



Shire of
Perenjori
Embrace Opportunity

Strategic Resource Plan

2023 – 2038

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1.0 Foreword

We are pleased to present the Shire of Perenjori Draft Strategic Resource Plan for 2023 – 2038.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the district's future. Despite the current uncertain times globally, the Plan provides the Council and the community with a picture of the Shire's long term financial management, asset management and workforce circumstances. The Plan has been developed to assist us meet our strategic outcomes and objectives, both during and beyond current global uncertainties and other considerations which may impact our community.

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 continue to follow the strategic direction for a promising future for 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 Perenjori's Draft Strategic Resource Plan 2023 – 2038 is an important planning tool as we strive to achieve the strategies set out in Shire's Strategic Community Plan and Corporate Business Plan 2022/23 – 2032/33.

This Plan will be used with the Strategic Community and Corporate Business plans to achieve our goals and drive the Shire in achieving its vision of "Our community is strong and growing. We create our own future with imagination and energy. We are proud of this place we call home and welcome visitors to share in its outstanding natural beauty."

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.

Jude Sutherland Shire President

Paul Anderson, Chief Executive Officer

2.0 Perenjori Profile, Vision and Objectives

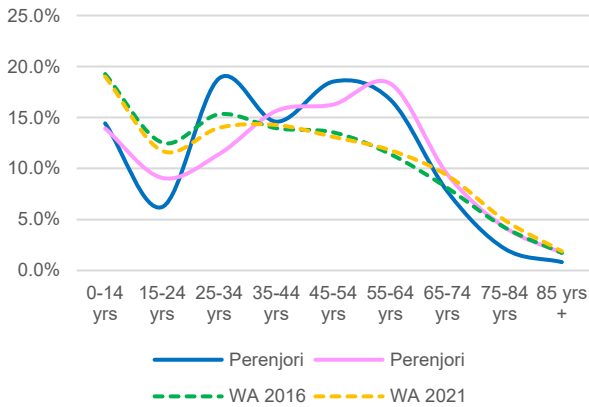
2.1 Location

The Shire of Perenjori covers an area of 8,301km², situated in the Mid-West region of Western Australia, incorporating the communities and localities of Bowgada, Bunjil, Caron, Latham, Maya and Perenjori. The Shire administration centre is located in the town of Perenjori, 354 km north of Perth.

2.2 People¹

In 2021, the Shire of Perenjori’s population on the night of the census was 629, with no significant variation forecast.

The following chart reflect the Shire’s population in comparison to the population of the state of Western Australia.



The age demographic of the district’s population is reflected by the blue (2016 Census) and pink (2021 Census) lines in the chart above. When compared to the age demographic of the West Australian population reflected by the dotted lines, it is apparent the Shire of Perenjori has a higher percentage of working age residents, 35-64 years.

2.3 Vision

The Shire’s strategic vision: Our community is strong and growing. We create our own future with imagination and energy. We are proud of this place we call home and welcome visitors to share in its outstanding natural beauty.

2.4 Strategic Objectives

The following key themes are identified in the Shire’s Strategic Community Plan 2022/23 – 2032/33 and considered within the Draft Strategic Resource Plan:

- **Social:** A healthy and inclusive community, and a great place to live for all ages and stages of life.
- **Built and Natural Environment:** Eco-friendly, attractive and well-maintained towns, surrounded by outstanding natural beauty, landscapes, flora and fauna to be protected and enjoyed.
- **Economic:** A flourishing economy, with businesses offering a suite of trades, goods and services, retail and hospitality offerings.
- **Governance and Leadership:** A strong and diverse Council working closely with a proactive and involved community.

¹ 2021 Perenjori (LGA57000), Census All persons | Australian Bureau of Statistics (abs.gov.au), viewed 15 June 2023

3.0 Key Information

Forecast Assumptions



3.5%
Inflation Rate



Stable
Population



Stable
Levels of Service



Stable
Operations



Balanced
Annual Budget



4%
Rates



5%
Materials and Contracts

Statistics¹



7
Elected Members



34
Employees



275
Electors



254
Dwellings



354km
Distance from Perth



8,301km²
Area



629
Population

¹WALGA Online Local Government Directory 2021/22, Shire of Perenjori

4.0 Executive Summary

The following information provides a brief summary of the Draft Strategic Resource Plan 2023 – 2038, this should be read in conjunction with the underlying assumptions detailed in this Plan.

4.1 Planning for a Sustainable and Stable Future

The Shire of Perenjori is planning for a positive and stable future, despite the current uncertainty arising from inflation and current global supply shortages. The Shire seeks to maintain, and where possible, improve service levels into the future while ensuring a healthy financial position.

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

4.2 Significant Issues

The development and preservation of water and power supply to the region are significant priorities along with the continued provision of the road network which remains one of the major expenditure items for the Shire.

Road maintenance and road renewal remain a high priority 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. High traffic volumes and loads on haulage roads results a shorter estimated useful life and higher construction specification than would otherwise be the case.

Funding renewal of strategic grain haulage roads to a standard capable of carrying the forecast traffic loads is likely to be a significant financial challenge beyond the Shire's forecast capacity should external funding not be received for renewal of these roads. Adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

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

Rate revenue is forecast to increase at 4% per year from 2023/24 for the duration of the Plan. These increases are to assist in the long term financial stability of the Shire and to increase the level of services to the community where possible. These increases will be reviewed annually when setting future budgets and once the impacts of the inflation and current global supply shortages are more apparent.

4.3 Forecast Capital Projects

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

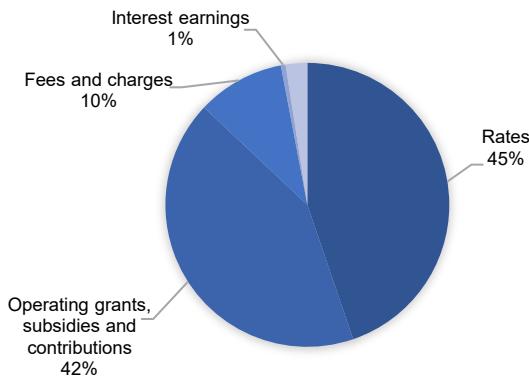
Project by Asset Class	2023 – 2038 Amount (\$)
Infrastructure – Roads	
Road upgrades and renewal program	35,882,571
Infrastructure - Roads Total	35,882,571
Plant and Equipment	
Plant replacement program	6,750,000
Plant and Equipment Total	6,750,000
Buildings	
Staff housing	950,000
Community housing	900,000
Commercial Centre	1,500,000
Buildings Total	3,350,000
Grand Total	45,982,571

5.0 Long Term Financial Planning Overview

5.1 Forecast Revenue

Rates are expected to be \$3.23m in 2023-24 and increasing at 4.0% per annum to \$5.59m in 2037-38 and comprise 45% of operating revenue over the term of the Plan. The Shire is reliant on receiving more than \$61.1m over the next 15 years in untied grants, subsidies and contributions to maintain the current level of operations and services. Capital grants are expected to remain relatively stable for road renewal.

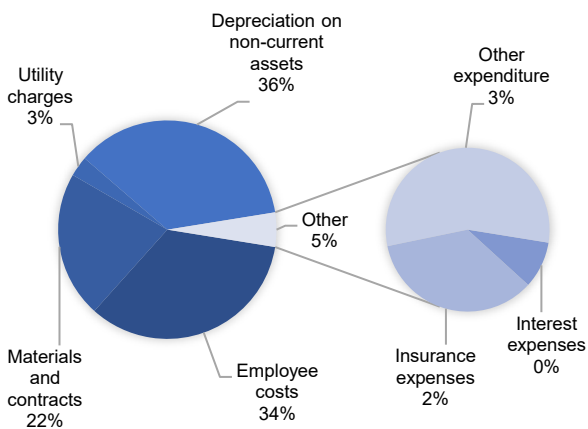
5.1.1 Revenue Composition Year 1 to 15



5.2 Forecast Expenditure

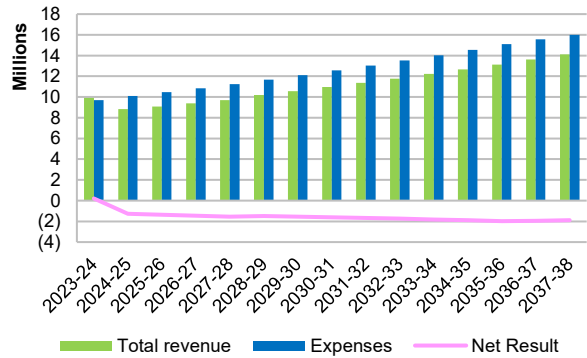
Material and contracts are forecast to increase by 5% per annum (3.5% CPI). All other expenditure is forecast to increase in line with inflation except for depreciation which is impacted by the addition of assets over the term of the Plan.

5.2.1 Expenditure Composition Year 1 to 15



5.3 Net Result

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



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

5.4 Depreciation

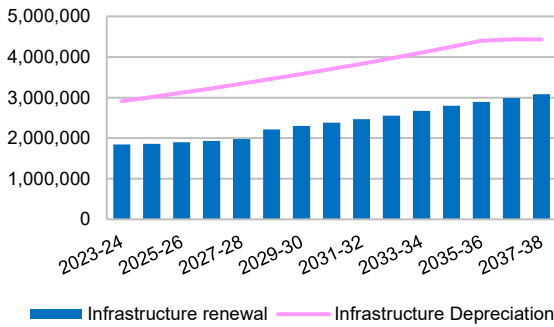
Ideally, the average asset renewal should be in line with depreciation over the long term, to ensure the value of assets is maintained. On average, the Shire is planning to renew its infrastructure assets at a lower level than they are depreciating over the term of the Plan.

Where the planned asset renewals are lower than depreciation, the written down value of these assets will decrease over time as depreciation erodes the value of the assets.

5.0 Long Term Financial Planning Overview (continued)

5.4.1 Infrastructure Depreciation -V- Asset Renewal Expenditure

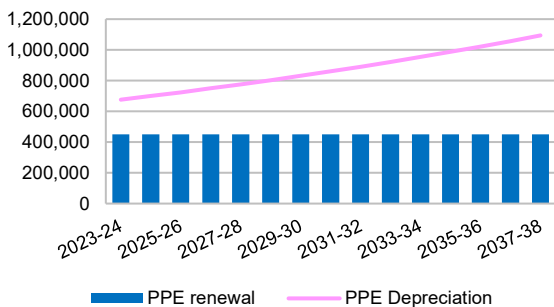
Depreciation increases throughout the Plan from \$3.6m in year 1 to \$5.5m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years totals \$55.8m, shown by the pink line in the chart below. The planned level of infrastructure asset renewal expenditure at \$35.9m (reflected by the blue columns) is over the term of the Plan below the level of depreciation.



Further review of asset useful lives for infrastructure assets in future may be required as changes occur in the construction techniques of road pavements occur and traffic loads vary.

Planned property, plant and equipment asset renewals of \$6.8m (reflected by the blue columns) over the 15 years is less than the depreciation of \$13.0m (reflected by the pink line) over the same period as shown in the chart below.

5.4.2 Property, Plant and Equipment Depreciation -V- Asset Renewal Expenditure



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

5.5 Maintenance Expenditure

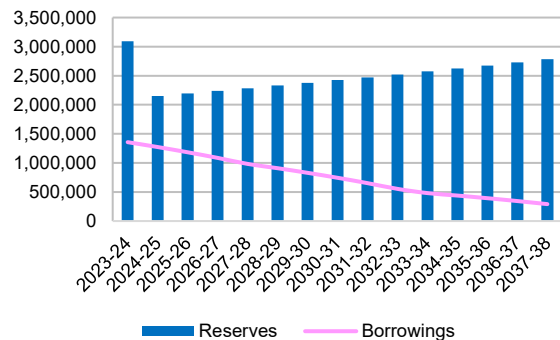
The current maintenance expenditure allocated in the annual operating budget is expected to continue at current levels, with inflationary increases occurring each year.

5.6 Forecast New / Upgrade Asset Expenditure

As the Shire seeks to achieve its strategic objectives in supporting the increased provision of long term residential accommodation to the community, a significant spend is currently planned for building assets, with upgrades of \$2.8m planned, along with \$1m for upgrades to building infrastructure.

5.7 Forecast Borrowings and Reserve Accounts

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



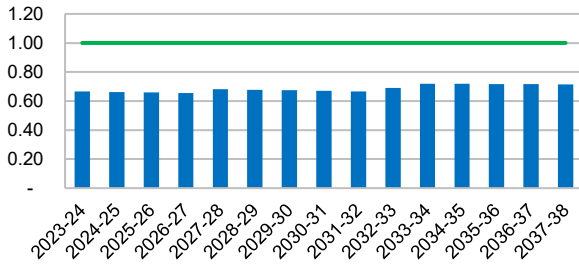
Borrowings are reduced during the life of the Plan, this is part of its strategy to allow flexibility to respond to sudden or unexpected expenditure requirements. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of reserve accounts to save for significant future asset renewal spikes.

5.0 Long Term Financial Planning Overview (continued)

5.8 Forecast Operating Ratios 2023 – 2038

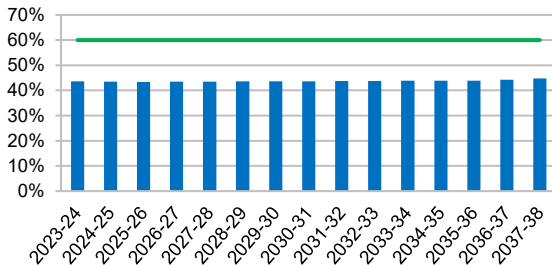
Monitoring the Shire’s financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The green line reflects the Department of Local Government, Sport and Cultural Industries’ (the Department) minimum target level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

5.8.1 Current Ratio



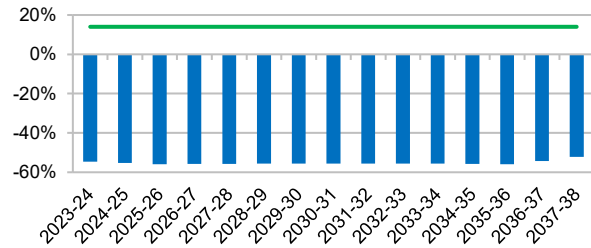
As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0. The trend is not considered to indicate a threat to the Shire’s long term financial position.

5.8.2 Own Source Revenue Coverage Ratio



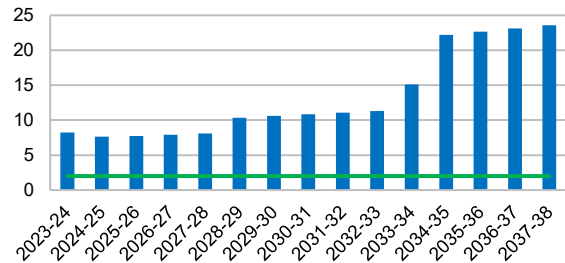
The ratio remains below the target indicating the Shire has a high reliance on grants and contributions.

5.8.3 Operating Surplus Ratio



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

5.8.4 Debt Service Cover Ratio



The ratio indicates the Shire has an increasing capacity in the medium to long term to take up borrowings if required, as existing borrowings are repaid.

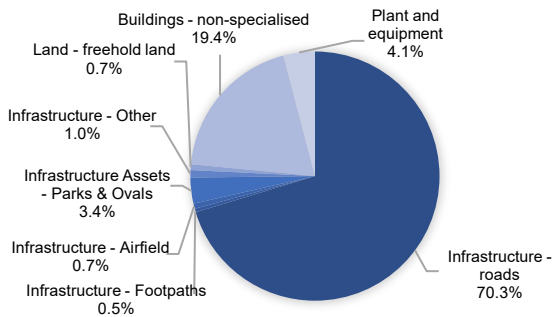
An explanation of all ratios is provided at Section 11.2.

6.0 Asset Management Planning Overview

6.1 Key Asset Information

The Shire controls an asset network with a written down value of \$67.3m at 30 June 2022, of which roads infrastructure constitutes the largest component values as reflected in the chart below.

6.1.1 Written Down Value by Asset Class²



6.2 Asset Management Policy

The purpose of an asset management policy is to:

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

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

6.3 Asset Management Strategy

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

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

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

Detailed long term planning is required for the renewal of building assets and other infrastructure due to the scale of expenditure in relation to these assets and the likelihood of usage/design upgrades when renewal occurs. Unfortunately, planning for the renewal of long lived assets carries with it a high level of uncertainty. This is due to the vagary associated with the allocation of future external contributions and the potential for a sudden and unexpected change in grant funding.

It is important to note, capital works identified in this Plan funded by external contributions may be postponed or reduced in scale should external funding not eventuate. Postponing asset renewal past forecast estimated useful life and an optimum intervention point increases the risk associated with sudden unexpected asset failure bringing with it the potential for a loss of service.

Recognising a proportion of assets have been constructed with the assistance of external financial contributions, the Shire seeks to, within its financial capacity, maintain these assets into the future. A strategy of alignment of estimated asset useful lives with the forecast financial capacity aims to ensure the long term affordability of Shire assets. By focusing resources and efforts on a small number of key critical assets, the Shire has achieved its targeted asset management outcomes, integrated with financial planning within its forecast financial capacity based on an annual rate increase of 4% (CPI of 3.5% + 0.5%) for the term of the Plan.

6.4 Level of Service

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

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

² Shire of Perenjori Annual Financial Report 2021/22

6.0 Asset Management Planning Overview (continued)

6.5 Financial Management Strategy for Assets

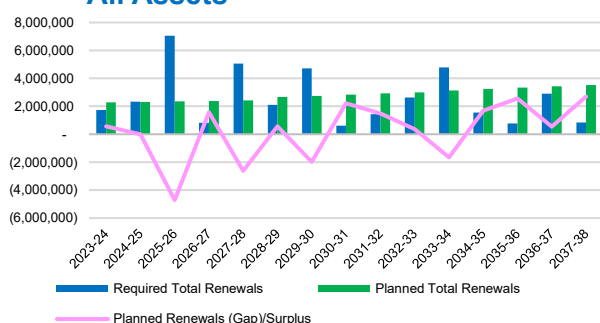
Based on the 2021/22 Annual Financial Statements and 2022/23 Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

Impacts of the global financial instability and worldwide supply chain issues have created a high level of uncertainty. Should the need arise for additional funding to meet the impacts of current supply issues and other influencing factors, these will be drawn from reserve accounts or additional revenue increases where possible or service levels will be reduced. Structuring operational revenues and expenditure to try and meet the adequate provision for asset renewal into the future is a cornerstone of the Shire’s overall financial strategy. To achieve this strategy, rate increases 0.5% above forecast consumer price index (CPI) rate of 3.5% are planned to occur for the duration of the Plan, combined with the maintenance of operating expenditure in line with the CPI forecast.

Forecast planned asset renewals for the term of the Plan, along with the forecast required asset renewals to maintain services in the future, are shown as columns in the chart below with the values in the table to the right.

The annual budget cycle and resource limitations result in differences between the planned and required renewal expenditure, referred to as an asset renewal funding surplus/(deficit). The asset renewal funding surplus/(deficit) representing the difference between the planned and required asset renewals is represented by the line in the chart below, with values provided in the table on following page.

6.5.1 Required v Planned Asset Renewals – All Assets



Forecast asset renewals requirements are arrived at based on current estimates of replacement cost and remaining useful life of each asset, assessed from the asset’s condition or age. The Shire is planning for renewal of all assets at the end of their useful life, except for buildings and other infrastructure. Buildings and other infrastructure are to be maintained so they may be used beyond their standard useful life. Further useful life information is required for road assets to better determine the remaining useful life of road assets.

Year	Required Asset Renewal \$	Planned Asset Renewal \$	Asset Renewal Surplus/ (Deficit) \$
2022-23	1,735,924	2,297,098	561,174
2023-24	2,330,419	2,313,753	(16,666)
2024-25	7,063,252	2,346,724	(4,716,528)
2025-26	814,337	2,380,008	1,565,671
2026-27	5,057,217	2,432,309	(2,624,908)
2027-28	2,111,033	2,667,741	556,708
2028-29	4,718,213	2,749,146	(1,969,067)
2029-30	603,898	2,832,358	2,228,460
2030-31	1,438,638	2,917,372	1,478,734
2031-32	2,634,143	3,004,167	370,024
2032-33	4,781,908	3,126,812	(1,655,096)
2033-34	1,562,720	3,251,242	1,688,522
2034-35	781,291	3,343,417	2,562,126
2035-36	2,901,895	3,437,371	535,476
2036-37	833,533	3,533,053	2,699,520
Total	39,368,420	42,632,571	3,264,151

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

As the Shire has such a large road network to maintain, the required asset renewal is significantly higher than current resources allow to be undertaken. Obtaining additional funding is critical to ensuring the long term maintenance and improvement of Shire assets

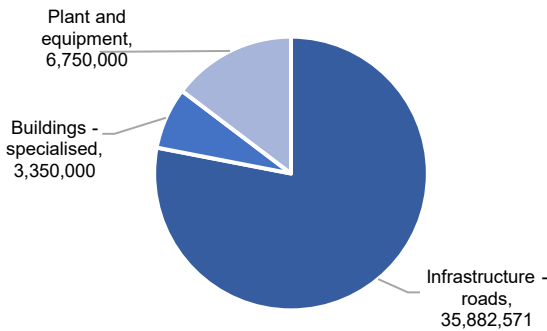
As assets approach their initial estimated asset renewal, the timing and need for renewal will be re-assessed and may well vary, enabling the reallocation of limited resources between asset classes and years, using cash backed reserves.

6.0 Asset Management Planning Overview (continued)

6.6 Planned Asset Expenditure

Renewal asset expenditure of \$42.6m has been planned as per the previous table, with \$2.3m of new and expansion of assets planned. The following chart reflects the total capital expenditure, including new, maintenance and renewal of assets.

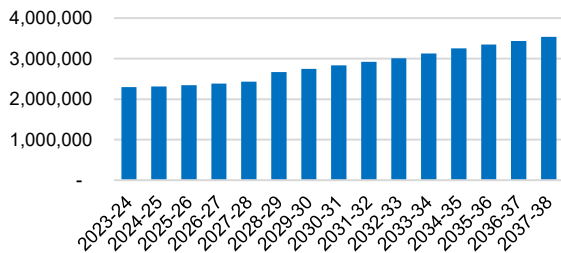
6.6.1 Planned Capital Expenditure 2023 – 2038



6.7 Planned Asset Renewal

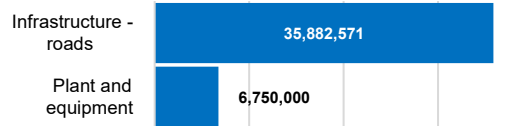
Planned asset renewal expenditure has been determined by allocating the expected funds available for capital expenditure. Allocation of these funds between the various asset classes was undertaken to best match the required asset renewal expenditure. The timing and level of planned asset renewal expenditure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

6.7.1 Planned Asset Renewal Expenditure



6.7.2 Planned Asset Renewal Expenditure by Class

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

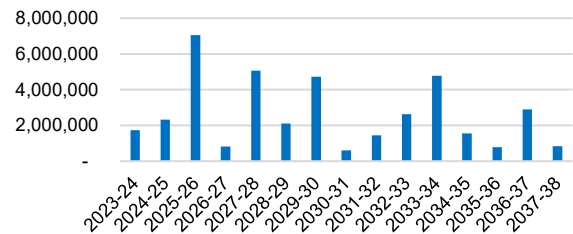


6.8 Required Renewal Expenditure

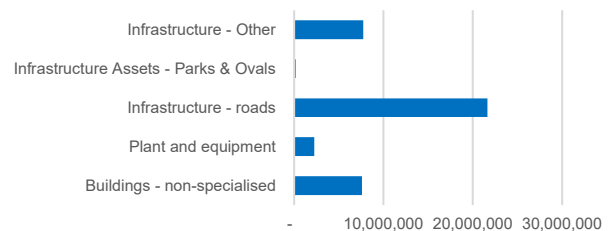
Required asset renewal expenditure for the road network has been estimated based on forecast estimated standard useful lives. For other asset classes, forecast asset renewals have been based on the age of the assets and their estimated remaining useful life (determined during recent revaluations) combined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

Required asset renewal expenditure has been estimated based on forecast renewal costs and timings. Total asset renewals of \$39.4m are forecast to be required over the 15 years of the Plan, based on existing asset data.

6.8.1 Required Asset Renewal Expenditure



6.8.2 Required Asset Renewal Expenditure by Asset Class

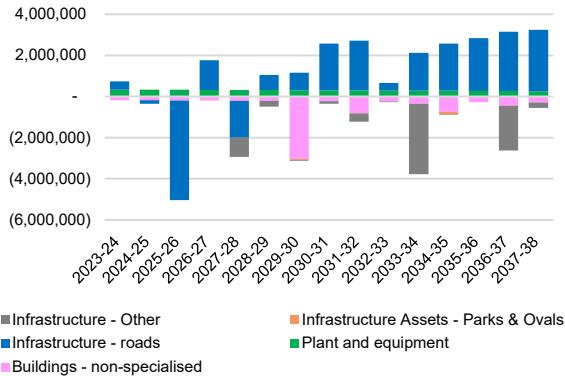


Renewal of roads dominate the forecast required asset renewals.

6.0 Asset Management Planning Overview (continued)

6.9 Asset Renewal Funding Surplus/(Gap)

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



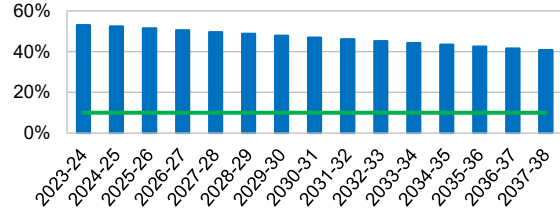
These differences in planned asset expenditure are not considered to be of long term significance, provided the Shire undertakes the planned renewals and asset maintenance. Further analysis and revision of asset valuation information and associated underlying assumptions and estimates is required to confirm true required asset renewal expenditure. Required renewal expenditure for road assets will also be heavily influenced by future road usage and maintenance. With major roads being upgraded during the term of the Plan the requirement to renew assets in the 15 years of the Plan is minimised.

6.10 Upgrade/New Expenditure

Road infrastructure upgrades are planned to occur over the next 15 years in response to community expectations. Where funds are available after undertaking essential renewal works, funds will be utilised for improvement and new works. Detailed annual planning will be undertaken for asset upgrade/new expenditure prior to each project.

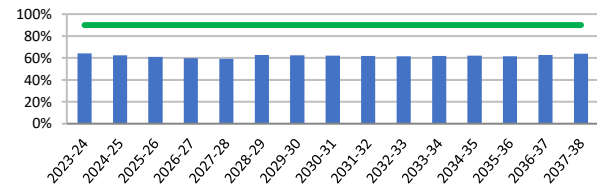
6.11 Forecast Asset Ratios 2023 – 2038

6.11.1 Asset Consumption Ratio



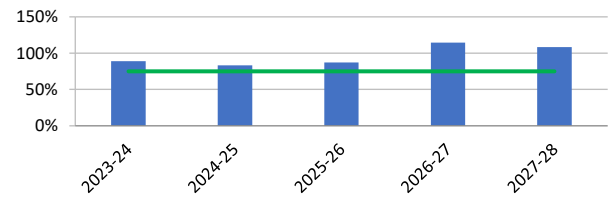
The asset consumption ratio is above the target range, however it is declining as assets are not being renewed at adequate levels to maintain the average age of assets.

6.11.2 Asset Sustainability Ratio



The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio average is below the guideline level and indicates the Shire is not renewing assets in line with their forecast depreciation expense.

6.11.3 Asset Renewal Funding Ratio



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

7.0 Scenario Modelling

7.1 Scenario Modelling

Scenarios were developed to test the financial impact of increased levels of operating funding from rates. To ascertain the effect of increased and decreased funding levels, modelling of various scenarios was undertaken.

A base scenario was developed with rates yield of 4%, being 0.5% above forecast inflation of %3.5 for the term of the Plan. Two alternative scenarios were also developed from this base as shown in the table below. 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 Plan. The base scenario includes levels of rate revenue and fees and charges to ensure the current levels of service are maintained and assets are able to be renewed.

Scenario	Rates	
	Increase above forecast CPI (3.5%)	Total Increase
Base Scenario	0.5%	4%
Scenario 2	0%	3.5%
Scenario 3	1.0%	4.5%

7.1.1 Scenario Comparison – Operating Surplus Ratio

The chart above shows the impact of the same change in total rates yield on the Shire's Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it strengthens the Shire's financial position and allows the Shire to meet asset renewal expectations.

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

7.1.2 Estimated Surplus (Deficit) June 30 Carried Forward

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

Scenario	Estimated Surplus/(Deficit)		
	Base Scenario CPI (3.5%) + 0.5%	Scenario 2	Scenario 3
2023/24	0	(15,527)	15,528
2024/25	0	(48,058)	48,215
2025/26	0	(98,848)	99,810
2026/27	0	(168,860)	172,181
2027/28	0	(259,465)	267,332
2028/29	0	(372,112)	387,406
2029/30	0	(508,327)	534,693
2030/31	0	(669,721)	711,639
2031/32	0	(857,994)	920,854
2032/33	0	(1,074,934)	1,165,130
2033/34	0	(1,322,429)	1,447,440
2034/35	0	(1,602,469)	1,770,956
2035/36	0	(1,917,148)	2,139,059
2036/37	0	(2,268,675)	2,555,351
2037/38	0	(2,659,372)	3,023,668

8.0 Strategic Planning and Policies

8.1 Linkage

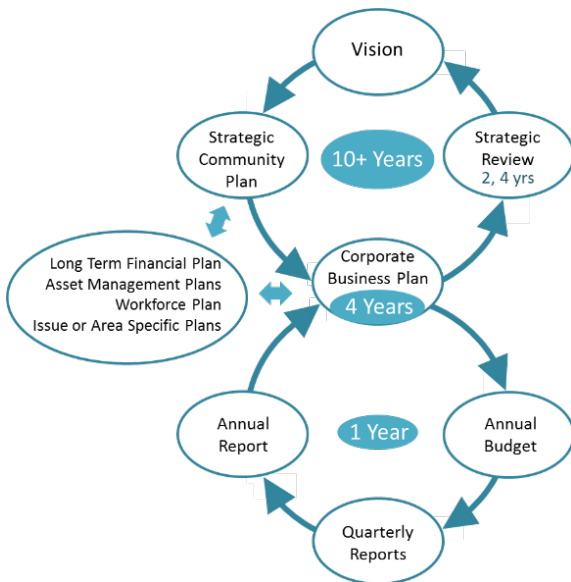
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other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

Development of the Plan has also been influenced by the Department’s Integrated Planning Framework and Guidelines.

8.1.1 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.

8.1.2 Diagram: Integrated Planning and Reporting Cycle



8.1.3 Strategic Community Plan

The Strategic Community Plan is required to be prepared to cover a minimum period of 10 years and set out the community’s vision, aspirations and objectives for the Shire. To achieve the vision, a series of priorities, objectives and strategies were developed.

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

8.1.4 Corporate Business Plan

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

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

8.1.5 Workforce and Other Strategic Plans

The Workforce Plan should identify workforce requirements to manage the Shire’s assets and financial resources. As far as possible, these requirements are met in the Plan. No financial impacts are expected from the Workforce Plan with employee costs forecast to rise in line with forecast inflation of 3.5%.

9.0 Risk Management

9.1 Risk Management

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

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

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

The Shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they are able to undertake their roles with minimal risk to the community and the Shire. Where these resources are not available, the Shire seeks to engage appropriately qualified independent advice, to complement and support personnel.

9.2 Certainty of Assumptions

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

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

9.3 Sensitivity Analysis

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

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

10.0 Assumptions, Risks, Uncertainties and Sensitivity

10.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure / Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty / Risk
District Growth in Population: The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Annual rates have been based on an increase in the total rate yield of 4%, being 0.5% above forecast CPI (3.5%).	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Grants, Subsidies and Contributions: Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$610,518 to the value of operating grants and contributions per 1% movement in the value over the life of the Plan.
Capital Grants, Subsidies and Contributions: Below 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	± \$231,111 to the value of capital grants, subsidies and contributions per 1% movement in the value over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Revenue: Interest earning of an average rate of 2% per annum.	Low	Not assessed as high financial risk.	High	Not assessed as high level of uncertainty. The interest rate may increase and additional funds would be reinvested in reserve accounts.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

10.2 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure / Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty / Risk
Employee Costs: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by 5%, being 1.5% above forecast inflation of 3.5%.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$413,343 to the value of materials and contracts per 1% movement in the value over the life of the Plan. A high level of uncertainty exists in relation to the costs to address impacts of current global events.
Depreciation: Depreciation has been calculated using an average depreciation rate based on the estimated useful lives on individual assets.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Insurance: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

10.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure / Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty / Risk
Revaluations: In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$280,224 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$681,400 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	± \$231,111 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the 10 Year Capital Plan (part of this 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.
Revaluations: In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$681,400 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

10.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

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

10.5 Equity Risks, Uncertainties and Sensitivity

Disclosure / Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty / Risk
Cash Backed Reserves: It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Revaluation Surplus: Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$681,400 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (continued)

10.6 Other – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure / Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty / Risk
Ownership of Strategic Assets: The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
Inflators: Forecast inflation at 3.5% per annum.	Medium	Not assessed as high financial risk.	High	± \$1,444,640 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,905,149 to operating expenditure per 1% movement in the inflators over the life of the Plan.
Commercial Activities: The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

11.0 Monitoring and Performance

11.1 Monitoring

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

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

11.2 Ratio Targets

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

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

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

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

12.0 Improvement Plan

12.1 Strategic Resource Improvement Plan

All strategic plans require continuous development to improve the quality of planning and account for changes over time. Whilst significant work has occurred in relation to resource planning the following resource management areas are suggested as worthy of continued focus in the future.

Revenue: As the single greatest resource constraint continued focus on increasing revenue is essential.

Road Asset data: Road asset data requires continuous update to reflect the estimated remaining life of each unsealed road sector based on available future funding and changes in road usage information. Major reviews of this information should occur every five years as a minimum.

Level of Service: Continue to maintain and improve systems to record and report against levels of service.

Risk Management: As part of the Shire's overall risk management activities, identified risks will continue to be recorded and appropriately treated within financial constraints.

Operation and Maintenance: The Shire will maintain and continuously update a 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 and particularly to revenue forecasts is likely to result in improved planning outcomes.

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Appendix A1 Critical Assets

A long 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.

Assets	Current Replacement Cost \$
Shire Offices and Hall	6,200,000
Sports Pavilion	3,900,000
Sports Club	2,000,000
Early Learning Centre	2,200,000
Latham District Hall	1,600,000
Caravan Park	3,716,500
Airfield	1,910,700
Swimming Pool	1,100,000

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

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

Appendix A2 Infrastructure - Roads

2.1 Significant Matters

The continued provision of the road network remains one of the key priorities for the Shire. A number of rural roads within the Shire are currently utilised as key grain transport routes and tourist routes. This has resulted in these roads requiring a higher level of maintenance than currently exists. The continued planning for future road infrastructure renewals, influenced by condition-based estimation of the remaining useful life, is not currently considered important due to the extent of road upgrades currently planned and the need for reactionary works due to natural events impacting the road network. Asset upgrades to provide better service to the community, will be given funding prioritisation over other road assets.

2.2 Road Inventory

The Shire of Perenjori has a 453 km road network servicing an area of 8,301 square kilometres with 99km of sealed roads and 354km unsealed roads.

Road asset information is recorded within a road inventory database and was extracted from the valuation undertaken as at 30 June 2022, with drainage asset valuation undertaken as at 22 June 2018, verification of the accuracy of the valuation data is not within the scope of this Plan and has not been undertaken. The extent of road works significantly modifying the road inventory has resulted in limited reliance on the road asset data to guide planning outcomes.

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 in the table below.

Road assets within this Plan include the following components:

Infrastructure Road Assets	Current Replacement Cost \$
Drainage	1,532,131
Feature	239,640
Minor Structure	744,408
Pavement Structure	46,868,900
Signage	247,200
Subgrade Structure	6,394,145
Surface Structure	7,939,445
SW Channel	14,416,213

2.3 Financial Summary

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

2.3.1 Maintenance Expenditure

Road maintenance expenditure is primarily related to the grading of unsealed roads and associated drainage clearing within the district, along with reactionary minor repair works due to environmental event damage. Road maintenance expenditure includes maintenance of associated infrastructure such as drainage, culverts, floodways, bridges and underground drainage. As far as possible the road maintenance program is scheduled annually, based on staff knowledge of road conditions and expected traffic volumes.

Road maintenance expenditure is comprised of the following estimated costs in 2023/34.

2.3.2 Road Maintenance Expenditure

Expenditure by Nature	\$
Materials and Contracts	578,148
Employee Costs	576,497
Total	1,154,645

2.3.3 New Expenditure

Road safety related projects and the renewal of regionally significant roads will be prioritised where issues are identified. External grant funding is essential to achieve any safety upgrades and road upgrades.

Appendix A2 Infrastructure - Roads (continued)

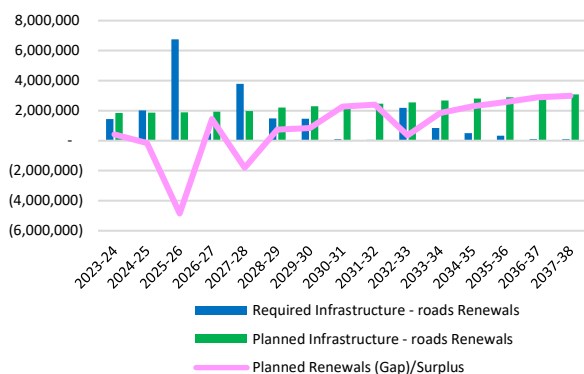
2.3.4 Renewal Expenditure

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

In the chart below, planned road expenditure is shown as blue columns, with required road renewals as the green columns. The pink line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$35.8m. Required road renewal is calculated at \$21.6 for the term, overall there is a \$14.2m renewal surplus for the Shire's road assets.

The chart below reflects the required road asset renewals be undertaken, planned renewal is spread across the term to mitigate spikes. This is discussed further below.

2.3.5 Forecast Planned and Required Road Renewal Expenditure



The level and extent of the road renewal deficit 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.

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

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

Year	Required Road Renewal \$	Planned Road Renewal \$	Asset Renewal Surplus/ (Deficit) \$
2022-23	1,438,468	1,847,098	408,630
2023-24	2,022,551	1,863,753	(158,798)
2024-25	6,744,609	1,896,724	(4,847,885)
2025-26	484,542	1,930,008	1,445,466
2026-27	3,785,333	1,982,309	(1,803,024)
2027-28	1,478,483	2,217,741	739,258
2028-29	1,452,424	2,299,146	846,722
2029-30	102,789	2,382,358	2,279,569
2030-31	56,283	2,467,372	2,411,089
2031-32	2,192,972	2,554,167	361,195
2032-33	833,972	2,676,812	1,842,840
2033-34	512,243	2,801,242	2,288,999
2034-35	331,814	2,893,417	2,561,603
2035-36	97,062	2,987,371	2,890,309
2036-37	92,812	3,083,053	2,990,241
Total	21,626,357	35,882,571	14,256,214

Many assumptions have been utilised in arriving at the remaining useful life of each individual road asset by the external valuers. Remaining useful life of sheeted roads has been determined based on the state of the road surface rather than by measurement of the remaining level of sheeted material. This is considered a poor indicator of the remaining life of existing road sheeting which is dependent on the thickness of existing material and forecast traffic volumes. For this reason, management has not planned to replace the unsealed roads in accordance with the valuation information and has amended the renewal requirement to an annual average amount. The annual average required renewal was determined by dividing the total current replacement cost of re-sheeting by the estimated useful life of the sheeting.

Asset preservation for the road network remains a key priority for the Council and ensuring appropriate funds are available to renew the road network when required is a key consideration of all planning.

Appendix A2 Infrastructure - Roads (continued)

2.4 Level of Service

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.

Type of road surface along with the speed and weight ratings of the road network are considered the best overall indicator of the level of service of the road network as a whole.

2.5 Road Construction

2.5.1 Gravel Roads

Level of Service	Process	Target
Key Performance Measure: Condition		
Gravel roads are constructed to a high standard.	Customer complaints.	One complaint per road per year.
Key Performance Measure: 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.
Key Performance Measure: Cost Effectiveness		
Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.

2.5.2 Bitumen Roads

Level of Service	Process	Target
Key Performance Measure: Condition		
Bitumen roads are constructed to a high standard.	Customer complaints.	One complaint per road per year.
Key Performance Measure: 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.
Key Performance Measure: Cost Effectiveness		
Efficient capital works program.	Projects completed within the timeframe and on budget.	100% completed within timeframe and on budget.

Appendix A2 Infrastructure - Roads (continued)

2.6 Road Maintenance

2.6.1 Gravel Roads

Level of Service	Process	Target
Key Performance Measure: 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.	One complaint per year with managers.
Key Performance Measure: 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.
To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Key Performance Measure: Safety		
To provide a gravel road network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Key Performance Measure: Cost Effectiveness		
Efficient capital works program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

2.6.2 Bitumen Roads

Level of Service	Process	Target
Key Performance Measure: 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.
Key Performance Measure: 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.
To ensure that any maintenance issues that arise are dealt with promptly.	Within 2 working days of notification.	95% addressed.
Key Performance Measure: Safety		
To provide a bituminised road network that is free of hazards.	Hazard removed within 2 hours of notification.	95% addressed.
Key Performance Measure: Cost Effectiveness		
Efficient roads maintenance program.	Maintenance program completed within timeframe and on budget.	100% completed within timeframe and on budget.

Appendix A2 Infrastructure - Roads (continued)

2.7 Risk Management

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

Consequence	Rating	Treatment
Risk: 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.
Risk: Climate change		
Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
Risk: Significant unforeseen increases in maintenance or renewal costs		
Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Risk: Asset condition decreases due to inadequate renewal program		
Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
Risk: Sudden significant changes in population		
Sudden increase in level of service requirements.	Medium	Monitor population trends and industry developments in the region.
Risk: Asset condition decreases due to inadequate maintenance program		
Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.

Consequence	Rating	Treatment
Risk: Traffic incident attributable to sub-standard road conditions or road layout		
Liability risk.	Low	Ensure road network is maintained in compliance with applicable standards.
Risk: Health and safety incident whilst working on assets causing fatality or serious injury		
Prosecution risk.	Low	Ensure Council has compliant Health and Safety policy.
Risk: 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 Infrastructure - Other

3.1 Significant Matters

The Shire controls a number of other infrastructure assets which are significant to our community.

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

3.2 Inventory

The Shire's other infrastructure assets current replacement cost at the time of valuation at 30 June 2022 was \$9.5m.

3.3 Composition of Estimated Current Replacement Cost of Other Infrastructure Assets

Other Infrastructure Assets	Current Replacement Cost \$
AFL Goalposts	9,200
Airstrip	1,600,000
BBQ	121,000
Benching	18,000
Bowling Green	690,000
Bowling Shelters	36,000
Campers Shelter	21,500
Carport	25,200
Community Stage	24,500
Cricket Net	36,000
Cricket Pitch	18,000
Detached Carport	63,000
Detached Garage	18,000
Display Shed	54,000
Dual Swing Set	5,400
Dugout	7,200
Dump Ezy	13,500
Entry Statement	107,900
Fencing	386,700
Flag Pole	33,000

Other Infrastructure Assets	Current Replacement Cost \$
Flying fox	33,000
Garage	34,500
Gazebo	18,000
Hit Up Wall	5,400
Information Bay	27,000
Integrated Play System	66,000
Leisure Pool	730,000
Lighting	650,600
Netball Court	144,000
Niche Wall	28,500
Park Seating	33,600
Patios	36,000
Pergola	29,000
Picnic Setting	19,400
Picnic Shelter	46,500
Powered Bays	118,000
Reticulation	108,000
Rubbish Bins	7,000
Shade Sail	112,000
Shed	30,500
Shelter	99,500
Signage	29,500
Skate Park	89,000
Spider climber	10,500
Standpipe	49,000
Swimming Pool	2,500,000
Tennis Courts	1,016,000
Ticket Office	9,000
War Memorial	63,000
Water Fountain	10,800
Water Tank	58,600
Windsock	27,000
Total	9,527,000

Appendix A3 Infrastructure - Other (continued)

3.4 Financial Summary

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

3.4.1 Maintenance Expenditure

Other maintenance expenditure is comprised of the following estimated costs in 2023/34.

Expenditure by Nature	\$
Materials and Contracts	150,100
Employee Costs	185,740
Insurance	674
Utilities	31,400
Total	367,914

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

3.4.2 New Expenditure

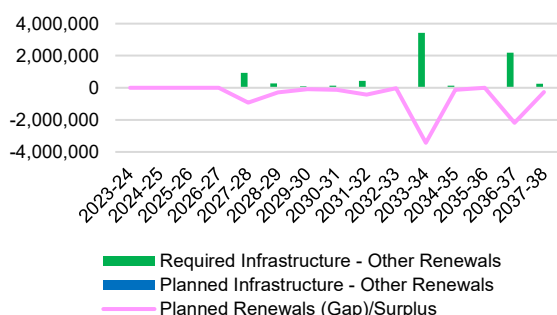
There is no planned new other infrastructure asset expenditure planned during the life of this Plan.

3.4.3 Renewal Expenditure

No other infrastructure asset renewals have been planned during the term of this Plan. Minor asset renewals will be determined and funded within the annual budget cycle. Renewal of other infrastructure assets will be considered on a case by case basis at the time the asset is viewed as requiring renewal, there are minor planned renewals detailed within this Plan for the airport runway and computer systems.

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

3.4.4 Required v Planned Infrastructure Renewals -Other



3.5 Level of Service

Detailed performance measures and performance targets for other infrastructure assets are defined in the table below.

Level of Service	Process	Target
Key Performance Measure: Condition		
Well maintained community facilities.	Customer complaints.	Under 5 per year
Community satisfaction with asset.	Community survey.	90% satisfaction
Key Performance Measure: Function		
Fit for purpose.	Customer complaints.	Under 5 per year
Community importance with asset.	Customer survey.	90% satisfaction
Key Performance Measure: 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

3.6 Improvement

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

Appendix A4 Buildings

4.1 Significant Matters

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

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

4.2 Inventory

Land and buildings were valued by independent professional valuers in 30 June 2022, based on an inspection undertaken. The replacement costs of major buildings contained within the valuation report is shown in the table below.

4.2.1 Composition of Estimated Current Replacement Cost of Building Assets

Building Assets	Current Replacement Cost \$
Chalet Units	550,000
Ablution Block and Laundry	420,000
Aged Persons Units	490,000
Ambulance Buildings	850,500
Aquatic Centre	950,000
Arts and Crafts Centre	360,000
Bushfire Brigade Shed	66,000
Caretakers Residence	255,000
Chemical and Sign Store Sheds	90,600
Communications Hut	18,500
Community Centre	890,000
CWA Building	250,000
Display Shed	186,000
District Hall	1,600,000
Dog Pound	8,800

Building Assets	Current Replacement Cost \$
Dwellings	6,905,000
Early Learning Centre	2,200,000
Eco Houses	1,030,000
Fire Station	162,000
Golf Course Machinery Shed	65,000
Hall Toilets and Store	95,000
Latham Bowling Club	650,000
Main Shed	590,000
Main Workshop	730,000
Maintenance Shed	460,000
Masonic Lodge	760,000
Medical Centre	710,000
Museum and Tourist Information Centre	880,000
Netball Pavilion	9,200
Office	29,500
Office and Ablutions	230,000
Old Ablution Block	390,000
Old Bankwest Building	98,000
Park Home	186,000
Plant Room	59,000
Shearing Shed	150,000
Shed	35,000
Sheep Pens Pavilion	280,000
Shire Offices and Hall	6,200,000
Single Persons Units	325,000
Sports Club	2,000,000
Sports Pavilion	3,900,000
Swimming Pool Kiosk and Changerooms	1,142,500
Telecentre	950,000
Tennis Club	23,000
Toilet Block	198,500
Town Maintenance Shed	67,000
Transportable Accommodation	176,000
Truck Shelter	39,500
Units	780,000
Village Units, Kitchen and Laundry	1,880,000
Total	41,378,600

Appendix A4 Buildings (continued)

4.3 Financial Summary

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

4.3.1 Maintenance Expenditure by Nature

Routine maintenance expenditure is forecast to increase in line with inflation. A detailed building maintenance plan has been developed to help ensure buildings are maintained at a level to maximise their useful life and minimise the need to renew entire building structures.

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

Expenditure by Nature	\$
Materials and Contracts	686,012
Employee Costs	173,430
Insurance	42,485
Utilities	102,650
Total	1,004,577

4.3.2 New/Upgrade Asset Expenditure

There is planned new asset expenditure during the life of this Plan to improve service levels to the community, undertaking these projects is entirely dependent on receipt of external funding.

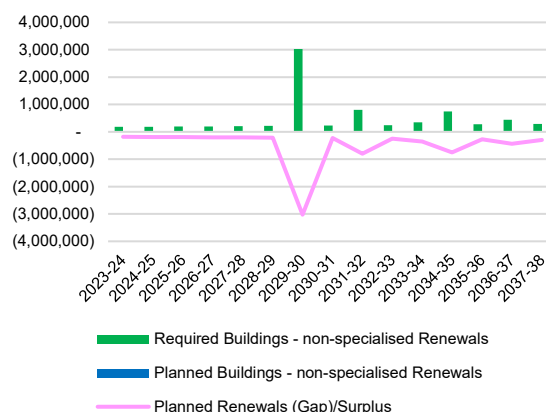
Year	Building Project	\$
2023/24	Staff Housing	950,000
2023/24	Community Housing	900,000
2023/24-2024/25	Commercial Centre	1,500,000
Total		3,350,000

4.3.3 Renewal Expenditure

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

Maintaining borrowing capacity or funds in an appropriate reserve is important to ensure funds are available in future years when buildings are required to be renewed due to the high level of expenditure in renewing building assets.

4.3.4 Required v Planned Asset Renewals – Buildings



4.3.5 Forecast Planned and Required Building Renewal Expenditure

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

Year	Required Building Renewal \$	Planned Building Renewal \$	Asset Renewal Surplus/(Deficit) \$
2022-23	180,501	0	(180,501)
2023-24	186,819	0	(186,819)
2024-25	193,358	0	(193,358)
2025-26	200,125	0	(200,125)
2026-27	207,130	0	(207,130)
2027-28	214,379	0	(214,379)
2028-29	3,025,368	0	(3,025,368)
2029-30	229,648	0	(229,648)
2030-31	798,682	0	(798,682)
2031-32	246,005	0	(246,005)
2032-33	352,834	0	(352,834)
2033-34	748,353	0	(748,353)
2034-35	272,750	0	(272,750)
2035-36	441,454	0	(441,454)
2036-37	292,177	0	(292,177)
Total	7,589,583	0	(7,589,583)

The Shire will prioritise upgrade of existing buildings and construction of new building assets over renewals.

Appendix A4 Buildings (continued)

4.4 Level of Service

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

Level of Service	Process	Target
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Key Performance Measure: **Condition**

The building's meets the expectations of the community.	Customer complaints.	One per year per building.
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Key Performance Measure: **Safety**

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.
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Key Performance Measure: **Cost Effectiveness**

The building's meets the expectations of the community.	Number of injury claims	0 claims.
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4.5 Risk Management

Consequence	Rating	Treatment
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Risk: Public Liability incident attributable to sub-standard property conditions or property layout

Liability Risk.	Medium	Ensure building assets are maintained in compliance with applicable standards.
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Risk: Climate change

Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
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Risk: Significant unforeseen increases in maintenance or renewal costs

Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
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Risk: Asset condition decreases due to inadequate renewal program

Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
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Consequence	Rating	Treatment
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Risk: Asset condition decreases due to inadequate maintenance program

Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
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Risk: Sudden significant changes in population

Sudden increase in level of service requirements.	Medium	Monitor population trends and industry developments in the region.
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Risk: 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.
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4.6 Improvement

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

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

Appendix A5 Plant and Equipment

5.1 Significant Matters

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

A 15 year plant replacement program is updated on an annual basis as part of the Shire's annual budget process. Heavy plant is considered a critical asset, given the part it plays in responding to any natural emergency within the Shire.

5.2 Inventory

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

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

Plant and Equipment Assets	Current Replacement Cost \$
Backhoe	141,000
Grader	315,000
Light Plant	40,000
Light Vehicle	142,000
Loader	275,000
Prime Mover	660,000
Roller	120,000
Tipper	240,000
Tractor	150,000
Utility	177,000
Total	2,260,000

5.3 Financial Summary

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

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

5.3.1 New Expenditure

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

5.3.2 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.

5.3.3 Renewal Expenditure

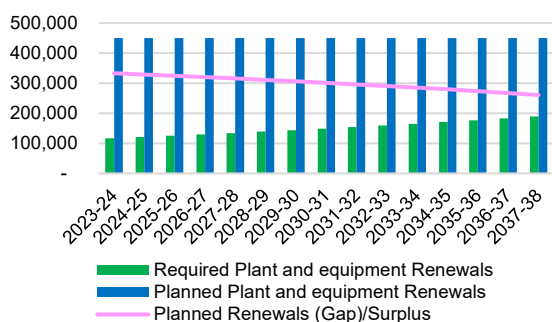
The Shire does not have a replacement/renewal or maintenance program for furniture and equipment. Furniture and equipment purchases are considered on an annual basis as part of the Shire's annual budget allocations and are not planned in detail. The plant replacement program is updated annually and is expected to remain fully funded by annual allocations to the Plant Purchase Reserve.

Appendix A5 Plant and Equipment (continued)

5.3.4 Forecast Planned and Required Plant and Equipment Renewal Expenditure

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

5.3.5 Required v Planned Asset Renewal – Plant and Equipment



5.4 Level of Service

Level of service measures are defined below.

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

Level of Service	Process	Target
Key Performance Measure: 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.
Key Performance Measure: Compliance		
All vehicles and plant are operated as they have been designed to do and in a safe manner.	Number of complaints/number year of fines.	Two per year.

5.5 Risk Management

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

Consequence	Rating	Treatment
Risk: 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.
Risk: Existing plant and equipment assets do not comply with regulations		
Prosecution risk.	High	Regular scheduled inspection and maintenance on all plant and equipment.

5.6 Improvement Plan

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

Appendix A6 Estimated Asset Life and Residual Value

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

6.1 Infrastructure - Roads

Pavement Type	Estimated Useful Life
Asset Sub Class: Drainage	
Concrete Pit	80
Concrete Culvert	80
Aluminium Culvert	40
High Density Polyethyl Culvert	40
Steel Culvert	40
Asset Sub Class: Feature	
Stock Grid	50
Cul de Sac	50
Asset Sub Class: Minor Structure	
Gravel Floodway	50
Sealed Surface Floodway	50
Bay	80
Asset Sub Class: Signage	
Signs	80
Asset Sub Class: SW Channel	
Unsealed – Open Drain	40
Thin Surfaced Flexible – Table Drain	40
Structural Asphaltic Concrete – Table Drain	40
Thin Surfaced Flexible – Kerb Barrier	40
Unsealed – Table Drain	40
Thin Surfaced Flexible – Drain	40
Thin Surfaced Flexible – Pipe	80
Unsealed -Kerb Barrier	40
Thin Surfaced Flexible – Open Drain	40
Thin Surfaced Flexible - Kerb	40
Asset Sub Class: Surface Structure	
Thin Surfaced Flexible – Access Rd	20
Unsealed – Local Distributor	15
Thin Surfaced Flexible – Local Distributor	20
Structural Asphaltic Concrete – Local Distributor	20
Unsealed – Access Rd	15

Pavement Type	Estimated Useful Life
Asset Sub Class: Pavement Structure	
Thin Surfaced Flexible – Access Rd	40
Structural Asphaltic Concrete – Local Distributor	40
Thin Surfaced Flexible – Local Distributor	80
Unsealed – Local Distributor	40
Unsealed – Access Rd	30

Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Asset Sub Class: Subgrade Structure		
Thin Surfaced Flexible – Access Road	100	100%
Unsealed – Local Distributor	100	100%
Unsealed – Access Road	100	100%
Thin Surfaced Flexible – Local Distributor	100	100%
Structural Asphaltic Concrete – Local Distributor	100	100%

6.2 Infrastructure - Other

Pavement Type	Estimated Useful Life
Other	50
Parks and Ovals – Play Equipment	20
Footpaths - Insitu Concrete	40
Footpaths - Asphalt (obsolete)	40
Footpaths - Brick Paving	40
Footpaths - Cement Concrete (obsolete)	40

6.3 Buildings

Asset	Estimated Useful Life
Buildings	50

6.4 Plant and Equipment

Asset	Estimated Useful Life
Plant and Equipment	20

Appendix B1 Forecast Financial Statements

Financial Statements

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

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

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

Statements of Comprehensive Income

Often referred to as the operating statement, it shows the revenues and expenses over the periods classified by Nature 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

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

Appendix B1 Forecast Financial Statements (continued)

Service Programs

The Shire provides a wide variety of services to the community in order to achieve its vision and objectives. The following service program descriptions as per the *Local Government (Financial Management) Regulations 1996* are used in the Plan to represent these services, however not all services listed may be provided by the Shire of Perenjori.

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

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

Appendix B2 Forecast Statement of Comprehensive Income by Nature 2023 – 2038

	2019-20	2020-21	2021-22	Base	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																			
Rates	2,705,435	2,829,167	2,994,519	3,105,644	3,229,870	3,359,065	3,493,426	3,633,164	3,778,491	3,929,630	4,086,815	4,250,288	4,420,301	4,597,112	4,780,996	4,972,235	5,171,124	5,377,969	5,593,087
Grants, subsidies and contributions	2,799,405	2,860,690	4,405,980	1,195,327	3,164,015	3,274,756	3,389,372	3,508,000	3,630,781	3,757,859	3,889,384	4,025,513	4,166,405	4,312,228	4,463,155	4,619,366	4,781,044	4,948,381	5,121,575
Fees and charges	629,821	575,435	937,964	721,510	746,769	772,908	799,960	827,959	856,935	886,927	917,968	950,094	983,349	1,017,766	1,053,388	1,090,257	1,128,415	1,167,906	1,208,783
Interest earnings	38,376	18,557	22,068	17,100	71,547	62,464	43,703	44,562	45,440	46,336	47,250	48,182	49,132	50,104	51,093	52,102	53,129	54,178	55,250
Other revenue	332,498	507,842	450,322	178,000	184,230	190,677	197,350	204,258	211,406	218,806	226,464	234,391	242,594	251,085	259,873	268,967	278,382	288,124	298,208
	6,505,535	6,791,691	8,810,853	5,217,581	7,396,431	7,659,870	7,923,811	8,217,943	8,523,053	8,839,558	9,167,881	9,508,468	9,861,781	10,228,295	10,608,505	11,002,927	11,412,094	11,836,558	12,276,903
Expenses																			
Employee costs	(2,403,146)	(2,664,274)	(3,059,036)	(3,252,669)	(3,366,521)	(3,484,344)	(3,606,290)	(3,732,511)	(3,863,148)	(3,998,361)	(4,138,309)	(4,283,150)	(4,433,053)	(4,588,216)	(4,748,796)	(4,914,993)	(5,087,026)	(5,265,077)	(5,449,363)
Materials and contracts	(750,342)	(754,887)	(916,178)	(2,062,361)	(1,915,481)	(2,011,278)	(2,111,853)	(2,217,457)	(2,328,333)	(2,444,745)	(2,566,975)	(2,695,324)	(2,830,105)	(2,971,622)	(3,120,211)	(3,276,233)	(3,440,052)	(3,612,049)	(3,792,657)
Utility charges	(277,568)	(220,368)	(305,470)	(285,220)	(295,209)	(305,542)	(316,234)	(327,303)	(338,753)	(350,605)	(362,878)	(375,577)	(388,723)	(402,329)	(416,406)	(430,976)	(446,061)	(461,671)	(477,832)
Depreciation	(2,453,588)	(3,251,951)	(3,192,880)	(3,242,861)	(3,588,097)	(3,713,682)	(3,843,660)	(3,978,189)	(4,117,425)	(4,261,535)	(4,410,690)	(4,565,062)	(4,724,839)	(4,890,208)	(5,061,366)	(5,238,514)	(5,421,861)	(5,492,612)	(5,524,361)
Finance Costs	(40,394)	(29,567)	(18,106)	(41,868)	(86,320)	(97,932)	(91,832)	(85,287)	(78,264)	(71,339)	(65,771)	(59,785)	(53,346)	(46,424)	(38,981)	(34,796)	(31,600)	(28,164)	(24,469)
Insurance	(128,179)	(186,063)	(420,553)	(169,859)	(175,809)	(181,965)	(188,333)	(194,924)	(201,748)	(208,811)	(216,121)	(223,683)	(231,508)	(239,613)	(247,998)	(256,680)	(265,664)	(274,962)	(284,585)
Other expenditure	(470,560)	(274,562)	(399,273)	(270,717)	(280,195)	(290,001)	(300,151)	(310,654)	(321,524)	(332,776)	(344,424)	(356,480)	(368,957)	(381,871)	(395,235)	(409,069)	(423,386)	(438,203)	(453,540)
	(6,523,777)	(7,381,672)	(8,311,496)	(9,325,555)	(9,707,632)	(10,084,744)	(10,458,353)	(10,846,325)	(11,249,195)	(11,668,172)	(12,105,168)	(12,559,061)	(13,030,531)	(13,520,283)	(14,028,993)	(14,561,261)	(15,115,650)	(15,572,738)	(16,006,807)
	(18,242)	(589,981)	499,357	(4,107,974)	(2,311,201)	(2,424,874)	(2,534,542)	(2,628,382)	(2,726,142)	(2,828,614)	(2,937,287)	(3,050,593)	(3,168,750)	(3,291,988)	(3,420,488)	(3,558,334)	(3,703,556)	(3,736,180)	(3,729,904)
Capital grants, subsidies and contributions	1,052,215	1,695,407	1,349,523	4,620,119	2,520,607	1,170,607	1,170,607	1,170,607	1,189,330	1,354,438	1,401,843	1,450,907	1,501,689	1,554,248	1,608,646	1,664,949	1,723,222	1,783,534	1,845,957
Fair value adjustments to financial assets at fair value through profit or loss	1,153	2,586	3,997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit on asset disposals	6,975	12,901	27,104	52,609	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(28,215)	(155,115)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	1,013,886	965,798	1,879,981	564,754	209,406	(1,254,267)	(1,363,935)	(1,457,775)	(1,536,812)	(1,474,176)	(1,535,444)	(1,599,686)	(1,667,061)	(1,737,740)	(1,811,842)	(1,893,385)	(1,980,334)	(1,952,646)	(1,883,947)
Other comprehensive income	0	(360,077)	0	0	2,617,421	2,746,680	2,829,969	2,877,791	2,924,407	2,976,023	3,027,250	3,077,961	3,128,021	3,177,279	3,226,765	3,276,346	3,324,691	3,371,597	3,421,018
TOTAL COMPREHENSIVE INCOME	1,013,886	605,721	1,879,981	564,754	2,826,827	1,492,413	1,466,034	1,420,016	1,387,595	1,501,847	1,491,806	1,478,275	1,460,960	1,439,539	1,414,923	1,382,961	1,344,357	1,418,951	1,537,071

Appendix B3 Forecast Statement of Financial Position 2023 – 2038

	2020	2021	2022	Base	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Unrestricted cash and cash equivalents	1,743,787	3,260,204	5,096,492	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435
Restricted cash and cash equivalent	2,991,356	3,477,082	3,230,044	3,544,892	3,090,790	2,152,605	2,195,659	2,239,572	2,284,363	2,330,050	2,376,651	2,424,184	2,472,667	2,522,122
Financial assets	700,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	88,492	100,185	829,733	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915
Inventories	8,562	12,021	359	359	359	359	359	359	359	359	359	359	359	359
Other assets	3,508	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	5,535,705	6,849,492	9,156,628	4,086,601	3,632,499	2,694,314	2,737,368	2,781,281	2,826,072	2,871,759	2,918,360	2,965,893	3,014,376	3,063,831
NON-CURRENT ASSETS														
Financial assets	71,221	73,807	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804
Inventories	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000
Property plant and equipment	17,345,462	16,515,909	16,313,529	18,165,240	20,922,525	22,402,657	22,910,106	23,409,972	23,901,102	24,382,273	24,852,185	25,309,461	25,752,643	26,180,183
Infrastructure	50,297,643	50,707,353	51,018,673	54,843,639	55,762,776	56,629,395	57,454,979	58,234,723	58,982,884	59,883,942	60,779,736	61,667,717	62,545,089	63,408,787
TOTAL NON-CURRENT ASSETS	67,818,326	67,401,069	67,514,006	73,190,683	76,867,105	79,213,856	80,546,889	81,826,499	83,065,790	84,448,019	85,813,725	87,158,982	88,479,536	89,770,774
TOTAL ASSETS	73,354,031	74,250,561	76,670,634	77,277,284	80,499,604	81,908,170	83,284,257	84,607,780	85,891,862	87,319,778	88,732,085	90,124,875	91,493,912	92,834,605
CURRENT LIABILITIES														
Trade and other payables	112,935	320,642	541,709	541,709	541,709	541,709	541,709	541,709	541,709	541,709	541,709	541,709	541,709	541,709
Contract liabilities	0	277,492	708,107	0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term liabilities	175,267	138,630	40,958	62,224	83,847	89,947	96,493	103,513	73,931	79,499	85,485	91,923	98,846	72,268
Provisions	298,001	310,153	274,537	274,537	274,537	274,537	274,537	274,537	274,537	274,537	274,537	274,537	274,537	274,537
TOTAL CURRENT LIABILITIES	586,203	1,046,917	1,565,311	878,470	900,093	906,193	912,739	919,759	890,177	895,745	901,731	908,169	915,092	888,514
NON-CURRENT LIABILITIES														
Long-term borrowings	349,939	211,321	170,306	899,043	1,272,913	1,182,966	1,086,473	982,960	909,029	829,530	744,045	652,122	553,276	481,008
Provisions	44,981	13,694	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407
TOTAL NON-CURRENT LIABILITIES	394,920	225,015	246,713	975,450	1,349,320	1,259,373	1,162,880	1,059,367	985,436	905,937	820,452	728,529	629,683	557,415
TOTAL LIABILITIES	981,123	1,271,932	1,812,024	1,853,920	2,249,413	2,165,566	2,075,619	1,979,126	1,875,613	1,801,682	1,722,183	1,636,698	1,544,775	1,445,929
NET ASSETS	72,372,908	72,978,629	74,858,610	75,423,364	78,250,191	79,742,604	81,208,638	82,628,654	84,016,249	85,518,096	87,009,902	88,488,177	89,949,137	91,388,676
EQUITY														
Retained surplus	21,190,187	21,947,751	23,797,278	24,047,184	24,710,692	24,394,610	22,987,621	21,485,933	19,904,330	18,384,467	16,802,422	15,155,203	13,439,659	11,652,464
Reserves - cash backed	2,991,356	3,199,590	3,230,044	3,544,892	3,090,790	2,152,605	2,195,659	2,239,572	2,284,363	2,330,050	2,376,651	2,424,184	2,472,667	2,522,122
Asset revaluation surplus	48,191,365	47,831,288	47,831,288	47,831,288	50,448,709	53,195,389	56,025,358	58,903,149	61,827,556	64,803,579	67,830,829	70,908,790	74,036,811	77,214,090
TOTAL EQUITY	72,372,908	72,978,629	74,858,610	75,423,364	78,250,191	79,742,604	81,208,638	82,628,654	84,016,249	85,518,096	87,009,902	88,488,177	89,949,137	91,388,676

Appendix B4 Forecast Statement of Changes in Equity 2023 – 2038

	2020	2021	2022	Base	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34	30 June 35	30 June 36	30 June 37	30 June 38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS																			
Opening balance	20,176,301	21,190,187	21,947,751	23,797,278	24,047,184	24,710,692	24,394,610	22,987,621	21,485,933	19,904,330	18,384,467	16,802,422	15,155,203	13,439,659	11,652,464	9,790,178	7,845,340	5,812,526	3,806,351
Net result	1,013,886	965,798	1,879,981	564,754	209,406	(1,254,267)	(1,363,935)	(1,457,775)	(1,536,812)	(1,474,176)	(1,535,444)	(1,599,686)	(1,667,061)	(1,737,740)	(1,811,842)	(1,893,385)	(1,980,334)	(1,952,646)	(1,883,947)
Amount transferred (to)/from reserves	0	(208,234)	(30,454)	(314,848)	454,102	938,185	(43,054)	(43,913)	(44,791)	(45,687)	(46,601)	(47,533)	(48,483)	(49,455)	(50,444)	(51,453)	(52,480)	(53,529)	(54,601)
Closing balance	21,190,187	21,947,751	23,797,278	24,047,184	24,710,692	24,394,610	22,987,621	21,485,933	19,904,330	18,384,467	16,802,422	15,155,203	13,439,659	11,652,464	9,790,178	7,845,340	5,812,526	3,806,351	1,867,803
RESERVES - CASH/INVESTMENT BACKED																			
Opening balance	2,991,356	2,991,356	3,199,590	3,230,044	3,544,892	3,090,790	2,152,605	2,195,659	2,239,572	2,284,363	2,330,050	2,376,651	2,424,184	2,472,667	2,522,122	2,572,566	2,624,019	2,676,499	2,730,028
Amount transferred to/(from) retained surplus	0	208,234	30,454	314,848	(454,102)	(938,185)	43,054	43,913	44,791	45,687	46,601	47,533	48,483	49,455	50,444	51,453	52,480	53,529	54,601
Closing balance	2,991,356	3,199,590	3,230,044	3,544,892	3,090,790	2,152,605	2,195,659	2,239,572	2,284,363	2,330,050	2,376,651	2,424,184	2,472,667	2,522,122	2,572,566	2,624,019	2,676,499	2,730,028	2,784,629
ASSET REVALUATION SURPLUS																			
Opening balance	48,191,365	47,831,288	47,831,288	47,831,288	47,831,288	50,448,709	53,195,389	56,025,358	58,903,149	61,827,556	64,803,579	67,830,829	70,908,790	74,036,811	77,214,090	80,440,855	83,717,201	87,041,892	90,413,489
Total other comprehensive income	0	0	0	0	2,617,421	2,746,680	2,829,969	2,877,791	2,924,407	2,976,023	3,027,250	3,077,961	3,128,021	3,177,279	3,226,765	3,276,346	3,324,691	3,371,597	3,421,018
Closing balance	48,191,365	47,831,288	47,831,288	47,831,288	50,448,709	53,195,389	56,025,358	58,903,149	61,827,556	64,803,579	67,830,829	70,908,790	74,036,811	77,214,090	80,440,855	83,717,201	87,041,892	90,413,489	93,834,507
TOTAL EQUITY																			
	72,372,908	72,978,629	74,858,610	75,423,364	78,250,191	79,742,604	81,208,638	82,628,654	84,016,249	85,518,096	87,009,902	88,488,177	89,949,137	91,388,676	92,803,599	94,186,560	95,530,917	96,949,868	98,486,939

Appendix B5 Forecast Statement of Cashflows 2023 – 2038

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities															
Receipts															
Rates	3,229,870	3,359,065	3,493,426	3,633,164	3,778,491	3,929,630	4,086,815	4,250,288	4,420,301	4,597,112	4,780,996	4,972,235	5,171,124	5,377,969	5,593,087
Grants, subsidies and contributions	3,164,015	3,274,756	3,389,372	3,508,000	3,630,781	3,757,859	3,889,384	4,025,513	4,166,405	4,312,228	4,463,155	4,619,366	4,781,044	4,948,381	5,121,575
Fees and charges	746,769	772,908	799,960	827,959	856,935	886,927	917,968	950,094	983,349	1,017,766	1,053,388	1,090,257	1,128,415	1,167,906	1,208,783
Interest earnings	71,547	62,464	43,703	44,562	45,440	46,336	47,250	48,182	49,132	50,104	51,093	52,102	53,129	54,178	55,250
Other revenue	184,230	190,677	197,350	204,258	211,406	218,806	226,464	234,391	242,594	251,085	259,873	268,967	278,382	288,124	298,208
	7,396,431	7,659,870	7,923,811	8,217,943	8,523,053	8,839,558	9,167,881	9,508,468	9,861,781	10,228,295	10,608,505	11,002,927	11,412,094	11,836,558	12,276,903
Payments															
Employee costs	(3,366,521)	(3,484,344)	(3,606,290)	(3,732,511)	(3,863,148)	(3,998,361)	(4,138,309)	(4,283,150)	(4,433,053)	(4,588,216)	(4,748,796)	(4,914,993)	(5,087,026)	(5,265,077)	(5,449,363)
Materials and contracts	(1,915,481)	(2,011,278)	(2,111,853)	(2,217,457)	(2,328,333)	(2,444,745)	(2,566,975)	(2,695,324)	(2,830,105)	(2,971,622)	(3,120,211)	(3,276,233)	(3,440,052)	(3,612,049)	(3,792,657)
Utility charges	(295,209)	(305,542)	(316,234)	(327,303)	(338,753)	(350,605)	(362,878)	(375,577)	(388,723)	(402,329)	(416,406)	(430,976)	(446,061)	(461,671)	(477,832)
Interest	(86,320)	(97,932)	(91,832)	(85,287)	(78,264)	(71,339)	(65,771)	(59,785)	(53,346)	(46,424)	(38,981)	(34,796)	(31,600)	(28,164)	(24,469)
Insurance	(175,809)	(181,965)	(188,333)	(194,924)	(201,748)	(208,811)	(216,121)	(223,683)	(231,508)	(239,613)	(247,998)	(256,680)	(265,664)	(274,962)	(284,585)
Other expenditure	(280,195)	(290,001)	(300,151)	(310,654)	(321,524)	(332,776)	(344,424)	(356,480)	(368,957)	(381,871)	(395,235)	(409,069)	(423,386)	(438,203)	(453,540)
	(6,119,535)	(6,371,062)	(6,614,693)	(6,868,136)	(7,131,770)	(7,406,637)	(7,694,478)	(7,993,999)	(8,305,692)	(8,630,075)	(8,967,627)	(9,322,747)	(9,693,789)	(10,080,126)	(10,482,446)
Net cash provided by (used in) operating activities	1,276,896	1,288,808	1,309,118	1,349,807	1,391,283	1,432,921	1,473,403	1,514,469	1,556,089	1,598,220	1,640,878	1,680,180	1,718,305	1,756,432	1,794,457
Cash flows from investing activities															
Payments for purchase of property, plant & equipment	(2,800,000)	(1,450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
Payments for construction of infrastructure	(1,847,098)	(1,863,753)	(1,896,724)	(1,930,008)	(1,982,309)	(2,217,741)	(2,299,146)	(2,382,358)	(2,467,372)	(2,554,167)	(2,676,812)	(2,801,242)	(2,893,417)	(2,987,371)	(3,083,053)
Proceeds from non-operating grants, subsidies and contributions	2,520,607	1,170,607	1,170,607	1,170,607	1,189,330	1,354,438	1,401,843	1,450,907	1,501,689	1,554,248	1,608,646	1,664,949	1,723,222	1,783,534	1,845,957
Net cash provided by (used in) investing activities	(2,126,491)	(2,143,146)	(1,176,117)	(1,209,401)	(1,242,979)	(1,313,303)	(1,347,303)	(1,381,451)	(1,415,683)	(1,449,919)	(1,518,166)	(1,586,293)	(1,620,195)	(1,653,837)	(1,687,096)
Cash flows from financing activities															
Repayment of debentures	(79,507)	(83,847)	(89,947)	(96,493)	(103,513)	(73,931)	(79,499)	(85,485)	(91,923)	(98,846)	(72,268)	(42,434)	(45,630)	(49,066)	(52,760)
Proceeds from new debentures	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by (used in) financing activities	395,493	(83,847)	(89,947)	(96,493)	(103,513)	(73,931)	(79,499)	(85,485)	(91,923)	(98,846)	(72,268)	(42,434)	(45,630)	(49,066)	(52,760)
Net increase (decrease) in cash held	(454,102)	(938,185)	43,054	43,913	44,791	45,687	46,601	47,533	48,483	49,455	50,444	51,453	52,480	53,529	54,601
Cash at beginning of year	3,577,327	3,123,225	2,185,040	2,228,094	2,272,007	2,316,798	2,362,485	2,409,086	2,456,619	2,505,102	2,554,557	2,605,001	2,656,454	2,708,934	2,762,463
Cash and cash equivalents at the end of year	3,123,225	2,185,040	2,228,094	2,272,007	2,316,798	2,362,485	2,409,086	2,456,619	2,505,102	2,554,557	2,605,001	2,656,454	2,708,934	2,762,463	2,817,064
Reconciliation of net cash provided by operating activities to net result															
Net result	209,406	(1,254,267)	(1,363,935)	(1,457,775)	(1,536,812)	(1,474,176)	(1,535,444)	(1,599,686)	(1,667,061)	(1,737,740)	(1,811,842)	(1,893,385)	(1,980,334)	(1,952,646)	(1,883,947)
Depreciation	3,588,097	3,713,682	3,843,660	3,978,189	4,117,425	4,261,535	4,410,690	4,565,062	4,724,839	4,890,208	5,061,366	5,238,514	5,421,861	5,492,612	5,524,361
Grants/contributions for the development of assets	(2,520,607)	(1,170,607)	(1,170,607)	(1,170,607)	(1,189,330)	(1,354,438)	(1,401,843)	(1,450,907)	(1,501,689)	(1,554,248)	(1,608,646)	(1,664,949)	(1,723,222)	(1,783,534)	(1,845,957)
Net cash from operating activities	1,276,896	1,288,808	1,309,118	1,349,807	1,391,283	1,432,921	1,473,403	1,514,469	1,556,089	1,598,220	1,640,878	1,680,180	1,718,305	1,756,432	1,794,457

Appendix B6 Forecast Statement of Funding 2023 – 2038

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
FUNDING FROM OPERATIONAL ACTIVITIES																
Revenues																
Rates	3,229,870	3,359,065	3,493,426	3,633,164	3,778,491	3,929,630	4,086,815	4,250,288	4,420,301	4,597,112	4,780,996	4,972,235	5,171,124	5,377,969	5,593,087	
Grants, subsidies and contributions	3,164,015	3,274,756	3,389,372	3,508,000	3,630,781	3,757,859	3,889,384	4,025,513	4,166,405	4,312,228	4,463,155	4,619,366	4,781,044	4,948,381	5,121,575	
Fees and charges	746,769	772,908	799,960	827,959	856,935	886,927	917,968	950,094	983,349	1,017,766	1,053,388	1,090,257	1,128,415	1,167,906	1,208,783	
Interest earnings	71,547	62,464	43,703	44,562	45,440	46,336	47,250	48,182	49,132	50,104	51,093	52,102	53,129	54,178	55,250	
Other revenue	184,230	190,677	197,350	204,258	211,406	218,806	226,464	234,391	242,594	251,085	259,873	268,967	278,382	288,124	298,208	
	7,396,431	7,659,870	7,923,811	8,217,943	8,523,053	8,839,558	9,167,881	9,508,468	9,861,781	10,228,295	10,608,505	11,002,927	11,412,094	11,836,558	12,276,903	
Expenses																
Employee costs	(3,366,521)	(3,484,344)	(3,606,290)	(3,732,511)	(3,863,148)	(3,998,361)	(4,138,309)	(4,283,150)	(4,433,053)	(4,588,216)	(4,748,796)	(4,914,993)	(5,087,026)	(5,265,077)	(5,449,363)	
Materials and contracts	(1,915,481)	(2,011,278)	(2,111,853)	(2,217,457)	(2,328,333)	(2,444,745)	(2,566,975)	(2,695,324)	(2,830,105)	(2,971,622)	(3,120,211)	(3,276,233)	(3,440,052)	(3,612,049)	(3,792,657)	
Utility charges (electricity, gas, water etc.)	(295,209)	(305,542)	(316,234)	(327,303)	(338,753)	(350,605)	(362,878)	(375,577)	(388,723)	(402,329)	(416,406)	(430,976)	(446,061)	(461,671)	(477,832)	
Depreciation	(3,588,097)	(3,713,682)	(3,843,660)	(3,978,189)	(4,117,425)	(4,261,535)	(4,410,690)	(4,565,062)	(4,724,839)	(4,890,208)	(5,061,366)	(5,238,514)	(5,421,861)	(5,492,612)	(5,524,361)	
Interest	(86,320)	(97,932)	(91,832)	(85,287)	(78,264)	(71,339)	(65,771)	(59,785)	(53,346)	(46,424)	(38,981)	(34,796)	(31,600)	(28,164)	(24,469)	
Insurance	(175,809)	(181,965)	(188,333)	(194,924)	(201,748)	(208,811)	(216,121)	(223,683)	(231,508)	(239,613)	(247,998)	(256,680)	(265,664)	(274,962)	(284,585)	
Other expenditure	(280,195)	(290,001)	(300,151)	(310,654)	(321,524)	(332,776)	(344,424)	(356,480)	(368,957)	(381,871)	(395,235)	(409,069)	(423,386)	(438,203)	(453,540)	
	(9,707,632)	(10,084,744)	(10,458,353)	(10,846,325)	(11,249,195)	(11,668,172)	(12,105,168)	(12,559,061)	(13,030,531)	(13,520,283)	(14,028,993)	(14,561,261)	(15,115,650)	(15,572,738)	(16,006,807)	
	(2,311,201)	(2,424,874)	(2,534,542)	(2,628,382)	(2,726,142)	(2,828,614)	(2,937,287)	(3,050,593)	(3,168,750)	(3,291,988)	(3,420,488)	(3,558,334)	(3,703,556)	(3,736,180)	(3,729,904)	
Funding position adjustments																
Depreciation	3,588,097	3,713,682	3,843,660	3,978,189	4,117,425	4,261,535	4,410,690	4,565,062	4,724,839	4,890,208	5,061,366	5,238,514	5,421,861	5,492,612	5,524,361	
Net funding from operational activities	1,276,896	1,288,808	1,309,118	1,349,807	1,391,283	1,432,921	1,473,403	1,514,469	1,556,089	1,598,220	1,640,878	1,680,180	1,718,305	1,756,432	1,794,457	
FUNDING FROM CAPITAL ACTIVITIES																
Inflows																
Capital grants, subsidies and contributions	2,520,607	1,170,607	1,170,607	1,170,607	1,189,330	1,354,438	1,401,843	1,450,907	1,501,689	1,554,248	1,608,646	1,664,949	1,723,222	1,783,534	1,845,957	
Outflows																
Purchase of property plant and equipment	(2,800,000)	(1,450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	
Purchase of infrastructure	(1,847,098)	(1,863,753)	(1,896,724)	(1,930,008)	(1,982,309)	(2,217,741)	(2,299,146)	(2,382,358)	(2,467,372)	(2,554,167)	(2,676,812)	(2,801,242)	(2,893,417)	(2,987,371)	(3,083,053)	
Net funding from capital activities	(2,126,491)	(2,143,146)	(1,176,117)	(1,209,401)	(1,242,979)	(1,313,303)	(1,347,303)	(1,381,451)	(1,415,683)	(1,449,919)	(1,518,166)	(1,586,293)	(1,620,195)	(1,653,837)	(1,687,096)	
FUNDING FROM FINANCING ACTIVITIES																
Inflows																
Transfer from reserves	525,000	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
New borrowings	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Outflows																
Transfer to reserves	(70,898)	(61,815)	(43,054)	(43,913)	(44,791)	(45,687)	(46,601)	(47,533)	(48,483)	(49,455)	(50,444)	(51,453)	(52,480)	(53,529)	(54,601)	
Repayment of past borrowings	(79,507)	(83,847)	(89,947)	(96,493)	(103,513)	(73,931)	(79,499)	(85,485)	(91,923)	(98,846)	(72,268)	(42,434)	(45,630)	(49,066)	(52,760)	
Net funding from financing activities	849,595	854,338	(133,001)	(140,406)	(148,304)	(119,618)	(126,100)	(133,018)	(140,406)	(148,301)	(122,712)	(93,887)	(98,110)	(102,595)	(107,361)	
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Appendix B7 Forecast Statement of Net Current Asset Composition 2023 – 2038

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CURRENT ASSETS																
Unrestricted cash and equivalents	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435	32,435
Restricted cash and cash equivalent	3,090,790	2,152,605	2,195,659	2,239,572	2,284,363	2,330,050	2,376,651	2,424,184	2,472,667	2,522,122	2,572,566	2,624,019	2,676,499	2,730,028	2,784,629	
Trade and other receivables	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	508,915	
Inventories	359	359	359	359	359	359	359	359	359	359	359	359	359	359	359	
CURRENT LIABILITIES																
Trade and other payables	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	(541,709)	
Reserves	(3,090,790)	(2,152,605)	(2,195,659)	(2,239,572)	(2,284,363)	(2,330,050)	(2,376,651)	(2,424,184)	(2,472,667)	(2,522,122)	(2,572,566)	(2,624,019)	(2,676,499)	(2,730,028)	(2,784,629)	
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Appendix B8 Forecast Statement of Fixed Asset Movements 2023 – 2038

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE															
Infrastructure - roads	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Total capital works - infrastructure	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Represented by:															
Additions - renewal	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Total Capital Works - Infrastructure	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Asset movement reconciliation															
Total capital works infrastructure	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Depreciation infrastructure	(2,912,136)	(3,014,062)	(3,119,553)	(3,228,739)	(3,341,744)	(3,458,705)	(3,579,760)	(3,705,050)	(3,834,727)	(3,968,943)	(4,107,856)	(4,251,631)	(4,400,438)	(4,435,438)	(4,430,186)
Revaluation of infrastructure assets (inflation)	1,984,175	2,016,928	2,048,413	2,078,475	2,107,596	2,142,022	2,176,408	2,210,673	2,244,727	2,278,474	2,312,995	2,348,218	2,382,870	2,416,812	2,454,066
Net movement in infrastructure assets	919,137	866,619	825,584	779,744	748,161	901,058	895,794	887,981	877,372	863,698	881,951	897,829	875,849	968,745	1,106,933
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT															
Buildings - specialised	2,350,000	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total capital works property, plant and equipment	2,800,000	1,450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Represented by:															
Additions - expansion, upgrades and new	2,350,000	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - renewal	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total capital works property, plant and equipment	2,800,000	1,450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Asset movement reconciliation															
Total capital works property, plant and equipment	2,800,000	1,450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Depreciation property, plant and equipment	(675,961)	(699,620)	(724,107)	(749,450)	(775,681)	(802,830)	(830,930)	(860,012)	(890,112)	(921,265)	(953,510)	(986,883)	(1,021,423)	(1,057,174)	(1,094,175)
Revaluation of property, plant and equipment (inflation)	633,246	729,752	781,556	799,316	816,811	834,001	850,842	867,288	883,294	898,805	913,770	928,128	941,821	954,785	966,952
Net movement in property, plant and equipment	2,757,285	1,480,132	507,449	499,866	491,130	481,171	469,912	457,276	443,182	427,540	410,260	391,245	370,398	347,611	322,777
CAPITAL WORKS - TOTALS															
Capital works															
Total capital works infrastructure	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Total capital works property, plant and equipment	2,800,000	1,450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total capital works	4,647,098	3,313,753	2,346,724	2,380,008	2,432,309	2,667,741	2,749,146	2,832,358	2,917,372	3,004,167	3,126,812	3,251,242	3,343,417	3,437,371	3,533,053
Fixed asset movement															
Net movement in infrastructure assets	919,137	866,619	825,584	779,744	748,161	901,058	895,794	887,981	877,372	863,698	881,951	897,829	875,849	968,745	1,106,933
Net movement in property, plant and equipment	2,757,285	1,480,132	507,449	499,866	491,130	481,171	469,912	457,276	443,182	427,540	410,260	391,245	370,398	347,611	322,777
Net movement in fixed assets	3,676,422	2,346,751	1,333,033	1,279,610	1,239,291	1,382,229	1,365,706	1,345,257	1,320,554	1,291,238	1,292,211	1,289,074	1,246,247	1,316,356	1,429,710

Appendix B9 Forecast Statement of Capital Funding 2023 – 2038

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditure															
Infrastructure - roads	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Buildings - specialised	2,350,000	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total - Capital expenditure	4,647,098	3,313,753	2,346,724	2,380,008	2,432,309	2,667,741	2,749,146	2,832,358	2,917,372	3,004,167	3,126,812	3,251,242	3,343,417	3,437,371	3,533,053
Funded by:															
Capital grants and contributions															
Infrastructure - roads	1,170,607	1,170,607	1,170,607	1,170,607	1,189,330	1,354,438	1,401,843	1,450,907	1,501,689	1,554,248	1,608,646	1,664,949	1,723,222	1,783,534	1,845,957
Buildings - specialised	1,350,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Capital grants and contributions	2,520,607	1,170,607	1,170,607	1,170,607	1,189,330	1,354,438	1,401,843	1,450,907	1,501,689	1,554,248	1,608,646	1,664,949	1,723,222	1,783,534	1,845,957
Own source funding															
Infrastructure - roads	676,491	693,146	726,117	759,401	792,979	863,303	897,303	931,451	965,683	999,919	1,068,166	1,136,293	1,170,195	1,203,837	1,237,096
Buildings - specialised	525,000	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total - Own source funding	1,651,491	2,143,146	1,176,117	1,209,401	1,242,979	1,313,303	1,347,303	1,381,451	1,415,683	1,449,919	1,518,166	1,586,293	1,620,195	1,653,837	1,687,096
Borrowings															
Buildings - specialised	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Borrowings	475,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (disposals & C/Fwd)															
Total - Other (disposals & C/Fwd)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Funding	4,647,098	3,313,753	2,346,724	2,380,008	2,432,309	2,667,741	2,749,146	2,832,358	2,917,372	3,004,167	3,126,812	3,251,242	3,343,417	3,437,371	3,533,053

Appendix B10 Forecast Ratios 2023 – 2038

	Target Range		Average	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
LIQUIDITY RATIOS																		
Current ratio	> 1.00	> 1.20	0.69	0.67	0.66	0.66	0.65	0.68	0.68	0.67	0.67	0.67	0.69	0.72	0.72	0.72	0.72	0.71
OPERATING RATIOS																		
Operating surplus ratio	> 1.00%	> 15.00%	(55.28%)	(54.61%)	(55.30%)	(55.90%)	(55.80%)	(55.72%)	(55.66%)	(55.65%)	(55.64%)	(55.64%)	(55.64%)	(55.66%)	(55.74%)	(55.85%)	(54.24%)	(52.13%)
Own source revenue coverage ratio	> 40.00%	> 60.00%	43.74%	43.60%	43.48%	43.36%	43.42%	43.49%	43.55%	43.61%	43.66%	43.71%	43.76%	43.80%	43.84%	43.87%	44.23%	44.70%
BORROWINGS RATIOS																		
Debt service cover ratio	> 3	> 5	13.36	8.22	7.63	7.71	7.89	8.08	10.35	10.60	10.84	11.08	11.32	15.10	22.21	22.66	23.11	23.55
FIXED ASSET RATIOS																		
Asset sustainability ratio	> 90.00%	> 110.00%	61.90%	64.02%	62.30%	61.05%	59.83%	59.07%	62.60%	62.33%	62.04%	61.75%	61.43%	61.78%	62.06%	61.67%	62.58%	63.95%
Asset consumption ratio	> 50.00%	> 60.00%	46.97%	53.00%	52.43%	51.52%	50.57%	49.61%	48.74%	47.86%	46.97%	46.07%	45.17%	44.28%	43.39%	42.49%	41.64%	40.84%
Asset renewal funding ratio	> 75.00%	> 95.00%	96.50%	89.05%	83.18%	87.03%	114.64%	108.58%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix B10 Asset Renewals 2023 – 2038

Required Asset Renewals

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings - non-specialised	180,501	186,819	193,358	200,125	207,130	214,379	3,025,368	229,648	798,682	246,005	352,834	748,353	272,750	441,454	292,177
Plant and equipment	116,955	121,048	125,285	129,670	134,209	138,906	143,768	148,799	154,007	159,398	164,977	170,751	176,727	182,912	189,314
Infrastructure - roads	1,438,468	2,022,551	6,744,609	484,542	3,785,333	1,478,483	1,452,424	102,789	56,283	2,192,972	833,972	512,243	331,814	97,062	92,812
Infrastructure Assets - Parks & Ovals	0	0	0	0	0	0	49,248	0	21,864	0	0	96,966	0	0	0
Infrastructure - Other	0	0	0	0	930,546	279,265	47,405	122,661	407,802	35,769	3,430,125	34,407	0	2,180,466	259,230
Total	1,735,924	2,330,419	7,063,252	814,337	5,057,217	2,111,033	4,718,213	603,898	1,438,638	2,634,143	4,781,908	1,562,720	781,291	2,901,895	833,533

Planned Asset Renewals

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Plant and equipment	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Infrastructure - roads	1,847,098	1,863,753	1,896,724	1,930,008	1,982,309	2,217,741	2,299,146	2,382,358	2,467,372	2,554,167	2,676,812	2,801,242	2,893,417	2,987,371	3,083,053
Total	2,297,098	2,313,753	2,346,724	2,380,008	2,432,309	2,667,741	2,749,146	2,832,358	2,917,372	3,004,167	3,126,812	3,251,242	3,343,417	3,437,371	3,533,053

Asset Renewal Funding Surplus (Deficit)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings - non-specialised	(180,501)	(186,819)	(193,358)	(200,125)	(207,130)	(214,379)	(3,025,368)	(229,648)	(798,682)	(246,005)	(352,834)	(748,353)	(272,750)	(441,454)	(292,177)
Plant and equipment	333,045	328,952	324,715	320,330	315,791	311,094	306,232	301,201	295,993	290,602	285,023	279,249	273,273	267,088	260,686
Infrastructure - roads	408,630	(158,798)	(4,847,885)	1,445,466	(1,803,024)	739,258	846,722	2,279,569	2,411,089	361,195	1,842,840	2,288,999	2,561,603	2,890,309	2,990,241
Infrastructure Assets - Parks & Ovals	0	0	0	0	0	0	(49,248)	0	(21,864)	0	0	(96,966)	0	0	0
Infrastructure - Other	0	0	0	0	(930,546)	(279,265)	(47,405)	(122,661)	(407,802)	(35,769)	(3,430,125)	(34,407)	0	(2,180,466)	(259,230)

Appendix B11 Forecast Significant Accounting Policies

Basis of Preparation

The Long Term Financial Plan (the Plan) comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this Plan have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Judgements, Estimates and Assumptions

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

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

The Local Government Reporting Entity

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

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

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

Base Year Balances

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

Rounding Off Figures

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

Comparative Figures

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

Appendix B11 Forecast Financial Statements (continued)

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.

Goods and Services Tax (GST)

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

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

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

Superannuation

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

Cash and Cash Equivalents

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

Trade and Other Receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

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.

Appendix B11 Forecast Financial Statements (continued)

Land held for resale

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

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

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

Fixed Assets

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

Revaluation

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

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 on the right.

Asset Class	Effective average depreciation rates
Buildings - non-specialised	2.00%
Furniture and equipment	0.77%
Plant and equipment	5.00%
Infrastructure - roads	2.43%
Infrastructure - Airfield	4.24%
Infrastructure Assets - Parks and Ovals	5.00%
Infrastructure - Other	2.00%
Buildings - non-specialised	2.00%
Furniture and equipment	0.77%

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 Disposal

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.

Employee Benefits

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

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.

Appendix B11 Forecast Financial Statements (continued)

Other Long-Term Employee Benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Borrowing Costs

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

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.

Provisions

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

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

Current and Non-Current Classification

An 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 or non-current based on the Shire's intentions to release for sale.

Appendix C1 Glossary

Funding Gap

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

Infrastructure Assets

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

Key Performance Indicator

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

Level of Service

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

Maintenance

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

Planned Maintenance

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

Reactive Maintenance

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

Significant Maintenance

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

Unplanned Maintenance

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

Maintenance Expenditure

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

Appendix C1 Glossary (continued)

Materiality

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

Modern Equivalent Asset

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

Net Present Value (NPV)

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

Non-Revenue Generating Investments

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

Operations Expenditure

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

Pavement Management System

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

Recoverable Amount

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

Recurrent Expenditure

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

Recurrent Funding

Funding to pay for recurrent expenditure.

Remaining Useful Life

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

Renewal

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

Residual Value

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

Revenue Generating Investments

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

Risk Management

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



Appendix C1 Glossary (continued)

Section or Segment

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

Service Potential

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

Service Potential Remaining

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

Specific Maintenance

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

Sub-Component

Smaller individual parts that make up a component part.

Useful Life

May be expressed as either:

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

Other Matters

Preparation

This Plan was prepared for Shire of Perenjori by Moore Australia (WA) Pty Ltd.

Reliance

This Plan has been prepared for the exclusive use of the Shire of Perenjori 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 Australia WA'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 Perenjori. 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 Perenjori.

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

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References

Reference to the following documents or sources were made during the preparation of this Strategic Resource Plan.

- Shire of Perenjori Strategic Community Plan 2022/23-2032/33;
- Shire of Perenjori Annual Financial Report 2019/20;
- Shire of Perenjori Annual Financial Report 2020/21;
- Shire of Perenjori Annual Financial Report 2021/22;
- Shire of Perenjori Adopted Annual Budget 2022/23; and
- Council website: www.perenjori.wa.gov.au

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