,862	83,499	85,167	86,872
Health	2,524	1,782	2,039	2,250	2,250	2,295	2,340	2,387	2,434	2,482	2,532	2,583	2,635	2,687	2,741	2,795	2,850	2,908	2,967
Housing	77,914	83,460	107,917	129,105	129,222	131,807	134,449	137,135	139,878	142,678	145,537	148,442	151,406	154,431	157,515	160,659	163,877	167,155	170,496
Community amenities	311,371	320,339	326,586	341,446	341,446	348,275	355,241	362,347	369,594	376,985	384,524	392,215	400,060	408,061	416,223	424,548	433,039	441,701	450,534
Recreation and culture	404,384	325,710	322,088	293,773	257,288	262,434	267,681	273,034	278,495	284,064	289,745	295,542	301,452	307,483	313,634	319,908	326,306	332,833	339,490
Transport	3,818,165	432,486	556,245	512,318	521,358	531,786	542,422	553,270	564,335	575,622	587,135	598,878	610,857	623,076	635,538	648,248	661,213	674,437	687,926
Economic services	1,394,674	846,140	880,949	914,782	894,826	912,721	930,975	949,593	968,585	987,956	1,007,716	1,027,870	1,048,426	1,069,396	1,090,785	1,112,599	1,134,850	1,157,548	1,180,698
Other property and services	59,598	57,868	40,608	38,000	38,760	39,535	40,326	41,132	41,955	42,794	43,650	44,523	45,414	46,323	47,250	48,195	49,159	50,142	51,145
	10,328,538	5,467,489	5,693,341	4,778,701	5,701,619	5,845,804	5,992,118	6,139,840	6,294,043	6,453,088	6,618,780	6,787,179	6,960,201	7,138,981	7,324,102	7,512,487	7,705,982	7,903,936	8,112,299
<b>Expenses excluding finance costs</b>																			
Governance	(250,440)	(280,261)	(237,720)	(277,704)	(128,929)	(160,721)	(168,253)	(176,047)	(184,107)	(192,434)	(201,046)	(209,761)	(218,913)	(228,428)	(238,250)	(248,399)	(258,893)	(269,731)	(280,923)
General purpose funding	(110,340)	(107,211)	(101,229)	(115,631)	(117,944)	(120,302)	(122,708)	(125,161)	(127,663)	(130,217)	(132,822)	(135,478)	(138,187)	(140,951)	(143,770)	(146,645)	(149,578)	(152,570)	(155,622)
Law, order, public safety	(282,506)	(315,135)	(323,167)	(319,668)	(307,234)	(313,711)	(320,286)	(327,007)	(333,869)	(340,863)	(347,971)	(355,326)	(363,059)	(370,109)	(377,551)	(385,382)	(393,561)	(401,228)	(408,051)
Health	(63,426)	(69,937)	(62,082)	(80,865)	(82,500)	(84,162)	(85,858)	(87,589)	(89,355)	(91,154)	(92,990)	(94,864)	(96,776)	(98,727)	(100,715)	(102,744)	(104,814)	(106,927)	(109,082)
Housing	(158,206)	(205,567)	(222,560)	(231,263)	(225,920)	(230,797)	(235,660)	(240,638)	(245,717)	(250,868)	(256,024)	(256,369)	(260,391)	(265,727)	(271,074)	(276,616)	(282,223)	(288,002)	(293,854)
Community amenities	(596,008)	(655,063)	(695,784)	(738,587)	(750,143)	(766,317)	(782,787)	(799,619)	(816,817)	(834,375)	(852,262)	(868,226)	(886,262)	(905,268)	(924,643)	(944,473)	(964,712)	(985,415)	(1,006,546)
Recreation and culture	(2,105,055)	(2,291,340)	(2,069,487)	(2,234,519)	(2,218,765)	(2,272,107)	(2,320,937)	(2,370,901)	(2,421,934)	(2,473,871)	(2,526,274)	(2,551,114)	(2,597,941)	(2,652,910)	(2,708,531)	(2,765,827)	(2,824,057)	(2,883,861)	(2,944,673)
Transport	(5,317,469)	(1,611,670)	(1,757,313)	(1,782,980)	(1,762,852)	(1,801,481)	(1,840,263)	(1,879,966)	(1,920,515)	(1,961,743)	(2,003,210)	(2,017,139)	(2,052,627)	(2,095,939)	(2,139,662)	(2,184,805)	(2,230,623)	(2,277,736)	(2,325,580)
Economic services	(1,712,004)	(1,019,133)	(1,109,589)	(1,106,568)	(1,121,958)	(1,150,739)	(1,176,102)	(1,202,036)	(1,228,549)	(1,255,635)	(1,283,257)	(1,308,593)	(1,336,668)	(1,366,095)	(1,396,118)	(1,426,861)	(1,458,264)	(1,490,400)	(1,523,224)
Other property and services	(70,176)	(127,502)	(38,070)	(37,500)	(106,585)	(132,523)	(134,774)	(137,094)	(139,447)	(141,739)	(143,764)	(132,918)	(131,461)	(133,156)	(134,631)	(136,326)	(137,908)	(139,635)	(141,248)
	(10,665,630)	(6,682,819)	(6,617,001)	(6,925,285)	(6,822,830)	(7,032,860)	(7,187,628)	(7,346,058)	(7,507,973)	(7,672,899)	(7,839,620)	(7,928,088)	(8,079,819)	(8,255,310)	(8,433,145)	(8,616,278)	(8,802,633)	(8,994,005)	(9,188,803)
<b>Finance costs</b>																			
Governance	(8,402)	(5,854)	(3,203)	(1,556)	(297)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic services	(9,836)	(8,483)	(7,128)	(5,654)	(15,598)	(14,945)	(14,279)	(13,600)	(12,907)	(12,201)	(11,480)	(10,746)	(9,997)	(9,233)	(8,453)	(7,659)	(6,848)	(6,022)	(5,179)
Other property and services	0	0	0	0	(3,849)	(2,498)	(1,091)	0	0	0	0	0	0	0	0	0	0	0	0
	(18,238)	(14,337)	(10,331)	(7,210)	(19,744)	(17,443)	(15,370)	(13,600)	(12,907)	(12,201)	(11,480)	(10,746)	(9,997)	(9,233)	(8,453)	(7,659)	(6,848)	(6,022)	(5,179)
<b>Non operating grants, subsidies and contributions</b>																			
Recreation and culture	1,537,749	3,636	75,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	971,607	853,602	438,068	527,462	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463
Economic services	0	0	6,125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2,519,715	857,238	519,673	527,462	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463
<b>Profit/(loss) on disposal of assets</b>																			
Governance	(35,000)	(2,846)	(9,806)	(6,066)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	0	0	(8,460)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	(25,467)	0	(4,016)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	(640,725)	(12,941)	(29,513)	(60,812)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(721,192)	(15,787)	(51,795)	(66,878)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fair value adjustments to financial assets at fair value through profit or loss	0	0	30,933	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	1,443,193	(388,216)	(435,180)	(1,693,210)	(690,492)	(754,036)	(760,417)	(769,355)	(776,374)	(781,549)	(781,857)	(701,192)	(679,152)	(675,099)	(667,033)	(660,987)	(653,036)	(645,628)	(631,220)
<b>Other comprehensive income</b>	1,105,656	(20,518,210)	0	0	1,759,027	1,775,573	1,788,733	1,812,520	1,831,293	1,850,669	1,866,137	1,916,749	1,942,584	1,965,382	1,986,593	2,012,812	2,041,755	2,069,001	2,091,856
<b>TOTAL COMPREHENSIVE INCOME</b>	2,548,849	(20,906,426)	(435,180)	(1,693,210)	1,068,535	1,021,537	1,028,316	1,043,165	1,054,919	1,069,120	1,084,280	1,215,557	1,263,432	1,290,283	1,319,560	1,351,825	1,388,719	1,423,373	1,460,636

Refer to Appendix B15 – Forecast Significant Accounting Policies

# Appendix B4 – Forecast Statement of Financial Position 2020 – 2035

	2017	2018	2019	Base	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	30 June 34	30 June 35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>																			
Unrestricted cash and cash equivalents	2,096,415	1,826,239	1,986,809	24,323	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959
Restricted cash and cash equivalent	1,909,228	1,731,502	1,921,160	2,441,907	2,582,072	2,627,105	2,538,157	2,562,468	2,611,168	2,767,282	2,827,482	2,879,958	2,973,303	3,129,104	3,185,460	3,225,788	3,208,857	3,423,294	3,536,506
Trade and other receivables	156,701	144,909	130,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800
Inventories	187,603	125,216	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611
Other assets	0	0	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876
<b>TOTAL CURRENT ASSETS</b>	<b>4,349,947</b>	<b>3,827,866</b>	<b>4,173,256</b>	<b>2,717,517</b>	<b>2,854,318</b>	<b>2,899,351</b>	<b>2,810,403</b>	<b>2,834,714</b>	<b>2,883,414</b>	<b>3,039,528</b>	<b>3,099,728</b>	<b>3,152,204</b>	<b>3,245,549</b>	<b>3,401,350</b>	<b>3,457,706</b>	<b>3,498,034</b>	<b>3,481,103</b>	<b>3,695,540</b>	<b>3,808,752</b>
<b>NON-CURRENT ASSETS</b>																			
Financial assets	0	0	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933	30,933
Other receivables	25,005	14,545	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597	5,597
Property plant and equipment	25,317,632	24,732,817	24,169,921	23,614,868	23,359,412	23,152,032	23,079,008	22,928,242	22,759,966	22,493,870	22,334,526	22,229,163	22,085,017	21,889,422	21,816,797	21,687,018	21,494,260	21,244,947	21,127,525
Infrastructure	86,171,453	66,162,103	65,726,267	66,813,250	67,924,596	69,040,532	70,160,799	71,295,429	72,434,241	73,576,953	74,723,267	75,953,866	77,229,505	78,520,224	79,815,916	81,216,260	82,772,926	84,188,607	85,610,042
<b>TOTAL NON-CURRENT ASSETS</b>	<b>111,514,090</b>	<b>90,909,465</b>	<b>89,932,718</b>	<b>90,464,648</b>	<b>91,320,538</b>	<b>92,229,094</b>	<b>93,276,337</b>	<b>94,260,201</b>	<b>95,230,737</b>	<b>96,107,353</b>	<b>97,094,323</b>	<b>98,219,559</b>	<b>99,351,052</b>	<b>100,446,176</b>	<b>101,669,243</b>	<b>102,939,808</b>	<b>104,303,716</b>	<b>105,470,084</b>	<b>106,774,097</b>
<b>TOTAL ASSETS</b>	<b>115,864,037</b>	<b>94,737,331</b>	<b>94,105,974</b>	<b>93,182,165</b>	<b>94,174,856</b>	<b>95,128,445</b>	<b>96,086,740</b>	<b>97,094,915</b>	<b>98,114,151</b>	<b>99,146,881</b>	<b>100,194,051</b>	<b>101,371,763</b>	<b>102,596,601</b>	<b>103,847,526</b>	<b>105,126,949</b>	<b>106,437,842</b>	<b>107,784,819</b>	<b>109,165,624</b>	<b>110,582,849</b>
<b>CURRENT LIABILITIES</b>																			
Trade and other payables	578,024	384,702	289,012	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371	312,371
Contract liabilities	0	0	0	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)	(23,359)
Current portion of long-term liabilities	66,998	70,599	163,463	912,864	67,948	70,021	34,990	35,683	36,390	37,110	37,845	38,594	39,358	40,137	40,932	41,742	42,568	43,411	44,271
Provisions	203,734	249,539	209,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632	229,632
<b>TOTAL CURRENT LIABILITIES</b>	<b>848,756</b>	<b>704,840</b>	<b>662,107</b>	<b>1,431,508</b>	<b>586,592</b>	<b>588,665</b>	<b>553,634</b>	<b>554,327</b>	<b>555,034</b>	<b>555,754</b>	<b>556,489</b>	<b>557,238</b>	<b>558,002</b>	<b>558,781</b>	<b>559,576</b>	<b>560,386</b>	<b>561,212</b>	<b>562,055</b>	<b>562,915</b>
<b>NON-CURRENT LIABILITIES</b>																			
Long-term borrowings	234,062	163,463	0	0	769,072	699,051	664,061	628,378	591,988	554,878	517,033	478,439	439,081	398,944	358,012	316,270	273,702	230,291	186,020
Provisions	87,648	81,883	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902	91,902
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>321,710</b>	<b>245,346</b>	<b>91,902</b>	<b>91,902</b>	<b>860,974</b>	<b>790,953</b>	<b>755,963</b>	<b>720,280</b>	<b>683,890</b>	<b>646,780</b>	<b>608,935</b>	<b>570,341</b>	<b>530,983</b>	<b>490,846</b>	<b>449,914</b>	<b>408,172</b>	<b>365,604</b>	<b>322,193</b>	<b>277,922</b>
<b>TOTAL LIABILITIES</b>	<b>1,170,466</b>	<b>950,186</b>	<b>754,009</b>	<b>1,523,410</b>	<b>1,447,566</b>	<b>1,379,618</b>	<b>1,309,597</b>	<b>1,274,607</b>	<b>1,238,924</b>	<b>1,202,534</b>	<b>1,165,424</b>	<b>1,127,579</b>	<b>1,088,985</b>	<b>1,049,627</b>	<b>1,009,490</b>	<b>968,558</b>	<b>926,816</b>	<b>884,248</b>	<b>840,837</b>
<b>NET ASSETS</b>	<b>114,693,571</b>	<b>93,787,145</b>	<b>93,351,965</b>	<b>91,658,755</b>	<b>92,727,290</b>	<b>93,748,827</b>	<b>94,777,143</b>	<b>95,820,308</b>	<b>96,875,227</b>	<b>97,944,347</b>	<b>99,028,627</b>	<b>100,244,184</b>	<b>101,507,616</b>	<b>102,797,899</b>	<b>104,117,459</b>	<b>105,469,284</b>	<b>106,858,003</b>	<b>108,281,376</b>	<b>109,742,012</b>
<b>EQUITY</b>																			
Retained surplus	41,737,438	40,886,937	40,247,898	38,033,941	37,203,284	36,404,215	35,732,746	34,939,080	34,114,006	33,176,343	32,334,286	31,580,618	30,808,121	29,977,221	29,253,832	28,552,517	27,916,412	27,056,347	26,311,915
Reserves - cash backed	1,238,250	1,700,535	1,904,394	2,425,141	2,565,306	2,610,339	2,521,391	2,545,702	2,594,402	2,750,516	2,810,716	2,863,192	2,956,537	3,112,338	3,168,694	3,209,022	3,192,091	3,406,528	3,519,740
Asset revaluation surplus	71,717,883	51,199,673	51,199,673	51,199,673	52,958,700	54,734,273	56,523,006	58,335,526	60,166,819	62,017,488	63,883,625	65,800,374	67,742,958	69,708,340	71,694,933	73,707,745	75,749,500	77,818,501	79,910,357
<b>TOTAL EQUITY</b>	<b>114,693,571</b>	<b>93,787,145</b>	<b>93,351,965</b>	<b>91,658,755</b>	<b>92,727,290</b>	<b>93,748,827</b>	<b>94,777,143</b>	<b>95,820,308</b>	<b>96,875,227</b>	<b>97,944,347</b>	<b>99,028,627</b>	<b>100,244,184</b>	<b>101,507,616</b>	<b>102,797,899</b>	<b>104,117,459</b>	<b>105,469,284</b>	<b>106,858,003</b>	<b>108,281,376</b>	<b>109,742,012</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

## Appendix B5 – Forecast Statement of Changes in Equity 2020 – 2035

	2017	2018	2019	Base	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	30 June 34	30 June 35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>RETAINED SURPLUS</b>																			
Opening balance	40,294,245	41,737,438	40,886,937	40,247,898	38,033,941	37,203,284	36,404,215	35,732,746	34,939,080	34,114,006	33,176,343	32,334,286	31,580,618	30,808,121	29,977,221	29,253,832	28,552,517	27,916,412	27,056,347
Net result	1,443,193	(388,216)	(435,180)	(1,693,210)	(690,492)	(754,036)	(760,417)	(769,355)	(776,374)	(781,549)	(781,857)	(701,192)	(679,152)	(675,099)	(667,033)	(660,987)	(653,036)	(645,628)	(631,220)
Amount transferred (to)/from reserves		(462,285)	(203,859)	(520,747)	(140,165)	(45,033)	88,948	(24,311)	(48,700)	(156,114)	(60,200)	(52,476)	(93,345)	(155,801)	(56,356)	(40,328)	16,931	(214,437)	(113,212)
Closing balance	41,737,438	40,886,937	40,247,898	38,033,941	37,203,284	36,404,215	35,732,746	34,939,080	34,114,006	33,176,343	32,334,286	31,580,618	30,808,121	29,977,221	29,253,832	28,552,517	27,916,412	27,056,347	26,311,915
<b>RESERVES - CASH/INVESTMENT BACKED</b>																			
Opening balance	1,238,250	1,238,250	1,700,535	1,904,394	2,425,141	2,565,306	2,610,339	2,521,391	2,545,702	2,594,402	2,750,516	2,810,716	2,863,192	2,956,537	3,112,338	3,168,694	3,209,022	3,192,091	3,406,528
Amount transferred to/(from) retained surplus	0	462,285	203,859	520,747	140,165	45,033	(88,948)	24,311	48,700	156,114	60,200	52,476	93,345	155,801	56,356	40,328	(16,931)	214,437	113,212
Closing balance	1,238,250	1,700,535	1,904,394	2,425,141	2,565,306	2,610,339	2,521,391	2,545,702	2,594,402	2,750,516	2,810,716	2,863,192	2,956,537	3,112,338	3,168,694	3,209,022	3,192,091	3,406,528	3,519,740
<b>ASSET REVALUATION SURPLUS</b>																			
Opening balance	71,717,883	51,199,673	51,199,673	51,199,673	51,199,673	52,958,700	54,734,273	56,523,006	58,335,526	60,166,819	62,017,488	63,883,625	65,800,374	67,742,958	69,708,340	71,694,933	73,707,745	75,749,500	77,818,501
Total other comprehensive income	0	0	0	0	1,759,027	1,775,573	1,788,733	1,812,520	1,831,293	1,850,669	1,866,137	1,916,749	1,942,584	1,965,382	1,986,593	2,012,812	2,041,755	2,069,001	2,091,856
Closing balance	71,717,883	51,199,673	51,199,673	51,199,673	52,958,700	54,734,273	56,523,006	58,335,526	60,166,819	62,017,488	63,883,625	65,800,374	67,742,958	69,708,340	71,694,933	73,707,745	75,749,500	77,818,501	79,910,357
<b>TOTAL EQUITY</b>	114,693,571	93,787,145	93,351,965	91,658,755	92,727,290	93,748,827	94,777,143	95,820,308	96,875,227	97,944,347	99,028,627	100,244,184	101,507,616	102,797,899	104,117,459	105,469,284	106,858,003	108,281,376	109,742,012

## Appendix B6 – Forecast Statement of Cashflows 2020 – 2035

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash flows from operating activities</b>															
<b>Receipts</b>															
Rates	1,419,991	1,476,791	1,535,863	1,597,301	1,661,191	1,727,638	1,796,744	1,868,615	1,943,360	2,021,093	2,101,937	2,186,016	2,273,458	2,364,396	2,458,972
Operating grants, subsidies and contributions	2,474,104	2,523,587	2,574,059	2,625,541	2,678,052	2,731,613	2,786,245	2,841,970	2,898,811	2,956,789	3,015,925	3,076,243	3,137,767	3,200,521	3,264,532
Fees and charges	1,617,169	1,649,511	1,682,504	1,716,151	1,750,474	1,785,485	1,821,201	1,857,625	1,894,772	1,932,665	1,971,317	2,010,735	2,050,952	2,091,975	2,133,812
Interest earnings	49,325	52,062	52,962	51,183	51,668	52,643	55,765	56,968	58,018	59,886	63,002	64,131	64,935	64,598	68,886
Other revenue	141,030	143,853	146,730	149,664	152,658	155,709	158,825	162,001	165,240	168,548	171,921	175,362	178,870	182,446	186,097
	5,701,619	5,845,804	5,992,118	6,139,840	6,294,043	6,453,088	6,618,780	6,787,179	6,960,201	7,138,981	7,324,102	7,512,487	7,705,982	7,903,936	8,112,299
<b>Payments</b>															
Employee costs	(2,308,904)	(2,399,636)	(2,459,637)	(2,521,128)	(2,584,164)	(2,648,770)	(2,715,000)	(2,782,881)	(2,852,450)	(2,923,764)	(2,996,855)	(3,071,778)	(3,148,573)	(3,227,288)	(3,307,969)
Materials and contracts	(2,053,259)	(2,119,322)	(2,161,701)	(2,204,932)	(2,249,023)	(2,293,997)	(2,339,880)	(2,386,664)	(2,434,398)	(2,483,116)	(2,532,782)	(2,583,432)	(2,635,111)	(2,687,824)	(2,741,582)
Utility charges	(191,261)	(195,085)	(198,981)	(202,957)	(207,009)	(211,144)	(215,366)	(219,674)	(224,066)	(228,552)	(233,126)	(237,787)	(242,543)	(247,400)	(252,352)
Interest expenses	(19,744)	(17,443)	(15,370)	(13,600)	(12,907)	(12,201)	(11,480)	(10,746)	(9,997)	(9,233)	(8,453)	(7,659)	(6,848)	(6,022)	(5,179)
Insurance expenses	(159,422)	(162,609)	(165,861)	(169,175)	(172,560)	(176,008)	(179,531)	(183,125)	(186,786)	(190,522)	(194,329)	(198,217)	(202,180)	(206,225)	(210,348)
Other expenditure	(223,651)	(228,121)	(232,682)	(237,334)	(242,081)	(246,921)	(251,859)	(256,897)	(262,037)	(267,279)	(272,624)	(278,074)	(283,636)	(289,307)	(295,092)
	(4,956,241)	(5,122,216)	(5,234,232)	(5,349,126)	(5,467,744)	(5,589,041)	(5,713,116)	(5,839,987)	(5,969,734)	(6,102,466)	(6,238,169)	(6,376,947)	(6,518,891)	(6,664,066)	(6,812,522)
<b>Net cash provided by (used in) operating activities</b>	745,378	723,588	757,886	790,714	826,299	864,047	905,664	947,192	990,467	1,036,515	1,085,933	1,135,540	1,187,091	1,239,870	1,299,777
<b>Cash flows from investing activities</b>															
Payments for purchase of property, plant & equipment	(529,380)	(599,869)	(829,414)	(687,968)	(733,746)	(728,149)	(808,189)	(810,291)	(703,402)	(788,175)	(874,807)	(877,085)	(761,387)	(853,144)	(946,919)
Payments for construction of infrastructure	(656,796)	(656,796)	(656,796)	(667,098)	(667,304)	(667,514)	(667,729)	(748,947)	(789,633)	(799,861)	(800,093)	(900,330)	(1,050,571)	(900,817)	(901,068)
Proceeds from non-operating grants, subsidies and contributions	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463
Proceeds from sale of plant & equipment	202,980	195,595	258,934	173,190	208,671	273,657	217,101	251,904	184,044	296,217	234,997	272,672	199,215	320,633	254,370
<b>Net cash provided by (used in) investing activities</b>	(532,733)	(610,607)	(776,813)	(731,413)	(741,916)	(671,543)	(808,354)	(856,871)	(858,528)	(841,356)	(989,440)	(1,054,280)	(1,162,280)	(982,865)	(1,143,154)
<b>Cash flows from financing activities</b>															
Repayment of debentures	(75,844)	(67,948)	(70,021)	(34,990)	(35,683)	(36,390)	(37,110)	(37,845)	(38,594)	(39,358)	(40,137)	(40,932)	(41,742)	(42,568)	(43,411)
<b>Net cash provided by (used in) financing activities</b>	(75,844)	(67,948)	(70,021)	(34,990)	(35,683)	(36,390)	(37,110)	(37,845)	(38,594)	(39,358)	(40,137)	(40,932)	(41,742)	(42,568)	(43,411)
<b>Net increase (decrease) in cash held</b>	136,801	45,033	(88,948)	24,311	48,700	156,114	60,200	52,476	93,345	155,801	56,356	40,328	(16,931)	214,437	113,212
Cash at beginning of year	2,466,230	2,603,031	2,648,064	2,559,116	2,583,427	2,632,127	2,788,241	2,848,441	2,900,917	2,994,262	3,150,063	3,206,419	3,246,747	3,229,816	3,444,253
<b>Cash and cash equivalents at the end of year</b>	2,603,031	2,648,064	2,559,116	2,583,427	2,632,127	2,788,241	2,848,441	2,900,917	2,994,262	3,150,063	3,206,419	3,246,747	3,229,816	3,444,253	3,557,465

# Appendix B7 – Forecast Statement of Funding 2020 – 2035

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FUNDING FROM OPERATIONAL ACTIVITIES</b>															
<b>Revenues</b>															
Rates	1,419,991	1,476,791	1,535,863	1,597,301	1,661,191	1,727,638	1,796,744	1,868,615	1,943,360	2,021,093	2,101,937	2,186,016	2,273,458	2,364,396	2,458,972
Operating grants, subsidies and contributions	2,474,104	2,523,587	2,574,059	2,625,541	2,678,052	2,731,613	2,786,245	2,841,970	2,898,811	2,956,789	3,015,925	3,076,243	3,137,767	3,200,521	3,264,532
Fees and charges	1,617,169	1,649,511	1,682,504	1,716,151	1,750,474	1,785,485	1,821,201	1,857,625	1,894,772	1,932,665	1,971,317	2,010,735	2,050,952	2,091,975	2,133,812
Interest earnings	49,325	52,062	52,962	51,183	51,668	52,643	55,765	56,968	58,018	59,886	63,002	64,131	64,935	64,598	68,886
Other revenue	141,030	143,853	146,730	149,664	152,658	155,709	158,825	162,001	165,240	168,548	171,921	175,362	178,870	182,446	186,097
	5,701,619	5,845,804	5,992,118	6,139,840	6,294,043	6,453,088	6,618,780	6,787,179	6,960,201	7,138,981	7,324,102	7,512,487	7,705,982	7,903,936	8,112,299
<b>Expenses</b>															
Employee costs	(2,308,904)	(2,399,636)	(2,459,637)	(2,521,128)	(2,584,164)	(2,648,770)	(2,715,000)	(2,782,881)	(2,852,450)	(2,923,764)	(2,996,855)	(3,071,778)	(3,148,573)	(3,227,288)	(3,307,969)
Materials and contracts	(2,053,259)	(2,119,322)	(2,161,701)	(2,204,932)	(2,249,023)	(2,293,997)	(2,339,880)	(2,386,664)	(2,434,398)	(2,483,116)	(2,532,782)	(2,583,432)	(2,635,111)	(2,687,824)	(2,741,582)
Utility charges (electricity, gas, water etc.)	(191,261)	(195,085)	(198,981)	(202,957)	(207,009)	(211,144)	(215,366)	(219,674)	(224,066)	(228,552)	(233,126)	(237,787)	(242,543)	(247,400)	(252,352)
Depreciation on non-current assets	(1,886,333)	(1,928,087)	(1,968,766)	(2,010,532)	(2,053,136)	(2,096,059)	(2,137,984)	(2,098,847)	(2,120,082)	(2,162,077)	(2,203,429)	(2,246,990)	(2,290,590)	(2,335,961)	(2,381,460)
Interest expense	(19,744)	(17,443)	(15,370)	(13,600)	(12,907)	(12,201)	(11,480)	(10,746)	(9,997)	(9,233)	(8,453)	(7,659)	(6,848)	(6,022)	(5,179)
Insurance expense	(159,422)	(162,609)	(165,861)	(169,175)	(172,560)	(176,008)	(179,531)	(183,125)	(186,786)	(190,522)	(194,329)	(198,217)	(202,180)	(206,225)	(210,348)
Other expenditure	(223,651)	(228,121)	(232,682)	(237,334)	(242,081)	(246,921)	(251,859)	(256,897)	(262,037)	(267,279)	(272,624)	(278,074)	(283,636)	(289,307)	(295,092)
	(6,842,574)	(7,050,303)	(7,202,998)	(7,359,658)	(7,520,880)	(7,685,100)	(7,851,100)	(7,938,834)	(8,089,816)	(8,264,543)	(8,441,598)	(8,623,937)	(8,809,481)	(9,000,027)	(9,193,982)
	(1,140,955)	(1,204,499)	(1,210,880)	(1,219,818)	(1,226,837)	(1,232,012)	(1,232,320)	(1,151,655)	(1,129,615)	(1,125,562)	(1,117,496)	(1,111,450)	(1,103,499)	(1,096,091)	(1,081,683)
<b>Funding position adjustments</b>															
Depreciation on non-current assets	1,886,333	1,928,087	1,968,766	2,010,532	2,053,136	2,096,059	2,137,984	2,098,847	2,120,082	2,162,077	2,203,429	2,246,990	2,290,590	2,335,961	2,381,460
<b>Net funding from operational activities</b>	<b>745,378</b>	<b>723,588</b>	<b>757,886</b>	<b>790,714</b>	<b>826,299</b>	<b>864,047</b>	<b>905,664</b>	<b>947,192</b>	<b>990,467</b>	<b>1,036,515</b>	<b>1,085,933</b>	<b>1,135,540</b>	<b>1,187,091</b>	<b>1,239,870</b>	<b>1,299,777</b>
<b>FUNDING FROM CAPITAL ACTIVITIES</b>															
<b>Inflows</b>															
Proceeds on disposal	202,980	195,595	258,934	173,190	208,671	273,657	217,101	251,904	184,044	296,217	234,997	272,672	199,215	320,633	254,370
Non-operating grants, subsidies and contributions	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463
<b>Outflows</b>															
Purchase of property plant and equipment	(529,380)	(599,869)	(829,414)	(687,968)	(733,746)	(728,149)	(808,189)	(810,291)	(703,402)	(788,175)	(874,807)	(877,085)	(761,387)	(853,144)	(946,919)
Purchase of infrastructure	(656,796)	(656,796)	(656,796)	(667,098)	(667,304)	(667,514)	(667,729)	(748,947)	(789,633)	(799,861)	(800,093)	(900,330)	(1,050,571)	(900,817)	(901,068)
<b>Net funding from capital activities</b>	<b>(532,733)</b>	<b>(610,607)</b>	<b>(776,813)</b>	<b>(731,413)</b>	<b>(741,916)</b>	<b>(671,543)</b>	<b>(808,354)</b>	<b>(856,871)</b>	<b>(858,528)</b>	<b>(841,356)</b>	<b>(989,440)</b>	<b>(1,054,280)</b>	<b>(1,162,280)</b>	<b>(982,865)</b>	<b>(1,143,154)</b>
<b>FUNDING FROM FINANCING ACTIVITIES</b>															
<b>Inflows</b>															
Transfer from reserves	416,400	528,503	664,094	547,764	522,421	421,185	557,114	523,734	484,012	455,905	603,036	566,903	603,912	493,486	652,744
<b>Outflows</b>															
Transfer to reserves	(556,565)	(573,536)	(575,146)	(572,075)	(571,121)	(577,299)	(617,314)	(576,210)	(577,357)	(611,706)	(659,392)	(607,231)	(586,981)	(707,923)	(765,956)
Repayment of past borrowings	(75,844)	(67,948)	(70,021)	(34,990)	(35,683)	(36,390)	(37,110)	(37,845)	(38,594)	(39,358)	(40,137)	(40,932)	(41,742)	(42,568)	(43,411)
<b>Net funding from financing activities</b>	<b>(216,009)</b>	<b>(112,981)</b>	<b>18,927</b>	<b>(59,301)</b>	<b>(84,383)</b>	<b>(192,504)</b>	<b>(97,310)</b>	<b>(90,321)</b>	<b>(131,939)</b>	<b>(195,159)</b>	<b>(96,493)</b>	<b>(81,260)</b>	<b>(24,811)</b>	<b>(257,005)</b>	<b>(156,623)</b>
Estimated surplus/deficit July 1 B/Fwd	3,364	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Estimated surplus/deficit June 30 C/Fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>											

## Appendix B8 – Forecast Statement of Net Current Asset Composition 2020 – 2035

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Estimated surplus/deficit July 1 B/Fwd</b>	3,364	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CURRENT ASSETS</b>															
Unrestricted cash and equivalents	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959	20,959
Restricted cash and cash equivalent	2,582,072	2,627,105	2,538,157	2,562,468	2,611,168	2,767,282	2,827,482	2,879,958	2,973,303	3,129,104	3,185,460	3,225,788	3,208,857	3,423,294	3,536,506
Financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800	116,800
Inventories	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611	129,611
Other assets	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876	4,876
<b>CURRENT LIABILITIES</b>															
Trade and other payables	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)	(312,371)
Contract liabilities	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359	23,359
Reserves	(2,565,306)	(2,610,339)	(2,521,391)	(2,545,702)	(2,594,402)	(2,750,516)	(2,810,716)	(2,863,192)	(2,956,537)	(3,112,338)	(3,168,694)	(3,209,022)	(3,192,091)	(3,406,528)	(3,519,740)
<b>Estimated surplus/deficit June 30 C/Fwd</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Appendix B9 – Forecast Statement of Fixed Asset Movements 2020 – 2035

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CAPITAL WORKS - INFRASTRUCTURE</b>															
Infrastructure - roads other	656,796	656,796	656,796	656,796	656,796	656,796	656,796	737,796	778,259	788,259	788,259	888,259	888,259	888,259	888,259
Infrastructure - drainage	0	0	0	0	0	0	0	0	0	0	0	0	150,000	0	0
Infrastructure - streetscapes	0	0	0	10,302	10,508	10,718	10,933	11,151	11,374	11,602	11,834	12,071	12,312	12,558	12,809
<b>Total capital works - infrastructure</b>	<b>656,796</b>	<b>656,796</b>	<b>656,796</b>	<b>667,098</b>	<b>667,304</b>	<b>667,514</b>	<b>667,729</b>	<b>748,947</b>	<b>789,633</b>	<b>799,861</b>	<b>800,093</b>	<b>900,330</b>	<b>1,050,571</b>	<b>900,817</b>	<b>901,068</b>
<b>Represented by:</b>															
Additions - renewal	656,796	656,796	656,796	667,098	667,304	667,514	667,729	748,947	789,633	799,861	800,093	900,330	1,050,571	900,817	901,068
<b>Total Capital Works - Infrastructure</b>	<b>656,796</b>	<b>656,796</b>	<b>656,796</b>	<b>667,098</b>	<b>667,304</b>	<b>667,514</b>	<b>667,729</b>	<b>748,947</b>	<b>789,633</b>	<b>799,861</b>	<b>800,093</b>	<b>900,330</b>	<b>1,050,571</b>	<b>900,817</b>	<b>901,068</b>
<b>Asset movement reconciliation</b>															
Total capital works infrastructure	656,796	656,796	656,796	667,098	667,304	667,514	667,729	748,947	789,633	799,861	800,093	900,330	1,050,571	900,817	901,068
Depreciation infrastructure	(881,716)	(899,350)	(917,338)	(935,684)	(954,399)	(973,487)	(992,956)	(1,012,815)	(1,033,071)	(1,053,733)	(1,074,807)	(1,096,303)	(1,118,230)	(1,140,594)	(1,163,406)
Revaluation of infrastructure assets (inflation)	1,336,266	1,358,490	1,380,809	1,403,216	1,425,907	1,448,685	1,471,541	1,494,467	1,519,077	1,544,591	1,570,406	1,596,317	1,624,325	1,655,458	1,683,773
<b>Net movement in infrastructure assets</b>	<b>1,111,346</b>	<b>1,115,936</b>	<b>1,120,267</b>	<b>1,134,630</b>	<b>1,138,812</b>	<b>1,142,712</b>	<b>1,146,314</b>	<b>1,230,599</b>	<b>1,275,639</b>	<b>1,290,719</b>	<b>1,295,692</b>	<b>1,400,344</b>	<b>1,556,666</b>	<b>1,415,681</b>	<b>1,421,435</b>
<b>CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT</b>															
Furniture and equipment	0	30,771	31,386	32,014	32,654	33,307	33,974	34,653	35,346	36,053	36,774	37,510	38,260	39,025	39,805
Plant and equipment	529,380	569,098	798,028	655,954	701,092	694,842	774,215	775,638	668,056	752,122	838,033	839,575	723,127	814,119	907,114
<b>Total capital works property, plant and equipment</b>	<b>529,380</b>	<b>599,869</b>	<b>829,414</b>	<b>687,968</b>	<b>733,746</b>	<b>728,149</b>	<b>808,189</b>	<b>810,291</b>	<b>703,402</b>	<b>788,175</b>	<b>874,807</b>	<b>877,085</b>	<b>761,387</b>	<b>853,144</b>	<b>946,919</b>
<b>Represented by:</b>															
Additions - renewal	529,380	599,869	829,414	687,968	733,746	728,149	808,189	810,291	703,402	788,175	874,807	877,085	761,387	853,144	946,919
<b>Total capital works property, plant and equipment</b>	<b>529,380</b>	<b>599,869</b>	<b>829,414</b>	<b>687,968</b>	<b>733,746</b>	<b>728,149</b>	<b>808,189</b>	<b>810,291</b>	<b>703,402</b>	<b>788,175</b>	<b>874,807</b>	<b>877,085</b>	<b>761,387</b>	<b>853,144</b>	<b>946,919</b>
<b>Asset movement reconciliation</b>															
Total capital works property, plant and equipment	529,380	599,869	829,414	687,968	733,746	728,149	808,189	810,291	703,402	788,175	874,807	877,085	761,387	853,144	946,919
Depreciation property, plant and equipment	(1,004,617)	(1,028,737)	(1,051,428)	(1,074,848)	(1,098,737)	(1,122,572)	(1,145,028)	(1,086,032)	(1,087,011)	(1,108,344)	(1,128,622)	(1,150,687)	(1,172,360)	(1,195,367)	(1,218,054)
Net book value of disposed/written off assets	(202,980)	(195,595)	(258,934)	(173,190)	(208,671)	(273,657)	(217,101)	(251,904)	(184,044)	(296,217)	(234,997)	(272,672)	(199,215)	(320,633)	(254,370)
Revaluation of property, plant and equipment (inflation)	422,761	417,083	407,924	409,304	405,386	401,984	394,596	422,282	423,507	420,791	416,187	416,495	417,430	413,543	408,083
<b>Net movement in property, plant and equipment</b>	<b>(255,456)</b>	<b>(207,380)</b>	<b>(73,024)</b>	<b>(150,766)</b>	<b>(168,276)</b>	<b>(266,096)</b>	<b>(159,344)</b>	<b>(105,363)</b>	<b>(144,146)</b>	<b>(195,595)</b>	<b>(72,625)</b>	<b>(129,779)</b>	<b>(192,758)</b>	<b>(249,313)</b>	<b>(117,422)</b>
<b>CAPITAL WORKS - TOTALS</b>															
<b>Capital works</b>															
Total capital works infrastructure	656,796	656,796	656,796	667,098	667,304	667,514	667,729	748,947	789,633	799,861	800,093	900,330	1,050,571	900,817	901,068
Total capital works property, plant and equipment	529,380	599,869	829,414	687,968	733,746	728,149	808,189	810,291	703,402	788,175	874,807	877,085	761,387	853,144	946,919
Total capital works right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total capital works</b>	<b>1,186,176</b>	<b>1,256,665</b>	<b>1,486,210</b>	<b>1,355,066</b>	<b>1,401,050</b>	<b>1,395,663</b>	<b>1,475,918</b>	<b>1,559,238</b>	<b>1,493,035</b>	<b>1,588,036</b>	<b>1,674,900</b>	<b>1,777,415</b>	<b>1,811,958</b>	<b>1,753,961</b>	<b>1,847,987</b>
<b>Fixed asset movement</b>															
Net movement in infrastructure assets	1,111,346	1,115,936	1,120,267	1,134,630	1,138,812	1,142,712	1,146,314	1,230,599	1,275,639	1,290,719	1,295,692	1,400,344	1,556,666	1,415,681	1,421,435
Net movement in property, plant and equipment	(255,456)	(207,380)	(73,024)	(150,766)	(168,276)	(266,096)	(159,344)	(105,363)	(144,146)	(195,595)	(72,625)	(129,779)	(192,758)	(249,313)	(117,422)
Net movement in right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net movement in fixed assets</b>	<b>855,890</b>	<b>908,556</b>	<b>1,047,243</b>	<b>983,864</b>	<b>970,536</b>	<b>876,616</b>	<b>986,970</b>	<b>1,125,236</b>	<b>1,131,493</b>	<b>1,095,124</b>	<b>1,223,067</b>	<b>1,270,565</b>	<b>1,363,908</b>	<b>1,166,368</b>	<b>1,304,013</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

## Appendix B10 – Forecast Statement of Capital Funding 2020 – 2035

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Capital expenditure</b>															
Infrastructure - roads other	656,796	656,796	656,796	656,796	656,796	656,796	656,796	737,796	778,259	788,259	788,259	888,259	888,259	888,259	888,259
Infrastructure - drainage	0	0	0	0	0	0	0	0	0	0	0	0	150,000	0	0
Infrastructure - streetscapes	0	0	0	10,302	10,508	10,718	10,933	11,151	11,374	11,602	11,834	12,071	12,312	12,558	12,809
Furniture and equipment	0	30,771	31,386	32,014	32,654	33,307	33,974	34,653	35,346	36,053	36,774	37,510	38,260	39,025	39,805
Plant and equipment	529,380	569,098	798,028	655,954	701,092	694,842	774,215	775,638	668,056	752,122	838,033	839,575	723,127	814,119	907,114
<b>Total - Capital expenditure</b>	<b>1,186,176</b>	<b>1,256,665</b>	<b>1,486,210</b>	<b>1,355,066</b>	<b>1,401,050</b>	<b>1,395,663</b>	<b>1,475,918</b>	<b>1,559,238</b>	<b>1,493,035</b>	<b>1,588,036</b>	<b>1,674,900</b>	<b>1,777,415</b>	<b>1,811,958</b>	<b>1,753,961</b>	<b>1,847,987</b>
<b>Funded by:</b>															
<b>Capital grants &amp; contributions</b>															
Infrastructure - roads other	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463	450,463
<b>Total - Capital grants &amp; contributions</b>	<b>450,463</b>														
<b>Own source funding</b>															
Infrastructure - roads other	206,333	206,333	206,333	206,333	206,333	206,333	206,333	287,333	327,796	337,796	337,796	437,796	437,796	437,796	437,796
Infrastructure - drainage	0	0	0	0	0	0	0	0	0	0	0	0	150,000	0	0
Infrastructure - streetscapes	0	0	0	10,302	10,508	10,718	10,933	11,151	11,374	11,602	11,834	12,071	12,312	12,558	12,809
Furniture and equipment	0	30,771	31,386	32,014	32,654	33,307	33,974	34,653	35,346	36,053	36,774	37,510	38,260	39,025	39,805
Plant and equipment	326,400	373,503	539,094	482,764	492,421	421,185	557,114	523,734	484,012	455,905	603,036	566,903	523,912	493,486	652,744
<b>Total - Own source funding</b>	<b>532,733</b>	<b>610,607</b>	<b>776,813</b>	<b>731,413</b>	<b>741,916</b>	<b>671,543</b>	<b>808,354</b>	<b>856,871</b>	<b>858,528</b>	<b>841,356</b>	<b>989,440</b>	<b>1,054,280</b>	<b>1,162,280</b>	<b>982,865</b>	<b>1,143,154</b>
<b>Borrowings</b>															
<b>Total - Borrowings</b>	<b>0</b>														
<b>Other (disposals &amp; C/Fwd)</b>															
Plant and equipment	202,980	195,595	258,934	173,190	208,671	273,657	217,101	251,904	184,044	296,217	234,997	272,672	199,215	320,633	254,370
<b>Total - Other (disposals &amp; C/Fwd)</b>	<b>202,980</b>	<b>195,595</b>	<b>258,934</b>	<b>173,190</b>	<b>208,671</b>	<b>273,657</b>	<b>217,101</b>	<b>251,904</b>	<b>184,044</b>	<b>296,217</b>	<b>234,997</b>	<b>272,672</b>	<b>199,215</b>	<b>320,633</b>	<b>254,370</b>
<b>Total Capital Funding</b>	<b>1,186,176</b>	<b>1,256,665</b>	<b>1,486,210</b>	<b>1,355,066</b>	<b>1,401,050</b>	<b>1,395,663</b>	<b>1,475,918</b>	<b>1,559,238</b>	<b>1,493,035</b>	<b>1,588,036</b>	<b>1,674,900</b>	<b>1,777,415</b>	<b>1,811,958</b>	<b>1,753,961</b>	<b>1,847,987</b>

# Appendix B11 – Forecast Ratios 2020 – 2035

	Target Range		Average	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	2033-34	2034-35
<b>LIQUIDITY RATIOS</b>																		
Current ratio	> 1.00	> 1.20	0.76	0.66	0.67	0.73	0.74	0.75	0.75	0.76	0.77	0.77	0.78	0.79	0.80	0.81	0.81	0.82
<b>OPERATING RATIOS</b>																		
Operating surplus ratio	> 1.00%	> 15.00%	(29.71%)	(35.35%)	(36.26%)	(35.43%)	(34.71%)	(33.93%)	(33.11%)	(32.15%)	(29.19%)	(27.81%)	(26.91%)	(25.94%)	(25.05%)	(24.16%)	(23.30%)	(22.31%)
Own source revenue coverage ratio	> 40.00%	> 60.00%	49.64%	47.17%	47.12%	47.45%	47.75%	48.08%	48.42%	48.82%	49.70%	50.20%	50.60%	51.04%	51.44%	51.86%	52.26%	52.73%
<b>BORROWINGS RATIOS</b>																		
Debt service cover ratio	> 3	> 5	18.76	8.00	8.68	9.06	16.55	17.27	18.03	18.88	19.71	20.59	21.52	22.52	23.53	24.57	25.64	26.86
<b>FIXED ASSET RATIOS</b>																		
Asset sustainability ratio	> 90.00%	> 110.00%	71.99%	62.88%	65.18%	75.49%	67.40%	68.24%	66.59%	69.03%	74.29%	70.42%	73.45%	76.01%	79.10%	79.10%	75.09%	77.60%
Asset consumption ratio	> 50.00%	> 60.00%	89.09%	94.71%	93.77%	93.00%	92.15%	91.30%	90.35%	89.54%	88.82%	88.11%	87.35%	86.71%	86.08%	85.53%	84.81%	84.19%
Asset renewal funding ratio	> 75.00%	> 95.00%	97.67%	112.86%	105.38%	82.28%	82.49%	105.33%	N/A									

# Appendix B12 – Asset Renewals 2020 – 2035

## Required Asset Renewals

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Buildings - non-specialised	0	0	5,406	0	132,967	0	27,598	54,708	0	29,717	99,805	4,051,639	0	0	2,146,149
Furniture and equipment	12,927	14,353	13,449	42,480	13,993	14,272	15,847	14,849	1,310,022	15,449	15,758	17,496	16,395	51,783	17,057
Plant and equipment	20,206	110,812	99,391	389,672	776,805	22,309	22,756	126,287	191,104	367,966	874,809	40,000	25,626	159,379	114,520
Heritage assets	45,865	46,782	47,718	48,672	49,646	50,638	51,651	52,684	53,738	54,813	55,909	57,027	58,168	59,331	60,518
Infrastructure - roads other	0	0	0	3,398,689	0	0	0	0	624,262	0	244,049	687,238	0	0	0
Infrastructure - roads town	0	0	0	23,499	0	23,515	0	44,512	161,080	15,768	16,340	8,717	10,205	48,421	197,948
Infrastructure - footpaths	0	0	0	0	0	0	0	88,699	0	0	0	0	25,123	0	0
Infrastructure - drainage	231	235	240	245	250	255	260	265	270	276	281	287	13,768	298	304
Infrastructure - streetscapes	11,557	11,788	12,024	12,264	12,510	12,760	13,015	13,275	13,541	13,812	14,088	14,370	14,657	14,950	15,249
Infrastructure - public facilities	343,538	350,409	357,417	364,566	371,857	379,294	386,880	394,617	402,510	410,560	418,771	427,147	435,690	444,403	453,291
<b>Total</b>	<b>434,324</b>	<b>534,379</b>	<b>535,645</b>	<b>4,280,087</b>	<b>1,358,026</b>	<b>503,044</b>	<b>518,006</b>	<b>789,897</b>	<b>2,756,527</b>	<b>908,360</b>	<b>1,739,811</b>	<b>5,303,920</b>	<b>599,632</b>	<b>778,566</b>	<b>3,005,036</b>

## Planned Asset Renewals

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Furniture and equipment	0	30,771	31,386	32,014	32,654	33,307	33,974	34,653	35,346	36,053	36,774	37,510	38,260	39,025	39,805
Plant and equipment	529,380	569,098	798,028	655,954	701,092	694,842	774,215	775,638	668,056	752,122	838,033	839,575	723,127	814,119	907,114
Infrastructure - roads other	656,796	656,796	656,796	656,796	656,796	656,796	656,796	737,796	778,259	788,259	788,259	888,259	888,259	888,259	888,259
Infrastructure - drainage	0	0	0	0	0	0	0	0	0	0	0	0	150,000	0	0
Infrastructure - streetscapes	0	0	0	10,302	10,508	10,718	10,933	11,151	11,374	11,602	11,834	12,071	12,312	12,558	12,809
<b>Total</b>	<b>1,186,176</b>	<b>1,256,665</b>	<b>1,486,210</b>	<b>1,355,066</b>	<b>1,401,050</b>	<b>1,395,663</b>	<b>1,475,918</b>	<b>1,559,238</b>	<b>1,493,035</b>	<b>1,588,036</b>	<b>1,674,900</b>	<b>1,777,415</b>	<b>1,811,958</b>	<b>1,753,961</b>	<b>1,847,987</b>

## Asset Renewal Funding Surplus (Deficit)

	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	2033-34	2034-35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Buildings - non-specialised	0	0	(5,406)	0	(132,967)	0	(27,598)	(54,708)	0	(29,717)	(99,805)	(4,051,639)	0	0	(2,146,149)
Furniture and equipment	(12,927)	16,418	17,937	(10,466)	18,661	19,035	18,127	19,804	(1,274,676)	20,604	21,016	20,014	21,865	(12,758)	22,748
Plant and equipment	509,174	458,286	698,637	266,282	(75,713)	672,533	751,459	649,351	476,952	384,156	(36,776)	799,575	697,501	654,740	792,594
Heritage assets	(45,865)	(46,782)	(47,718)	(48,672)	(49,646)	(50,638)	(51,651)	(52,684)	(53,738)	(54,813)	(55,909)	(57,027)	(58,168)	(59,331)	(60,518)
Infrastructure - roads other	656,796	656,796	656,796	(2,741,893)	656,796	656,796	656,796	737,796	153,997	788,259	544,210	201,021	888,259	888,259	888,259
Infrastructure - roads town	0	0	0	(23,499)	0	(23,515)	0	(44,512)	(161,080)	(15,768)	(16,340)	(8,717)	(10,205)	(48,421)	(197,948)
Infrastructure - footpaths	0	0	0	0	0	0	0	(88,699)	0	0	0	0	(25,123)	0	0
Infrastructure - drainage	(231)	(235)	(240)	(245)	(250)	(255)	(260)	(265)	(270)	(276)	(281)	(287)	136,232	(298)	(304)
Infrastructure - streetscapes	(11,557)	(11,788)	(12,024)	(1,962)	(2,002)	(2,042)	(2,082)	(2,124)	(2,167)	(2,210)	(2,254)	(2,299)	(2,345)	(2,392)	(2,440)
Infrastructure - public facilities	(343,538)	(350,409)	(357,417)	(364,566)	(371,857)	(379,294)	(386,880)	(394,617)	(402,510)	(410,560)	(418,771)	(427,147)	(435,690)	(444,403)	(453,291)
<b>Total</b>	<b>751,852</b>	<b>722,286</b>	<b>950,565</b>	<b>(2,925,021)</b>	<b>43,024</b>	<b>892,619</b>	<b>957,912</b>	<b>769,341</b>	<b>(1,263,492)</b>	<b>679,676</b>	<b>(64,911)</b>	<b>(3,526,505)</b>	<b>1,212,326</b>	<b>975,395</b>	<b>(1,157,049)</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

# Appendix B13 – 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) and Interpretation of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this Plan. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Accounting policies which have been adopted in the preparation of this Plan have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has 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.

## 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.

## Rounding Off Figures

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

## Comparative Figures

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

## 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 B13 – Forecast significant accounting policies (Continued)

## Rates, Grants, Donations and Other Contributions

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

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

## Goods and Services Tax (GST)

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

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

## Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

## Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits 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.

## 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.

# Appendix B13 – Forecast Significant Accounting Policies (continued)

## 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.

## 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.

# Appendix B13 – Forecast Significant Accounting Policies (continued)

## Fixed Assets (Continued)

### 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
Furniture and equipment	10.51%
Buildings	2.96%
Plant and equipment	7.41%
Heritage assets	3.57%
Infrastructure - roads other	0.82%
Infrastructure - roads town	1.09%
Infrastructure - footpaths	1.09%
Infrastructure - drainage	0.77%
Infrastructure - streetscapes	4.76%
Infrastructure - public facilities	5.72%

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.

## 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.

## 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.

# Appendix B13 – Forecast Significant Accounting Policies (continued)

## 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***

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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 of 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 remeasurements 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.

## Borrowing Costs

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

## Provisions

Provisions are recognised when the 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.

## 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.

## 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.

## Appendix C1 – Glossary (continued)

### 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.

### 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.

# Appendix C1 – Glossary (continued)

## Section or Segment

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

## Service Potential

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

## Service Potential Remaining

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

## Specific Maintenance

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

## Sub-Component

Smaller individual parts that make up a component part.

## Useful Life

May be expressed as either:

- (a) The period over which a depreciable asset is expected to be used; or
- (b) The number of production or similar units (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 Stephen'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.

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## Document Management

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