



# SHIRE OF SANDSTONE

## Strategic Resource Plan

2017 - 2032

(Incorporating Asset Management Planning and  
Long Term Financial Planning)

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## 1.0 Foreword

We are pleased to present to the community the Shire of Sandstone Strategic Resource Plan for 2017 - 2032.

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

The Shire will encounter many challenges and opportunities over the next 15 years. Changes in population levels and demographics bring with them changing community needs and expectations. The Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

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 Sandstone's Strategic Resource Plan is an important planning tool as we strive to achieve the strategies set out in the Shire of Sandstone Strategic Community Plan 2017-2027.

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 "A welcoming and friendly community recognising our rich heritage and embracing economic opportunity, whilst nurturing our natural and built environment".

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

**Beth Walton**  
Shire President

**Harry Hawkins**  
Chief Executive Officer

## 2.0 Planning Overview

### 2.1 Planning for a Sustainable and Stable Future

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

### 2.2 Planning Process

Based on the 2016 audited Annual Financial Report and 2016-17 Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

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

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

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

### 2.3 Critical Assets

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

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

- Depot;
- Shire Administration Building; and
- Regional and Local Distributor Roads.

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

## 3.0 Strategic Overview

### 3.1 Forecast Significant Events

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

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

### 3.2 Asset Management Strategy

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

### 3.3 Financial Management Strategy

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

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

Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/(Deficit) \$
2017-18	889,595	3,964,357	(3,074,762)
2018-19	2,673,467	2,673,484	(17)
2019-20	2,951,695	2,130,722	820,973
2020-21	2,362,154	3,097,121	(734,967)
2021-22	2,447,008	2,676,039	(229,031)
2022-23	2,613,308	1,060,689	1,552,619
2023-24	2,561,428	2,174,681	386,747
2024-25	2,812,320	2,961,908	(149,588)
2025-26	2,669,844	2,406,077	263,767
2026-27	2,972,817	2,276,627	696,190
2027-28	2,920,227	5,304,798	(2,384,571)
2028-29	2,693,314	2,772,235	(78,921)
2029-30	2,909,079	5,841,664	(2,932,585)
2030-31	2,697,121	4,078,137	(1,381,016)
2031-32	3,125,233	2,111,831	1,013,402
<b>Total</b>	<b>39,298,610</b>	<b>45,530,369</b>	<b>(6,231,759)</b>

## 3.0 Strategic Overview (Continued)

### 3.3 Financial Management Strategy (Continued)

No borrowings are outstanding at the commencement of the Plan and no new borrowings have been included within the Plan. This permits the Shire to respond to sudden or unexpected expenditure requirements or the loss of planned external grant contributions. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of cash backed reserves to save for significant future asset renewal spikes.

### 3.4 Key Assumptions

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

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

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

## 4.0 Community Profile, Vision and Objectives

### 4.1 Community

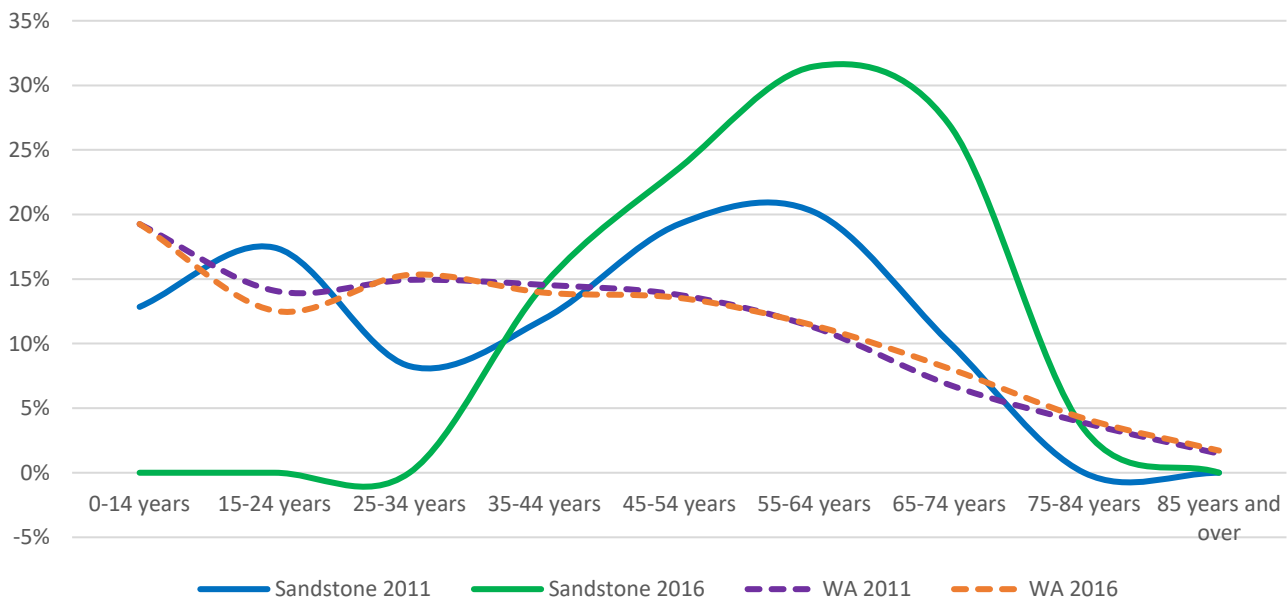
Sandstone is a rural community located in the heart of the spectacular Murchison District, 742 km north-east of Perth in Western Australia. The Shire of Sandstone covers 32,605 square kilometres. In 2016, the Shire of Sandstone's population on the night of the census was 89<sup>1</sup>, with no significant variation forecast.

Sandstone as a townsite was established in the early 1900's and rapidly grew to a population of 8000 due to a gold mining boom. However, by 1919 only 200 people remained, Sandstone was able to survive as a centre for the region's growing pastoral industry. In more recent times, gold-mining has re-emerged as Sandstone's principal industry.

The Shire has retained a number of heritage assets which draw many tourists, these include the old police station, Sandstone Heritage Museum, National Hotel, primary school – originally the Warden's Court, Black Range Chapel and a historic miner's cottage. The Shire continues to maintain a number of assets to service the community and visitors. The town is currently home to a nursing post, tea rooms, post office, Shire administration office, visitor information centre, hotel, onsite accommodation and caravan park.

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

When compared to the State population average, the Shire has a lower percentage of residents under 54 than the State average with no residents under 24 years. The Shire also has a higher percentage of the population over 55 years of age than the average State percentage, with a significant increase in the percentage of the population aged between 55 to 74 between the 2011 and 2016 census. This may be due to the combination of long term residents remaining in the Shire and people of this age group choosing to settle in the area for the lifestyle. Consideration of the service and infrastructure requirements of this ageing population is important when planning for the future.



When comparing the Shire's demographic to Western Australia (reflected by the dotted orange and purple lines), the Shire has a lower proportion of residents in the 0-44 year old age bracket. There is currently no local education facilities operating, with the 2016 census indicating there are no residents under 35 years. The percentage of the resident population from 45 to 84 years is noticeably higher than the State average with the percentage over 55 increasing from 2011 to 2016 by 28%.

<sup>1</sup> Australian Bureau of Statistics, Sandstone (S) (LGA57630) 2016 Census of Population and Housing, viewed 12 July 2017

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

### 4.3 Vision

The Shire's strategic vision:

*“A welcoming and friendly community recognising our rich heritage  
and embracing economic opportunity,  
whilst nurturing our natural and built environment”*

### 4.4 Strategic Objectives

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

- **Economic:** A prosperous, diverse and thriving local economy;
- **Environment:** A natural and built environment, recognising our heritage for the benefit of present and future generations;
- **Social:** A safe, welcoming and resilient community; and
- **Leadership:** Strong governance and leadership.



## 5.0 Key Current Information

### 5.1 Key Statistics: Shire of Sandstone 2016<sup>2</sup>

Number of Elected Members	6
Number of Employees	14
Number of Electors	70
Number of Dwellings	78
Distance from Perth (km)	724
Area (sq km) <sup>3</sup>	32,605
Population (Est.) <sup>3</sup>	89

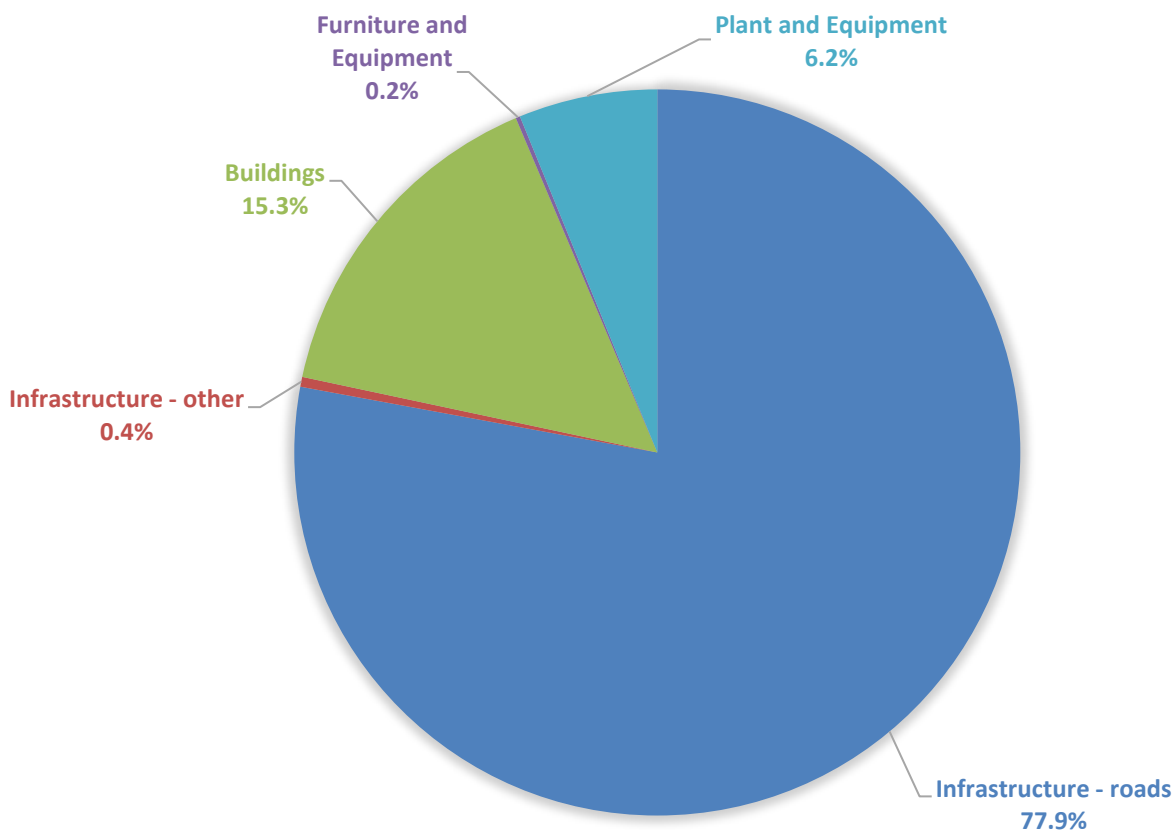
### 5.2 Key Financial Information 2015-16<sup>4</sup>

Rates Revenue	\$981,003
Fees and Charges	\$211,318
Operating Revenue	\$4,917,706
Operating Expenditure	\$6,406,385
Net Assets	\$49,089,272
Cash Backed Reserves	\$5,064,017
Long Term Borrowings	\$0

### 5.3 Key Asset Information

The Shire controls an asset network with a written down value of over \$49m, of which Roads and Buildings constitute the largest component value as reflected in the chart below.

#### 5.3.1 Asset Value by Class: Shire of Sandstone 2016 (\$49m)<sup>4</sup>



<sup>2</sup> WALGA Online Local Government Director 2016/2017, Shire of Sandstone

<sup>4</sup> Shire of Sandstone, Audited Annual Financial Report 2015-16

<sup>3</sup> Australian Bureau of Statistics, Sandstone (S) (LGA57630) 2016 Census of Population and Housing, viewed 12 July 2017

# 6.0 Strategic Planning and Policies

## 6.1 Linkage with Other Plans

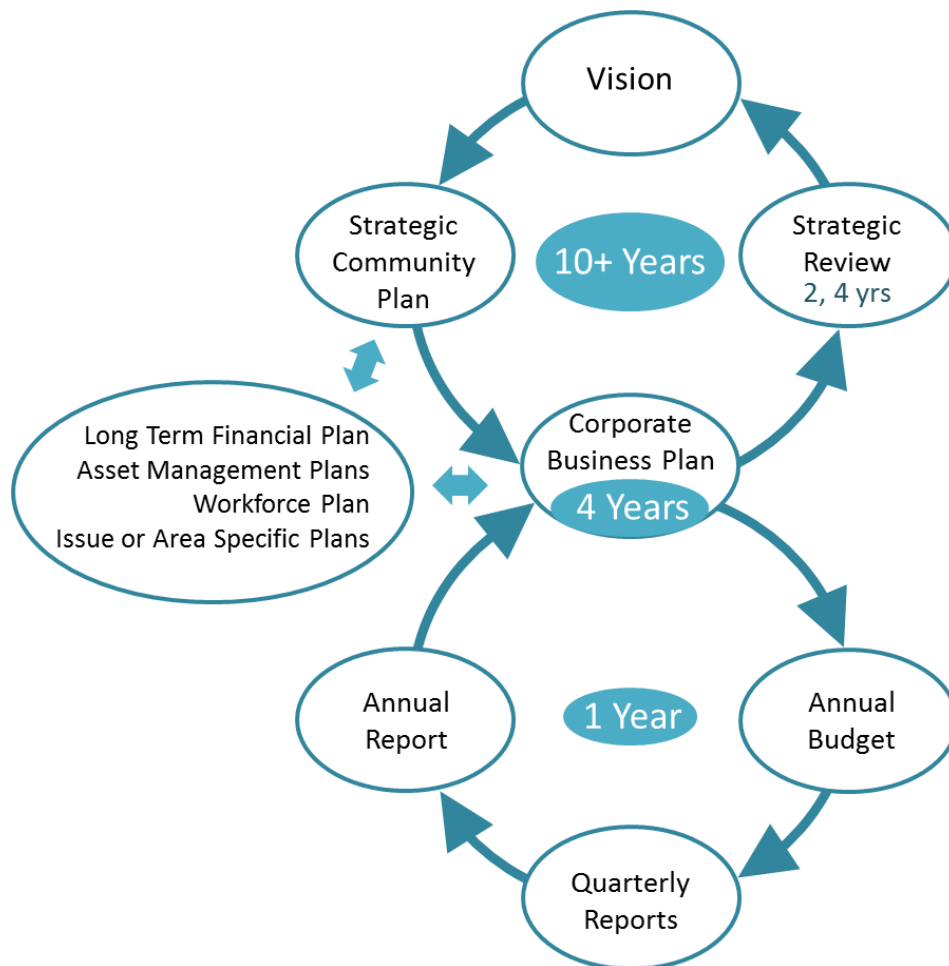
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other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

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

## 6.2 Strategic Documents Linkage

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

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



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

## 6.0 Strategic Planning and Policies (Continued)

### 6.3 Strategic Community Plan

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

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

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

### 6.4 Corporate Business Plan

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

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

### 6.5 Workforce and Other Strategic Plans

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

### 6.6 Asset Management Policy

The purpose of an asset management policy is to:

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

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

### 6.7 Asset Management Strategy

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

### 6.8 Borrowing Policy

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

## 7.0 Operations Overview

### 7.1 Operations

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

The Shire is reliant on receiving more than \$59.9m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. A steady increase in operating revenue and expenditure is forecast over the 15 years of the Plan. Fluctuations to the level of non-operating grants and contributions received, produce changes to the net result.

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



### 7.2 Rates Revenue

Rate revenue is forecast to increase by 2.5% (CPI 2% + 0.5%) over the term of the Plan. These increases are to assist in the long term financial stability of the Shire and to maintain the level of service to the community in the face of forecast reductions in external grants and contributions. Rates are expected to generate \$1.04m in 2017-18 increasing to \$1.47m in 2031-32.

### 7.3 Non-Operating Grants and Contributions

Non-operating grants and contributions fluctuate throughout the life of the Plan, dropping to a low in 2018-19 with the forecast to increase at a steady rate from year four, for the remainder of the Plan.

### 7.4 Operating Grants and Contributions

Operating grants, subsidies and contributions fluctuates during the first two years of the Plan due to the Federal Government paying half of the 2017/18 Financial Assistance Grant allocation to local governments in advance within the 2016/17 financial year, resulting in a low level of operating grants in 2017/18. Grants are expected to return to normal scheduling in 2018/19 onwards.

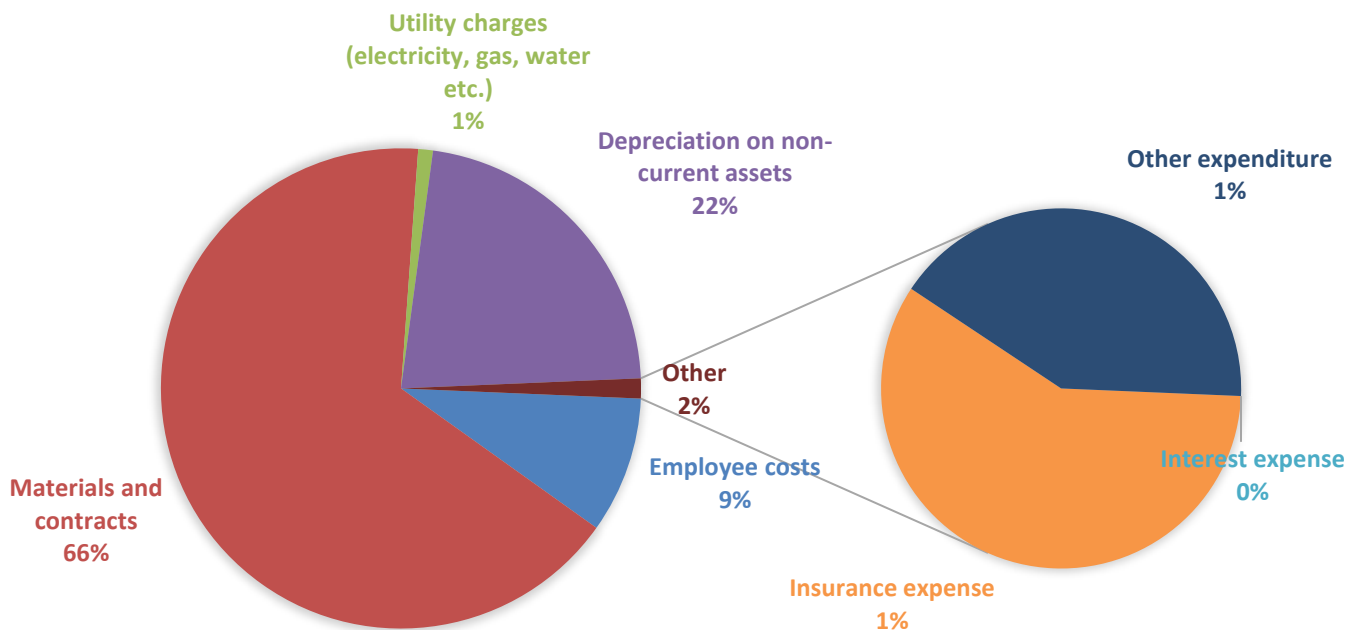
In February 2017 flooding caused large segments of roads within the Shire to be substantially damaged, resulting in repairs of \$6.6m. As the repairs are to be funded by WANDRRA in 2017-18, both revenue and expenditure are higher than normal in this year.

## 7.0 Operations Overview (Continued)

### 7.5 Workforce Planning

The Shire currently employs 14 full time equivalent employees to deliver a range of services to the community and maintain assets.

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



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

### 7.6 Operating Expenditure

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

#### 7.6.1 Composition of Forecast Operating Expenditure 2017-18 (Total Operating Expenditure \$12.5m)

### 7.7 Maintenance Expenditure

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

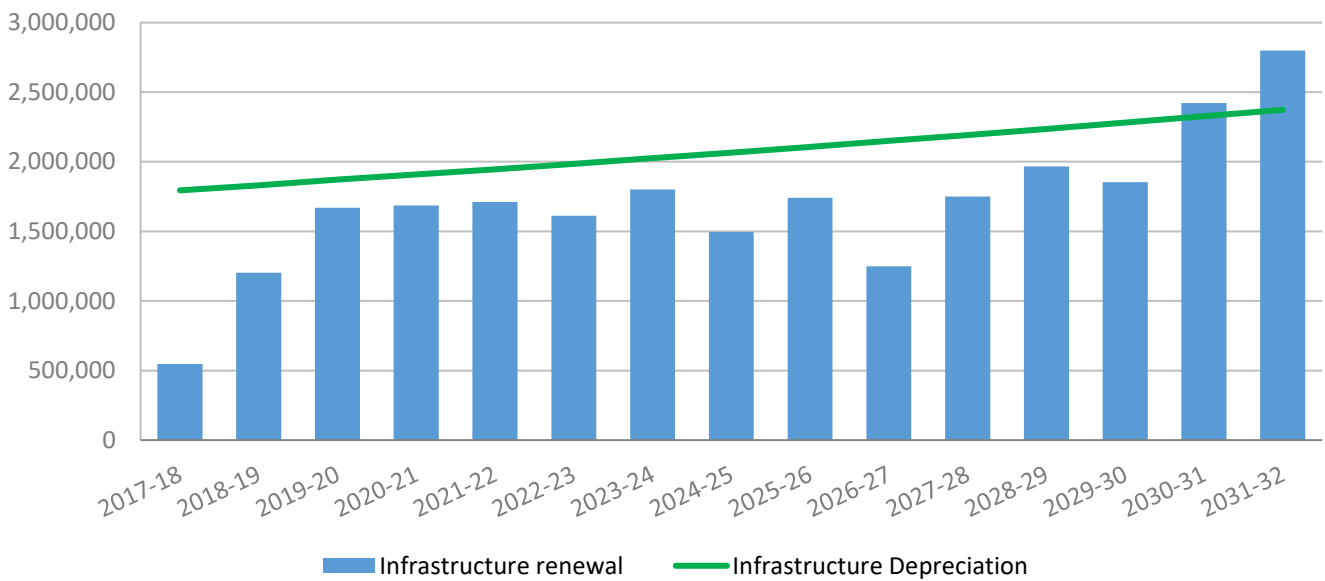
# 7.0 Operations Overview (Continued)

## 7.8 Depreciation Expense

Depreciation expense increases throughout the Plan from \$2.7m in year 1 to \$3.6m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$31m, shown by the green line in the chart below. The planned level of infrastructure asset renewal expenditure at \$25.5m (reflected by the blue columns) is below the estimated infrastructure depreciation for all years except the last two years, as shown in the chart below.

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

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



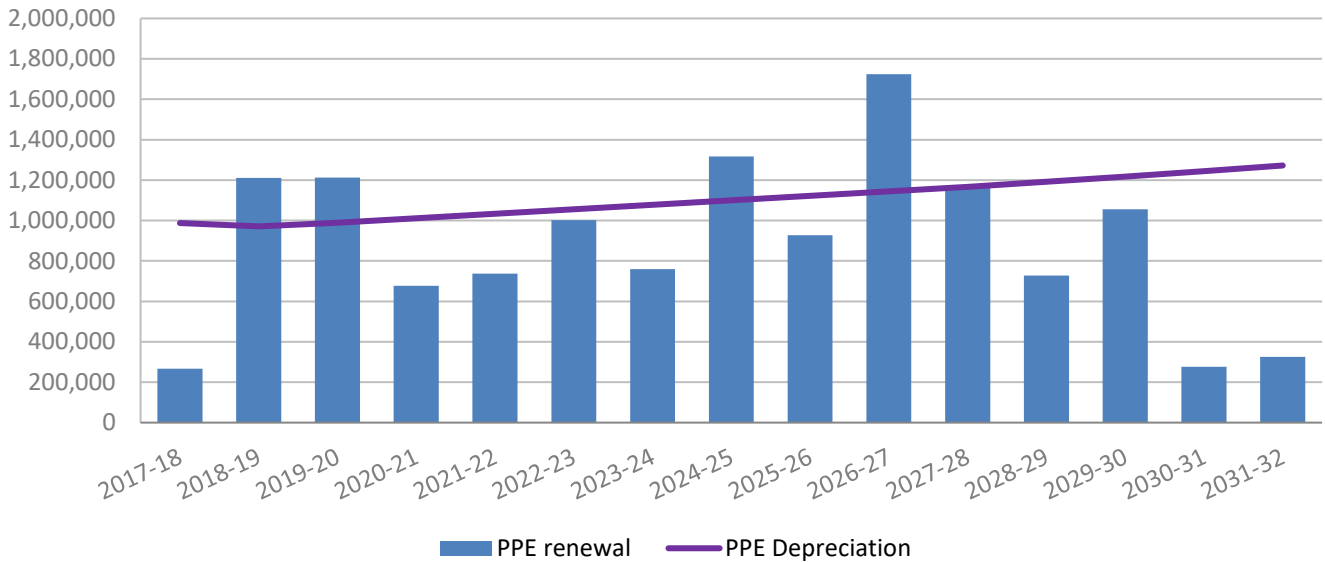
Asset renewals are low in 2017-18 due to significant road reconstruction being undertaken on previously flood damaged roads. These works have been included within operating expenditure and amount to \$6.6m.

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.

## 7.0 Operations Overview (Continued)

Planned property, plant and equipment asset renewals of \$13.3m (reflected by the blue columns) over the 15 years is below depreciation expense of \$16.5m (reflected by the purple line) over the same period as shown in the chart below.

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



The 2017-18 plant replacements were undertaken in 2016-17, resulting in minimal planned renewals in 2017-18. Where the planned asset renewals are greater than depreciation, the written down value of these assets will increase over time as existing assets are renewed. Revaluation of assets in line with inflation will compound this increase and may mask a real decrease in value where planned asset renewals are lower than depreciation.

## 8.0 Capital Overview

### 8.1 Community Demand

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

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

### 8.2 Upgrade/New Expenditure

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

#### 8.2.1 New Capital Projects

Asset Class   Project	2017-18 \$	2018-19 \$	2019-20 \$
<b>Buildings</b>			
Old School Upgrade	55,000		
Staff Housing		250,000	
<b>Infrastructure</b>			
Upgrade 24hr Stop Over Facilities	10,000		
Interpretive Signage	10,000	10,000	
Develop Walk Trails			50,000
Liquid Waste Disposal			20,000
<b>Grand Total</b>	<b>75,000</b>	<b>260,000</b>	<b>70,000</b>

### 8.3 Level of Service

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

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

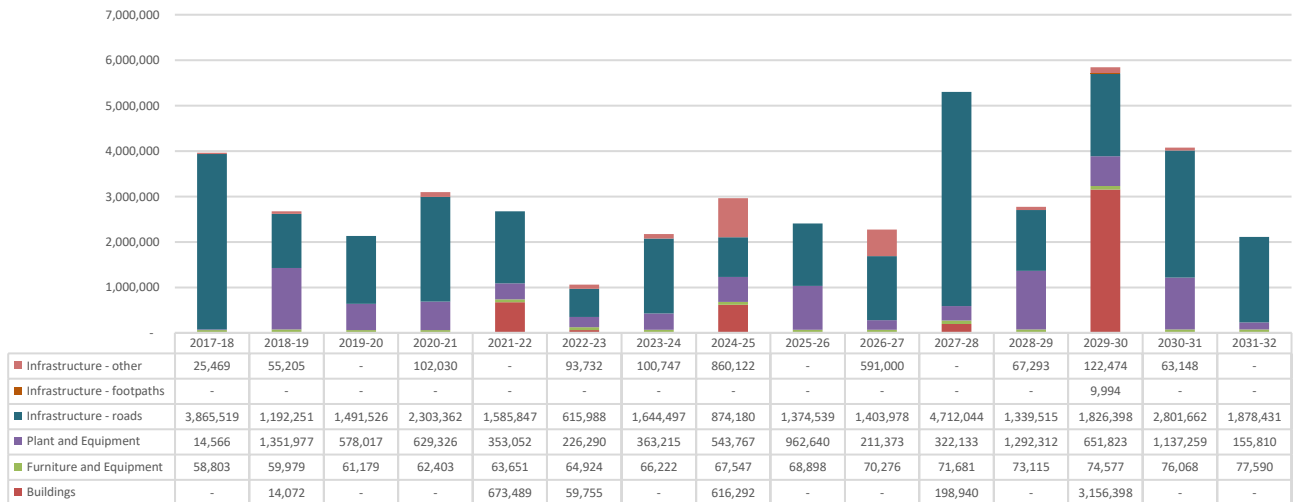


## 8.0 Capital Overview (Continued)

### 8.4 Renewal Expenditure

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

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



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

#### 8.4.2 Planned Asset Renewal

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

#### 8.4.3 Planned Asset Renewal Expenditure by Asset Class



As with the required forecast asset renewals, roads and plant and equipment dominate the planned asset renewals expenditure. As discussed in section 7.7.1 road asset renewals in 2017-18 are distorted by the inclusion of flood damage repairs within operating expenditure.

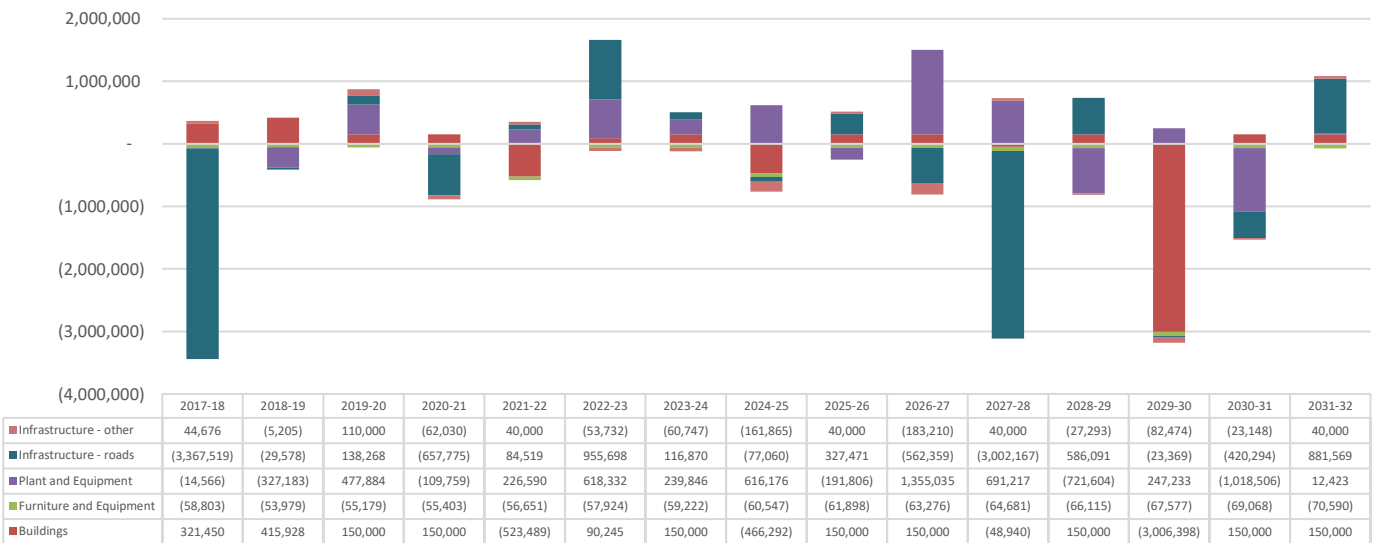
## 8.0 Capital Overview (Continued)

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

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

The chart below reflects the asset renewal funding surplus varies throughout the term of the Plan and the overall deficit of \$6.2m. Improvements in the estimation of the required asset renewals may significantly impact the level of this surplus.

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



Inclusion of \$6.6m in road asset flood damage repairs for 2017-18 in operating expenditure distorts the actual asset renewal funding surplus/(deficit).

## 9.0 Forecast Capital Projects

### 9.1 Key Asset Renewal Timeline

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

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

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

- Road Renewals;
- Building Renewals;
- Bowling Green Renewal; and
- Staff Housing.

Combined new and renewal asset expenditure of \$35.7m has been planned. New asset expenditure comprises \$70k of the total asset expenditure and asset renewal expenditure of \$35.6m. Total asset expenditure by class is reflected in the chart below by the columns with the level of non-operating grants shown by the blue line.

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



Asset renewals are low in 2017-18 due to significant road reconstruction being undertaken on previously flood damaged roads. These works have been included within operating expenditure and amount to \$6.6m. Plant and equipment renewals previously planned for 2017-18 were undertaken in 2016-17, resulting in no expenditure in 2017-18.

## 9.0 Forecast Capital Projects (Continued)

### 9.2 Planned Capital Expenditure

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

Asset Class	Project	Total Expenditure (2017-2032) \$
Buildings		
	Town hall upgrade	60,870
	Old school upgrade	55,000
	Staff housing	250,000
	Buildings renewal	1,800,000
	Bowling green renewal	235,580
<b>Buildings Total</b>		<b>2,401,450</b>
Furniture and Equipment		
	Furniture and equipment	82,000
<b>Furniture and Equipment Total</b>		<b>82,000</b>
Plant and Equipment		
	Plant replacement	10,607,886
<b>Plant and Equipment Total</b>		<b>10,607,886</b>
Infrastructure - Other		
	Cemetery plot numbers	5,145
	State battery restoration	40,000
	Infrastructure - other renewal	480,000
	Upgrade 24hr stop over facilities	10,000
	Renew miners cottage	5,000
	Interpretive signage	20,000
	Develop walk trails	50,000
	Liquid waste disposal	20,000
	Renew water park	658,257
	Renew tennis courts	367,790
<b>Infrastructure - Other Total</b>		<b>1,656,192</b>
Infrastructure - Roads		
	Road program	
	Road program - Council funded	
	Road program - R2R	5,717,700
	Road program – RRG	2,340,000
	Road program - MRWA direct	1,495,149
	Road renewals	9,165,885
<b>Infrastructure - Roads Total</b>		<b>18,718,734</b>
Infrastructure - Footpaths		
	Footpath renewal	9,994
<b>Infrastructure - Footpaths Total</b>		<b>9,994</b>
<b>Grand Total</b>		<b>33,476,256</b>

# 10.0 Financing Overview

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

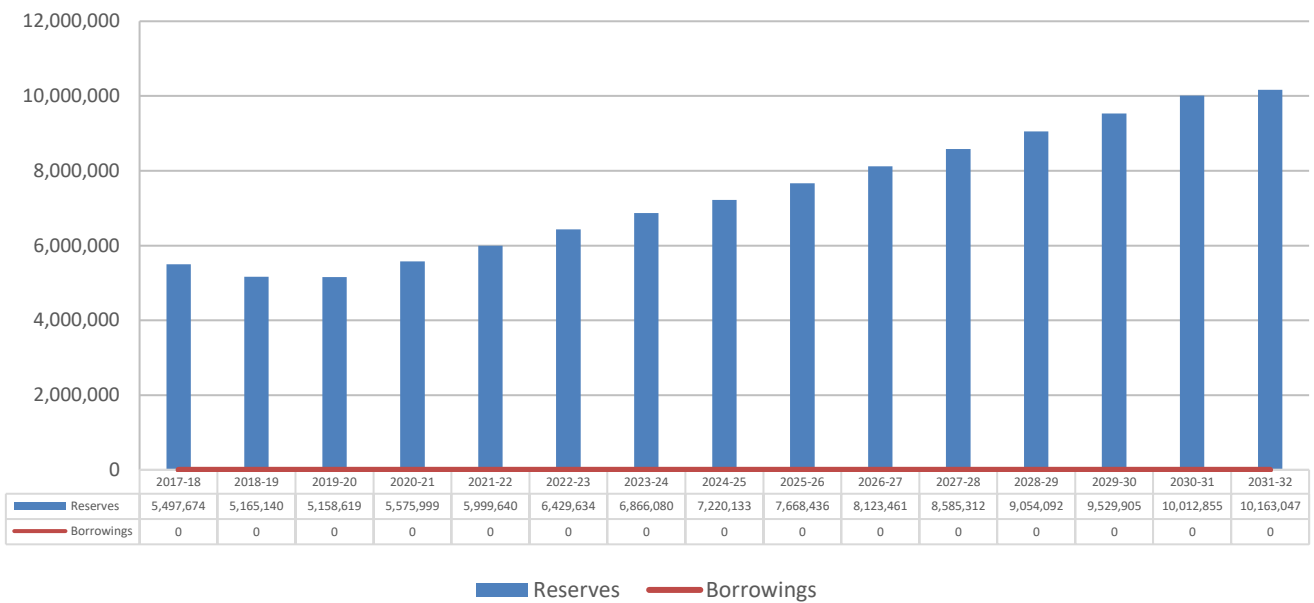
## 10.1 Borrowings

The Shire has no borrowings and does not plan to take up any borrowings over the term of the Plan.

## 10.2 Cash Reserves

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

### 10.2.1 Forecast Borrowings and Cash Reserves



# 11.0 Scenario Modelling

## 11.1 Scenario Modelling

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

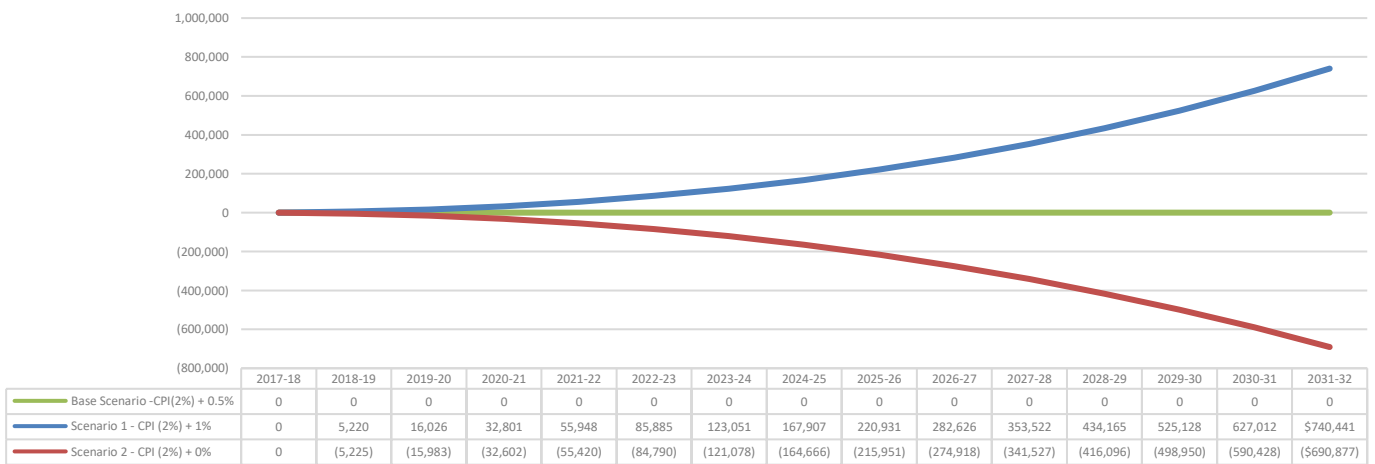
To ascertain the effect of reduced funding levels, a base scenario was developed with a rate yield increase of 0.5% above inflation of 2%. Two alternative scenarios were also developed from this base, in scenario one calculations reflect an increase of 1% above inflation for the term of the Plan and for scenario two the rates yield increase is in line with inflation for the term of the Plan.

All other assumptions remained the same across the three scenarios.

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

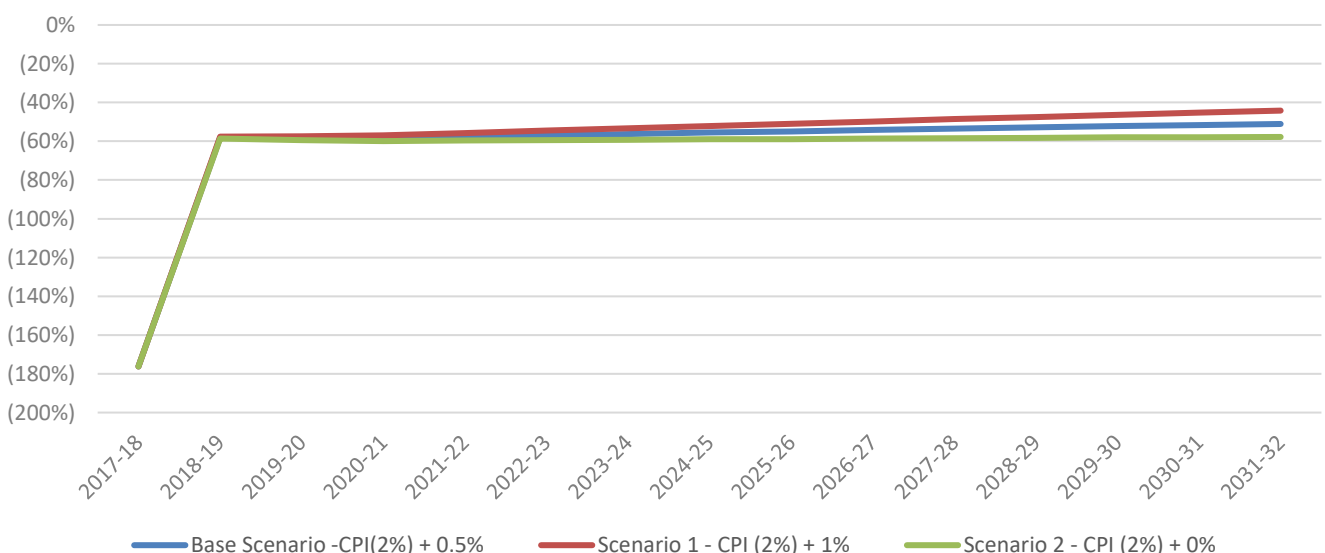
The charts below reflect the impact of a change in total rates yield on the estimated surplus (deficit) June 30 from the base scenario (other assumptions remaining the same).

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



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

#### 11.2.1 Scenario Comparison – Operating Surplus Ratio



## 12.0 Risk Management

### 12.1 Risk Management

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

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

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

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

### 12.2 Certainty of Assumptions

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

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

### 12.3 Sensitivity Analysis

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

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

## 13.0 Assumptions, Risks, Uncertainties and Sensitivity

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<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 0.5% higher than forecast inflation rate of 2%.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Operating Grants and Contributions:</b> Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$78,029 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	± \$104,532 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
<b>Fees and Charges:</b> Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Interest Earnings:</b> Interest earning of an average rate of 1.50% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Revenue:</b> Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Profit on Asset Disposal:</b> Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.



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

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Employee Costs:</b> Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Materials and Contracts:</b> Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$361,490 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
<b>Depreciation:</b> Depreciation has been calculated using an average depreciation rate based on historical rates.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Insurance:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Expenditure:</b> There is no other expenditure forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Loss on Asset Disposal:</b> A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

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

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Revaluations:</b> In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$47,882 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan.  ±\$452,059 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	±\$104,532 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.

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

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Borrowings:</b> New borrowings to be considered for capital works where required.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Employee Entitlements:</b> It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

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

### 13.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Cash Backed Reserves:</b> It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Revaluation Surplus:</b> Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$47,882 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan.  ±\$452,059 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

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

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Ownership of Strategic Assets:</b> The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
<b>Inflators:</b> Forecast inflation at 2% per annum.	Medium	Not assessed as high financial risk.	High	± \$901,446 to operating revenue per 1% movement in the inflators over the life of the Plan.  ± \$611,256 to operating expenditure per 1% movement in the inflators over the life of the Plan.
<b>Commercial Activities:</b> The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>General Economic Forecasts for State:</b> The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to decline in the short term with a corresponding tightening of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>General Economic Forecasts for Region:</b> Historically, the region's economy is heavily dependent on pastoral and mining activities, this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

## 14.0 Monitoring and Performance

### 14.1 Monitoring

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

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

### 14.2 Performance Assessment

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

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

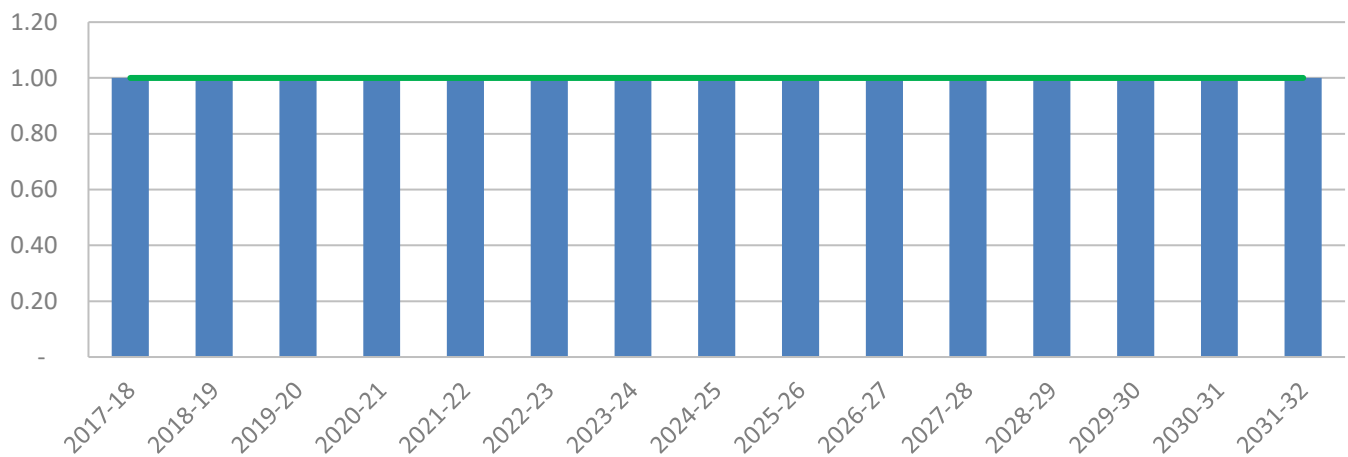
Graphs of these financial ratios are presented on the following pages together with the formula used to calculate the ratio, a brief description of what the ratio indicates and an assessment of the impact of the ratio on the Shire's finances in the future.

### 14.3 Ratio Targets

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

# 14.0 Monitoring and Performance (Continued)

## 14.4 Forecast Ratio Analysis – Current Ratio

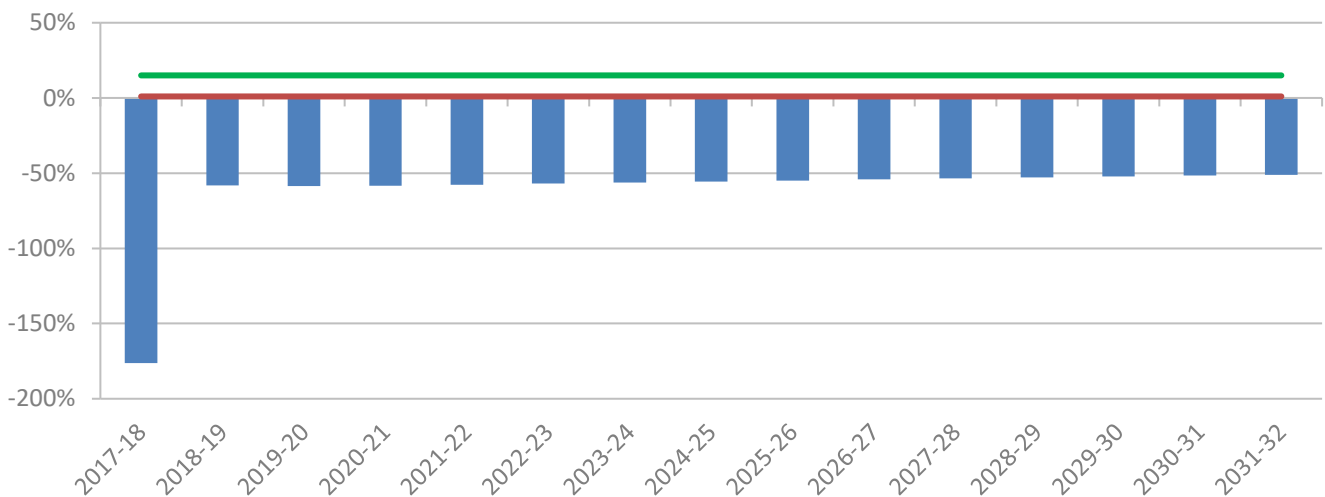


$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings}}$$

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

**Commentary:** As expected for a Shire with a forecast balanced funding surplus position and no current borrowing liabilities, the ratio meets the target of 1.

## 14.5 Forecast Ratio Analysis – Operating Surplus Ratio



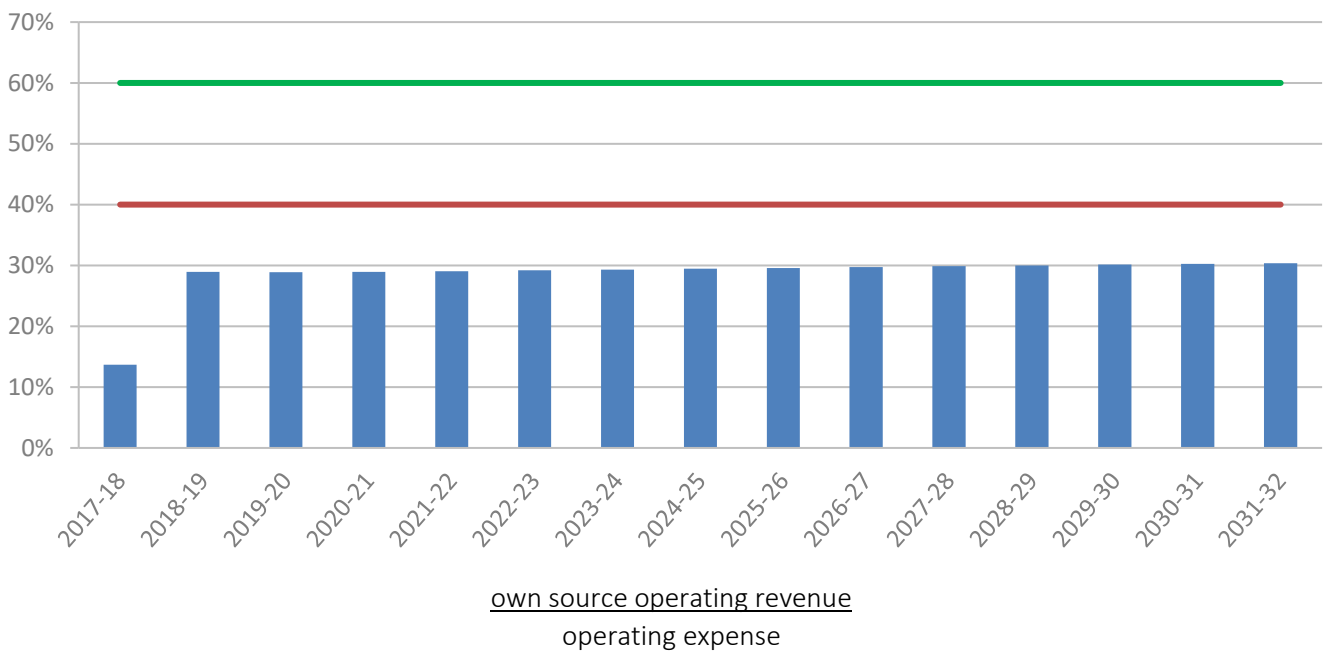
$$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

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

**Commentary:** While the ratio is below the target throughout the Plan, the ratio is improving over the term of the Plan indicating an increased capacity to renew assets into the future with forecast operating revenues increasing at a greater rate than forecast operating expenditure. Year 1 is distorted by the early payment of the 2017-18 Federal Assistants Grant allocation, resulting in low operating revenue in 2017-18.

# 14.0 Monitoring and Performance (Continued)

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



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

**Commentary:** The ratio is below the target range indicating that the Shire is reliant on external funding to continue to operate. The 2017-18 ratio is distorted by the inclusion of WANDRRA funded flood damage repairs within operating expenditure.

## 14.7 Forecast Ratio Analysis – Debt Service Coverage Ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

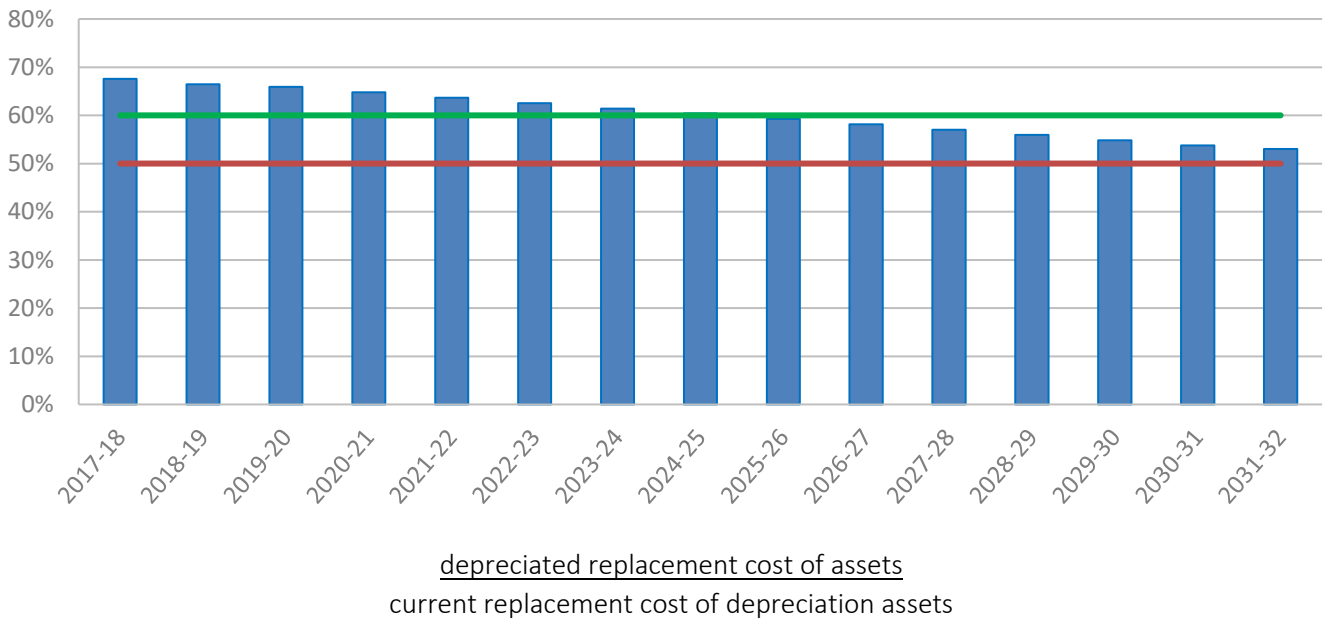
**Indication:** A measure of the extent of the Shire’s capacity to generate sufficient cash to cover debt payments.

**Commentary:** The Shire has no existing borrowings, and therefore has capacity to borrow for the term of the Plan.



# 14.0 Monitoring and Performance (Continued)

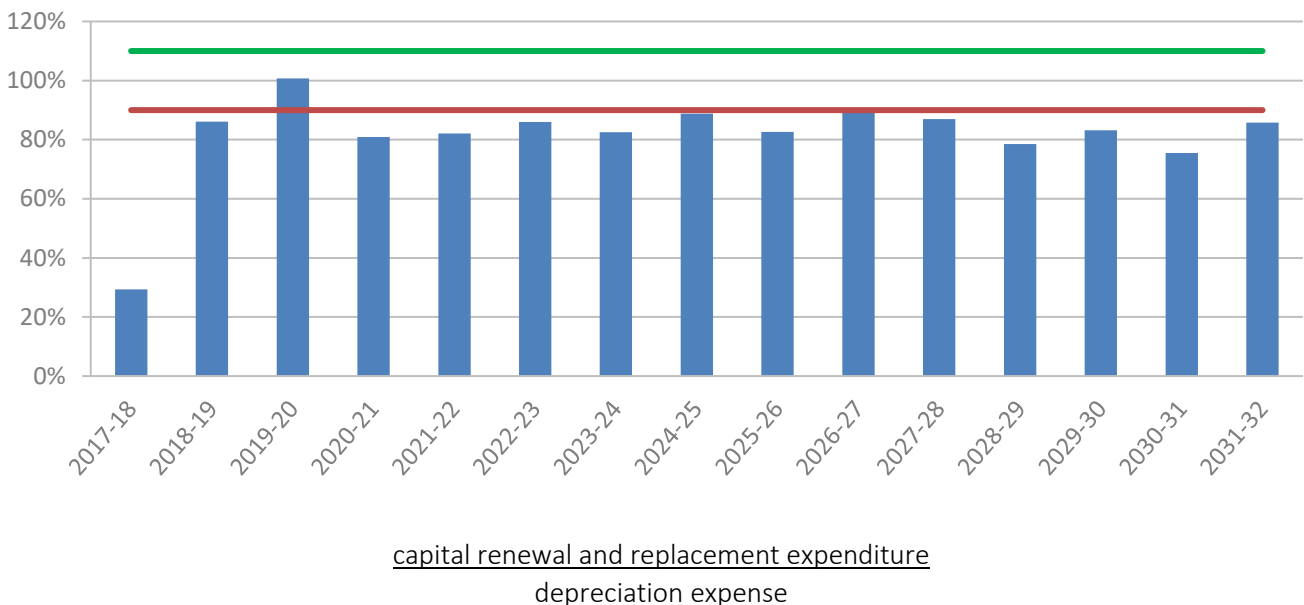
## 14.8 Forecast Ratio Analysis – Asset Consumption Ratio



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

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

## 14.9 Forecast Ratio Analysis –Asset Sustainability Ratio

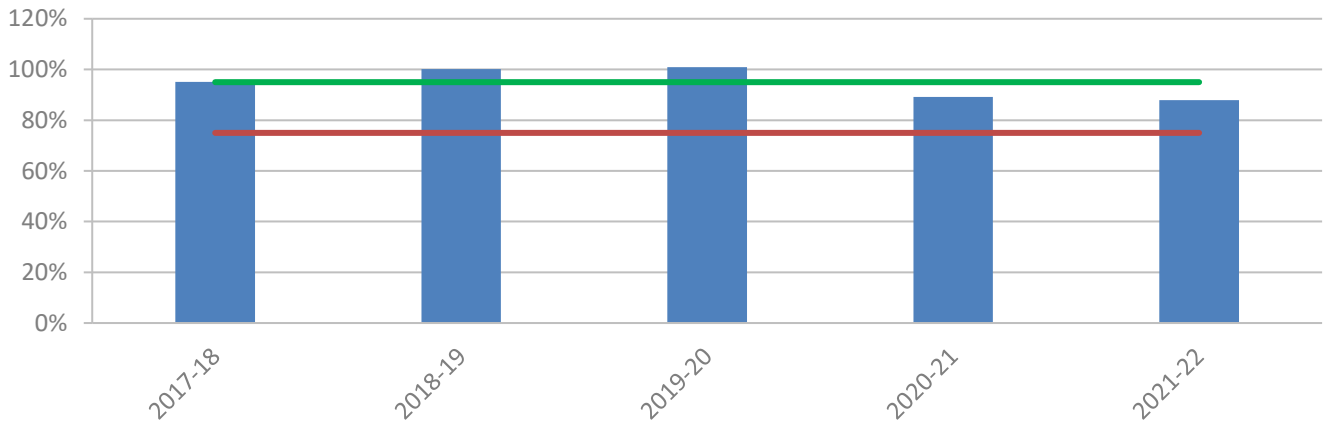


**Indication:** A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

**Commentary:** The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio averages at 81.29% over the term of the Plan which is marginally below the guideline level of 90%. The 2017-18 ratio is distorted by the inclusion of WANDRRA funded flood damage repairs within operating expenditure.

# 14.0 Monitoring and Performance (Continued)

## 14.10 Forecast Ratio Analysis – Asset Renewal Funding Ratio



NPV of planned capital renewals over 10 years  
NPV of required capital expenditure over 10 years

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

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

# 15.0 Improvement Plan

## 15.1 Strategic Resource Improvement Plan

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

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

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

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

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

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

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

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

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

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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 Administration Office	2,210,000
Shire Depot	970,800
<b>Total</b>	<b>3,180,800</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 and major expenditure items 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.

Whilst renewal of road assets is planned based on road condition the impact of flooding may impact on both the timing and extent of unsealed road renewals.

### 2.2 Road Inventory

The Shire of Sandstone has a road network servicing an area of 32,605<sup>1</sup> square kilometres.

Road asset information is recorded within a road inventory database. In 2014, a road infrastructure condition report and valuation was undertaken by an external consultant which forms the basis of the measurements and current replacement cost estimates. 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)	Area (m <sup>2</sup> )	Current Replacement Cost (\$)
Unformed SG	20,8275	1,354,760	677,380
Formed SG	713,855	7,857,287	19,643,218
Unsealed Pavement	359,307	3,127,663	12,510,652
Sealed Pavement	16,070	168,487	1,684,875
Surfacing	16,070	122,110	553,014
Culverts – Circular	1,155	15	521,000
Culverts – Box Shape	280	9	210,000
Signs			217,400
Kerbing – Barrier	2,860		85,800
Kerbing – Semi Mountable	855		25,650
Flood ways – Concrete	120		114,000
Flood ways – Concrete w. Rock Protection	60		78,000
Flood ways – Gravel	6,200		748,500
Flood ways – Gravel w. Rock Protection	40		8,000
Flood ways – Gravel w. Rock Protection 1 side	150		24,000
Flood ways – Sealed	320		80,000
Flood ways – Sealed w. Rock Protection	440		154,000
Grids			1,295,000
Streetlights			90,000
Footpaths – Insitu Concrete	1,065	1,906	95,300
Footpaths – Brick Paving	425	947	75,760
<b>Total</b>			<b>38,891,550</b>

<sup>1</sup> Australian Bureau of Statistics, 2016 Census of Population and Housing, General Community Profile, Sandstone (S) (LGA57630), Downloaded 7 June 2017 www.abs.gov.au

## Appendix A2 – Roads (Continued)

### 2.3 Financial Summary

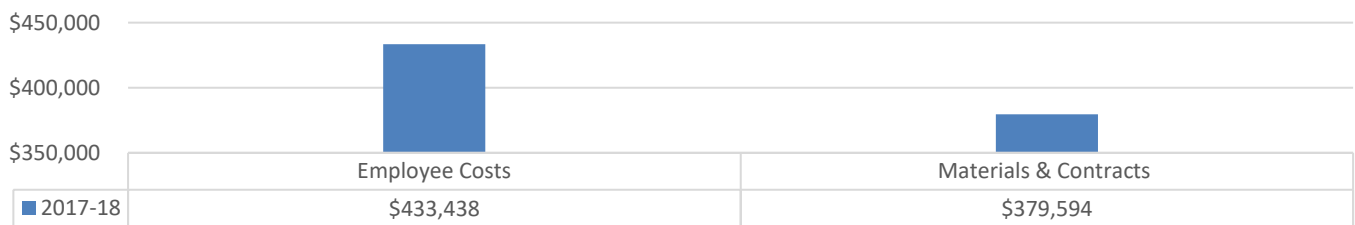
Financial impacts of managing the Shire road assets are broken down into maintenance, new and renewal expenditure, each of which is examined separately as follows.

#### 2.3.1 Maintenance Expenditure

Routine maintenance expenditure is currently forecast based on historical data and staff experience. It is currently estimated at \$1.5m per annum and is comprised of a number of expenditure items as reflected in the chart on the following page.

#### 2.3.2 Composition of Budgeted Road Maintenance Expenditure

Road maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2017-18:



Road maintenance expenditure is primarily related to the grading of unsealed roads and associated drainage clearing within the district. Trimming of roadside vegetation is another routine road maintenance operation 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.

#### 2.3.3 Flood Damage

Flood damage repairs of \$6.6m are forecasted to be effected within the 2017-18 financial year. These repairs are funded by external grants. As a large proportion of the roads within the Shire are in flood prone zones, flood repairs may occur in the future and are impossible to predict. Significant flood damage repairs will result in changes to the timing and extent of road renewals.

#### 2.3.4 New Expenditure

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

#### 2.3.5 Renewal Expenditure

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

In the chart on the following page (2.3.5), planned road expenditure is shown as red columns, with required road renewals as the blue columns. The green line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$23.8m. Required road renewal is calculated at \$28.9m for the term, overall there is a \$5m renewal deficit for the Shire's road assets.

## Appendix A2 – Roads (Continued)

### 2.3.6 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 such as occurs in 2027-28.

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.



## Appendix A2 – Roads (Continued)

### 2.3.7 Forecast Planned and Required Road Renewal Expenditure

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

	Required Roads Renewals \$	Planned Roads Renewals \$	Roads Renewal Funding (Gap)/Surplus \$
2017-18	3,865,519	498,000	(3,367,519)
2018-19	1,192,251	1,162,673	(29,578)
2019-20	1,491,526	1,629,794	138,268
2020-21	2,303,362	1,645,587	(657,775)
2021-22	1,585,847	1,670,366	84,519
2022-23	615,988	1,571,686	955,698
2023-24	1,644,497	1,761,367	116,870
2024-25	874,180	797,120	(77,060)
2025-26	1,374,539	1,702,010	327,471
2026-27	1,403,978	841,619	(562,359)
2027-28	4,712,044	1,709,877	(3,002,167)
2028-29	1,339,515	1,925,606	586,091
2029-30	1,826,398	1,803,029	(23,369)
2030-31	2,801,662	2,381,368	(420,294)
2031-32	1,878,431	2,760,000	881,569
<b>Total</b>	<b>28,909,737</b>	<b>23,860,102</b>	<b>(5,049,635)</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	One complaint per road per year.
Safety	To ensure that all roads are being constructed in a safe manner and road is made safe and signed correctly when unmanned.	Customer complaints.	One per road.
		Number of damage/injury claims.	0 claims.
Cost Effectiveness	Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.
<b>Bitumen Road Construction</b>			
Condition	Bitumen roads are constructed to a high standard.	Customer complaints.	One complaint per road per year.
Safety	To ensure that all roads are being constructed in a safe manner and road is made safe and signed correctly when unmanned.	Customer complaints.	One per road.
		Number of damage/injury claims.	0 claims.
Cost Effectiveness	Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.

## Appendix A2 – Roads (Continued)

### 2.6 Road Maintenance

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

## Appendix A2 – Roads (Continued)

### 2.6 Road Maintenance (continued)

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

### 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.

## Appendix A2 – Roads (Continued)

### 2.7 Risk Management (continued)

Risk	Consequence	Risk Rating	Risk Treatment
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 – Buildings

### 3.1 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.

### 3.2 Inventory

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

### 3.3 Composition of Estimated Current Replacement Cost of Building Assets

Land & Buildings	Current Replacement Cost (\$)
Ablutions	977,000
Steel framed Shed	577,000
Shelter	235,000
Residence	5,585,000
Kitchen	61,000
Changeroom	365,000
Workshop	325,000
Transportable	73,000
Heritage	1,567,000
Nursing Post	335,000
Museum	880,000
Administration	3,370,000
Community Centre	500,000
Shed	69,000
<b>Land &amp; Buildings Total</b>	<b>14,919,000</b>

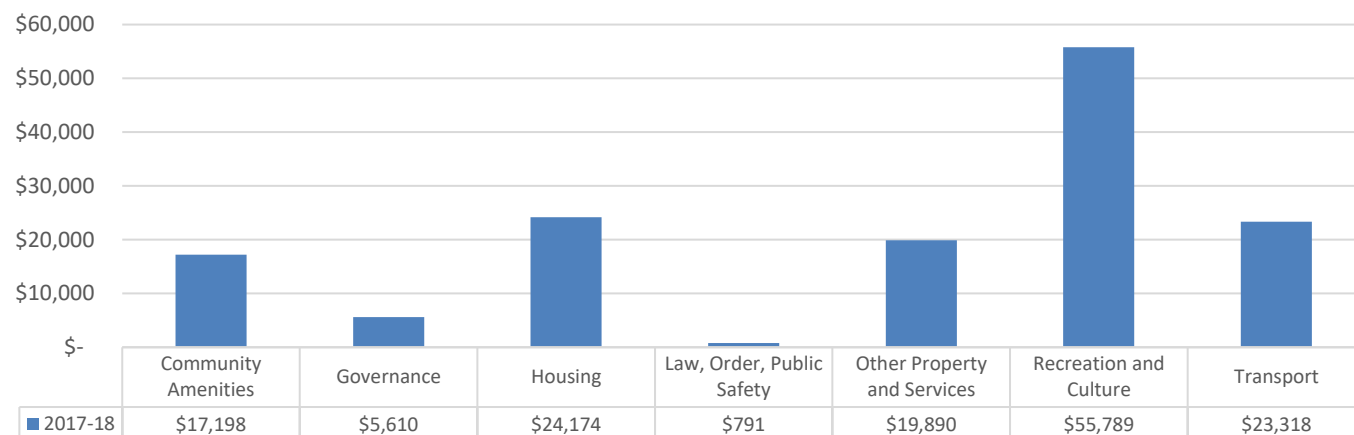
## Appendix A3 – Buildings (Continued)

### 3.4 Financial Summary

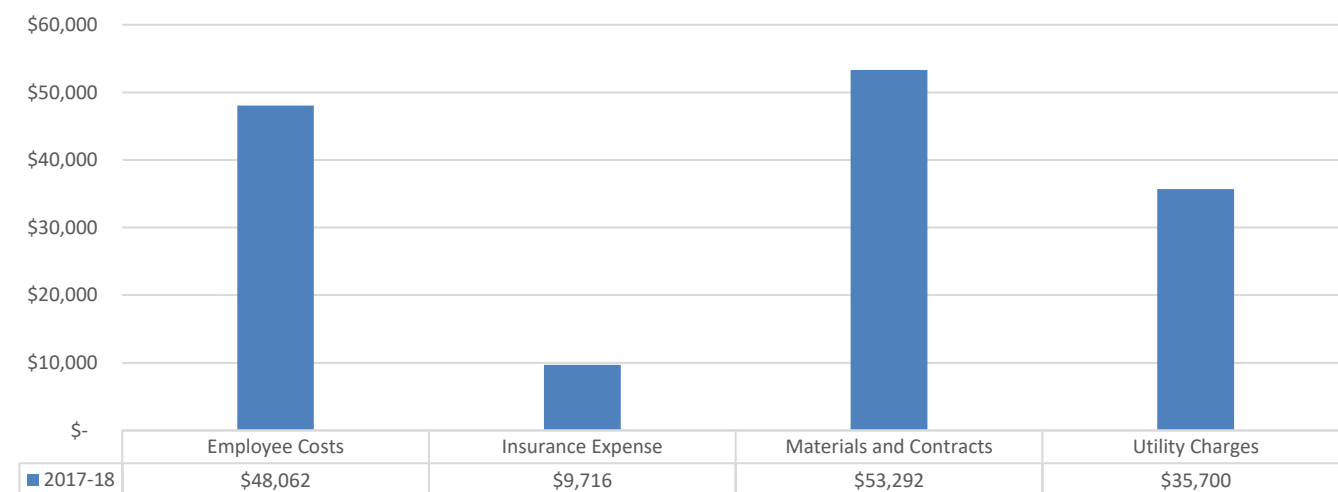
The financial impacts of managing the Shire building assets has been broken down into maintenance, new and renewal expenditure, each of which is examined separately.

#### 3.4.1 Maintenance Expenditure by Program

Routine maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2017-18:



#### 3.4.2 Maintenance Expenditure by Nature and Type



## Appendix A3 – Buildings (Continued)

### 3.4.3 New/Upgrade Asset Expenditure

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

Year	Project	Planned Expenditure \$
2017-18	Old School Upgrade	55,000
2018-19	Staff Housing	250,000
<b>Total</b>		<b>305,000</b>

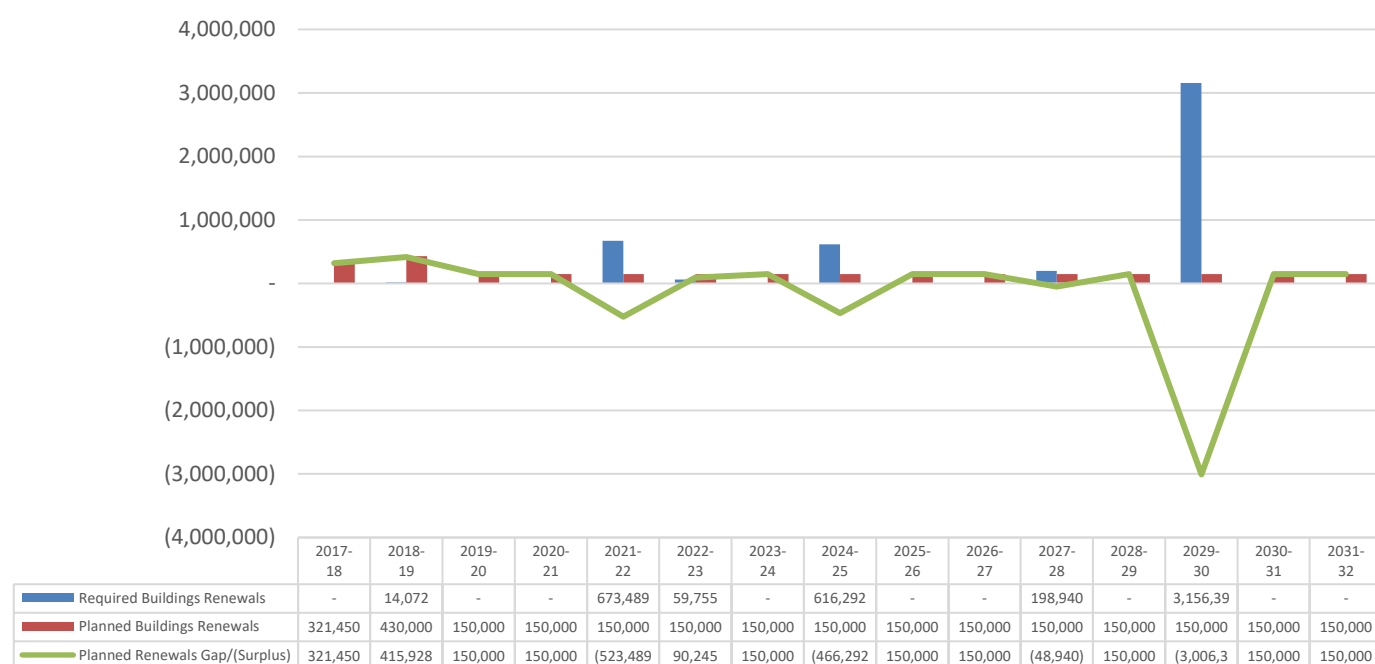
The buildings are forecasted to be funded partially from external contributions, with the balance being sourced from general purpose funding.

### 3.4.4 Renewal Expenditure

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

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

### 3.4.5 Forecast Planned and Required Building Renewal Expenditure



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



## Appendix A3 – Buildings (Continued)

### 3.4.6 Forecast Planned and Required Building Renewal Expenditure

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

	Required Building Renewals \$	Planned Building Renewals \$	Building Renewal Funding (Deficit)/Surplus \$
2017-18	0	321,450	321,450
2018-19	14,072	430,000	415,928
2019-20	0	150,000	150,000
2020-21	0	150,000	150,000
2021-22	673,489	150,000	(523,489)
2022-23	59,755	150,000	90,245
2023-24	0	150,000	150,000
2024-25	616,292	150,000	(466,292)
2025-26	0	150,000	150,000
2026-27	0	150,000	150,000
2027-28	198,940	150,000	(48,940)
2028-29	0	150,000	150,000
2029-30	3,156,398	150,000	(3,006,398)
2030-31	0	150,000	150,000
2031-32	0	150,000	150,000
<b>Total</b>	<b>4,718,946</b>	<b>2,701,450</b>	<b>(2,017,496)</b>

### 3.5 Level of Service

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

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

## Appendix A3 – Buildings (Continued)

### 3.6 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.

### 3.7 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 A4 – Furniture and Equipment

### 4.1 Significant Matters

The Shire owns an extensive listing of furniture and equipment to support operations such as office furniture, IT and communication equipment.

### 4.2 Inventory

A management valuation on furniture and equipment was conducted in 2016. The current replacement cost at the last valuation was \$565k. A register of furniture and equipment inventory is maintained within the Shire's financial management system.

### 4.3 Financial Summary

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.

### 4.4 Level of Service

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

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

### 4.6 Improvement Plan

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

## Appendix A5 – Plant and Equipment

### 5.1 Significant Matters

The Shire has a large plant and equipment portfolio which includes items such as graders, tractors, prime movers and passenger vehicles. A 15 year plant replacement program is updated on an annual basis as part of the Shire’s annual budget process.

### 5.2 Inventory

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

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

Plant & Equipment	Current Replacement Cost \$
Heavy Plant	1,480,000
Heavy Vehicle	1,270,000
Light Plant	108,000
Light Vehicle	140,000
Mowers	15,000
Pumps	38,500
Sundry	440,700
Tanks	20,000
Trailers	85,000
<b>Plant &amp; Equipment Total</b>	<b>3,597,200</b>

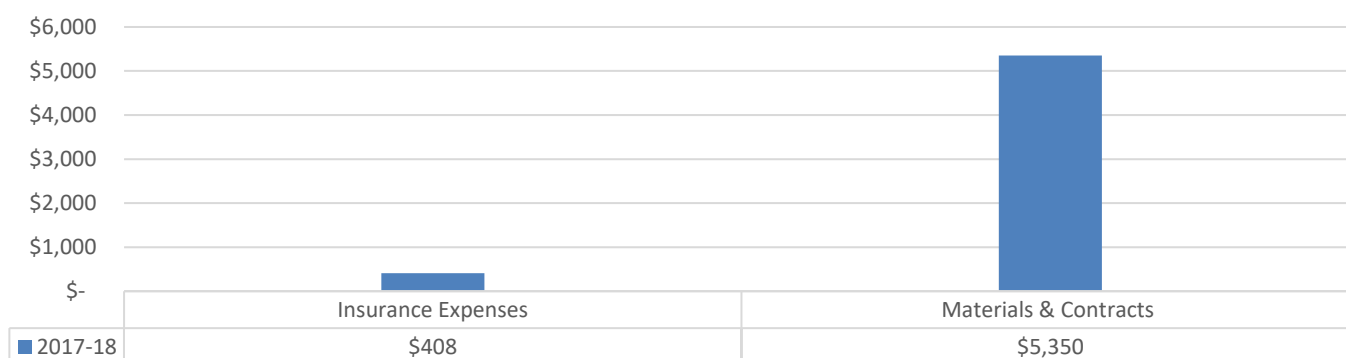
### 5.4 Financial Summary

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

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

#### 5.4.1 Maintenance Expenditure

Plant and equipment maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2017-18:



## Appendix A5 – Plant and Equipment (Continued)

### 5.4.2 New Expenditure

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

### 5.4.3 Renewal Expenditure

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

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

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



The chart reflects a lack of correlation between the Plant Replacement Program and the estimated useful life of plant and equipment provided by the valuers. The Plan overall has a funding surplus of \$2.1m over the term of the Plan with planned renewals of \$10.89m and required asset renewals of \$8.79m.

There are no planned replacements in 2017-18 due to anticipated increase in licensing fees, the previously planned plant replacements for 2017-18 were undertaken in 2016-17.

### 5.4.5 Plant Disposals

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

## Appendix A5 – Plant and Equipment (Continued)

### 5.5 Level of Service

Levels of service have not been previously monitored.

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

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

### 5.6 Risk Management

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

Risk Details	Consequence	Risk Rating	Treatment Strategy
Inadequate funding for renewal and maintenance resulting in deterioration of plant and equipment and an increase in maintenance and operating costs.	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.

### 5.7 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 A6 – Other Infrastructure

### 6.1 Significant Matters

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

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

### 6.2 Inventory

The Shire's other infrastructure current replacement cost at the time of valuation at 30 June 2015 was \$1.78m.

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

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

Infrastructure	Estimated Current Replacement Cost (\$)
Airstrip	104,000
Caravan Park	387,600
Cat / dog shelter	13,000
Community Centre	370,800
Gold & Wool Interpretive Park	134,600
Judges Tower	24,000
Philip Lefroy Park	679,400
Shire Depot	69,800
<b>Infrastructure - Other Total</b>	<b>1,783,200</b>

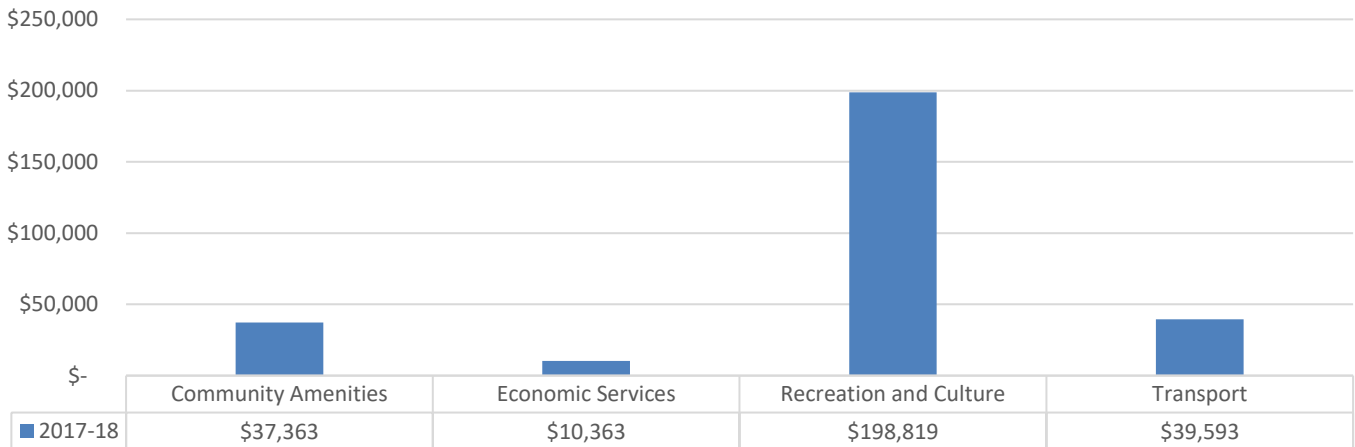
### 6.4 Financial Summary

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

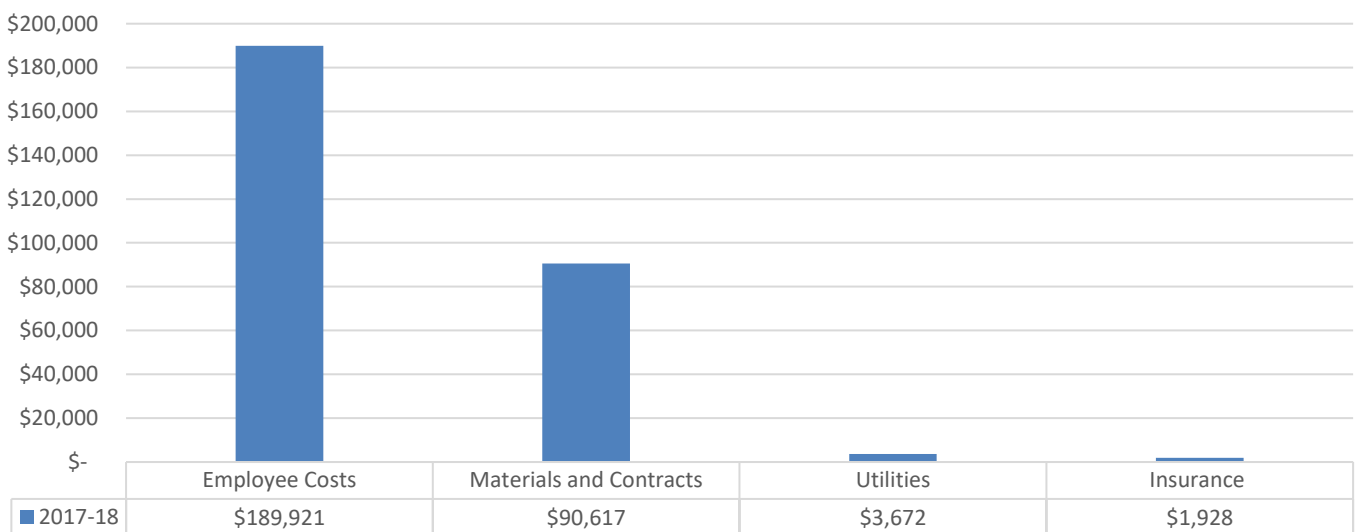
## Appendix A6 – Other Infrastructure (Continued)

### 6.4.1 Maintenance Expenditure by Program

Plant and equipment maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2017-18:



### 6.4.2 Maintenance Expenditure by Nature and Type



### 6.4.3 New Expenditure

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



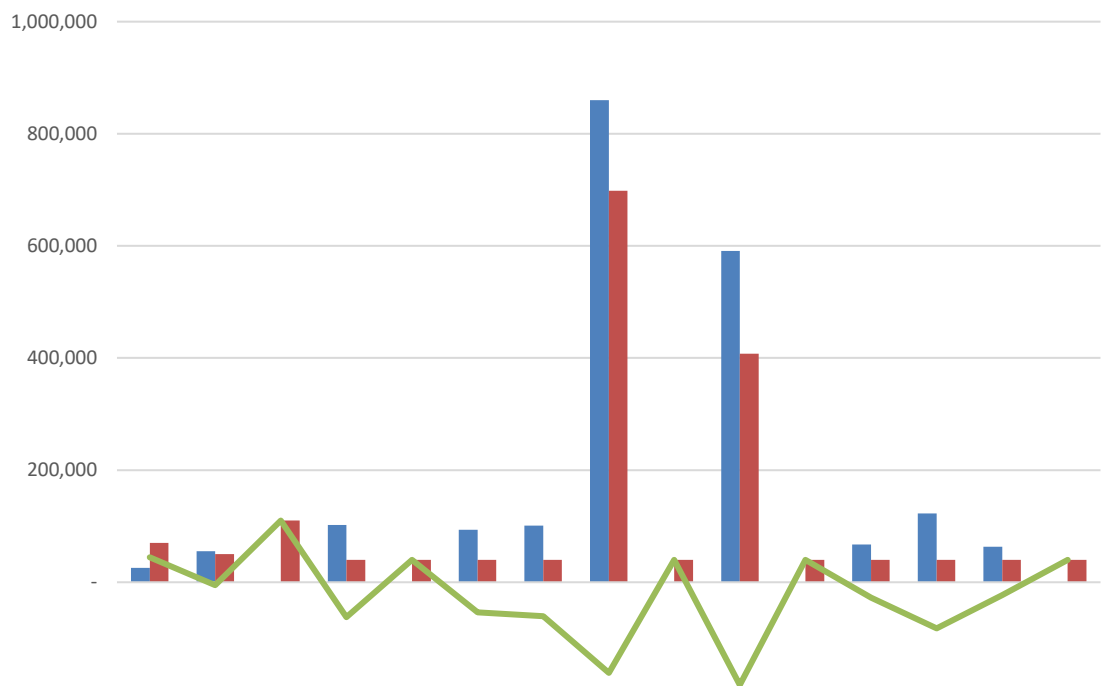
## Appendix A6 – Other Infrastructure (Continued)

### 6.4.4 Renewal Expenditure

Required other infrastructure renewals over the next 15 years have not been forecast with no major asset renewals currently forecast as being required. Minor asset renewals will be determined and funded within the annual budget cycle.

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

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



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Required Infrastructure - other Renewals	25,469	55,205	-	102,030	-	93,732	100,747	860,122	-	591,000	-	67,293	122,474	63,148	-
Planned Infrastructure - other Renewals	70,145	50,000	110,000	40,000	40,000	40,000	40,000	698,257	40,000	407,790	40,000	40,000	40,000	40,000	40,000
Planned Renewals Gap/(Surplus)	44,676	(5,205)	110,000	(62,030)	40,000	(53,732)	(60,747)	(161,865)	40,000	(183,210)	40,000	(27,293)	(82,474)	(23,148)	40,000

## Appendix A6 – Other Infrastructure (Continued)

### 6.5 Level of Service

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

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

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

### 6.6 Improvement

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

## Appendix A7 – 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	Unformed SG		100	100%
Infrastructure - roads	Formed SG		100	100%
Infrastructure - roads	Unsealed Pavement		10	
Infrastructure - roads	Sealed Pavement		40	
Infrastructure - roads	Surfacing		15	
Infrastructure - roads	Culverts	Circular	80	
Infrastructure - roads	Culverts	Box shaped	80	
Infrastructure - roads	Signs		20	
Infrastructure - roads	Kerbing	Kerb Barrier	40	
Infrastructure - roads	Kerbing	Kerb Semi Mountable	40	
Infrastructure - roads	Flood ways	Concrete Floodway	80	
Infrastructure - roads	Flood ways	Concrete Floodway w/rock Protection	80	
Infrastructure - roads	Flood ways	Gravel Floodway	10	
Infrastructure - roads	Flood ways	Gravel Floodway w/rock Protection	10	
Infrastructure - roads	Flood ways	Gravel Floodway w/rock Protection 1Side	10	
Infrastructure - roads	Flood ways	Sealed Floodway	40	
Infrastructure - roads	Flood ways	Sealed Floodway w/rock Protection	40	
Infrastructure - roads	Grids		80	
Infrastructure - roads	Streetlights		30	
Infrastructure - footpaths	Footpaths	Insitu Concrete	40	
Infrastructure - footpaths	Footpaths	Brick Paving	30	

## Appendix A7 – Estimated Asset Life and Residual Value (Continued)

Asset Class	Asset Sub-Class	Estimated Useful Life	Estimated Residual Value %
Buildings	Ablutions	42	
Buildings	Steel framed Shed	43	
Buildings	Shelter	38	
Buildings	Residence	45	
Buildings	Kitchen	40	
Buildings	Changeroom	45	
Buildings	Workshop	45	
Buildings	Transportable	20	
Buildings	Heritage	50	
Buildings	Nursing Post	45	
Buildings	Museum	43	
Buildings	Administration	45	
Buildings	Community Centre	45	
Buildings	Shed	45	
Furniture and Equipment		10	
Plant and Equipment	Plant & Equipment 10 Years Estimated Life	10	
Plant and Equipment	Plant & Equipment 6.7 Years Estimated Life	6	
Plant and Equipment	Plant & Equipment 5 Years Estimated Life	5	
Plant and Equipment	Motor Vehicle Replaced after 2 Years	2	
Plant and Equipment	Sundry Equipment - BBQ	20	
Plant and Equipment	Sundry Equipment - Books and Cassettes		
Plant and Equipment	Sundry Equipment - Bowser	15	
Plant and Equipment	Sundry Equipment - Card Reader	10	
Plant and Equipment	Sundry Equipment - Cleaner	10	
Plant and Equipment	Sundry Equipment - Exhaust Fan	25	
Plant and Equipment	Sundry Equipment - Exhaust Fan	10	
Plant and Equipment	Sundry Equipment - Generator	18	
Plant and Equipment	Sundry Equipment - Mower	18	
Plant and Equipment	Sundry Equipment - Oven	18	
Plant and Equipment	Sundry Equipment - Phone System	10	
Plant and Equipment	Sundry Equipment - Photocopier	10	
Plant and Equipment	Sundry Equipment - Piano	35	
Plant and Equipment	Sundry Equipment - Play Equipment	15	
Plant and Equipment	Sundry Equipment - Pump	17	
Plant and Equipment	Sundry Equipment - Racking	30	
Plant and Equipment	Sundry Equipment - Receiver	15	
Plant and Equipment	Sundry Equipment - Refrigerator	15	
Plant and Equipment	Sundry Equipment - Road Broom	15	
Plant and Equipment	Sundry Equipment - Safe	25	

## Appendix A7 – Estimated Asset Life and Residual Value (Continued)

Asset Class	Asset Sub-Class	Estimated Useful Life	Estimated Residual Value %
Plant and Equipment	Sundry Equipment - Server	10	
Plant and Equipment	Sundry Equipment - Shelter	20	
Plant and Equipment	Sundry Equipment - Table	30	
Plant and Equipment	Sundry Equipment - Tank	23	
Plant and Equipment	Sundry Equipment - Telescope	10	
Plant and Equipment	Sundry Equipment - Transmitter	15	
Plant and Equipment	Sundry Equipment - Truck	25	
Plant and Equipment	Sundry Equipment - Tyre Changer	15	
Plant and Equipment	Sundry Equipment - Tyre Inflator	10	
Plant and Equipment	Sundry Equipment - Welder	15	
Plant and Equipment	Sundry Equipment - Winch	15	
Infrastructure - other	Fencing	25	
Infrastructure - other	Water tank	15	
Infrastructure - other	Shelter	40	
Infrastructure - other	Lighting	25	
Infrastructure - other	Windsock	25	
Infrastructure - other	Caravan bays	30	
Infrastructure - other	Bore and pump	25	
Infrastructure - other	Gym equipment	10	
Infrastructure - other	TV Transmission Tower & Transportable Unit	30	
Infrastructure - other	Reticulation	23	
Infrastructure - other	Park benches	15	
Infrastructure - other	Picnic bench	15	
Infrastructure - other	Play Equipment	10	
Infrastructure - other	Tennis Courts	30	
Infrastructure - other	Tennis hit-up wall	40	
Infrastructure - other	Picnic Shelter	40	
Infrastructure - other	Paving	30	
Infrastructure - other	Signage	15	
Infrastructure - other	Bins	15	
Infrastructure - other	Tree protection cages	25	
Infrastructure - other	Feature rock wall to entry	40	
Infrastructure - other	Bench seating	15	
Infrastructure - other	Shade shelter	15	
Infrastructure - other	Flagpoles	25	
Infrastructure - other	Rubbish bins	15	
Infrastructure - other	Information signs	15	
Infrastructure - other	Water Park	15	
Infrastructure - other	Fuel pit and bunding	40	
Infrastructure - other	Judges Tower	30	
Infrastructure - other	Cat / dog shelter	40	
Infrastructure - other	BBQ	10	

# Appendix B1 – Forecast Financial Statements

## Financial Statements

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

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

## Statements of Comprehensive Income

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

## Statement of Financial Position

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

## Statement of Changes in Equity

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

## Statement of Cashflows

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

## Statement of Funding

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

## Statement of Net Current Asset Composition

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

## Statement of Fixed Asset Movements

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

## Statement of Fixed Asset Funding

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

## Forecast Ratios

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

## Nature or Type

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

*Refer to Appendix B12 – Forecast Significant Accounting Policies*

## Appendix B1 – Forecast Financial Statements (Continued)

### Service Programs

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

Objectives	Services
<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 2017-2032

	2013-14	2014-15	2015-16	Base	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>																			
Rates	1,003,452	1,006,956	981,003	899,729	1,044,238	1,070,345	1,097,103	1,124,530	1,152,644	1,181,461	1,210,997	1,241,272	1,272,305	1,304,113	1,336,714	1,370,132	1,404,385	1,439,495	1,475,483
Operating grants, subsidies and contributions	988,953	3,236,574	3,233,008	5,777,316	7,802,963	3,263,800	3,329,076	3,395,656	3,463,571	3,532,841	3,603,498	3,675,569	3,749,081	3,824,064	3,900,546	3,978,557	4,058,128	4,139,292	4,222,078
Fees and charges	268,157	189,076	211,318	189,255	193,041	196,901	200,838	204,853	208,947	213,126	217,390	221,738	226,172	230,698	235,311	240,016	244,818	249,713	254,709
Interest earnings	304,235	284,820	193,479	178,060	143,375	135,280	130,293	130,194	136,455	142,808	149,260	155,803	161,117	167,839	174,665	181,594	188,627	195,764	203,006
Other revenue	167,157	623,160	298,898	326,258	332,285	338,931	345,711	352,624	359,675	366,869	374,207	381,689	389,323	397,110	405,054	413,154	421,418	429,846	438,443
	2,731,954	5,340,586	4,917,706	7,370,618	9,515,902	5,005,257	5,103,021	5,207,857	5,321,292	5,437,105	5,555,352	5,676,071	5,797,998	5,923,824	6,052,290	6,183,453	6,317,376	6,454,110	6,593,719
<b>Expenses</b>																			
Employee costs	(819,763)	(1,044,753)	(1,093,454)	(526,756)	(1,151,435)	(1,174,459)	(1,197,941)	(1,221,901)	(1,246,339)	(1,271,265)	(1,296,692)	(1,322,623)	(1,349,075)	(1,376,066)	(1,403,589)	(1,431,662)	(1,460,294)	(1,489,509)	(1,519,301)
Materials and contracts	(784,131)	(1,332,226)	(3,627,975)	(1,998,970)	(8,308,704)	(1,742,874)	(1,777,722)	(1,813,270)	(1,849,531)	(1,886,520)	(1,924,262)	(1,962,738)	(2,001,992)	(2,042,046)	(2,082,892)	(2,124,541)	(2,167,035)	(2,210,375)	(2,254,595)
Utility charges (electricity, gas, water etc.)	(92,939)	(101,241)	(110,225)	(121,720)	(124,154)	(126,635)	(129,162)	(131,746)	(134,377)	(137,062)	(139,804)	(142,592)	(145,443)	(148,357)	(151,325)	(154,345)	(157,429)	(160,581)	(163,798)
Depreciation on non-current assets	(1,529,330)	(1,130,654)	(1,373,894)	(1,360,868)	(2,781,326)	(2,801,996)	(2,860,015)	(2,920,118)	(2,980,252)	(3,040,837)	(3,103,319)	(3,165,261)	(3,229,756)	(3,293,277)	(3,359,639)	(3,428,591)	(3,497,986)	(3,570,990)	(3,645,313)
Insurance expense	(124,709)	(125,857)	(121,899)	(97,773)	(98,968)	(100,948)	(102,967)	(105,025)	(107,128)	(109,271)	(111,458)	(113,687)	(115,962)	(118,281)	(120,646)	(123,062)	(125,523)	(128,033)	(130,597)
Other expenditure	(55,477)	(94,693)	(78,938)	(78,693)	(69,740)	(71,134)	(72,557)	(74,009)	(75,490)	(76,999)	(78,540)	(80,109)	(81,712)	(83,346)	(85,012)	(86,712)	(88,445)	(90,215)	(92,018)
	(3,406,349)	(3,829,424)	(6,406,385)	(4,184,780)	(12,534,327)	(6,018,046)	(6,140,364)	(6,266,069)	(6,393,117)	(6,521,954)	(6,654,075)	(6,787,010)	(6,923,940)	(7,061,373)	(7,203,103)	(7,348,913)	(7,496,712)	(7,649,703)	(7,805,622)
	(674,395)	1,511,162	(1,488,679)	3,185,838	(3,018,425)	(1,012,789)	(1,037,343)	(1,058,212)	(1,071,825)	(1,084,849)	(1,098,723)	(1,110,939)	(1,125,942)	(1,137,549)	(1,150,813)	(1,165,460)	(1,179,336)	(1,195,593)	(1,211,903)
Non-operating grants, subsidies and contributions	1,120,698	448,170	1,420,000	586,528	586,962	224,000	751,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533
Loss on Revaluation	0	(34,423)	35,335	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit on disposal of assets	30,360	19,481	18,629	8,181	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(560)	(86,759)	(93,556)	(56,444)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	476,103	1,857,631	(108,271)	3,724,103	(2,431,463)	(788,789)	(286,263)	(330,010)	(341,459)	(352,276)	(363,899)	(373,819)	(386,480)	(395,698)	(406,525)	(418,686)	(430,027)	(443,698)	(457,370)
<b>Other Comprehensive Income</b>	10,319,105	1,689,433	9,111	0	955,559	919,822	928,168	952,517	955,820	954,748	963,450	955,975	968,786	955,999	969,622	980,967	976,742	994,250	995,102
<b>TOTAL COMPREHENSIVE INCOME</b>	10,795,208	3,547,064	(99,160)	3,724,103	(1,475,904)	131,033	641,905	622,507	614,361	602,472	599,551	582,156	582,306	560,301	563,097	562,281	546,715	550,552	537,732

Refer to Appendix B12 – Forecast Significant Accounting Policies



## Appendix B3 – Forecast Statement of Comprehensive Income by Program 2017-2032

	2013-14	2014-15	2015-16	Base	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenue</b>																				
Governance	300	0	0	0	136,544	139,958	143,457	147,043	150,719	154,487	158,349	162,308	166,366	170,525	174,788	179,158	183,637	188,228	192,934	
General purpose funding	2,227,824	4,204,735	2,105,879	3,006,045	2,110,158	4,182,716	4,263,329	4,350,658	4,446,217	4,543,775	4,643,381	4,745,069	4,847,564	4,953,545	5,061,752	5,172,233	5,285,034	5,400,204	5,517,792	
Law, order, public safety	13,342	14,202	8,575	11,370	11,598	11,830	12,067	12,308	12,554	12,805	13,061	13,322	13,589	13,861	14,138	14,420	14,707	15,001	15,301	
Housing	(725)	28,343	7,615	5,000	5,100	5,202	5,306	5,412	5,520	5,630	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729	
Community amenities	9,207	12,348	20,325	14,750	15,045	15,345	15,652	15,964	16,283	16,608	16,940	17,279	17,624	17,978	18,337	18,704	19,078	19,459	19,849	
Recreation and culture	5,437	12,203	11,476	10,705	10,919	11,137	11,359	11,586	11,817	12,054	12,295	12,541	12,792	13,048	13,309	13,575	13,847	14,124	14,406	
Transport	162,024	519,305	1,673,042	3,809,623	6,703,150	105,213	107,317	109,463	111,653	113,886	116,163	118,487	120,857	123,274	125,740	128,255	130,820	133,437	136,106	
Economic services	246,384	421,900	473,219	458,350	467,517	476,867	486,404	496,132	506,053	516,175	526,501	537,031	547,772	558,728	569,902	581,298	592,926	604,784	616,880	
Other property and services	68,161	127,550	617,574	54,775	55,871	56,989	58,130	59,291	60,476	61,685	62,919	64,176	65,459	66,770	68,107	69,469	70,859	72,276	73,722	
	2,731,954	5,340,586	4,917,705	7,370,618	9,515,902	5,005,257	5,103,021	5,207,857	5,321,292	5,437,105	5,555,352	5,676,071	5,797,998	5,923,824	6,052,290	6,183,453	6,317,376	6,454,110	6,593,719	
<b>Expenses Excluding Finance Costs</b>																				
Governance	(196,519)	(165,836)	(180,610)	(288,750)	(294,525)	(300,414)	(306,421)	(312,550)	(318,802)	(325,177)	(331,682)	(338,316)	(345,083)	(351,986)	(359,026)	(366,209)	(373,533)	(381,006)	(388,626)	
General purpose funding	(117,485)	(115,017)	(126,560)	(138,998)	(131,251)	(133,876)	(136,554)	(139,285)	(142,071)	(144,911)	(147,810)	(150,767)	(153,782)	(156,858)	(159,995)	(163,194)	(166,457)	(169,785)	(173,180)	
Law, order, public safety	(62,235)	(63,862)	(83,845)	(65,817)	(71,230)	(72,550)	(74,006)	(75,493)	(77,010)	(78,551)	(80,128)	(81,728)	(83,366)	(85,031)	(86,731)	(88,469)	(90,241)	(92,056)	(93,904)	
Health	(28,951)	(34,139)	(49,015)	(39,296)	(40,082)	(40,882)	(41,698)	(42,532)	(43,383)	(44,250)	(45,137)	(46,039)	(46,958)	(47,898)	(48,855)	(49,832)	(50,829)	(51,846)	(52,882)	
Housing	(324,494)	(320,710)	(378,822)	(377,734)	(601,210)	(607,809)	(620,261)	(633,113)	(646,044)	(659,121)	(672,569)	(685,993)	(699,894)	(713,734)	(728,090)	(742,920)	(757,897)	(773,531)	(789,462)	
Community amenities	(118,079)	(172,619)	(210,365)	(171,505)	(180,036)	(183,636)	(187,309)	(191,054)	(194,873)	(198,768)	(202,742)	(206,794)	(210,930)	(215,153)	(219,456)	(223,845)	(228,323)	(232,890)	(237,548)	
Recreation and culture	(385,306)	(356,660)	(634,880)	(580,352)	(796,022)	(806,823)	(823,246)	(840,137)	(857,192)	(874,478)	(892,211)	(910,030)	(928,408)	(946,825)	(965,835)	(985,404)	(1,005,235)	(1,025,786)	(1,046,732)	
Transport	(1,537,034)	(1,464,619)	(3,880,554)	(1,500,211)	(8,484,457)	(1,910,198)	(1,949,077)	(1,989,049)	(2,029,419)	(2,070,343)	(2,112,318)	(2,154,524)	(2,198,021)	(2,241,617)	(2,286,620)	(2,332,955)	(2,379,897)	(2,428,535)	(2,478,102)	
Economic services	(630,856)	(839,918)	(909,479)	(913,627)	(991,888)	(1,010,221)	(1,030,511)	(1,051,246)	(1,072,343)	(1,093,830)	(1,115,780)	(1,138,089)	(1,160,902)	(1,184,074)	(1,207,779)	(1,232,009)	(1,256,683)	(1,281,948)	(1,307,715)	
Other property and services	(5,390)	(296,044)	47,746	(108,490)	(943,626)	(951,637)	(971,281)	(991,610)	(1,011,980)	(1,032,525)	(1,053,698)	(1,074,730)	(1,096,596)	(1,118,197)	(1,140,716)	(1,164,076)	(1,187,617)	(1,212,320)	(1,237,471)	
	(3,406,349)	(3,829,424)	(6,406,384)	(4,184,780)	(12,534,327)	(6,018,046)	(6,140,364)	(6,266,069)	(6,393,117)	(6,521,954)	(6,654,075)	(6,787,010)	(6,923,940)	(7,061,373)	(7,203,103)	(7,348,913)	(7,496,712)	(7,649,703)	(7,805,622)	
<b>Non Operating Grants, Subsidies and Contributions</b>																				
Law, order, public safety	0	198,170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community amenities	0	0	0	0	93,962	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	0	0	0	0	55,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	678,884	250,000	1,420,000	586,528	438,000	224,000	726,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533	
Economic services	0	0	0	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,120,698	448,170	1,420,000	586,528	586,962	224,000	751,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533	
<b>Profit/(Loss) on Disposal of Assets</b>																				
Transport	29,800	(67,278)	(74,927)	(48,263)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	29,800	(67,278)	(74,927)	(48,263)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Loss on Revaluation of Assets</b>	0	(34,423)	35,335	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	476,103	1,857,631	(108,271)	3,724,103	(2,431,463)	(788,789)	(286,263)	(330,010)	(341,459)	(352,276)	(363,899)	(373,819)	(386,480)	(395,698)	(406,525)	(418,686)	(430,027)	(443,698)	(457,370)	
<b>Other Comprehensive Income</b>	10,319,105	1,689,433	9,111	0	955,559	919,822	928,168	952,517	955,820	954,748	963,450	955,975	968,786	955,999	969,622	980,967	976,742	994,250	995,102	
<b>TOTAL COMPREHENSIVE INCOME</b>	10,795,208	3,547,064	(99,160)	3,724,103	(1,475,904)	131,033	641,905	622,507	614,361	602,472	599,551	582,156	582,306	560,301	563,097	562,281	546,715	550,552	537,732	

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B4 – Forecast Statement of Financial Position 2017-2032

	2015	2016	Base	30 June 18	30 June 19	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>																		
Unrestricted Cash and Equivalents	2,929,570	959,254	1,205,986	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597
Restricted Cash and Cash Equivalent	5,054,559	5,595,164	5,019,017	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855	10,163,047
Trade and Other Receivables	423,213	200,409	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771
Inventories	165,340	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424
<b>TOTAL CURRENT ASSETS</b>	<b>8,572,682</b>	<b>6,888,251</b>	<b>6,426,198</b>	<b>5,886,466</b>	<b>5,553,932</b>	<b>5,547,411</b>	<b>5,964,791</b>	<b>6,388,432</b>	<b>6,818,426</b>	<b>7,254,872</b>	<b>7,608,925</b>	<b>8,057,228</b>	<b>8,512,253</b>	<b>8,974,104</b>	<b>9,442,884</b>	<b>9,918,697</b>	<b>10,401,647</b>	<b>10,551,839</b>
<b>NON-CURRENT ASSETS</b>																		
Property Plant and Equipment	9,383,020	8,994,612	9,400,853	8,921,086	9,242,064	9,258,160	8,909,940	8,549,641	8,297,694	7,877,918	7,857,980	7,533,665	7,706,205	7,418,578	6,943,544	6,591,848	5,705,674	4,788,263
Infrastructure	31,858,961	33,380,972	38,497,976	38,041,571	38,184,160	38,816,490	39,369,837	39,920,856	40,345,281	40,928,162	41,176,203	41,634,521	41,567,257	41,956,130	42,524,665	42,947,263	43,901,039	45,205,990
<b>TOTAL NON-CURRENT ASSETS</b>	<b>41,241,981</b>	<b>42,375,584</b>	<b>47,898,829</b>	<b>46,962,657</b>	<b>47,426,224</b>	<b>48,074,650</b>	<b>48,279,777</b>	<b>48,470,497</b>	<b>48,642,975</b>	<b>48,806,080</b>	<b>49,034,183</b>	<b>49,168,186</b>	<b>49,273,462</b>	<b>49,374,708</b>	<b>49,468,209</b>	<b>49,539,111</b>	<b>49,606,713</b>	<b>49,994,253</b>
<b>TOTAL ASSETS</b>	<b>49,814,663</b>	<b>49,263,835</b>	<b>54,325,027</b>	<b>52,849,123</b>	<b>52,980,156</b>	<b>53,622,061</b>	<b>54,244,568</b>	<b>54,858,929</b>	<b>55,461,401</b>	<b>56,060,952</b>	<b>56,643,108</b>	<b>57,225,414</b>	<b>57,785,715</b>	<b>58,348,812</b>	<b>58,911,093</b>	<b>59,457,808</b>	<b>60,008,360</b>	<b>60,546,092</b>
<b>CURRENT LIABILITIES</b>																		
Trade and Other Payables	569,409	70,092	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792	388,792
Provisions	43,211	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060
<b>TOTAL CURRENT LIABILITIES</b>	<b>612,620</b>	<b>136,152</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>	<b>454,852</b>
<b>NON-CURRENT LIABILITIES</b>																		
Provisions	13,611	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>13,611</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>	<b>12,427</b>
<b>TOTAL LIABILITIES</b>	<b>626,231</b>	<b>148,579</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>	<b>467,279</b>
<b>NET ASSETS</b>	<b>49,188,432</b>	<b>49,115,256</b>	<b>53,857,748</b>	<b>52,381,844</b>	<b>52,512,877</b>	<b>53,154,782</b>	<b>53,777,289</b>	<b>54,391,650</b>	<b>54,994,122</b>	<b>55,593,673</b>	<b>56,175,829</b>	<b>56,758,135</b>	<b>57,318,436</b>	<b>57,881,533</b>	<b>58,443,814</b>	<b>58,990,529</b>	<b>59,541,081</b>	<b>60,078,813</b>
<b>EQUITY</b>																		
Retained Surplus	32,233,357	32,033,590	36,821,082	33,910,962	33,454,707	33,174,965	32,427,575	31,662,475	30,880,205	30,079,860	29,351,988	28,517,205	27,666,482	26,798,106	25,910,640	25,004,800	24,078,152	23,470,590
Reserves - Cash Backed	4,946,537	5,064,017	5,019,017	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855	10,163,047
Asset Revaluation Surplus	12,008,538	12,017,649	12,017,649	12,973,208	13,893,030	14,821,198	15,773,715	16,729,535	17,684,283	18,647,733	19,603,708	20,572,494	21,528,493	22,498,115	23,479,082	24,455,824	25,450,074	26,445,176
<b>TOTAL EQUITY</b>	<b>49,188,432</b>	<b>49,115,256</b>	<b>53,857,748</b>	<b>52,381,844</b>	<b>52,512,877</b>	<b>53,154,782</b>	<b>53,777,289</b>	<b>54,391,650</b>	<b>54,994,122</b>	<b>55,593,673</b>	<b>56,175,829</b>	<b>56,758,135</b>	<b>57,318,436</b>	<b>57,881,533</b>	<b>58,443,814</b>	<b>58,990,529</b>	<b>59,541,081</b>	<b>60,078,813</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B5 – Forecast Statement of Changes in Equity 2017-2032

	2014	2015	2016	Base	30 June 18	30 June 19	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>RETAINED SURPLUS</b>																			
Opening Balance	28,498,045	28,974,148	32,259,341	33,051,979	36,821,082	33,910,962	33,454,707	33,174,965	32,427,575	31,662,475	30,880,205	30,079,860	29,351,988	28,517,205	27,666,482	26,798,106	25,910,640	25,004,800	24,078,152
Net Result	476,103	1,857,631	(108,271)	3,724,103	(2,431,463)	(788,789)	(286,263)	(330,010)	(341,459)	(352,276)	(363,899)	(373,819)	(386,480)	(395,698)	(406,525)	(418,686)	(430,027)	(443,698)	(457,370)
Amount transferred (to)/from Reserves		1,401,578	(117,480)	45,000	(478,657)	332,534	6,521	(417,380)	(423,641)	(429,994)	(436,446)	(354,053)	(448,303)	(455,025)	(461,851)	(468,780)	(475,813)	(482,950)	(150,192)
Closing Balance	28,974,148	32,233,357	32,033,590	36,821,082	33,910,962	33,454,707	33,174,965	32,427,575	31,662,475	30,880,205	30,079,860	29,351,988	28,517,205	27,666,482	26,798,106	25,910,640	25,004,800	24,078,152	23,470,590
<b>RESERVES - CASH/INVESTMENT BACKED</b>																			
Opening Balance	6,348,115	6,348,115	4,946,537	5,064,017	5,019,017	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855
Amount transferred to/(from) Retained Surplus	0	(1,401,578)	117,480	(45,000)	478,657	(332,534)	(6,521)	417,380	423,641	429,994	436,446	354,053	448,303	455,025	461,851	468,780	475,813	482,950	150,192
Closing Balance	6,348,115	4,946,537	5,064,017	5,019,017	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855	10,163,047
<b>ASSET REVALUATION SURPLUS</b>																			
Opening Balance	0	10,319,105	12,008,538	12,017,649	12,017,649	12,973,208	13,893,030	14,821,198	15,773,715	16,729,535	17,684,283	18,647,733	19,603,708	20,572,494	21,528,493	22,498,115	23,479,082	24,455,824	25,450,074
Total Other Comprehensive Income	10,319,105	1,689,433	9,111	0	955,559	919,822	928,168	952,517	955,820	954,748	963,450	955,975	968,786	955,999	969,622	980,967	976,742	994,250	995,102
Closing Balance	10,319,105	12,008,538	12,017,649	12,017,649	12,973,208	13,893,030	14,821,198	15,773,715	16,729,535	17,684,283	18,647,733	19,603,708	20,572,494	21,528,493	22,498,115	23,479,082	24,455,824	25,450,074	26,445,176
<b>TOTAL EQUITY</b>	<b>45,641,368</b>	<b>49,188,432</b>	<b>49,115,256</b>	<b>53,857,748</b>	<b>52,381,844</b>	<b>52,512,877</b>	<b>53,154,782</b>	<b>53,777,289</b>	<b>54,391,650</b>	<b>54,994,122</b>	<b>55,593,673</b>	<b>56,175,829</b>	<b>56,758,135</b>	<b>57,318,436</b>	<b>57,881,533</b>	<b>58,443,814</b>	<b>58,990,529</b>	<b>59,541,081</b>	<b>60,078,813</b>

## Appendix B6 – Forecast Statement of Cashflows 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>															
<b>Receipts</b>															
Rates	1,044,238	1,070,345	1,097,103	1,124,530	1,152,644	1,181,461	1,210,997	1,241,272	1,272,305	1,304,113	1,336,714	1,370,132	1,404,385	1,439,495	1,475,483
Operating grants, subsidies and contributions	7,802,963	3,263,800	3,329,076	3,395,656	3,463,571	3,532,841	3,603,498	3,675,569	3,749,081	3,824,064	3,900,546	3,978,557	4,058,128	4,139,292	4,222,078
Fees and charges	193,041	196,901	200,838	204,853	208,947	213,126	217,390	221,738	226,172	230,698	235,311	240,016	244,818	249,713	254,709
Interest earnings	143,375	135,280	130,293	130,194	136,455	142,808	149,260	155,803	161,117	167,839	174,665	181,594	188,627	195,764	203,006
Other revenue	332,285	338,931	345,711	352,624	359,675	366,869	374,207	381,689	389,323	397,110	405,054	413,154	421,418	429,846	438,443
	9,515,902	5,005,257	5,103,021	5,207,857	5,321,292	5,437,105	5,555,352	5,676,071	5,797,998	5,923,824	6,052,290	6,183,453	6,317,376	6,454,110	6,593,719
<b>Payments</b>															
Employee costs	(1,151,435)	(1,174,459)	(1,197,941)	(1,221,901)	(1,246,339)	(1,271,265)	(1,296,692)	(1,322,623)	(1,349,075)	(1,376,066)	(1,403,589)	(1,431,662)	(1,460,294)	(1,489,509)	(1,519,301)
Materials and contracts	(8,308,704)	(1,742,874)	(1,777,722)	(1,813,270)	(1,849,531)	(1,886,520)	(1,924,262)	(1,962,738)	(2,001,992)	(2,042,046)	(2,082,892)	(2,124,541)	(2,167,035)	(2,210,375)	(2,254,595)
Utility charges	(124,154)	(126,635)	(129,162)	(131,746)	(134,377)	(137,062)	(139,804)	(142,592)	(145,443)	(148,357)	(151,325)	(154,345)	(157,429)	(160,581)	(163,798)
Insurance expenses	(98,968)	(100,948)	(102,967)	(105,025)	(107,128)	(109,271)	(111,458)	(113,687)	(115,962)	(118,281)	(120,646)	(123,062)	(125,523)	(128,033)	(130,597)
Other expenditure	(69,740)	(71,134)	(72,557)	(74,009)	(75,490)	(76,999)	(78,540)	(80,109)	(81,712)	(83,346)	(85,012)	(86,712)	(88,445)	(90,215)	(92,018)
	(9,753,001)	(3,216,050)	(3,280,349)	(3,345,951)	(3,412,865)	(3,481,117)	(3,550,756)	(3,621,749)	(3,694,184)	(3,768,096)	(3,843,464)	(3,920,322)	(3,998,726)	(4,078,713)	(4,160,309)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(237,099)</b>	<b>1,789,207</b>	<b>1,822,672</b>	<b>1,861,906</b>	<b>1,908,427</b>	<b>1,955,988</b>	<b>2,004,596</b>	<b>2,054,322</b>	<b>2,103,814</b>	<b>2,155,728</b>	<b>2,208,826</b>	<b>2,263,131</b>	<b>2,318,650</b>	<b>2,375,397</b>	<b>2,433,410</b>
<b>Cash Flows from Investing Activities</b>															
Payments for purchase of property, plant & equipment	(321,450)	(1,460,794)	(1,211,901)	(676,567)	(736,642)	(1,001,622)	(760,061)	(1,316,943)	(927,834)	(1,723,408)	(1,170,350)	(727,708)	(1,056,056)	(275,753)	(325,233)
Payments for construction of infrastructure	(568,145)	(1,212,673)	(1,739,794)	(1,685,587)	(1,710,366)	(1,611,686)	(1,801,367)	(1,495,377)	(1,742,010)	(1,249,409)	(1,749,877)	(1,965,606)	(1,853,023)	(2,421,368)	(2,800,000)
Non-operating grants, subsidies and contributions	586,962	224,000	751,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533
Proceeds from sale of plant & equipment	0	327,726	371,422	189,426	231,856	354,741	258,454	374,931	274,871	530,263	428,964	152,189	316,933	52,779	87,482
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(302,633)</b>	<b>(2,121,741)</b>	<b>(1,829,193)</b>	<b>(1,444,526)</b>	<b>(1,484,786)</b>	<b>(1,525,994)</b>	<b>(1,568,150)</b>	<b>(1,700,269)</b>	<b>(1,655,511)</b>	<b>(1,700,703)</b>	<b>(1,746,975)</b>	<b>(1,794,351)</b>	<b>(1,842,837)</b>	<b>(1,892,447)</b>	<b>(2,283,218)</b>
<b>Cash Flows from Financing Activities</b>															
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>(539,732)</b>	<b>(332,534)</b>	<b>(6,521)</b>	<b>417,380</b>	<b>423,641</b>	<b>429,994</b>	<b>436,446</b>	<b>354,053</b>	<b>448,303</b>	<b>455,025</b>	<b>461,851</b>	<b>468,780</b>	<b>475,813</b>	<b>482,950</b>	<b>150,192</b>
Cash at beginning of year	6,225,003	5,685,271	5,352,737	5,346,216	5,763,596	6,187,237	6,617,231	7,053,677	7,407,730	7,856,033	8,311,058	8,772,909	9,241,689	9,717,502	10,200,452
<b>Cash and Cash Equivalents at the End of Year</b>	<b>5,685,271</b>	<b>5,352,737</b>	<b>5,346,216</b>	<b>5,763,596</b>	<b>6,187,237</b>	<b>6,617,231</b>	<b>7,053,677</b>	<b>7,407,730</b>	<b>7,856,033</b>	<b>8,311,058</b>	<b>8,772,909</b>	<b>9,241,689</b>	<b>9,717,502</b>	<b>10,200,452</b>	<b>10,350,644</b>
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>															
Net Result	(2,431,463)	(788,789)	(286,263)	(330,010)	(341,459)	(352,276)	(363,899)	(373,819)	(386,480)	(395,698)	(406,525)	(418,686)	(430,027)	(443,698)	(457,370)
Depreciation	2,781,326	2,801,996	2,860,015	2,920,118	2,980,252	3,040,837	3,103,319	3,165,261	3,229,756	3,293,277	3,359,639	3,428,591	3,497,986	3,570,990	3,645,313
Grants/Contributions for the development of assets	(586,962)	(224,000)	(751,080)	(728,202)	(730,366)	(732,573)	(734,824)	(737,120)	(739,462)	(741,851)	(744,288)	(746,774)	(749,309)	(751,895)	(754,533)
<b>Net Cash from Operating Activities</b>	<b>(237,099)</b>	<b>1,789,207</b>	<b>1,822,672</b>	<b>1,861,906</b>	<b>1,908,427</b>	<b>1,955,988</b>	<b>2,004,596</b>	<b>2,054,322</b>	<b>2,103,814</b>	<b>2,155,728</b>	<b>2,208,826</b>	<b>2,263,131</b>	<b>2,318,650</b>	<b>2,375,397</b>	<b>2,433,410</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B7 – Forecast Statement of Funding 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>FUNDING FROM OPERATIONAL ACTIVITIES</b>															
<b>Revenues</b>															
Rates	1,044,238	1,070,345	1,097,103	1,124,530	1,152,644	1,181,461	1,210,997	1,241,272	1,272,305	1,304,113	1,336,714	1,370,132	1,404,385	1,439,495	1,475,483
Operating grants, subsidies and contributions	7,802,963	3,263,800	3,329,076	3,395,656	3,463,571	3,532,841	3,603,498	3,675,569	3,749,081	3,824,064	3,900,546	3,978,557	4,058,128	4,139,292	4,222,078
Fees and charges	193,041	196,901	200,838	204,853	208,947	213,126	217,390	221,738	226,172	230,698	235,311	240,016	244,818	249,713	254,709
Interest earnings	143,375	135,280	130,293	130,194	136,455	142,808	149,260	155,803	161,117	167,839	174,665	181,594	188,627	195,764	203,006
Other revenue	332,285	338,931	345,711	352,624	359,675	366,869	374,207	381,689	389,323	397,110	405,054	413,154	421,418	429,846	438,443
	9,515,902	5,005,257	5,103,021	5,207,857	5,321,292	5,437,105	5,555,352	5,676,071	5,797,998	5,923,824	6,052,290	6,183,453	6,317,376	6,454,110	6,593,719
<b>Expenses</b>															
Employee costs	(1,151,435)	(1,174,459)	(1,197,941)	(1,221,901)	(1,246,339)	(1,271,265)	(1,296,692)	(1,322,623)	(1,349,075)	(1,376,066)	(1,403,589)	(1,431,662)	(1,460,294)	(1,489,509)	(1,519,301)
Materials and contracts	(8,308,704)	(1,742,874)	(1,777,722)	(1,813,270)	(1,849,531)	(1,886,520)	(1,924,262)	(1,962,738)	(2,001,992)	(2,042,046)	(2,082,892)	(2,124,541)	(2,167,035)	(2,210,375)	(2,254,595)
Utility charges (electricity, gas, water etc.)	(124,154)	(126,635)	(129,162)	(131,746)	(134,377)	(137,062)	(139,804)	(142,592)	(145,443)	(148,357)	(151,325)	(154,345)	(157,429)	(160,581)	(163,798)
Depreciation on non-current assets	(2,781,326)	(2,801,996)	(2,860,015)	(2,920,118)	(2,980,252)	(3,040,837)	(3,103,319)	(3,165,261)	(3,229,756)	(3,293,277)	(3,359,639)	(3,428,591)	(3,497,986)	(3,570,990)	(3,645,313)
Insurance expense	(98,968)	(100,948)	(102,967)	(105,025)	(107,128)	(109,271)	(111,458)	(113,687)	(115,962)	(118,281)	(120,646)	(123,062)	(125,523)	(128,033)	(130,597)
Other expenditure	(69,740)	(71,134)	(72,557)	(74,009)	(75,490)	(76,999)	(78,540)	(80,109)	(81,712)	(83,346)	(85,012)	(86,712)	(88,445)	(90,215)	(92,018)
	(12,534,327)	(6,018,046)	(6,140,364)	(6,266,069)	(6,393,117)	(6,521,954)	(6,654,075)	(6,787,010)	(6,923,940)	(7,061,373)	(7,203,103)	(7,348,913)	(7,496,712)	(7,649,703)	(7,805,622)
	(3,018,425)	(1,012,789)	(1,037,343)	(1,058,212)	(1,071,825)	(1,084,849)	(1,098,723)	(1,110,939)	(1,125,942)	(1,137,549)	(1,150,813)	(1,165,460)	(1,179,336)	(1,195,593)	(1,211,903)
<b>Funding Position Adjustments</b>															
Depreciation on non-current assets	2,781,326	2,801,996	2,860,015	2,920,118	2,980,252	3,040,837	3,103,319	3,165,261	3,229,756	3,293,277	3,359,639	3,428,591	3,497,986	3,570,990	3,645,313
<b>Net Funding From Operational Activities</b>	(237,099)	1,789,207	1,822,672	1,861,906	1,908,427	1,955,988	2,004,596	2,054,322	2,103,814	2,155,728	2,208,826	2,263,131	2,318,650	2,375,397	2,433,410
<b>FUNDING FROM CAPITAL ACTIVITIES</b>															
<b>Inflows</b>															
Proceeds on disposal	0	327,726	371,422	189,426	231,856	354,741	258,454	374,931	274,871	530,263	428,964	152,189	316,933	52,779	87,482
Non-operating grants, subsidies and contributions	586,962	224,000	751,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533
<b>Outflows</b>															
Purchase of property plant and equipment	(321,450)	(1,460,794)	(1,211,901)	(676,567)	(736,642)	(1,001,622)	(760,061)	(1,316,943)	(927,834)	(1,723,408)	(1,170,350)	(727,708)	(1,056,056)	(275,753)	(325,233)
Purchase of infrastructure	(568,145)	(1,212,673)	(1,739,794)	(1,685,587)	(1,710,366)	(1,611,686)	(1,801,367)	(1,495,377)	(1,742,010)	(1,249,409)	(1,749,877)	(1,965,606)	(1,853,023)	(2,421,368)	(2,800,000)
<b>Net Funding From Capital Activities</b>	(302,633)	(2,121,741)	(1,829,193)	(1,444,526)	(1,484,786)	(1,525,994)	(1,568,150)	(1,700,269)	(1,655,511)	(1,700,703)	(1,746,975)	(1,794,351)	(1,842,837)	(1,892,447)	(2,283,218)
<b>FUNDING FROM FINANCING ACTIVITIES</b>															
<b>Inflows</b>															
Transfer from reserves	0	755,000	424,000	0	0	0	0	90,000	0	0	0	0	0	0	0
<b>Outflows</b>															
Transfer to reserves	(478,657)	(422,466)	(417,479)	(417,380)	(423,641)	(429,994)	(436,446)	(444,053)	(448,303)	(455,025)	(461,851)	(468,780)	(475,813)	(482,950)	(150,192)
<b>Net Funding From Financing Activities</b>	(478,657)	332,534	6,521	(417,380)	(423,641)	(429,994)	(436,446)	(354,053)	(448,303)	(455,025)	(461,851)	(468,780)	(475,813)	(482,950)	(150,192)
Estimated Surplus/Deficit July 1 B/Fwd	1,018,389	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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B7 – Forecast Statement of Funding 2017-2032 (Continued)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COMPOSITION OF CLOSING POSITION</b>															
<b>CURRENT ASSETS</b>															
Unrestricted Cash and Equivalents	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597
Restricted Cash and Cash Equivalent	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855	10,163,047
Trade and Other Receivables	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771
Inventories	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424
<b>CURRENT LIABILITIES</b>															
Trade and Other Payables	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)
Reserves	(5,497,674)	(5,165,140)	(5,158,619)	(5,575,999)	(5,999,640)	(6,429,634)	(6,866,080)	(7,220,133)	(7,668,436)	(8,123,461)	(8,585,312)	(9,054,092)	(9,529,905)	(10,012,855)	(10,163,047)
Estimated Surplus/Deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CURRENT ASSETS</b>															
	5,886,466	5,553,932	5,547,411	5,964,791	6,388,432	6,818,426	7,254,872	7,608,925	8,057,228	8,512,253	8,974,104	9,442,884	9,918,697	10,401,647	10,551,839
<b>TOTAL CURRENT LIABILITIES</b>															
	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)	(454,852)
Reserves	(5,497,674)	(5,165,140)	(5,158,619)	(5,575,999)	(5,999,640)	(6,429,634)	(6,866,080)	(7,220,133)	(7,668,436)	(8,123,461)	(8,585,312)	(9,054,092)	(9,529,905)	(10,012,855)	(10,163,047)
Add: Leave Reserve	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060	66,060
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Appendix B8 – Forecast Statement of Net Current Asset Composition 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Estimated Surplus/Deficit July 1 B/Fwd</b>	1,018,389	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CURRENT ASSETS</b>															
Unrestricted Cash and Equivalents	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597	187,597
Restricted Cash and Cash Equivalent	5,497,674	5,165,140	5,158,619	5,575,999	5,999,640	6,429,634	6,866,080	7,220,133	7,668,436	8,123,461	8,585,312	9,054,092	9,529,905	10,012,855	10,163,047
Trade and Other Receivables	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771	67,771
Inventories	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424	133,424
<b>CURRENT LIABILITIES</b>															
Trade and Other Payables	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)	(388,792)
Reserves	(5,497,674)	(5,165,140)	(5,158,619)	(5,575,999)	(5,999,640)	(6,429,634)	(6,866,080)	(7,220,133)	(7,668,436)	(8,123,461)	(8,585,312)	(9,054,092)	(9,529,905)	(10,012,855)	(10,163,047)
<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 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CAPITAL WORKS - INFRASTRUCTURE</b>															
Infrastructure - roads	498,000	1,162,673	1,629,794	1,645,587	1,670,366	1,571,686	1,761,367	797,120	1,702,010	841,619	1,709,877	1,925,606	1,803,029	2,381,368	2,760,000
Infrastructure - footpaths	0	0	0	0	0	0	0	0	0	0	0	0	9,994	0	0
Infrastructure - other	70,145	50,000	110,000	40,000	40,000	40,000	40,000	698,257	40,000	407,790	40,000	40,000	40,000	40,000	40,000
<b>Total Capital Works - Infrastructure</b>	<b>568,145</b>	<b>1,212,673</b>	<b>1,739,794</b>	<b>1,685,587</b>	<b>1,710,366</b>	<b>1,611,686</b>	<b>1,801,367</b>	<b>1,495,377</b>	<b>1,742,010</b>	<b>1,249,409</b>	<b>1,749,877</b>	<b>1,965,606</b>	<b>1,853,023</b>	<b>2,421,368</b>	<b>2,800,000</b>
<b>Represented by:</b>															
Additions - Expansion, Upgrades and New	20,000	10,000	70,000	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	548,145	1,202,673	1,669,794	1,685,587	1,710,366	1,611,686	1,801,367	1,495,377	1,742,010	1,249,409	1,749,877	1,965,606	1,853,023	2,421,368	2,800,000
<b>Total Capital Works - Infrastructure</b>	<b>568,145</b>	<b>1,212,673</b>	<b>1,739,794</b>	<b>1,685,587</b>	<b>1,710,366</b>	<b>1,611,686</b>	<b>1,801,367</b>	<b>1,495,377</b>	<b>1,742,010</b>	<b>1,249,409</b>	<b>1,749,877</b>	<b>1,965,606</b>	<b>1,853,023</b>	<b>2,421,368</b>	<b>2,800,000</b>
<b>Asset Movement Reconciliation</b>															
Total Capital Works Infrastructure	568,145	1,212,673	1,739,794	1,685,587	1,710,366	1,611,686	1,801,367	1,495,377	1,742,010	1,249,409	1,749,877	1,965,606	1,853,023	2,421,368	2,800,000
Depreciation Infrastructure	(1,794,510)	(1,830,916)	(1,871,148)	(1,908,571)	(1,946,742)	(1,985,678)	(2,025,391)	(2,065,899)	(2,107,217)	(2,149,362)	(2,192,348)	(2,236,195)	(2,280,919)	(2,326,538)	(2,373,069)
Revaluation of Infrastructure assets (Inflation)	769,960	760,832	763,684	776,331	787,395	798,417	806,905	818,563	823,525	832,689	831,344	839,124	850,494	858,946	878,020
<b>Net Movement in Infrastructure Assets</b>	<b>(456,405)</b>	<b>142,589</b>	<b>632,330</b>	<b>553,347</b>	<b>551,019</b>	<b>424,425</b>	<b>582,881</b>	<b>248,041</b>	<b>458,318</b>	<b>(67,264)</b>	<b>388,873</b>	<b>568,535</b>	<b>422,598</b>	<b>953,776</b>	<b>1,304,951</b>
<b>CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT</b>															
Buildings	321,450	430,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Furniture and Equipment	0	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Plant and Equipment	0	1,024,794	1,055,901	519,567	579,642	844,622	603,061	1,159,943	770,834	1,566,408	1,013,350	570,708	899,056	118,753	168,233
<b>Total Capital Works Property, Plant and Equipment</b>	<b>321,450</b>	<b>1,460,794</b>	<b>1,211,901</b>	<b>676,567</b>	<b>736,642</b>	<b>1,001,622</b>	<b>760,061</b>	<b>1,316,943</b>	<b>927,834</b>	<b>1,723,408</b>	<b>1,170,350</b>	<b>727,708</b>	<b>1,056,056</b>	<b>275,753</b>	<b>325,233</b>
<b>Represented by:</b>															
Additions - Expansion, Upgrades and New	55,000	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - Renewal	266,450	1,210,794	1,211,901	676,567	736,642	1,001,622	760,061	1,316,943	927,834	1,723,408	1,170,350	727,708	1,056,056	275,753	325,233
<b>Total Capital Works Property, Plant and Equipment</b>	<b>321,450</b>	<b>1,460,794</b>	<b>1,211,901</b>	<b>676,567</b>	<b>736,642</b>	<b>1,001,622</b>	<b>760,061</b>	<b>1,316,943</b>	<b>927,834</b>	<b>1,723,408</b>	<b>1,170,350</b>	<b>727,708</b>	<b>1,056,056</b>	<b>275,753</b>	<b>325,233</b>
<b>Asset Movement Reconciliation</b>															
Total Capital Works Property, Plant and Equipment	321,450	1,460,794	1,211,901	676,567	736,642	1,001,622	760,061	1,316,943	927,834	1,723,408	1,170,350	727,708	1,056,056	275,753	325,233
Depreciation Property, Plant and Equipment	(986,816)	(971,080)	(988,867)	(1,011,547)	(1,033,510)	(1,055,159)	(1,077,928)	(1,099,362)	(1,122,539)	(1,143,915)	(1,167,291)	(1,192,396)	(1,217,067)	(1,244,452)	(1,272,244)
Net Book Value of disposed/Written Off assets	0	(327,726)	(371,422)	(189,426)	(231,856)	(354,741)	(258,454)	(374,931)	(274,871)	(530,263)	(428,964)	(152,189)	(316,933)	(52,779)	(87,482)
Revaluation of Property, Plant and Equipment (Inflation)	185,599	158,990	164,484	176,186	168,425	156,331	156,545	137,412	145,261	123,310	138,278	141,843	126,248	135,304	117,082
<b>Net Movement in Property, Plant and Equipment</b>	<b>(479,767)</b>	<b>320,978</b>	<b>16,096</b>	<b>(348,220)</b>	<b>(360,299)</b>	<b>(251,947)</b>	<b>(419,776)</b>	<b>(19,938)</b>	<b>(324,315)</b>	<b>172,540</b>	<b>(287,627)</b>	<b>(475,034)</b>	<b>(351,696)</b>	<b>(886,174)</b>	<b>(917,411)</b>
<b>CAPITAL WORKS - TOTALS</b>															
<b>Capital Works</b>															
Total Capital Works Infrastructure	568,145	1,212,673	1,739,794	1,685,587	1,710,366	1,611,686	1,801,367	1,495,377	1,742,010	1,249,409	1,749,877	1,965,606	1,853,023	2,421,368	2,800,000
Total Capital Works Property, Plant and Equipment	321,450	1,460,794	1,211,901	676,567	736,642	1,001,622	760,061	1,316,943	927,834	1,723,408	1,170,350	727,708	1,056,056	275,753	325,233
<b>Total Capital Works</b>	<b>889,595</b>	<b>2,673,467</b>	<b>2,951,695</b>	<b>2,362,154</b>	<b>2,447,008</b>	<b>2,613,308</b>	<b>2,561,428</b>	<b>2,812,320</b>	<b>2,669,844</b>	<b>2,972,817</b>	<b>2,920,227</b>	<b>2,693,314</b>	<b>2,909,079</b>	<b>2,697,121</b>	<b>3,125,233</b>
<b>Fixed Asset Movement</b>															
Net Movement in Infrastructure Assets	(456,405)	142,589	632,330	553,347	551,019	424,425	582,881	248,041	458,318	(67,264)	388,873	568,535	422,598	953,776	1,304,951
Net Movement in Property, Plant and Equipment	(479,767)	320,978	16,096	(348,220)	(360,299)	(251,947)	(419,776)	(19,938)	(324,315)	172,540	(287,627)	(475,034)	(351,696)	(886,174)	(917,411)
<b>Net Movement in Fixed Assets</b>	<b>(936,172)</b>	<b>463,567</b>	<b>648,426</b>	<b>205,127</b>	<b>190,720</b>	<b>172,478</b>	<b>163,105</b>	<b>228,103</b>	<b>134,003</b>	<b>105,276</b>	<b>101,246</b>	<b>93,501</b>	<b>70,902</b>	<b>67,602</b>	<b>387,540</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies



## Appendix B10 – Forecast Statement of Capital Funding 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Capital Expenditure</b>															
Infrastructure - roads	498,000	1,162,673	1,629,794	1,645,587	1,670,366	1,571,686	1,761,367	797,120	1,702,010	841,619	1,709,877	1,925,606	1,803,029	2,381,368	2,760,000
Infrastructure - footpaths	0	0	0	0	0	0	0	0	0	0	0	0	9,994	0	0
Infrastructure - other	70,145	50,000	110,000	40,000	40,000	40,000	40,000	698,257	40,000	407,790	40,000	40,000	40,000	40,000	40,000
Buildings	321,450	430,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Furniture and Equipment	0	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Plant and Equipment	0	1,024,794	1,055,901	519,567	579,642	844,622	603,061	1,159,943	770,834	1,566,408	1,013,350	570,708	899,056	118,753	168,233
<b>Total - Capital Expenditure</b>	<b>889,595</b>	<b>2,673,467</b>	<b>2,951,695</b>	<b>2,362,154</b>	<b>2,447,008</b>	<b>2,613,308</b>	<b>2,561,428</b>	<b>2,812,320</b>	<b>2,669,844</b>	<b>2,972,817</b>	<b>2,920,227</b>	<b>2,693,314</b>	<b>2,909,079</b>	<b>2,697,121</b>	<b>3,125,233</b>
<b>Funded By:</b>															
<b>Capital Grants &amp; Contributions</b>															
Infrastructure - roads	438,000	224,000	726,080	728,202	730,366	732,573	734,824	737,120	739,462	741,851	744,288	746,774	749,309	751,895	754,533
Infrastructure - other	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	148,962	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total - Capital Grants &amp; Contributions</b>	<b>586,962</b>	<b>224,000</b>	<b>751,080</b>	<b>728,202</b>	<b>730,366</b>	<b>732,573</b>	<b>734,824</b>	<b>737,120</b>	<b>739,462</b>	<b>741,851</b>	<b>744,288</b>	<b>746,774</b>	<b>749,309</b>	<b>751,895</b>	<b>754,533</b>
<b>Own Source Funding</b>															
Infrastructure - roads	60,000	938,673	903,714	917,385	940,000	839,113	1,026,543	60,000	962,548	99,768	965,589	1,178,832	1,053,720	1,629,473	2,005,467
Infrastructure - footpaths	0	0	0	0	0	0	0	0	0	0	0	0	9,994	0	0
Infrastructure - other	70,145	50,000	85,000	40,000	40,000	40,000	40,000	698,257	40,000	407,790	40,000	40,000	40,000	40,000	40,000
Buildings	172,488	430,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Furniture and Equipment	0	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Plant and Equipment	0	697,068	684,479	330,141	347,786	489,881	344,607	785,012	495,963	1,036,145	584,386	418,519	582,123	65,974	80,751
<b>Total - Own Source Funding</b>	<b>302,633</b>	<b>2,121,741</b>	<b>1,829,193</b>	<b>1,444,526</b>	<b>1,484,786</b>	<b>1,525,994</b>	<b>1,568,150</b>	<b>1,700,269</b>	<b>1,655,511</b>	<b>1,700,703</b>	<b>1,746,975</b>	<b>1,794,351</b>	<b>1,842,837</b>	<b>1,892,447</b>	<b>2,283,218</b>
<b>Borrowings</b>															
<b>Total - Borrowings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other (Disposals &amp; C/Fwd)</b>															
Plant and Equipment	0	327,726	371,422	189,426	231,856	354,741	258,454	374,931	274,871	530,263	428,964	152,189	316,933	52,779	87,482
<b>Total - Other (Disposals &amp; C/Fwd)</b>	<b>0</b>	<b>327,726</b>	<b>371,422</b>	<b>189,426</b>	<b>231,856</b>	<b>354,741</b>	<b>258,454</b>	<b>374,931</b>	<b>274,871</b>	<b>530,263</b>	<b>428,964</b>	<b>152,189</b>	<b>316,933</b>	<b>52,779</b>	<b>87,482</b>
<b>Total Capital Funding</b>	<b>889,595</b>	<b>2,673,467</b>	<b>2,951,695</b>	<b>2,362,154</b>	<b>2,447,008</b>	<b>2,613,308</b>	<b>2,561,428</b>	<b>2,812,320</b>	<b>2,669,844</b>	<b>2,972,817</b>	<b>2,920,227</b>	<b>2,693,314</b>	<b>2,909,079</b>	<b>2,697,121</b>	<b>3,125,233</b>

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B11 – Forecast Ratios 2017-2032

	Target Range		Average	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>LIQUIDITY RATIOS</b>																		
Current Ratio	> 1.00	> 1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>OPERATING RATIOS</b>																		
Operating Surplus Ratio	> 1.00%	> 15.00%	(63.21%)	(176.21%)	(58.16%)	(58.48%)	(58.39%)	(57.70%)	(56.97%)	(56.29%)	(55.53%)	(54.95%)	(54.18%)	(53.48%)	(52.86%)	(52.20%)	(51.65%)	(51.10%)
Own Source Revenue Coverage Ratio	> 40.00%	> 60.00%	28.50%	13.67%	28.94%	28.89%	28.92%	29.06%	29.20%	29.33%	29.48%	29.59%	29.74%	29.87%	30.00%	30.14%	30.26%	30.38%
<b>BORROWINGS RATIOS</b>																		
Debt Service Cover Ratio	> 3	> 5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FIXED ASSET RATIOS</b>																		
Asset Sustainability Ratio	> 90.00%	> 110.00%	81.29%	29.29%	86.13%	100.76%	80.89%	82.11%	85.94%	82.54%	88.85%	82.66%	90.27%	86.92%	78.55%	83.16%	75.53%	85.73%
Asset Consumption Ratio	> 50.00%	> 60.00%	60.31%	67.56%	66.48%	65.91%	64.77%	63.64%	62.51%	61.39%	60.38%	59.26%	58.15%	57.04%	55.95%	54.85%	53.76%	53.04%
Asset Renewal Funding Ratio	> 75.00%	> 95.00%	94.64%	95.05%	100.14%	100.96%	89.20%	87.87%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Refer to Appendix B12 – Forecast Significant Accounting Policies

## Appendix B12 – Required Asset Renewals 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>																
Buildings	0	14,072	0	0	673,489	59,755	0	616,292	0	0	198,940	0	3,156,398	0	0	4,718,946
Furniture and Equipment	58,803	59,979	61,179	62,403	63,651	64,924	66,222	67,547	68,898	70,276	71,681	73,115	74,577	76,068	77,590	1,016,912
Plant and Equipment	14,566	1,351,977	578,017	629,326	353,052	226,290	363,215	543,767	962,640	211,373	322,133	1,292,312	651,823	1,137,259	155,810	8,793,560
Infrastructure - Roads	3,865,519	1,192,251	1,491,526	2,303,362	1,585,847	615,988	1,644,497	874,180	1,374,539	1,403,978	4,712,044	1,339,515	1,826,398	2,801,662	1,878,431	28,909,737
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0	00	0	9,994	0	0	9,994
Infrastructure - Other	25,469	55,205		102,030	0	93,732	100,747	860,122	0	591,000	0	67,293	122,474	63,148	0	2,081,220
<b>Total</b>	<b>3,964,357</b>	<b>2,673,484</b>	<b>2,130,722</b>	<b>3,097,121</b>	<b>2,676,039</b>	<b>1,060,689</b>	<b>2,174,681</b>	<b>2,961,908</b>	<b>2,406,077</b>	<b>2,276,627</b>	<b>5,304,798</b>	<b>2,772,235</b>	<b>5,841,664</b>	<b>4,078,137</b>	<b>2,111,831</b>	<b>45,530,369</b>

## Appendix B13 – Planned Asset Renewals 2017-2032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>																
Buildings	321,450	430,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	2,701,450
Furniture and Equipment	0	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	96,000
Plant and Equipment	0	1,024,794	1,055,901	519,567	579,642	844,622	603,061	1,159,943	770,834	1,566,408	1,013,350	570,708	899,056	118,753	168,233	10,894,872
Infrastructure - Roads	498,000	1,162,673	1,629,794	1,645,587	1,670,366	1,571,686	1,761,367	797,120	1,702,010	841,619	1,709,877	1,925,606	1,803,029	2,381,368	2,760,000	23,860,102
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0	0	0	9,994	0	0	9,994
Infrastructure - Other	70,145	50,000	110,000	40,000	40,000	40,000	40,000	698,257	40,000	407,790	40,000	40,000	40,000	40,000	40,000	1,736,192
<b>Total</b>	<b>889,595</b>	<b>2,673,467</b>	<b>2,951,695</b>	<b>2,362,154</b>	<b>2,447,008</b>	<b>2,613,308</b>	<b>2,561,428</b>	<b>2,812,320</b>	<b>2,669,844</b>	<b>2,972,817</b>	<b>2,920,227</b>	<b>2,693,314</b>	<b>2,909,079</b>	<b>2,697,121</b>	<b>3,125,233</b>	<b>39,298,610</b>

## Appendix B14 –Asset Renewal Funding Surplus (Deficit) 2017-2032

Asset Class	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	321,450	415,928	150,000	150,000	(523,489)	90,245	150,000	(466,292)	150,000	150,000	(48,940)	150,000	(3,006,398)	150,000	150,000	(2,017,496)
Furniture and Equipment	(58,803)	(53,979)	(55,179)	(55,403)	(56,651)	(57,924)	(59,222)	(60,547)	(61,898)	(63,276)	(64,681)	(66,115)	(67,577)	(69,068)	(70,590)	(920,912)
Plant and Equipment	(14,566)	(327,183)	477,884	(109,759)	226,590	618,332	239,846	616,176	(191,806)	1,355,035	691,217	(721,604)	247,233	(1,018,506)	12,423	2,101,312
Infrastructure - Roads	(3,367,519)	(29,578)	138,268	(657,775)	84,519	955,698	116,870	(77,060)	327,471	(562,359)	(3,002,167)	586,091	(23,369)	(420,294)	881,569	(5,049,635)
Infrastructure - Other	44,676	(5,205)	110,000	(62,030)	40,000	(53,732)	(60,747)	(161,865)	40,000	(183,210)	40,000	(27,293)	(82,474)	(23,148)	40,000	(345,028)
<b>Total</b>	<b>(3,074,762)</b>	<b>(17)</b>	<b>820,973</b>	<b>(734,967)</b>	<b>(229,031)</b>	<b>1,552,619</b>	<b>386,747</b>	<b>(149,588)</b>	<b>263,767</b>	<b>696,190</b>	<b>(2,384,571)</b>	<b>(78,921)</b>	<b>(2,932,585)</b>	<b>(1,381,016)</b>	<b>1,013,402</b>	<b>(6,231,759)</b>

# Appendix B15 – Forecast Significant Accounting Policies

## Basis of Preparation

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

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

## Critical Accounting Estimates

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

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

## The Local Government Reporting Entity

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

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

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

### (a) Base Year Balances

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

### (b) Rounding Off Figures

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

### (c) Comparative Figures

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

### (d) Forecast Fair Value Adjustments

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

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

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

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

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

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

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

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

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

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

### (g) Superannuation

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

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

### (h) Cash and Cash Equivalents

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

### (i) Trade and Other Receivables

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

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

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

### (j) Inventories

#### *General*

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

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

#### *Land held for resale*

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

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

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

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

### (k) Fixed Assets

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

#### *Revaluation*

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

#### *Land under roads*

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

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

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

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

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

#### *Depreciation*

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

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

Asset Class	Effective average depreciation rate
Buildings	1.31%
Furniture and Equipment	10.00%
Plant and Equipment	7.70%
Roads	0.78%
Footpaths	2.12%
Drainage	0.69%
Bridges	1.00%
Infrastructure	2.00%



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

### (k) Fixed Assets (Continued)

#### *Depreciation (Continued)*

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

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

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

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

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

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

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

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

#### ***Fair Value Hierarchy***

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

##### *Level 1*

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

##### *Level 2*

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

##### *Level 3*

Measurements based on unobservable inputs for the asset or liability.

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

# Appendix B15 – Forecast Significant Accounting Policies (Continued)

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

### **Valuation Techniques**

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

#### *Market approach*

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

#### *Income approach*

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

#### *Cost approach*

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

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

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

## (m) Financial Instruments

### **Initial Recognition and Measurement**

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

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

### **Classification and Subsequent Measurement**

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

Amortised cost is calculated as:

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

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

### (m) Financial Instruments (Continued)

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

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

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

#### (ii) Loans and receivables

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

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

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

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

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

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

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

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

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

#### (v) Financial liabilities

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

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

### (m) Financial Instruments (Continued)

#### **Impairment**

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

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

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

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

#### **Derecognition**

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

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

### (n) Impairment of Assets

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

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

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

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

At the time of the preparation of the Plan, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

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

### (o) Trade and Other Payables

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

### (p) Employee Benefits

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

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

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

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

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

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

### (q) Borrowing Costs

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

### (r) Provisions

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

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

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

### (s) Leases

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

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

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

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

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

### (t) Investment in Associates

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

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

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

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

### (u) Interests in Joint Arrangements

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

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

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

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

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

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

## Appendix C1 – Glossary

### Funding Gap

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

### Infrastructure Assets

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

### Key Performance Indicator

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

### Level Of Service

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

### Maintenance

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

### Planned Maintenance

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

### Reactive Maintenance

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

### Significant Maintenance

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



## Appendix C1 – Glossary (Continued)

### Unplanned Maintenance

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

### Maintenance Expenditure

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

### Materiality

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

### Modern Equivalent Asset

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

### Net Present Value (NPV)

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

### Non-Revenue Generating Investments

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

### Operations Expenditure

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

### Pavement Management System

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

### Recoverable Amount

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

## Appendix C1 – Glossary (Continued)

### Recurrent Expenditure

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

### Recurrent Funding

Funding to pay for recurrent expenditure.

### Remaining Useful Life

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

### Renewal

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

### Residual Value

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

### Revenue Generating Investments

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

### Risk Management

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

### Section or Segment

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

### Service Potential

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

### Service Potential Remaining

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

## Appendix C1 – Glossary (Continued)

### Specific Maintenance

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

### Sub-Component

Smaller individual parts that make up a component part.

### Useful Life

May be expressed as either:

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

# Other Matters

## Preparation

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

## Reliance

This Plan has been prepared for the exclusive use of the Shire of Sandstone 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 Sandstone. 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 Sandstone.

This Plan contains quantitative and qualitative statements, including projections, estimates, opinions and forecasts concerning the anticipated future performance of Shire of Sandstone 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 Sandstone. 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 Sandstone and the impact that a variation in future outcomes may have on the Plan and the Shire of Sandstone.

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## Document Management

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