

SHIRE OF  
MERREDIN

STRATEGIC RESOURCE PLAN

(Incorporating Asset Management Planning and Long Term Financial Planning)

2019 - 2034

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## Document Management

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## 1.0 FOREWORD

We are pleased to present to the community the Shire of Merredin Strategic Resource Plan 2019 - 2034.

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

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

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

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

This Plan will be used with the Corporate Business Plan and Workforce Plan to achieve our goals and drive the Shire in achieving its vision of "Merredin is a sustainable regional centre with a bright future".

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.

**Ken Hooper**  
President

**Greg Powell**  
Chief Executive Officer

## Our Vision

**"Merredin is a sustainable regional centre with a bright future"**

## 2.0 KEY INFORMATION

### ASSUMPTIONS


 **2%**  
Inflation Rate

 **Stable**  
Population

 **Stable**  
Levels of Service

 **Stable**  
Operations

 **Balanced**  
Annual Budget

 **3%**  
(1% + CPI 2%)  
Rates | Fees and Charges

 **2%**  
Employee Costs

### STATISTICS <sup>1</sup> <sup>2</sup>

 **9**  
Elected  
Members

 **53**  
Employees

 **2,060**  
Electors

 **1,635**  
Dwellings

 **257km**  
Distance from  
Perth

 **3,372km<sup>2</sup>**  
Area

 **3,350**  
Population

### FINANCIAL INFORMATION<sup>3</sup>

**\$4,043,223**  
Rates Revenue

**\$1,324,675**  
Fees and Charges

**\$9,467,093**  
Operating Revenue

**\$11,123,475**  
Operating Expenditure

**\$224,133,222**  
Net Assets

**\$19,913,741**  
Cash Backed Reserves

**\$1,323,292**  
Long Term Borrowings

<sup>1</sup>WALGA Online Local Government Directory 2017/2018, Shire of Merredin

<sup>2</sup>Australian Bureau of Statistics Merredin (S) (LGA55460) 2016 Census of Population and Housing, viewed 11 April 2019

<sup>3</sup>Shire of Merredin 2017-18 Annual Financial Report

## 3.0 EXECUTIVE SUMMARY

The following information provides a brief summary of the Strategic Resource Plan 2019 - 2034, this should be read in conjunction with the underlying assumptions detailed in this Plan.

### 3.1 Planning for a Sustainable and Stable Future

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

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

### 3.2 Significant Issues

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

Road maintenance and road renewal remain a high priority for the Shire due to the strategic economic benefit the road network provides to the district.

Adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

Rate revenues are forecast to increase by 3.0% (CPI 2% + 1%) over the term 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.

### 3.3 Operating Surplus Ratio

Recent audit reports have highlighted an adverse trend in the financial management of the Shire due to the operating surplus ratio being below 0.00 over a number of years. The Shire has planned to improve the ratio over the term of the plan through increasing rates revenue at a rate above inflation whilst maintaining expenditure in line with inflation.

Given the Shire receives non-operating grants for the renewal of assets it maintains the view the financial position of the Shire is appropriate. This is demonstrated through the preparation of an amended operating surplus ratio which includes grants for the renewal of assets within operating revenues given they will partially cover the cost of depreciation of assets. An explanation of all ratios is provided at Section 11.0.

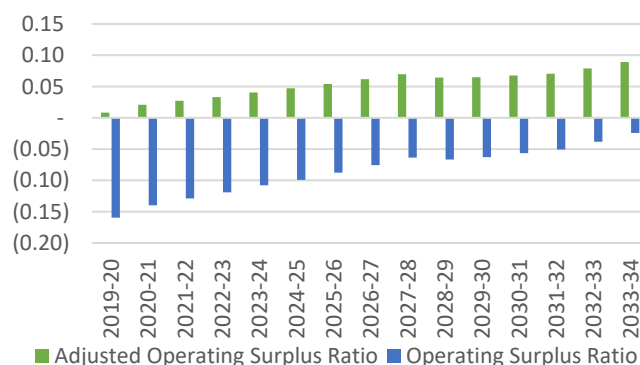
The operating surplus ratio (Green columns) and adjusted operating surplus ratios are reflected in the chart on the right at 3.5. The ratios improve throughout the plan with the adjusted ratio being above the target of 0.00 throughout.

### 3.4 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	2019-2034 Amount (\$)
<b>Furniture and Equipment</b>	
Furniture and Equipment	750,000
<b>Plant and Equipment</b>	
Plant Replacement	10,377,804
<b>Infrastructure - Roads</b>	
Road Renewal RRG	6,360,779
Road Renewal RTR	11,250,000
Road Renewal Urban SCP	1,509,490
Road Renewal Rural SCP	1,511,890
Road Renewal	10,056,344
<b>Infrastructure - Roads Total</b>	<b>30,688,503</b>
<b>Infrastructure - Footpaths</b>	
Footpath Program	3,000,000
<b>Buildings</b>	
Buildings Renewal	4,950,000
SES Building Renewal (Lions Club Shed)	182,530
<b>Buildings - specialised Total</b>	<b>5,132,530</b>
<b>Infrastructure - Parks &amp; Gardens</b>	
Dam and Pump Infrastructure	150,000
Apex Park Redevelopment	300,000
<b>Grand Total</b>	<b>50,398,837</b>

### 3.5 Operating Surplus Ratio and Adjusted Ratio



## 4.0 COMMUNITY PROFILE, VISION AND OBJECTIVES

### 4.1 Location

The Shire of Merredin is located in the Wheatbelt region of Western Australia, 250 kilometres east of the State capital, Perth. The Shire covers an area of 3,372 square kilometres and encompasses the town sites of Merredin, Burracoppin, Muntadgin and Hines Hill.

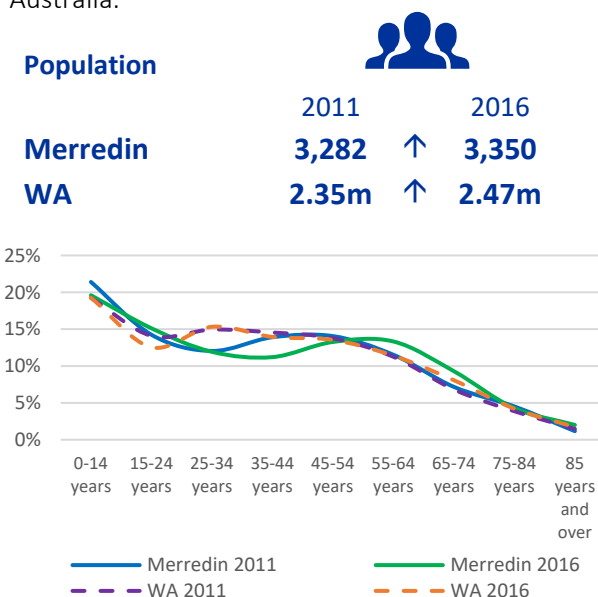
Agriculture is the region’s primary industry, with Merredin being the regional receival point for Co-Operative Bulk Handling (CBH). China Southern Airlines has also established a training facility at the Merredin Aerodrome. The Shire of Merredin is home to the Collgar Wind Farm; a \$750 million project that has seen the establishment of the largest single stage wind farm in the southern hemisphere.

Merredin is a major regional centre providing facilities for health, sport and recreation, education and business. The Shire has recently established a new multi-purpose facility at the recreation ground, providing a new sporting facility for the region. Education in the region has also received a boost, with the Department of Education developing the previous High School site into the new Merredin College, catering for students from Kindergarten to Year 12.

It is expected that the Merredin District Hospital will be substantially upgraded in the coming years under the Southern Inland Health Initiative.

### 4.2 People

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



### 4.3 Vision

The Shire’s strategic vision: **"Merredin is a sustainable regional centre with a bright future"**

### 4.4 Strategic Objectives

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

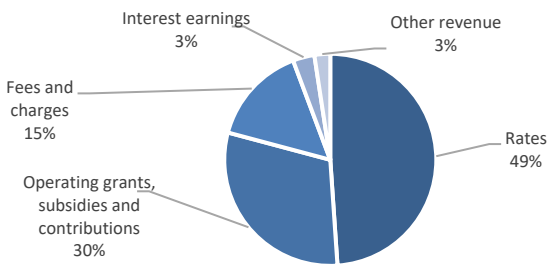
- **Community & Culture:** Merredin is rich in cultural diversity, performing and fine arts and a variety of sports available for both residents and visitors;
- **Economy & Growth:** Merredin seeks new opportunities for growth and strives to develop a rich and multifaceted economy;
- **Environment & Sustainability:** Merredin values the preservation of the natural environment and researches and implements practices to ensure sustainability;
- **Communication & Leadership:** Merredin Council engages with its Community and leads by example;
- **Places & Spaces:** Merredin is an attractive regional town that creates opportunities for residents and visitors to enjoy its many attractions; and
- **Transport & Networks:** Merredin provides transport networks that connects it locally, nationally and internationally.

# 5.0 LONG TERM FINANCIAL PLANNING OVERVIEW

## 5.1 Forecast Revenue

Rates are expected to generate \$4.27m in 2019-20 increasing to \$6.47m in 2033-34 and comprise 49% of operating revenue over the 15 years. The Shire is reliant on receiving more than \$49.19m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non operating grants for renewal of community infrastructure are expected to remain stable.

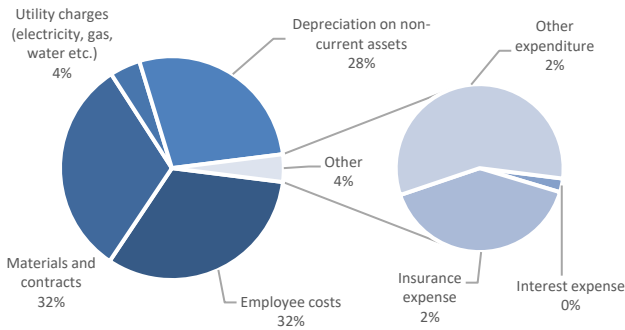
## 5.2 Revenue Composition Year 1 to 15



## 5.3 Forecast Expenditure

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

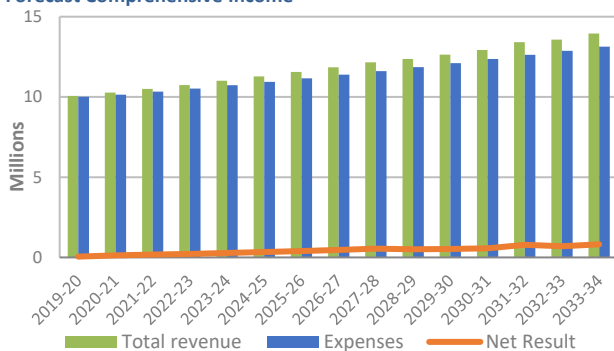
## 5.4 Expenditure Composition Year 1 to 15



## 5.5 Net Result

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

Forecast Comprehensive Income

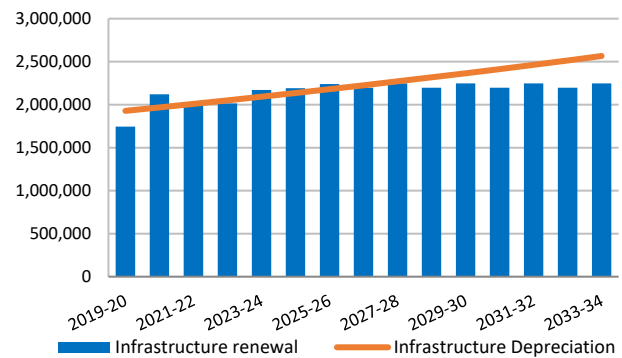


## 5.6 Depreciation Expense

Depreciation expense increases throughout the Plan from \$2.74m in year 1 to \$3.68m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$33.50m, shown by the orange line in the chart below. The planned level of infrastructure asset renewal expenditure at \$32.28m (reflected by the blue columns) is over the term of the Plan just above the level of depreciation.

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

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

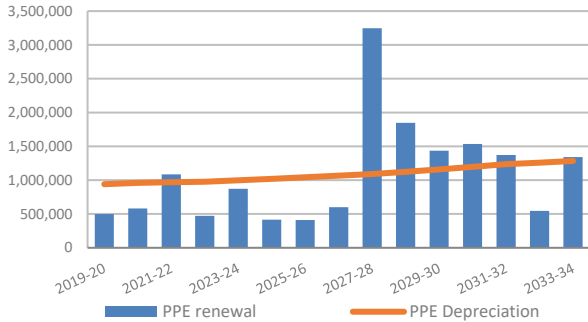


Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets may result in a closer alignment between asset renewals and depreciation expense.

Planned property, plant and equipment asset renewals of \$16.26m (reflected by the columns) over the 15 years is just below depreciation expense of \$16.32m (reflected by the orange line) over the same period as shown in the chart on the following page at 5.8.

# 5.0 LONG TERM FINANCIAL PLANNING OVERVIEW (CONTINUED)

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



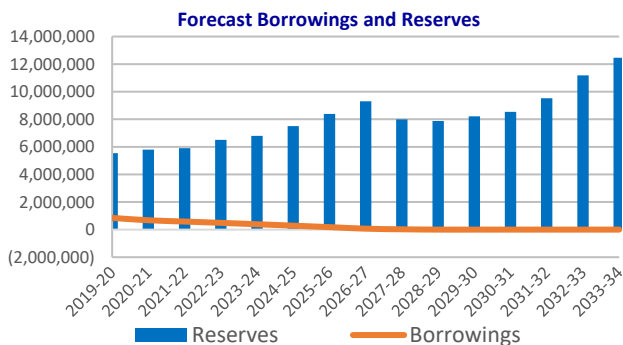
Where the planned asset renewals are lower than depreciation, the written down value of these assets will decrease over time as depreciation erodes the value of the assets. Revaluation of assets in line with inflation may mask a real decrease in value where planned asset renewals are lower than depreciation.

## 5.9 Maintenance Expenditure

The current maintenance expenditure allocated in the annual operating budget is expected to continue at current levels of approximately \$1.3m, with inflationary increases occurring each year.

## 5.10 Forecast Borrowings and Cash Reserves

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

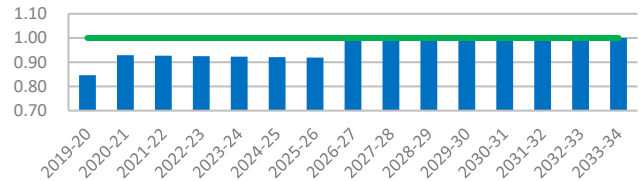


The Shire has not planned for any new borrowings for the term of this Plan. This is part of its strategy to allow flexibility to respond to sudden or unexpected expenditure requirements and provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of cash backed reserves to save for significant future asset renewal spikes.

## 5.11 Forecast Operating Ratios 2019-2034

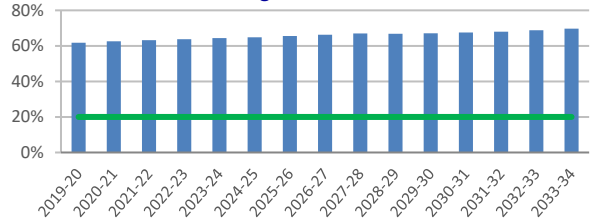
Monitoring the Shire’s financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The green lines reflect the Department of Local Government, Sport and Cultural Industries’ (the Department) minimum target level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

Current Ratio



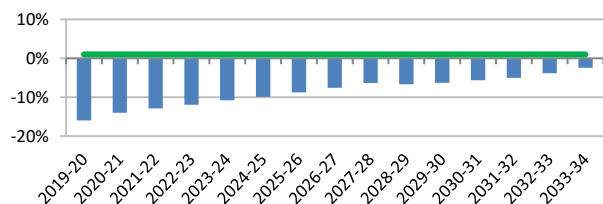
As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0 until 2027 when the borrowings are paid off. The trend is not considered to indicate a threat to the Shire’s long term financial position.

Own Source Revenue Coverage Ratio



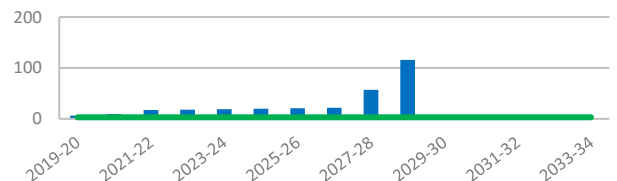
The ratio is above the target indicating the Shire is not reliant on grants and contributions.

Operating Surplus Ratio



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

Debt Service Cover Ratio



The ratio indicates the Shire has a capacity to take up the planned borrowings in the short term, providing underlying assumptions remain valid.

An explanation of all ratios is provided at Section 11.0.

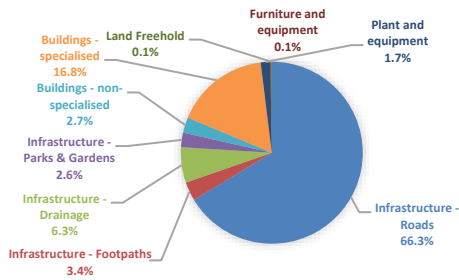


## 6.0 ASSET MANAGEMENT PLANNING OVERVIEW

### 6.1 Key Asset Information

The Shire controls an asset network with a written down value \$110.5m, of which Roads and Buildings constitute the largest component value as reflected in the chart below.

Written Down Asset Value 2018



### 6.2 Asset Management Policy

The purpose of an asset management policy is to:

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

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

### 6.3 Asset Management Strategy

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

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

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

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

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

Recognising a proportion of assets have been constructed with the assistance of external financial contributions, the Shire seeks to, within its financial capacity, maintain these assets into the future. A strategy of alignment of estimated asset useful lives with the forecast financial capacity aims to ensure the long term affordability of Shire assets. By focusing resources and efforts on a small number of key critical assets, the Shire has achieved targeted asset management outcomes integrated with financial planning within its forecast financial capacity based on an annual rate increase of 3% (CPI of 2% + 1%).

### 6.4 Level of Service

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

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

## 6.0 ASSET MANAGEMENT PLANNING OVERVIEW (CONTINUED)

### 6.5 Financial Management Strategy for Assets

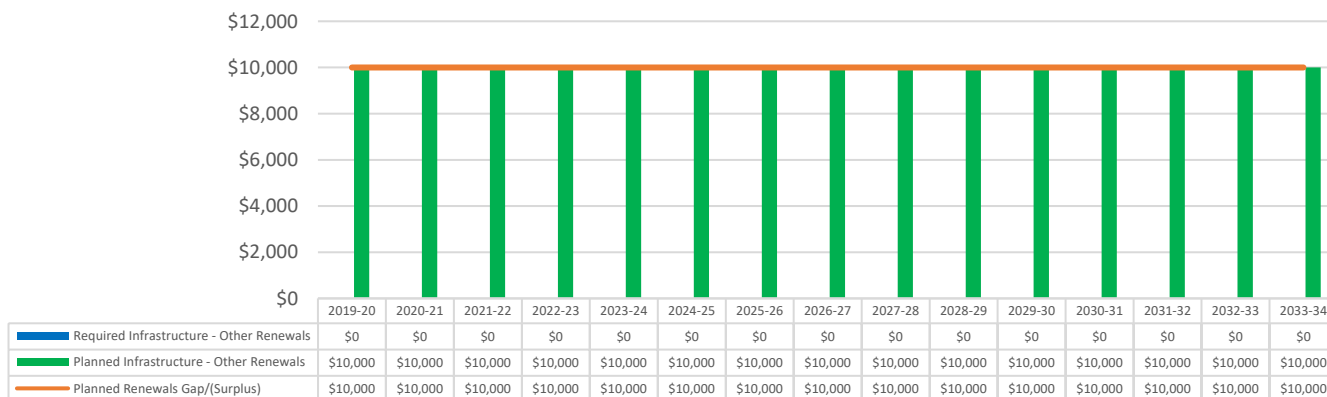
Based on the 2017-18 Annual Financial Statements and 2018-19 Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

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

Forecast planned asset renewals for the term of the Plan along with the forecast required asset renewals to maintain services in the future are shown as columns in the chart below with the values in the table on the right. Forecast asset renewals requirements are arrived at based on current estimates of replacement cost and remaining useful life of each asset, assessed from the asset's condition or age.

The Shire is planning for renewal of all assets at the end of their useful life. The annual budget cycle and resource limitations result in differences between the planned and required renewal expenditure, referred to as an asset renewal funding surplus/(deficit). The asset renewal funding surplus/(deficit) representing the difference between the planned and required asset renewals is represented by the line in the chart below with values provided in the table to the right.

#### Required v Planned Asset Renewals



### Forecast Planned and Required Asset Renewals

Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/ (Deficit) \$
2019-20	2,243,120	4,647,679	(2,404,559)
2020-21	2,702,134	1,713,297	988,837
2021-22	3,112,286	2,792,710	319,576
2022-23	2,487,152	4,042,767	(1,555,615)
2023-24	3,043,784	2,451,406	592,378
2024-25	2,606,747	2,210,737	396,010
2025-26	2,652,581	4,118,591	(1,466,010)
2026-27	2,797,842	2,445,530	352,312
2027-28	5,493,226	4,830,214	663,012
2028-29	4,045,607	2,907,213	1,138,394
2029-30	3,682,609	3,082,304	600,305
2030-31	3,732,518	3,938,879	(206,361)
2031-32	3,618,066	4,414,344	(796,278)
2032-33	2,741,968	4,217,431	(1,475,463)
2033-34	3,589,197	3,983,153	(393,956)
<b>Total</b>	<b>48,548,837</b>	<b>51,796,254</b>	<b>(3,247,417)</b>

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

The data reflects the spikes in required asset renewals over the next 15 years have been met through the annual planned renewal of assets over the same period.

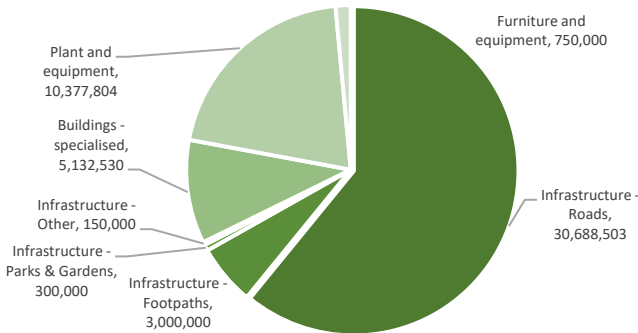
As assets approach their initial estimated asset renewal, the timing and need for renewal will be re-assessed and may well vary enabling the reallocation of limited resources between asset classes and between years through the use of cash backed reserves.

# 6.0 ASSET MANAGEMENT PLANNING OVERVIEW (CONTINUED)

## 6.6 Planned Asset Expenditure

Combined new and renewal asset expenditure of \$50.1m has been planned. New and upgrade asset expenditure comprises \$1.9m of the total asset expenditure and asset renewal expenditure of \$48.5m as per the previous table.

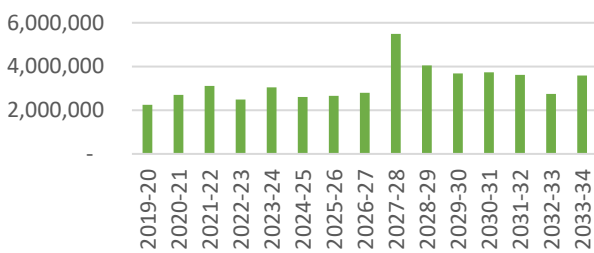
## 6.7 Planned Capital Expenditure 2019-2034



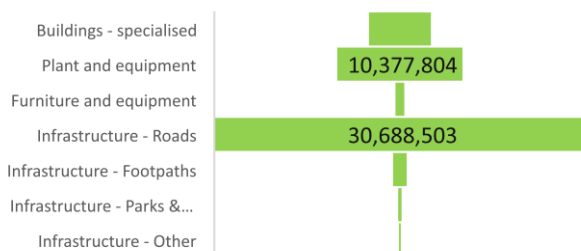
## 6.8 Planned Asset Renewal

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

## 6.9 Planned Asset Renewal Expenditure



## 6.10 Planned Asset Renewal Expenditure by Class



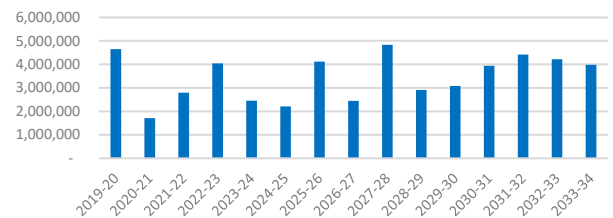
Planned asset renewals by asset class over the 15 years of the Plan reflected in the chart above shows the major renewal spend relates to roads infrastructure.

## 6.11 Required Renewal Expenditure

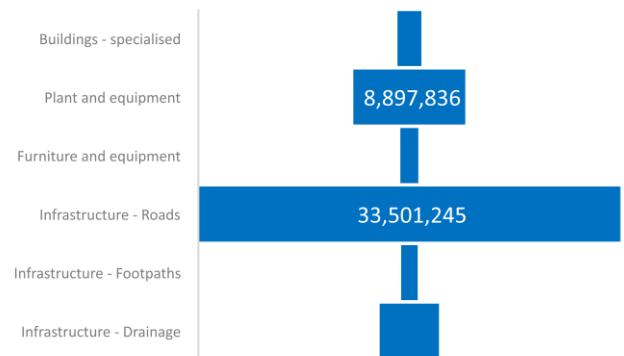
Asset renewal expenditure for the road network has been estimated based on road conditions and forecast usage. For other asset classes, forecast asset renewals have been based on the age of the assets and their estimated remaining useful life (determined during recent revaluations) combined with the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

Asset renewal expenditure has been estimated based on forecast renewal costs and timings. Total asset renewals of \$48.5m are forecast to be required over the 15 years of the Plan.

## 6.12 Required Asset Renewal Expenditure



## 6.13 Required Asset Renewal Expenditure by Asset Class

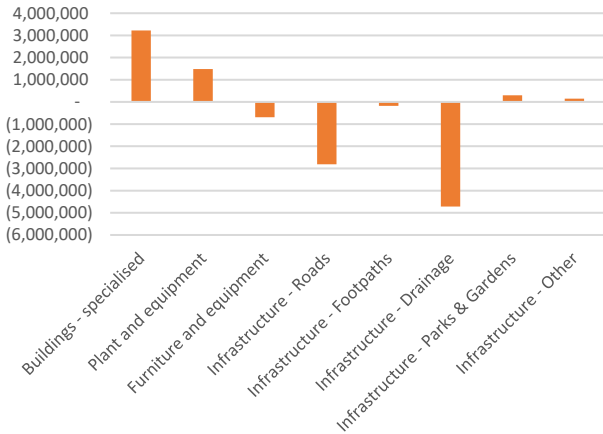


Renewal of roads dominate the forecast required asset renewals.

# 6.0 ASSET MANAGEMENT PLANNING OVERVIEW (CONTINUED)

## 6.14 Asset Renewal Funding Surplus/(gap)

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



Asset renewals for roads, buildings and plant are to occur as part of the significant upgrade of these assets and associated expenditure has been classified as upgrade/new expenditure and not renewal.

## 6.15 Upgrade/New Expenditure

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

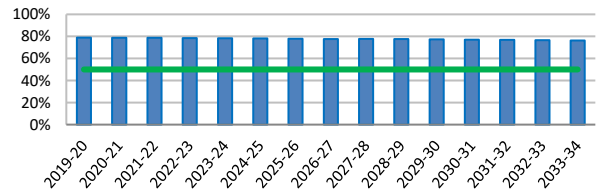
Upgrade/new asset expenditure by asset class over the 15 years of the plan is reflected in the table below.

Asset Class	Upgrade/New Expenditure
Footpaths	\$1,850,000
<b>Total new capital expenditure</b>	<b>\$1,850,000</b>

## 6.16 Forecast Asset Ratios 2019-2034

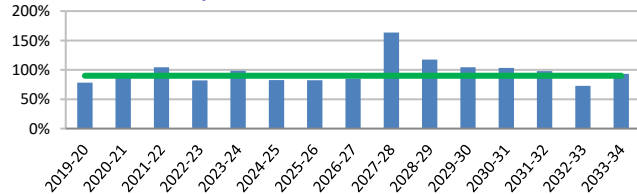
The asset consumption ratio is above the target range and remains so throughout the term of the Plan with assets being renewed at adequate levels to maintain the average age of assets.

### Asset Consumption Ratio

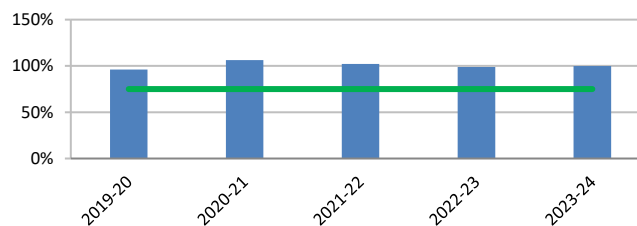


The ratio highlights asset renewal expenditure relative to depreciation fluctuates as expected. The ratio average is below the guideline level and indicates the Shire is generally not renewing assets in line with their forecast useful lives due to the average useful life of assets exceeding the 15 years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

### Asset Sustainability Ratio



### 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. Further improvements in forecasting the remaining useful lives of assets may result in a decrease in this ratio.

# 7.0 SCENARIO MODELLING

## 7.1 Scenario Modelling

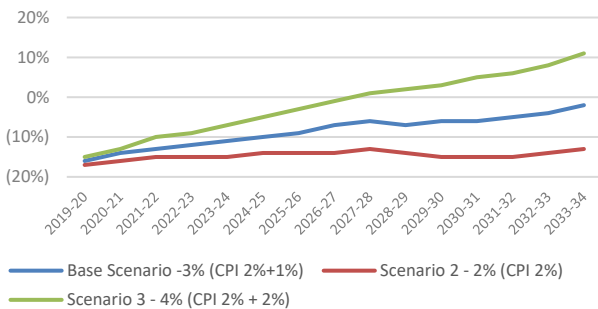
Scenarios were developed to test the financial impact of reduced levels of operating funding with modelling for the impact on the Shire of various reduced funding levels.

To ascertain the effect of reduced funding levels, a base scenario was developed with a rate yield increase of 1% above inflation (2%). Two alternative scenarios were also developed from this base as reflected in the table below. All other assumptions remained the same across the three scenarios.

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

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

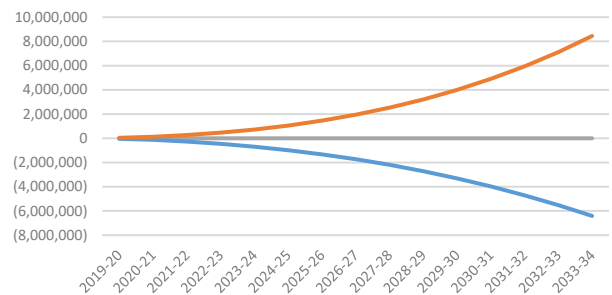
## 7.2 Scenario Comparison – Operating Surplus Ratio



The chart above shows the impact of the same change in total rates yield on the Shire’s Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it improved the operating surplus ratio.

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

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



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

Year	Scenario 2 - CPI 2%	Scenario 3 - CPI 2% + 1%
2019-20	(41,547)	41,545
2020-21	(128,587)	129,414
2021-22	(265,324)	268,754
2022-23	(452,134)	465,103
2023-24	(689,284)	724,418
2024-25	(979,182)	1,053,101
2025-26	(1,324,330)	1,458,025
2026-27	(1,727,321)	1,946,568
2027-28	(2,190,844)	2,526,643
2028-29	(2,717,689)	3,206,730
2029-30	(3,310,748)	3,995,911
2030-31	(3,973,020)	4,903,910
2031-32	(4,707,615)	5,941,132
2032-33	(5,517,756)	7,118,703
2033-34	(6,406,785)	8,448,516

## 8.0 STRATEGIC PLANNING AND POLICIES

### 8.1 Linkage with Other Plans

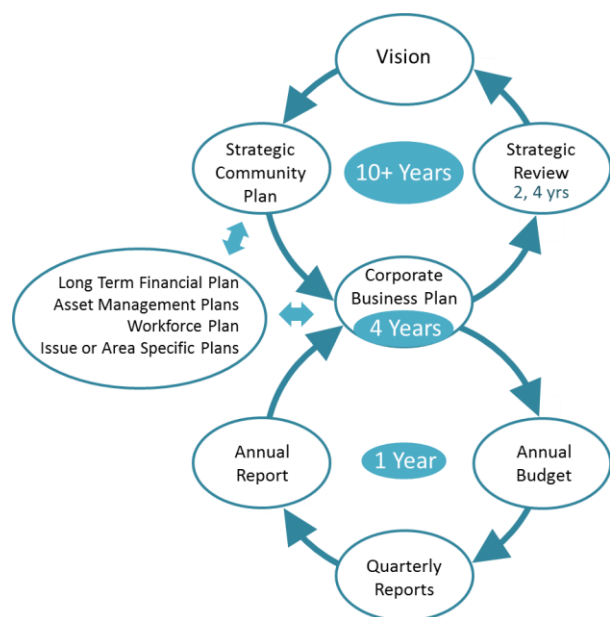
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other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

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

### 8.2 Strategic Documents Linkage

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

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



### 8.3 Strategic Community Plan 2018-2028

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

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

### 8.4 Corporate Business Plan

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

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

### 8.5 Workforce and Other Strategic Plans

The Workforce Plan and other strategic plans integrate with the Strategic Resource Plan through the workforce requirement for assets and financial resources along with the requirements for a workforce to manage the Shire's assets and financial resources. As far as possible, these requirements are met in the Plan.

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

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

## 9.0 RISK MANAGEMENT

### 9.1 Risk Management

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

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

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

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

### 9.2 Certainty of Assumptions

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

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

### 9.3 Sensitivity Analysis

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

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



## 10.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>District Growth in Population:</b> The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Rates Level Increase:</b> Annual rates have been based on an increase in the total rate yield of 3%, being 1% higher than forecast inflation rate of 2%.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Operating Grants and Contributions:</b> Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$28,446 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
<b>Non-operating Grants and Contributions:</b> Remain in line with funding requirements identified for various capital works.	High	The forecast capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	High	± \$156,730 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
<b>Fees and Charges:</b> Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Interest Earnings:</b> Interest earning of an average rate of 1.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Revenue:</b> Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Profit on Asset Disposal:</b> Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.



## 10.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (CONTINUED)

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Employee Costs:</b> Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Materials and Contracts:</b> Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$541,005 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
<b>Depreciation:</b> Depreciation has been calculated using an average depreciation rate based on the estimated useful lives on individual assets.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>Insurance:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Other Expenditure:</b> Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Loss on Asset Disposal:</b> A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

## 10.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (CONTINUED)

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

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Revaluations:</b> In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$727,603 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$2,136,235 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
<b>Impairment of Assets:</b> No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
<b>Infrastructure Assets:</b> Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$156,730 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
<b>Property, Plant and Equipment:</b> Building expenditure is in accordance with the 10 Year Capital Plan, and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

## 10.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (CONTINUED)

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

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

## 10.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY (CONTINUED)

### 10.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<b>Cash Backed Reserves:</b> It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<b>Revaluation Surplus:</b> Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$727,603 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan.  ±\$2,136,235 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
<b>Ownership of Strategic Assets:</b> The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
<b>Inflators:</b> Forecast inflation at 2% per annum.	Medium	Not assessed as high financial risk.	High	± \$1,627,101 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,739,188 to operating expenditure per 1% movement in the inflators over the life of the Plan.
<b>Commercial Activities:</b> The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
<b>General Economic Forecasts for State:</b> The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to 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.
<b>General Economic Forecasts for Region:</b> Historically, the region's economy is heavily dependent on agriculture and this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

## 11.0 MONITORING AND PERFORMANCE

### 11.1 Monitoring

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

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

### 11.2 Ratio Targets

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

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

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

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

## 12.0 IMPROVEMENT PLAN

### 12.1 Strategic Resource Improvement Plan

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

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

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

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

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

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

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

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

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

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## APPENDIX A1 – CRITICAL ASSETS

### Description

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

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

Asset	Current Replacement Cost (\$)
Administration Buildings	\$3,346,000
Cummins Theatre	\$4,860,000
Shire Depots	\$1,201,200
Dams reticulation and pumps	Unidentified

With the exception of pump equipment associated with the dams and reticulation, none of the above assets are forecast to require renewal within the term of this Plan. 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 and major expenditure items for the Shire. A number of rural roads within the Shire are currently utilised as grain freight roads following the closure of the rural rail network. This has resulted in these roads requiring a higher level of technical design and an increased frequency of maintenance and renewal. The continued planning for future road infrastructure renewals influenced by condition based estimation of the remaining useful life is essential to reducing the risk of sudden unexpected road failure. Regional and local distributor roads due to their strategic importance, will be given funding prioritisation over other road assets.

### 2.2 Road Inventory

The Shire of Merredin has a road network servicing an area of 3,294<sup>1</sup> square kilometres. Road assets within this Plan include the following components:

- Subgrade;
- Top Surface;
- Pavement; and
- Unsealed Roads.

Road asset information is recorded within a road inventory database. In 2018, a road infrastructure condition report and valuation was undertaken by an external consultant which forms the basis of the measurements and current replacement cost estimates. Verification of the accuracy of the valuation data is not within the scope of this Plan and has not been undertaken.

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

The table below details the road asset components.

Roads Assets	Length (m)	Current Replacement Cost (\$)
<b>Top Surface</b>		
Asphalt - Reseal	18,700	2,546,938
Dense graded asphalt	9,550	1,754,583
Gravel Pavement	100	7,350
PSEAL - 1st Coat	6,570	178,927
Spray seal - 2nd seal	24,630	652,780
Spray seal - Reseal	220,360	6,024,277
Spray seal - single/single	138,275	3,275,169
	<b>418,185</b>	<b>14,440,025</b>
<b>Subgrade</b>		
Sand	4,280	507,820
Unknown	1,291,860	265,284,597
	<b>1,296,140</b>	<b>265,792,417</b>
<b>Pavement</b>		
Gravel	230,390	13,028,302
Gravel Pavement	897,420	45,752,004
Sand Pavement	114,750	5,889,639
Unknown Pavement	41,585	2,311,792
	<b>1,284,145</b>	<b>66,981,737</b>

<sup>1</sup> Australian Bureau of Statistics Merredin (S) (LGA55460) 2016 Census of Population and Housing, viewed 11 April 2019

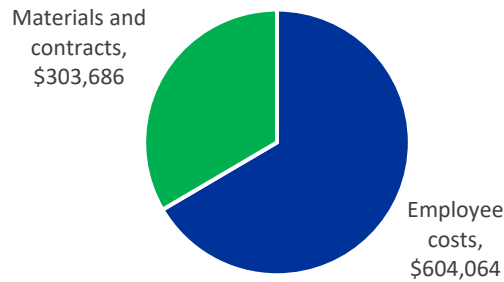
## APPENDIX A2 – INFRASTRUCTURE - ROADS (CONTINUED)

### 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 by Nature and Type

Road maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2019-20:



Road maintenance expenditure is primarily related to the grading of unsealed roads within the district. Trimming of roadside vegetation is another routine road maintenance operation along with a low level of reactionary minor repair works. As far as possible the road maintenance program is scheduled annually, based on staff knowledge of road conditions and expected traffic volumes.

#### 2.3.2 New Expenditure

No new road expenditure is currently planned. Road safety related projects will be prioritised where issues are identified. External grant funding would be essential to achieve any upgrades.

#### 2.3.3 Renewal Expenditure

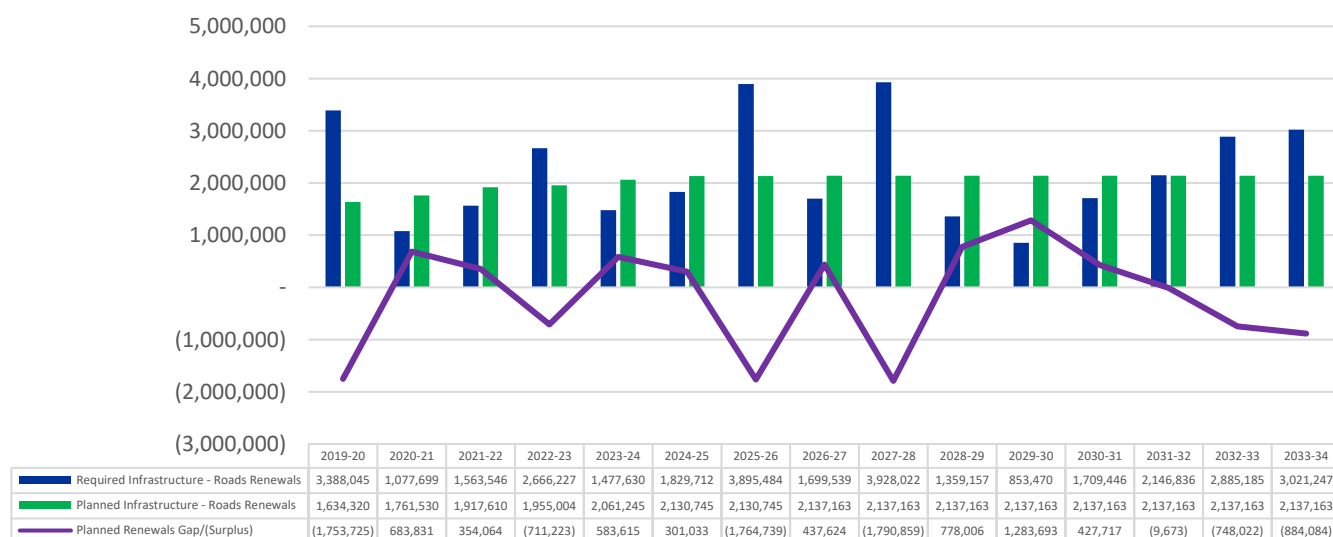
Road works are prioritised based on staff knowledge of the conditions of roads and expected usage patterns and is conducted during the budget process. All planned works are funded through a combination of internal funds and external grants.

In the chart on the following page, planned road expenditure is shown as green columns, with required road renewals as the blue columns. The purple line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$29.87m, with required road renewal calculated at \$9.66m for the term. Currently the Shire is planning to renew road assets ahead of forecast requirements. Achieving the planned road renewals is dependent on continued receipt of external funding.

## APPENDIX A2 – INFRASTRUCTURE - ROADS (CONTINUED)

### 2.3.4 Forecast Planned and Required Road Renewal Expenditure

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



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

	Required Roads Renewals \$	Planned Roads Renewals \$	Roads Renewal Funding (Gap)/Surplus \$
2019-20	3,388,045	1,634,320	(1,753,725)
2020-21	1,077,699	1,761,530	683,831
2021-22	1,563,546	1,917,610	354,064
2022-23	2,666,227	1,955,004	(711,223)
2023-24	1,477,630	2,061,245	583,615
2024-25	1,829,712	2,130,745	301,033
2025-26	3,895,484	2,130,745	(1,764,739)
2026-27	1,699,539	2,137,163	437,624
2027-28	3,928,022	2,137,163	(1,790,859)
2028-29	1,359,157	2,137,163	778,006
2029-30	853,470	2,137,163	1,283,693
2030-31	1,709,446	2,137,163	427,717
2031-32	2,146,836	2,137,163	(9,673)
2032-33	2,885,185	2,137,163	(748,022)
2033-34	3,021,247	2,137,163	(884,084)
<b>Total</b>	<b>33,501,245</b>	<b>30,688,503</b>	<b>(2,812,742)</b>

## APPENDIX A2 – INFRASTRUCTURE - ROADS (CONTINUED)

### 2.4 Level of Service

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

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

#### 2.4.1 Construction

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

## APPENDIX A2 – INFRASTRUCTURE - ROADS (CONTINUED)

### 2.4.2 Maintenance

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

## APPENDIX A2 – INFRASTRUCTURE - ROADS (CONTINUED)

### 2.5 Risk Management

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

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

### 2.6 Improvement

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

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

Monitoring of actual renewal costs against estimated renewal costs will improve the accuracy of future unit cost estimates. Routine monitoring of traffic volumes and road conditions will further improve the ability of the Shire to forecast future road renewal priorities.

## APPENDIX A3 – INFRASTRUCTURE - DRAINAGE

### 3.1 Significant Matters

The Shire provides a network of stormwater drainage infrastructure which includes culverts, drainage basins, pipes, and kerbing. The determination of appropriate intervention points for renewal work, along with forecasting the timing and amount of funding required, is important to ensure this work can be undertaken prior to any asset failure. A current assessment shows drainage infrastructure with a current replacement cost of \$24.1m. Further detailed investigation of these assets is required to confirm the timing and costs of the required renewal intervals.

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

### 3.2 Inventory

The Shire is developing a basic drainage asset inventory which is maintained within the road asset inventory system. Utilising the dimension data held and the unit rates provided by the Shire, a current replacement cost has been estimated as set out below.

Drainage Asset	Length (m)	Current Replacement Cost \$
Depressed (spoon drain)	10	250
Drain Behind Kerb (obsolete)	1,430	35,750
Kerb Barrier	90,540	1,991,880
Kerb Semi Mountable	640	14,080
Open Drain (excavated)	129,260	517,040
Table Drain (shallow)	2,333,850	9,335,400
Underground Pipe	35,660	7,132,000
<b>Culvert</b>		
Box	733	1,538,880
Circular	6,413	3,541,176
M_Box	9	0
<b>Drainage Assets Total</b>		<b>24,106,456</b>

### 3.3 Forecast Planned and Required Drainage Renewals

Table drains will be maintained and renewed as part of the renewal of road pavements. Pipe drains will be assessed as part of road pavement works and replaced where required when undertaking these works.



## APPENDIX A3 – INFRASTRUCTURE - DRAINAGE (CONTINUED)

### 3.4 Financial Summary

The financial impacts of managing the Shire’s drainage infrastructure assets including the maintenance and renewal costs are included under Appendix A2 Infrastructure - Roads.

### 3.5 Level of Service

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

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

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

## APPENDIX A3 – INFRASTRUCTURE - DRAINAGE (CONTINUED)

### 3.6 Risk Management

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

Risk	Consequence	Risk Rating	Risk Treatment
Asset condition decreases due to flood damage.	Desired level of service not maintained.	Medium	Ensure adequate drainage in road design and maintenance to mitigate risk of flood damage.
Climate change.	Likelihood of severe storm damage increases.	Medium	Consider climate change when managing assets.
Significant unforeseen increases in maintenance or renewal costs.	Desired level of service not maintained.	Medium	Monitor costs and adjust long-term plans accordingly.
Asset condition decreases due to inadequate renewal program.	Desired level of service not maintained.	Medium	Determine maintenance priorities based on lifecycle cost.
Asset condition decreases due to inadequate maintenance program.	Desired level of service not maintained.	Low	Determine maintenance priorities based risk assessment and lifecycle cost.
Health and safety incident whilst working on assets causing fatality or serious injury.	Prosecution risk.	Low	Ensure Council has compliant health and safety policy. Ensure staff and contractors are trained in policy and all procedures are complied with.

### 3.7 Improvement

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 drainage asset network (including road conditions) and forecasting of road renewal timing and costs is essential for managing the road and drainage 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 drainage renewal priorities.

## APPENDIX A4 – INFRASTRUCTURE - FOOTPATHS

### 4.1 Significant Matters

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

### 4.2 Inventory

Footpath asset information is recorded within the Shire's road inventory database (RAMM). The assets within the asset class were valued in 2018 with all road infrastructure assets. The current replacement cost at the time of the last valuation was \$1.18m.

#### 4.2.1 Composition of Estimated Current Replacement Cost of Footpaths

Footpath Type	Length	Current Replacement Cost \$
Asphalt	25,409	1,103,681
Brick Paving	5,563	817,348
Concrete Slabs	700	71,575
Gravel	21,336	207,793
Insitu Concrete	11,513	2,356,702
<b>Footpaths Total</b>	<b>64,521</b>	<b>4,557,099</b>

### 4.3 Financial Summary

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

#### 4.3.1 Maintenance Expenditure

\$100,000 has been allocated to footpath maintenance in the first year of the Plan and every second year of the Plan thereafter. \$50,000 has been allocated to footpath maintenance in the second year of the Plan and every second year thereafter.

#### 4.3.2 New Asset Expenditure

\$200,000 per year is allocated to footpath renewal and footpath network increase within the Plan. Should these funds not be required for planned renewals in any given year, they will be used for an extension of the footpath network.

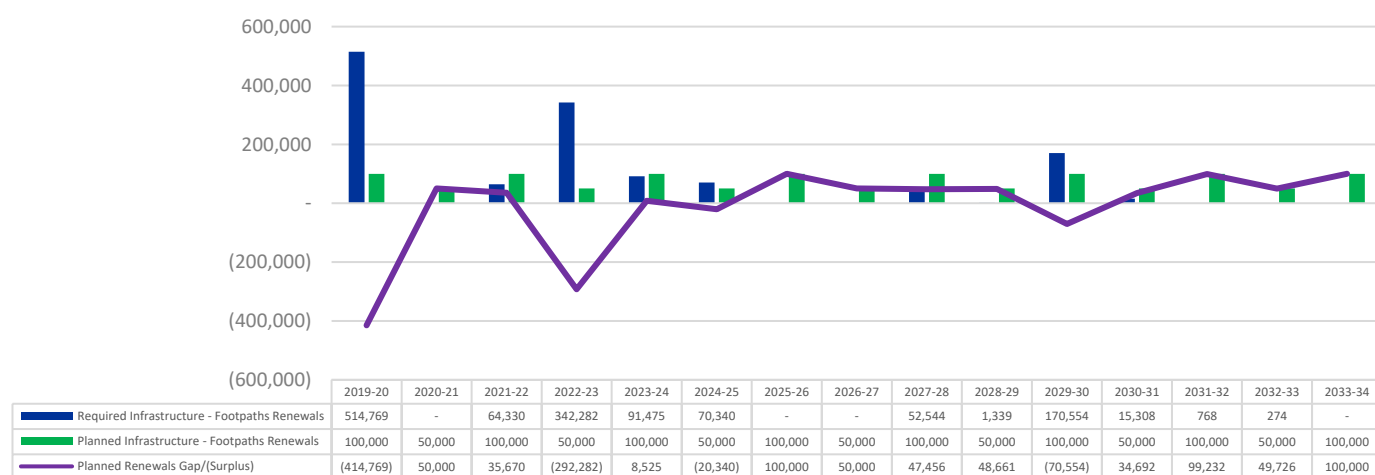
## APPENDIX A4 – INFRASTRUCTURE – FOOTPATHS (CONTINUED)

### 4.3.3 Renewal Expenditure

Footpaths renewals are planned to occur in line with required renewal timing. Work is prioritised using staff knowledge of the conditions of the footpaths.

In the chart below, forecast planned footpaths expenditure is shown by the green columns, with required footpaths renewals as the blue columns. The purple line indicates the difference between the two expenditure levels. Required footpaths renewal is calculated at \$1.3m for the term of the Plan, with planned expenditure slightly lower at \$1.2m.

### 4.3.4 Forecast Planned and Required Footpath Renewal Expenditure



### 4.4 Level of Service

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

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

## APPENDIX A4 – INFRASTRUCTURE – FOOTPATHS (CONTINUED)

### 4.5 Risk Management

An assessment of risks associated with footpath infrastructure has identified the following risks and the treatment strategy for each risk.

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

### 4.6 Improvement Plan

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

## APPENDIX A5 – INFRASTRUCTURE - OTHER

### 5.1 Significant Matters

The Shire controls a network of other infrastructure made up of the following:

- Sporting grounds;
- Active and passive reserves;
- Sporting facilities;
- Lighting;
- Dams; and
- Other minor facilities.

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

### 5.2 Inventory

The Shire's other infrastructure asset's current replacement cost at the time of valuation at 30 June 2015 was \$6,390,900.

A register of other infrastructure assets is maintained within the financial reporting system. Conditions of most other infrastructure assets were recorded at the time of valuation.

### 5.3 Financial Summary

The financial impact of managing the Shire's other infrastructure assets is broken down into new and renewal expenditure.

### 5.4 New Expenditure

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

## APPENDIX A5 – INFRASTRUCTURE - OTHER (CONTINUED)

### 5.5 Renewal Expenditure

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

### 5.6 Level of Service

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

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

### 5.7 Improvement

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

## APPENDIX A6 – BUILDINGS

### 6.1 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 requires additional funding. Planning for adequate future funding of building renewals is one of the most significant long-term challenges for the Shire.

Current plans are for buildings with limited community demand to be demolished when they become unsafe to occupy or are no longer required by the community. Other building renewals are planned to be delayed through ensuring adequate levels of maintenance until such time as external funding is available for their renewal or replacement.

### 6.2 Inventory

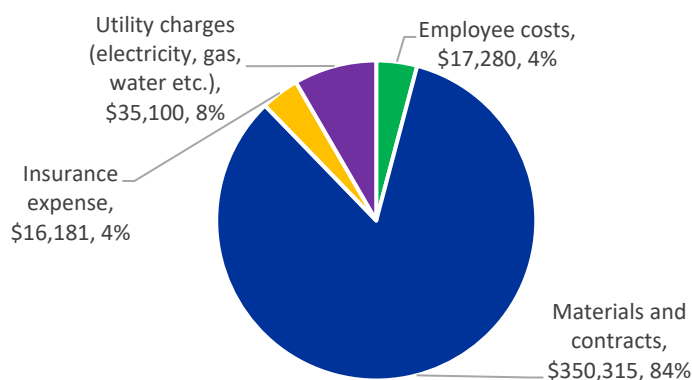
Land and buildings were valued by independent professional valuers in June 2014, based on an inspection undertaken in 2014. The replacement costs of the buildings contained within the valuation report (that remain in Shire ownership) is \$54.7 million.

### 6.3 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.

#### 6.3.1 Maintenance Expenditure by Nature and Type

Routine maintenance expenditure is forecast to increase in line with inflation and is comprised of the following estimated costs in 2019-20:



#### 6.3.2 New/Upgrade Asset Expenditure

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



## APPENDIX A6 – BUILDINGS (CONTINUED)

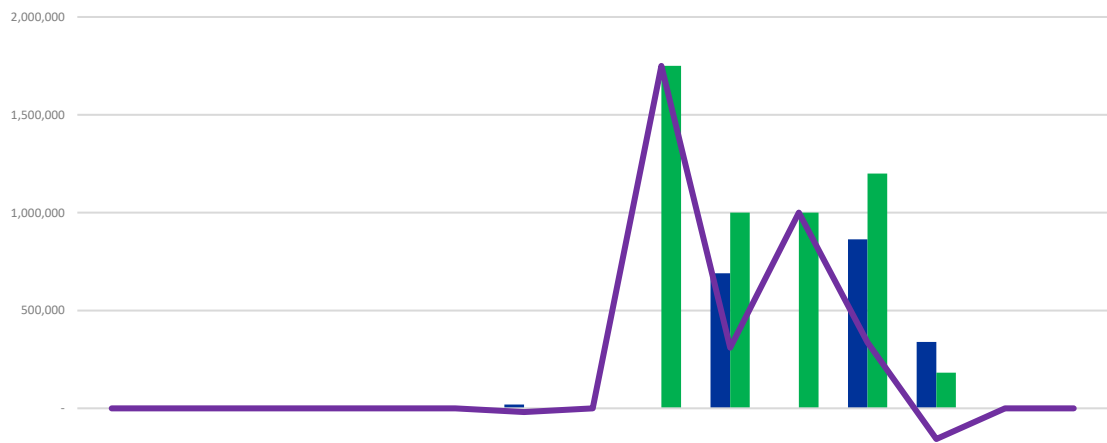
### 6.3.3 Renewal Expenditure

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

Several buildings currently utilised by community groups are not planned to be renewed. Should the relevant groups no longer require use of the buildings they will be demolished based on insufficient demand.

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

### 6.3.4 Forecast Planned and Required Building Renewal Expenditure



	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Required Buildings - specialised Renewals	-	-	-	-	-	-	19,404	-	-	690,430	-	863,501	339,352	-	-
Planned Buildings - specialised Renewals	-	-	-	-	-	-	-	-	1,750,000	1,000,000	1,000,000	1,200,000	182,530	-	-
Planned Renewals Gap/(Surplus)	-	-	-	-	-	-	(19,404)	-	1,750,000	309,570	1,000,000	336,499	(156,822)	-	-

The timing and extent of building renewals in the later years of the Plan will be subject to condition based assessments closer to the estimated renewal timing, along with further assessment of demand. Both the timing and costs associated with building renewals are highly variable and, in many instances, dependent on the level of building maintenance.

## APPENDIX A6 – BUILDINGS (CONTINUED)

### 6.3.5 Forecast Planned and Required Building Renewal Expenditure

The values represented in the chart on the previous page are detailed in the table below. Planned building renewals are in line with the forecast required renewals.

	Required Building Renewals \$	Planned Building Renewals \$	Planned Renewals Gap/(Surplus)
2019-20	0	0	0
2020-21	0	0	0
2021-22	0	0	0
2022-23	0	0	0
2023-24	0	0	0
2024-25	0	0	0
2025-26	19,404	0	(19,404)
2026-27	0	0	0
2027-28	0	1,750,000	1,750,000
2028-29	690,430	1,000,000	309,570
2029-30	0	1,000,000	1,000,000
2030-31	863,501	1,200,000	336,499
2031-32	339,352	182,530	(156,822)
2032-33	0	0	0
2033-34	0	0	0
<b>Total</b>	<b>1,912,687</b>	<b>5,132,530</b>	<b>3,219,843</b>

### 6.4 Level of Service

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

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

## APPENDIX A6 – BUILDINGS (CONTINUED)

### 6.5 Risk Management

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

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

### 6.6 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 A7 – PLANT AND EQUIPMENT

## 7.1 Significant Matters

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

## 7.2 Inventory

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

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

Asset	Current Replacement Cost \$
Light Vehicles	166,084
Other Equipment	596,100
Plant	4,791,352
Utility	374,056
<b>Total</b>	<b>5,927,592</b>

## 7.3 Financial Summary

The financial impacts of managing the Shire’s 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.

# APPENDIX A7 – PLANT AND EQUIPMENT (CONTINUED)

## 7.3.1 New Expenditure

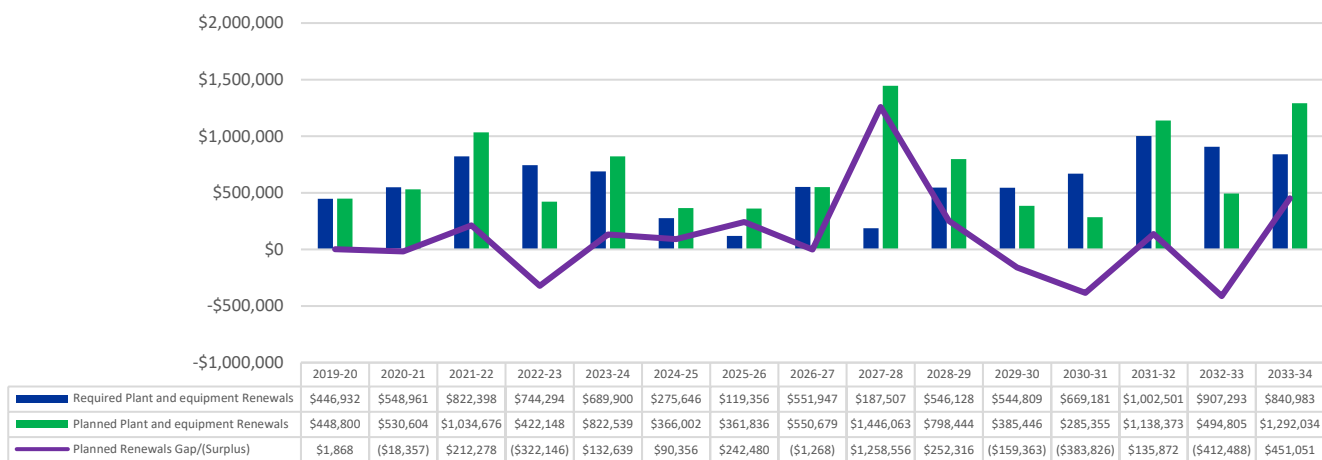
The current fleet of plant and equipment is forecast to meet the requirements of the Shire and no additional items are forecast to be required over the life of this Plan.

## 7.3.2 Renewal Expenditure

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

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

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



The chart reflects a lack of correlation between the Plant Replacement Program and the estimated useful life of plant and equipment in some years. The Plan overall has a funding surplus of \$1.5m over the term of the Plan, with planned renewals of \$10.4m and required asset renewals of \$8.9m.

## 7.4 Plant Disposals

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

## APPENDIX A7 – PLANT AND EQUIPMENT (CONTINUED)

### 7.5 Level of Service

Levels of service have not been previously monitored.

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

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

### 7.6 Risk Management

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

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

### 7.7 Improvement Plan

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

## APPENDIX A8 – ESTIMATED ASSET LIFE AND RESIDUAL VALUE

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

Asset Class	Asset Sub-Class	Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Buildings - specialised			80	10%
Buildings - specialised	Building		80	10%
Buildings - specialised	Car Park		40	10%
Buildings - specialised	Landfill		20	10%
Buildings - specialised	Recreation		40	10%
Buildings - specialised	Toilets		40	10%
Furniture and Equipment	Artwork		30	80%
Furniture and Equipment	Furniture and Office Equipment		20	
Furniture and Equipment	Software (Licenses)		5	
Infrastructure - Drainage		Urban Roads Drain Behind Kerb (obsolete)	30	
Infrastructure - Drainage		Urban Roads Kerb Barrier	60	
Infrastructure - Drainage		Urban Roads Open Drain (Excavated)	30	
Infrastructure - Drainage		Urban Roads Table Drain (Shallow)	30	
Infrastructure - Drainage		Urban Roads Underground Pipe	100	
Infrastructure - Drainage		Rural Roads Table Drain (Shallow)	30	
Infrastructure - Drainage		Rural Roads Open Drain (Excavated)	30	
Infrastructure - Drainage		Rural Roads Kerb Barrier	60	
Infrastructure - Drainage		Urban Roads Kerb Semi Mountable	60	
Infrastructure - Drainage		Rural Roads Kerb Semi Mountable	80	
Infrastructure - Drainage		Urban Roads Depressed (Spoon drain)	30	
Infrastructure - Drainage	Culvert	Concrete M_Box	100	
Infrastructure - Drainage	Culvert	Steel Circular	100	
Infrastructure - Drainage	Culvert	Concrete Circular	100	
Infrastructure - Drainage	Culvert	Fab Circular	100	
Infrastructure - Drainage	Culvert	Other Circular	100	
Infrastructure - Drainage	Culvert	Wood Circular	100	
Infrastructure - Drainage	Culvert	Concrete Box	100	
Infrastructure - Drainage	Culvert	HDPE Circular	100	
Infrastructure - Footpaths		Insitu Concrete	60	
Infrastructure - Footpaths		Gravel	50	
Infrastructure - Footpaths		Asphalt	30	
Infrastructure - Footpaths		Concrete Slabs	60	
Infrastructure - Footpaths		Brick Paving	50	
Infrastructure - Footpaths		Subgrade	100	100%
Infrastructure - Other			50	
Infrastructure - Roads	Pavement	Rural Roads – Gravel	80	
Infrastructure - Roads	Pavement	Urban Roads – Gravel	80	
Infrastructure - Roads	Pavement	Rural Roads - Gravel Pavement	80	
Infrastructure - Roads	Pavement	Urban Roads - Gravel Pavement	80	
Infrastructure - Roads	Pavement	Rural Roads - Sand Pavement	80	
Infrastructure - Roads	Pavement	Urban Roads - Sand Pavement	80	
Infrastructure - Roads	Pavement	Urban Roads - Unknown Pavement	80	
Infrastructure - Roads	Pavement	Rural Roads - Unknown Pavement	80	
Infrastructure - Roads	Subgrade	Rural Roads – Unknown	1000	100%
Infrastructure - Roads	Subgrade	Urban Roads - Sand	1000	100%
Infrastructure - Roads	Subgrade	Rural Roads – Sand	1000	100%
Infrastructure - Roads	Subgrade	Urban Roads – Unknown	1000	100%
Infrastructure - Roads	Top Surface	Rural Roads - Spray seal - 2nd seal	20	
Infrastructure - Roads	Top Surface	Urban Roads - Gravel Pavement	80	
Infrastructure - Roads	Top Surface	Urban Roads - Spray seal - reseal	20	
Infrastructure - Roads	Top Surface	Rural Roads - Spray seal - Reseal	20	
Infrastructure - Roads	Top Surface	Rural Roads - spray seal - reseal	20	
Infrastructure - Roads	Top Surface	Urban Roads - PSEAL - 1st Coat	10	

## APPENDIX A8 – ESTIMATED ASSET LIFE AND RESIDUAL VALUE (CONTINUED)

Asset Class	Asset Sub-Class	Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Infrastructure - Roads	Top Surface	Rural Roads - Asphalt - Reseal	20	
Infrastructure - Roads	Top Surface	Rural Roads - PSEAL - 1st Coat	10	
Infrastructure - Roads	Top Surface	Urban Roads - Spray seal - single/single	20	
Infrastructure - Roads	Top Surface	Urban Roads - Dense graded asphalt	20	
Infrastructure - Roads	Top Surface	Rural Roads - Dense graded asphalt	20	
Infrastructure - Roads	Top Surface	Urban Roads - Asphalt - Reseal	20	
Infrastructure - Roads	Top Surface	Urban Roads - Spray seal - Reseal	20	
Infrastructure - Roads	Top Surface	Rural Roads - Spray seal - single/single	20	
Infrastructure - Roads	Unsealed Roads	Urban Roads - Unsealed	10	
Infrastructure - Roads	Unsealed Roads	Rural Roads - Unsealed	10	
Land - freehold land			0	100%
Plant and Equipment	Light Vehicles		1	75%
Plant and Equipment	Other Equipment		10	30%
Plant and Equipment	Plant		10	50%
Plant and Equipment	Utility		2	60%



# APPENDIX B1 – FORECAST FINANCIAL STATEMENTS

## Financial Statements

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

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

### Statements of Comprehensive Income

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

### Statement of Financial Position

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

### Statement of Changes in Equity

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

### Statement of Cashflows

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

### Statement of Funding

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

### Statement of Net Current Asset Composition

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

### Statement of Fixed Asset Movements

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

### Statement of Fixed Asset Funding

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

### Forecast Ratios

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

### Nature or Type

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

# APPENDIX B1 – FORECAST FINANCIAL STATEMENTS (CONTINUED)

## Service Programs

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

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

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

## APPENDIX B2 – FORECAST STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE 2019-2034

	2015-16	2016-17	2017-18	Base	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>																			
Rates	3,718,811	3,896,130	4,043,223	4,154,605	4,279,244	4,407,621	4,539,850	4,676,045	4,816,327	4,960,816	5,109,641	5,262,930	5,420,817	5,583,441	5,750,944	5,923,472	6,101,175	6,284,210	6,472,736
Operating grants, subsidies and contributions	1,595,536	4,094,823	2,993,599	1,580,407	2,844,699	2,901,594	2,959,624	3,018,818	3,079,195	3,140,779	3,203,595	3,267,668	3,333,021	3,399,683	3,467,676	3,537,031	3,607,772	3,679,927	3,753,527
Fees and charges	1,869,566	1,614,638	1,324,675	1,397,107	1,425,049	1,453,548	1,482,616	1,512,270	1,542,513	1,573,362	1,604,831	1,636,925	1,669,663	1,703,060	1,737,123	1,771,866	1,807,302	1,843,448	1,880,318
Interest earnings	284,294	564,130	574,787	482,410	251,813	257,219	269,090	273,654	300,630	313,769	345,848	385,227	426,370	367,824	362,362	377,303	391,936	436,726	510,930
Other revenue	362,441	422,643	530,809	222,250	226,695	231,229	235,853	240,571	245,381	250,287	255,293	260,398	265,607	270,920	276,337	281,863	287,499	293,249	299,116
	7,830,648	10,592,364	9,467,093	7,836,779	9,027,500	9,251,211	9,487,033	9,721,358	9,984,046	10,239,013	10,519,208	10,813,148	11,115,478	11,324,928	11,594,442	11,891,535	12,195,684	12,537,560	12,916,627
<b>Expenses</b>																			
Employee costs	(3,088,438)	(2,978,717)	(2,939,615)	(3,193,951)	(3,218,613)	(3,282,990)	(3,348,649)	(3,415,617)	(3,483,929)	(3,553,610)	(3,624,689)	(3,697,184)	(3,771,125)	(3,846,552)	(3,923,488)	(4,001,963)	(4,082,002)	(4,163,637)	(4,246,911)
Materials and contracts	(2,672,749)	(2,345,020)	(2,824,643)	(3,196,550)	(3,185,567)	(3,187,375)	(3,251,119)	(3,316,136)	(3,382,456)	(3,450,108)	(3,519,114)	(3,589,495)	(3,661,283)	(3,734,517)	(3,809,220)	(3,885,404)	(3,963,120)	(4,042,388)	(4,123,242)
Utility charges (electricity, gas, water etc.)	(448,656)	(458,878)	(421,718)	(429,829)	(438,425)	(447,192)	(456,135)	(465,256)	(474,562)	(484,053)	(493,734)	(503,608)	(513,680)	(523,954)	(534,432)	(545,121)	(556,021)	(567,143)	(578,484)
Depreciation on non-current assets	(3,618,214)	(4,075,456)	(4,118,392)	(4,063,757)	(2,868,537)	(2,927,134)	(2,979,137)	(3,027,808)	(3,090,205)	(3,155,424)	(3,223,306)	(3,291,898)	(3,360,200)	(3,440,987)	(3,525,251)	(3,611,204)	(3,701,810)	(3,771,724)	(3,850,526)
Interest expense	(76,176)	(71,098)	(78,743)	(55,296)	(45,590)	(32,111)	(26,057)	(22,488)	(18,773)	(14,906)	(10,880)	(6,688)	(2,879)	(587)	0	0	0	0	0
Insurance expense	(289,832)	(189,773)	(180,618)	(155,535)	(158,647)	(161,819)	(165,056)	(168,359)	(171,725)	(175,162)	(178,667)	(182,240)	(185,885)	(189,601)	(193,394)	(197,262)	(201,208)	(205,229)	(209,335)
Other expenditure	(343,146)	(321,892)	(5,559,746)	(221,408)	(225,843)	(230,365)	(234,975)	(239,673)	(244,463)	(249,359)	(254,346)	(259,440)	(264,626)	(269,917)	(275,319)	(280,826)	(286,440)	(292,169)	(298,013)
	(10,537,211)	(10,440,834)	(16,123,475)	(11,316,326)	(10,141,222)	(10,268,986)	(10,461,128)	(10,655,337)	(10,866,113)	(11,082,622)	(11,304,736)	(11,530,553)	(11,759,678)	(12,006,115)	(12,261,104)	(12,521,780)	(12,790,601)	(13,042,290)	(13,306,511)
	(2,706,563)	151,530	(6,656,382)	(3,479,547)	(1,113,722)	(1,017,775)	(974,095)	(933,979)	(882,067)	(843,609)	(785,528)	(717,405)	(644,200)	(681,187)	(666,662)	(630,245)	(594,917)	(504,730)	(389,884)
Non-operating grants, subsidies and contributions	24,817,664	1,531,634	1,347,122	840,463	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,219,693	1,037,163	1,037,163
Profit on disposal of assets	57,490	0	6,631	85,184	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(28,045)	(112,560)	(256,343)	(18,340)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NETRESULT</b>	22,140,546	1,570,604	(5,558,972)	(2,572,240)	(76,535)	1,352	44,312	86,024	142,096	193,554	251,635	319,758	392,963	355,976	370,501	406,918	624,776	532,433	647,279
<b>Other Comprehensive Income</b>	0	3,461,665	(129,678,881)	0	4,271,602	4,336,966	4,404,659	4,506,012	4,577,417	4,673,903	4,755,758	4,832,725	4,896,207	5,043,560	5,162,237	5,268,255	5,355,457	5,470,400	5,541,798
<b>TOTALCOMPREHENSIVEINCOME</b>	22,140,546	5,032,269	(135,237,853)	(2,572,240)	4,195,067	4,338,318	4,448,971	4,592,036	4,719,513	4,867,457	5,007,393	5,152,483	5,289,170	5,399,536	5,532,738	5,675,173	5,980,233	6,002,833	6,189,077

Refer to Appendix B15 – Forecast Significant Accounting Policies

# APPENDIX B3 – FORECAST STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM 2019-2034

	2015-16	2016-17	2017-18	Base	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>																			
Governance	76,110	49,561	55,317	17,800	18,156	18,519	18,889	19,267	19,652	20,045	20,446	20,855	21,272	21,697	22,131	22,574	23,025	23,485	23,955
General purpose funding	5,121,463	8,001,927	6,965,993	5,742,647	6,910,587	7,091,961	7,284,603	7,474,876	7,692,637	7,901,778	8,135,226	8,381,488	8,635,185	8,795,024	9,013,940	9,259,422	9,510,930	9,799,111	10,123,406
Law, order, public safety	258,818	251,855	243,567	215,479	219,789	224,185	228,668	233,241	237,906	242,663	247,516	252,467	257,515	262,667	267,920	273,278	278,744	284,320	290,006
Health	61,409	52,863	24,926	40,558	41,369	42,196	43,040	43,901	44,779	45,675	46,589	47,520	48,470	49,440	50,429	51,439	52,467	53,516	54,586
Education and welfare	22,933	21,411	40,102	18,728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing	159,705	165,188	159,084	157,886	161,044	164,264	167,550	170,901	174,319	177,805	181,362	184,989	188,688	192,462	196,311	200,237	204,242	208,327	212,493
Community amenities	543,941	778,202	823,891	560,845	572,062	583,503	595,172	607,075	619,217	631,602	644,235	657,120	670,264	683,670	697,344	711,291	725,517	740,027	754,829
Recreation and culture	943,531	629,904	659,337	572,374	583,822	595,498	607,406	619,556	631,947	644,586	657,479	670,628	684,040	697,722	711,676	725,910	740,426	755,235	770,340
Transport	270,425	316,566	213,298	213,000	217,260	221,605	226,038	230,559	235,171	239,874	244,671	249,565	254,557	259,648	264,841	270,138	275,541	281,052	286,673
Economic services	227,066	227,570	150,509	181,862	185,499	189,210	192,992	196,854	200,788	204,803	208,898	213,075	217,337	221,685	226,119	230,641	235,255	239,960	244,760
Other property and services	145,248	97,317	131,069	115,600	117,912	120,270	122,675	125,128	127,630	130,182	132,786	135,441	138,150	140,913	143,731	146,605	149,537	152,527	155,579
	7,830,649	10,592,364	9,467,093	7,836,779	9,027,500	9,251,211	9,487,033	9,721,358	9,984,046	10,239,013	10,519,208	10,813,148	11,115,478	11,324,928	11,594,442	11,891,535	12,195,684	12,537,560	12,916,627
<b>Expenses Excluding Finance Costs</b>																			
Governance	(629,562)	(475,937)	(508,826)	(659,342)	(647,371)	(660,320)	(673,524)	(686,995)	(700,733)	(714,748)	(729,045)	(743,625)	(758,497)	(773,667)	(789,143)	(804,928)	(821,030)	(837,451)	(854,203)
General purpose funding	(136,703)	(115,878)	(111,769)	(134,110)	(95,993)	(97,913)	(99,871)	(101,868)	(103,905)	(105,982)	(108,102)	(110,265)	(112,471)	(114,721)	(117,016)	(119,356)	(121,743)	(124,178)	(126,661)
Law, order, public safety	(537,907)	(647,941)	(635,284)	(684,364)	(647,595)	(660,594)	(673,548)	(686,588)	(700,393)	(714,537)	(729,017)	(743,761)	(758,733)	(774,446)	(790,547)	(806,967)	(823,833)	(840,146)	(857,082)
Health	(246,469)	(246,521)	(246,549)	(231,180)	(233,655)	(238,331)	(243,087)	(247,930)	(252,891)	(257,955)	(263,121)	(268,393)	(273,764)	(279,263)	(284,876)	(290,602)	(296,445)	(302,366)	(308,420)
Education and welfare	(161,893)	(100,326)	(104,424)	(95,182)	(69,758)	(71,178)	(72,461)	(73,677)	(75,190)	(76,766)	(78,405)	(80,060)	(81,715)	(83,639)	(85,641)	(87,684)	(89,831)	(91,540)	(93,442)
Housing	(231,758)	(245,709)	(230,719)	(257,810)	(244,676)	(249,587)	(254,486)	(259,420)	(264,635)	(269,976)	(275,446)	(281,015)	(286,669)	(292,599)	(298,672)	(304,868)	(311,229)	(317,394)	(323,790)
Community amenities	(891,955)	(958,313)	(1,390,940)	(1,103,350)	(1,122,566)	(1,145,020)	(1,167,904)	(1,191,235)	(1,215,064)	(1,239,374)	(1,264,173)	(1,289,468)	(1,315,263)	(1,341,601)	(1,368,468)	(1,395,871)	(1,423,831)	(1,452,299)	(1,481,351)
Recreation and culture	(2,842,726)	(2,802,678)	(2,881,396)	(2,944,810)	(2,795,718)	(2,789,908)	(2,844,796)	(2,900,178)	(2,958,435)	(3,018,081)	(3,079,108)	(3,141,262)	(3,204,427)	(3,270,396)	(3,337,944)	(3,406,844)	(3,477,527)	(3,546,508)	(3,617,903)
Transport	(3,514,536)	(3,872,822)	(4,156,004)	(4,075,813)	(3,248,741)	(3,314,572)	(3,376,300)	(3,436,203)	(3,506,210)	(3,578,722)	(3,653,629)	(3,729,582)	(3,805,894)	(3,891,500)	(3,980,121)	(4,070,515)	(4,164,763)	(4,245,178)	(4,332,434)
Economic services	(799,338)	(863,227)	(767,090)	(968,038)	(978,065)	(997,637)	(1,017,546)	(1,037,816)	(1,058,583)	(1,079,786)	(1,101,417)	(1,123,476)	(1,145,960)	(1,168,979)	(1,192,479)	(1,216,441)	(1,240,901)	(1,265,687)	(1,291,028)
Other property and services	(468,189)	(40,384)	(5,011,731)	(107,031)	(11,494)	(11,815)	(11,548)	(10,939)	(11,301)	(11,789)	(12,393)	(12,958)	(13,406)	(14,717)	(16,197)	(17,704)	(19,468)	(19,543)	(20,197)
	(10,461,036)	(10,369,736)	(16,044,732)	(11,261,030)	(10,095,632)	(10,236,875)	(10,435,071)	(10,632,849)	(10,847,340)	(11,067,716)	(11,293,856)	(11,523,865)	(11,756,799)	(12,005,528)	(12,261,104)	(12,521,780)	(12,790,601)	(13,042,290)	(13,306,511)
<b>Finance Costs</b>																			
Governance	(50,645)	0	0	0	(12,809)	(2,626)	0	0	0	0	0	0	0	0	0	0	0	0	0
Education and welfare	(25,506)	(31,012)	(45,115)	(34,391)	(32,781)	(29,485)	(26,057)	(22,488)	(18,773)	(14,906)	(10,880)	(6,688)	(2,879)	(587)	0	0	0	0	0
Other property and services	0	(40,086)	(33,628)	(20,905)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(76,176)	(71,098)	(78,743)	(55,296)	(45,590)	(32,111)	(26,057)	(22,488)	(18,773)	(14,906)	(10,880)	(6,688)	(2,879)	(587)	0	0	0	0	0
<b>Non-Operating Grants, Subsidies and Contributions</b>																			
Law, order, public safety	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	182,530	0	0
Recreation and culture	864,155	35,559	0	19,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	1,658,360	1,482,350	1,326,883	821,463	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163
Economic services	33,924	13,725	20,239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	24,817,664	1,531,634	1,347,122	840,463	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,219,693	1,037,163	1,037,163
<b>Profit/(Loss) on Disposal of Assets</b>																			
Governance	0	(26,152)	(3,884)	26,411	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	0	0	(3,812)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health	0	(5,508)	2,861	5,034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Education and welfare	0	(983)	(236,262)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	0	(22,341)	0	16,624	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	29,445	(55,869)	(8,615)	18,775	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other property and services	0	(1,707)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	29,445	(112,560)	(249,712)	66,844	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET RESULT</b>	22,140,546	1,570,604	(5,558,972)	(2,572,240)	(76,535)	1,352	44,312	86,024	142,096	193,554	251,635	319,758	392,963	355,976	370,501	406,918	624,776	532,433	647,279
<b>Other Comprehensive Income</b>	0	3,461,665	(129,678,881)	0	4,271,602	4,336,966	4,404,659	4,506,012	4,577,417	4,673,903	4,755,758	4,832,725	4,896,207	5,043,560	5,162,237	5,268,255	5,355,457	5,470,400	5,541,798
<b>TOTAL COMPREHENSIVE INCOME</b>	22,140,546	5,032,269	(135,237,853)	(2,572,240)	4,195,067	4,338,318	4,448,971	4,592,036	4,719,513	4,867,457	5,007,393	5,152,483	5,289,170	5,399,536	5,532,738	5,675,173	5,980,233	6,002,833	6,189,077

Refer to Appendix B15 – Forecast Significant Accounting Policies

## APPENDIX B4 – FORECAST STATEMENT OF FINANCIAL POSITION 2019-2034

	2016	2017	2018	Base	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>																			
Unrestricted Cash and Equivalents	3,154,354	3,087,869	4,028,310	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309
Restricted Cash and Cash Equivalent	25,959,888	25,852,193	19,913,741	5,029,613	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720	12,460,728
Trade and Other Receivables	406,429	501,319	796,700	449,415	450,956	452,574	454,275	456,063	457,941	459,916	461,991	464,171	442,527	419,177	419,177	419,177	419,177	419,177	419,177
Inventories	305,722	193,376	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981
<b>TOTAL CURRENT ASSETS</b>	<b>29,826,393</b>	<b>29,634,757</b>	<b>24,881,732</b>	<b>5,796,318</b>	<b>6,309,914</b>	<b>6,575,300</b>	<b>6,678,468</b>	<b>7,279,706</b>	<b>7,573,557</b>	<b>8,288,400</b>	<b>9,165,566</b>	<b>10,082,053</b>	<b>8,759,333</b>	<b>8,614,661</b>	<b>8,946,638</b>	<b>9,271,844</b>	<b>10,267,151</b>	<b>11,916,187</b>	<b>13,197,195</b>
<b>NON-CURRENT ASSETS</b>																			
Other Receivables	511,984	487,299	445,733	416,874	385,095	351,698	316,600	279,714	240,950	200,211	157,397	112,403	89,053	89,053	89,053	89,053	89,053	89,053	89,053
Property Plant and Equipment	39,682,719	43,087,533	43,823,101	59,092,642	59,484,859	59,892,974	60,769,395	61,224,666	61,979,845	62,361,344	62,688,699	63,083,330	65,869,467	67,556,653	68,895,067	70,353,849	71,419,695	71,826,407	72,760,382
Infrastructure	287,559,330	287,618,215	157,734,863	158,067,576	161,145,124	164,671,769	168,084,020	171,560,635	175,170,369	178,878,843	182,617,123	186,391,884	190,195,993	194,029,665	197,892,012	201,783,197	205,702,277	209,649,362	213,623,456
<b>TOTAL NON-CURRENT ASSETS</b>	<b>328,775,363</b>	<b>332,158,524</b>	<b>202,584,218</b>	<b>218,157,613</b>	<b>221,595,599</b>	<b>225,496,962</b>	<b>229,750,536</b>	<b>233,645,536</b>	<b>237,971,685</b>	<b>242,020,919</b>	<b>246,043,740</b>	<b>250,168,138</b>	<b>256,735,034</b>	<b>262,255,892</b>	<b>267,456,653</b>	<b>272,806,620</b>	<b>277,791,546</b>	<b>282,145,343</b>	<b>287,053,412</b>
<b>TOTAL ASSETS</b>	<b>358,601,756</b>	<b>361,793,281</b>	<b>227,465,950</b>	<b>223,953,931</b>	<b>227,905,513</b>	<b>232,072,262</b>	<b>236,429,004</b>	<b>240,925,242</b>	<b>245,545,242</b>	<b>250,309,319</b>	<b>255,209,306</b>	<b>260,250,191</b>	<b>265,494,367</b>	<b>270,870,553</b>	<b>276,403,291</b>	<b>282,078,464</b>	<b>288,058,697</b>	<b>294,061,530</b>	<b>300,250,607</b>
<b>CURRENT LIABILITIES</b>																			
Trade and Other Payables	2,573,829	332,374	1,446,281	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467	736,467
Current Portion of Long-term Liabilities	158,038	219,405	231,068	(309,826)	171,569	92,229	95,798	99,513	103,380	107,406	111,598	44,994	23,350	0	0	0	0	0	0
Provisions	481,447	518,205	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,213,314</b>	<b>1,069,984</b>	<b>2,185,720</b>	<b>935,012</b>	<b>1,416,407</b>	<b>1,337,067</b>	<b>1,340,636</b>	<b>1,344,351</b>	<b>1,348,218</b>	<b>1,352,244</b>	<b>1,356,436</b>	<b>1,289,832</b>	<b>1,268,188</b>	<b>1,244,838</b>	<b>1,244,838</b>	<b>1,244,838</b>	<b>1,244,838</b>	<b>1,244,838</b>	<b>1,244,838</b>
<b>NON-CURRENT LIABILITIES</b>																			
Long-term Borrowings	942,698	1,323,293	1,092,224	1,403,148	678,268	586,039	490,241	390,728	287,348	179,942	68,344	23,350	0	0	0	0	0	0	0
Provisions	106,937	28,930	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783	54,783
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,049,635</b>	<b>1,352,223</b>	<b>1,147,007</b>	<b>1,457,931</b>	<b>733,051</b>	<b>640,822</b>	<b>545,024</b>	<b>445,511</b>	<b>342,131</b>	<b>234,725</b>	<b>123,127</b>	<b>78,133</b>	<b>54,783</b>	<b>54,783</b>	<b>54,783</b>	<b>54,783</b>	<b>54,783</b>	<b>54,783</b>	<b>54,783</b>
<b>TOTAL LIABILITIES</b>	<b>4,262,949</b>	<b>2,422,207</b>	<b>3,332,727</b>	<b>2,392,943</b>	<b>2,149,458</b>	<b>1,977,889</b>	<b>1,885,660</b>	<b>1,789,862</b>	<b>1,690,349</b>	<b>1,586,969</b>	<b>1,479,563</b>	<b>1,367,965</b>	<b>1,322,971</b>	<b>1,299,621</b>	<b>1,299,621</b>	<b>1,299,621</b>	<b>1,299,621</b>	<b>1,299,621</b>	<b>1,299,621</b>
<b>NET ASSETS</b>	<b>354,338,807</b>	<b>359,371,074</b>	<b>224,133,223</b>	<b>221,560,988</b>	<b>225,756,055</b>	<b>230,094,373</b>	<b>234,543,344</b>	<b>239,135,380</b>	<b>243,854,893</b>	<b>248,722,350</b>	<b>253,729,743</b>	<b>258,882,226</b>	<b>264,171,396</b>	<b>269,570,932</b>	<b>275,103,670</b>	<b>280,778,843</b>	<b>286,759,076</b>	<b>292,761,909</b>	<b>298,950,986</b>
<b>EQUITY</b>																			
Retained Surplus	84,464,066	66,137,613	66,517,094	78,828,987	78,240,397	77,977,981	77,920,826	77,407,400	77,257,523	76,738,209	76,114,753	75,520,204	77,214,243	77,691,541	77,730,065	77,811,777	77,441,246	76,324,643	75,690,914
Reserves - Cash Backed	5,955,136	25,852,192	19,913,741	5,029,613	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720	12,460,728
Asset Revaluation Surplus	263,919,607	267,381,272	137,702,388	137,702,388	141,973,990	146,310,956	150,715,615	155,221,627	159,799,044	164,472,947	169,228,705	174,061,430	178,957,637	184,001,197	189,163,434	194,431,689	199,787,146	205,257,546	210,799,344
<b>TOTAL EQUITY</b>	<b>354,338,809</b>	<b>359,371,077</b>	<b>224,133,223</b>	<b>221,560,988</b>	<b>225,756,055</b>	<b>230,094,373</b>	<b>234,543,344</b>	<b>239,135,380</b>	<b>243,854,893</b>	<b>248,722,350</b>	<b>253,729,743</b>	<b>258,882,226</b>	<b>264,171,396</b>	<b>269,570,932</b>	<b>275,103,670</b>	<b>280,778,843</b>	<b>286,759,076</b>	<b>292,761,909</b>	<b>298,950,986</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

## APPENDIX B5 – FORECAST STATEMENT OF CHANGES IN EQUITY 2019-2034

	2016	2017	2018	Base	30 June 20	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>RETAINED SURPLUS</b>																			
Opening Balance	62,323,520	84,464,065	66,137,615	66,517,099	78,828,987	78,240,397	77,977,981	77,920,826	77,407,400	77,257,523	76,738,209	76,114,753	75,520,204	77,214,243	77,691,541	77,730,065	77,811,777	77,441,246	76,324,643
Net Result	22,140,546	1,570,604	(5,558,972)	(2,572,240)	(76,535)	1,352	44,312	86,024	142,096	193,554	251,635	319,758	392,963	355,976	370,501	406,918	624,776	532,433	647,279
Amount transferred (to)/from Reserves		(19,897,056)	5,938,451	14,884,128	(512,055)	(263,768)	(101,467)	(599,450)	(291,973)	(712,868)	(875,091)	(914,307)	1,301,076	121,322	(331,977)	(325,206)	(995,307)	(1,649,036)	(1,281,008)
Closing Balance	84,464,066	66,137,613	66,517,094	78,828,987	78,240,397	77,977,981	77,920,826	77,407,400	77,257,523	76,738,209	76,114,753	75,520,204	77,214,243	77,691,541	77,730,065	77,811,777	77,441,246	76,324,643	75,690,914
<b>RESERVES - CASH/INVESTMENT BACKED</b>																			
Opening Balance	5,955,136	5,955,136	25,852,192	19,913,741	5,029,613	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720
Amount transferred to/(from) Retained Surplus	0	19,897,056	(5,938,451)	(14,884,128)	512,055	263,768	101,467	599,450	291,973	712,868	875,091	914,307	(1,301,076)	(121,322)	331,977	325,206	995,307	1,649,036	1,281,008
Closing Balance	5,955,136	25,852,192	19,913,741	5,029,613	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720	12,460,728
<b>ASSET REVALUATION SURPLUS</b>																			
Opening Balance	263,919,607	263,919,607	267,381,269	137,702,388	137,702,388	141,973,990	146,310,956	150,715,615	155,221,627	159,799,044	164,472,947	169,228,705	174,061,430	178,957,637	184,001,197	189,163,434	194,431,689	199,787,146	205,257,546
Total Other Comprehensive Income	0	3,461,665	(129,678,881)	0	4,271,602	4,336,966	4,404,659	4,506,012	4,577,417	4,673,903	4,755,758	4,832,725	4,896,207	5,043,560	5,162,237	5,268,255	5,355,457	5,470,400	5,541,798
Closing Balance	263,919,607	267,381,272	137,702,388	137,702,388	141,973,990	146,310,956	150,715,615	155,221,627	159,799,044	164,472,947	169,228,705	174,061,430	178,957,637	184,001,197	189,163,434	194,431,689	199,787,146	205,257,546	210,799,344
<b>TOTAL EQUITY</b>	<b>354,338,809</b>	<b>359,371,077</b>	<b>224,133,223</b>	<b>221,560,988</b>	<b>225,756,055</b>	<b>230,094,373</b>	<b>234,543,344</b>	<b>239,135,380</b>	<b>243,854,893</b>	<b>248,722,350</b>	<b>253,729,743</b>	<b>258,882,226</b>	<b>264,171,396</b>	<b>269,570,932</b>	<b>275,103,670</b>	<b>280,778,843</b>	<b>286,759,076</b>	<b>292,761,909</b>	<b>298,950,986</b>

## APPENDIX B6 – FORECAST STATEMENT OF CASHFLOWS 2019-2034

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Cash Flows from Operating Activities</b>																
<b>Receipts</b>																
Rates	4,279,244	4,407,621	4,539,850	4,676,045	4,816,327	4,960,816	5,109,641	5,262,930	5,420,817	5,583,441	5,750,944	5,923,472	6,101,175	6,284,210	6,472,736	
Operating grants, subsidies and contributions	2,844,699	2,901,594	2,959,624	3,018,818	3,079,195	3,140,779	3,203,595	3,267,668	3,333,021	3,399,683	3,467,676	3,537,031	3,607,772	3,679,927	3,753,527	
Fees and charges	1,425,049	1,453,548	1,482,616	1,512,270	1,542,513	1,573,362	1,604,831	1,636,925	1,669,663	1,703,060	1,737,123	1,771,866	1,807,302	1,843,448	1,880,318	
Interest earnings	251,813	257,219	269,090	273,654	300,630	313,769	345,848	385,227	426,370	367,824	362,362	377,303	391,936	436,726	510,930	
Other revenue	226,695	231,229	235,853	240,571	245,381	250,287	255,293	260,398	265,607	270,920	276,337	281,863	287,499	293,249	299,116	
	9,027,500	9,251,211	9,487,033	9,721,358	9,984,046	10,239,013	10,519,208	10,813,148	11,115,478	11,324,928	11,594,442	11,891,535	12,195,684	12,537,560	12,916,627	
<b>Payments</b>																
Employee costs	(3,218,613)	(3,282,990)	(3,348,649)	(3,415,617)	(3,483,929)	(3,553,610)	(3,624,689)	(3,697,184)	(3,771,125)	(3,846,552)	(3,923,488)	(4,001,963)	(4,082,002)	(4,163,637)	(4,246,911)	
Materials and contracts	(3,185,567)	(3,187,375)	(3,251,119)	(3,316,136)	(3,382,456)	(3,450,108)	(3,519,114)	(3,589,495)	(3,661,283)	(3,734,517)	(3,809,220)	(3,885,404)	(3,963,120)	(4,042,388)	(4,123,242)	
Utility charges	(438,425)	(447,192)	(456,135)	(465,256)	(474,562)	(484,053)	(493,734)	(503,608)	(513,680)	(523,954)	(534,432)	(545,121)	(556,021)	(567,143)	(578,484)	
Interest expenses	(45,590)	(32,111)	(26,057)	(22,488)	(18,773)	(14,906)	(10,880)	(6,688)	(2,879)	(587)	0	0	0	0	0	
Insurance expenses	(158,647)	(161,819)	(165,056)	(168,359)	(171,725)	(175,162)	(178,667)	(182,240)	(185,885)	(189,601)	(193,394)	(197,262)	(201,208)	(205,229)	(209,335)	
Other expenditure	(225,843)	(230,365)	(234,975)	(239,673)	(244,463)	(249,359)	(254,346)	(259,440)	(264,626)	(269,917)	(275,319)	(280,826)	(286,440)	(292,169)	(298,013)	
	(7,272,685)	(7,341,852)	(7,481,991)	(7,627,529)	(7,775,908)	(7,927,198)	(8,081,430)	(8,238,655)	(8,399,478)	(8,565,128)	(8,735,853)	(8,910,576)	(9,088,791)	(9,270,566)	(9,455,985)	
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>1,754,815</b>	<b>1,909,359</b>	<b>2,005,042</b>	<b>2,093,829</b>	<b>2,208,138</b>	<b>2,311,815</b>	<b>2,437,778</b>	<b>2,574,493</b>	<b>2,716,000</b>	<b>2,759,800</b>	<b>2,858,589</b>	<b>2,980,959</b>	<b>3,106,893</b>	<b>3,266,994</b>	<b>3,460,642</b>	
<b>Cash Flows from Investing Activities</b>																
Payments for purchase of property, plant & equipment	(498,800)	(580,604)	(1,084,676)	(472,148)	(872,539)	(416,002)	(411,836)	(600,679)	(3,246,063)	(1,848,444)	(1,435,446)	(1,535,355)	(1,370,903)	(544,805)	(1,342,034)	
Payments for construction of infrastructure	(1,844,320)	(2,271,530)	(2,127,610)	(2,165,004)	(2,271,245)	(2,340,745)	(2,340,745)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	
Non-operating grants, subsidies and contributions	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,219,693	1,037,163	1,037,163	
Proceeds from sale of plant & equipment	276,420	327,206	349,136	183,470	266,083	185,253	219,398	319,277	538,987	277,322	218,834	189,602	386,787	236,847	472,400	
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(1,029,513)</b>	<b>(1,505,801)</b>	<b>(1,844,743)</b>	<b>(1,433,679)</b>	<b>(1,853,538)</b>	<b>(1,534,331)</b>	<b>(1,496,020)</b>	<b>(1,591,402)</b>	<b>(4,017,076)</b>	<b>(2,881,122)</b>	<b>(2,526,612)</b>	<b>(2,655,753)</b>	<b>(2,111,586)</b>	<b>(1,617,958)</b>	<b>(2,179,634)</b>	
<b>Cash Flows from Financing Activities</b>																
Repayment of debentures	(243,485)	(171,569)	(92,229)	(95,798)	(99,513)	(103,380)	(107,406)	(111,598)	(44,994)	(23,350)	0	0	0	0	0	
Proceeds from self-supporting loans	30,238	31,779	33,397	35,098	36,886	38,764	40,739	42,814	44,994	23,350	0	0	0	0	0	
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(213,247)</b>	<b>(139,790)</b>	<b>(58,832)</b>	<b>(60,700)</b>	<b>(62,627)</b>	<b>(64,616)</b>	<b>(66,667)</b>	<b>(68,784)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Increase (Decrease) in Cash Held</b>	<b>512,055</b>	<b>263,768</b>	<b>101,467</b>	<b>599,450</b>	<b>291,973</b>	<b>712,868</b>	<b>875,091</b>	<b>914,307</b>	<b>(1,301,076)</b>	<b>(121,322)</b>	<b>331,977</b>	<b>325,206</b>	<b>995,307</b>	<b>1,649,036</b>	<b>1,281,008</b>	
Cash at beginning of year	5,203,922	5,715,977	5,979,745	6,081,212	6,680,662	6,972,635	7,685,503	8,560,594	9,474,901	8,173,825	8,052,503	8,384,480	8,709,686	9,704,993	11,354,029	
<b>Cash and Cash Equivalents at the End of Year</b>	<b>5,715,977</b>	<b>5,979,745</b>	<b>6,081,212</b>	<b>6,680,662</b>	<b>6,972,635</b>	<b>7,685,503</b>	<b>8,560,594</b>	<b>9,474,901</b>	<b>8,173,825</b>	<b>8,052,503</b>	<b>8,384,480</b>	<b>8,709,686</b>	<b>9,704,993</b>	<b>11,354,029</b>	<b>12,635,037</b>	
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>																
Net Result	(76,535)	1,352	44,312	86,024	142,096	193,554	251,635	319,758	392,963	355,976	370,501	406,918	624,776	532,433	647,279	
Depreciation	2,868,537	2,927,134	2,979,137	3,027,808	3,090,205	3,155,424	3,223,306	3,291,898	3,360,200	3,440,987	3,525,251	3,611,204	3,701,810	3,771,724	3,850,526	
Grants/Contributions for the development of assets	(1,037,187)	(1,019,127)	(1,018,407)	(1,020,003)	(1,024,163)	(1,037,163)	(1,037,163)	(1,037,163)	(1,037,163)	(1,037,163)	(1,037,163)	(1,037,163)	(1,219,693)	(1,037,163)	(1,037,163)	
<b>Net Cash from Operating Activities</b>	<b>1,754,815</b>	<b>1,909,359</b>	<b>2,005,042</b>	<b>2,093,829</b>	<b>2,208,138</b>	<b>2,311,815</b>	<b>2,437,778</b>	<b>2,574,493</b>	<b>2,716,000</b>	<b>2,759,800</b>	<b>2,858,589</b>	<b>2,980,959</b>	<b>3,106,893</b>	<b>3,266,994</b>	<b>3,460,642</b>	

Refer to Appendix B15 – Forecast Significant Accounting Policies



## APPENDIX B7 – FORECAST STATEMENT OF FUNDING 2019-2034

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>FUNDING FROM OPERATIONAL ACTIVITIES</b>																
<b>Revenues</b>																
Rates	4,279,244	4,407,621	4,539,850	4,676,045	4,816,327	4,960,816	5,109,641	5,262,930	5,420,817	5,583,441	5,750,944	5,923,472	6,101,175	6,284,210	6,472,736	
Operating grants, subsidies and contributions	2,844,699	2,901,594	2,959,624	3,018,818	3,079,195	3,140,779	3,203,595	3,267,668	3,333,021	3,399,683	3,467,676	3,537,031	3,607,772	3,679,927	3,753,527	
Fees and charges	1,425,049	1,453,548	1,482,616	1,512,270	1,542,513	1,573,362	1,604,831	1,636,925	1,669,663	1,703,060	1,737,123	1,771,866	1,807,302	1,843,448	1,880,318	
Interest earnings	251,813	257,219	269,090	273,654	300,630	313,769	345,848	385,227	426,370	367,824	362,362	377,303	391,936	436,726	510,930	
Other revenue	226,695	231,229	235,853	240,571	245,381	250,287	255,293	260,398	265,607	270,920	276,337	281,863	287,499	293,249	299,116	
	9,027,500	9,251,211	9,487,033	9,721,358	9,984,046	10,239,013	10,519,208	10,813,148	11,115,478	11,324,928	11,594,442	11,891,535	12,195,684	12,537,560	12,916,627	
<b>Expenses</b>																
Employee costs	(3,218,613)	(3,282,990)	(3,348,649)	(3,415,617)	(3,483,929)	(3,553,610)	(3,624,689)	(3,697,184)	(3,771,125)	(3,846,552)	(3,923,488)	(4,001,963)	(4,082,002)	(4,163,637)	(4,246,911)	
Materials and contracts	(3,185,567)	(3,187,375)	(3,251,119)	(3,316,136)	(3,382,456)	(3,450,108)	(3,519,114)	(3,589,495)	(3,661,283)	(3,734,517)	(3,809,220)	(3,885,404)	(3,963,120)	(4,042,388)	(4,123,242)	
Utility charges (electricity, gas, water etc.)	(438,425)	(447,192)	(456,135)	(465,256)	(474,562)	(484,053)	(493,734)	(503,608)	(513,680)	(523,954)	(534,432)	(545,121)	(556,021)	(567,143)	(578,484)	
Depreciation on non-current assets	(2,868,537)	(2,927,134)	(2,979,137)	(3,027,808)	(3,090,205)	(3,155,424)	(3,223,306)	(3,291,898)	(3,360,200)	(3,440,987)	(3,525,251)	(3,611,204)	(3,701,810)	(3,771,724)	(3,850,526)	
Interest expense	(45,590)	(32,111)	(26,057)	(22,488)	(18,773)	(14,906)	(10,880)	(6,688)	(2,879)	(587)	0	0	0	0	0	
Insurance expense	(158,647)	(161,819)	(165,056)	(168,359)	(171,725)	(175,162)	(178,667)	(182,240)	(185,885)	(189,601)	(193,394)	(197,262)	(201,208)	(205,229)	(209,335)	
Other expenditure	(225,843)	(230,365)	(234,975)	(239,673)	(244,463)	(249,359)	(254,346)	(259,440)	(264,626)	(269,917)	(275,319)	(280,826)	(286,440)	(292,169)	(298,013)	
	(10,141,222)	(10,268,986)	(10,461,128)	(10,655,337)	(10,866,113)	(11,082,622)	(11,304,736)	(11,530,553)	(11,759,678)	(12,006,115)	(12,261,104)	(12,521,780)	(12,790,601)	(13,042,290)	(13,306,511)	
	(1,113,722)	(1,017,775)	(974,095)	(933,979)	(882,067)	(843,609)	(785,528)	(717,405)	(644,200)	(681,187)	(666,662)	(630,245)	(594,917)	(504,730)	(389,884)	
<b>Funding Position Adjustments</b>																
Depreciation on non-current assets	2,868,537	2,927,134	2,979,137	3,027,808	3,090,205	3,155,424	3,223,306	3,291,898	3,360,200	3,440,987	3,525,251	3,611,204	3,701,810	3,771,724	3,850,526	
<b>Net Funding From Operational Activities</b>	<b>1,754,815</b>	<b>1,909,359</b>	<b>2,005,042</b>	<b>2,093,829</b>	<b>2,208,138</b>	<b>2,311,815</b>	<b>2,437,778</b>	<b>2,574,493</b>	<b>2,716,000</b>	<b>2,759,800</b>	<b>2,858,589</b>	<b>2,980,959</b>	<b>3,106,893</b>	<b>3,266,994</b>	<b>3,460,642</b>	
<b>FUNDING FROM CAPITAL ACTIVITIES</b>																
<b>Inflows</b>																
Proceeds on disposal	276,420	327,206	349,136	183,470	266,083	185,253	219,398	319,277	538,987	277,322	218,834	189,602	386,787	236,847	472,400	
Non-operating grants, subsidies and contributions	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,219,693	1,037,163	1,037,163	
<b>Outflows</b>																
Purchase of property plant and equipment	(498,800)	(580,604)	(1,084,676)	(472,148)	(872,539)	(416,002)	(411,836)	(600,679)	(3,246,063)	(1,848,444)	(1,435,446)	(1,535,355)	(1,370,903)	(544,805)	(1,342,034)	
Purchase of infrastructure	(1,844,320)	(2,271,530)	(2,127,610)	(2,165,004)	(2,271,245)	(2,340,745)	(2,340,745)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	(2,347,163)	
<b>Net Funding from Capital Activities</b>	<b>(1,029,513)</b>	<b>(1,505,801)</b>	<b>(1,844,743)</b>	<b>(1,433,679)</b>	<b>(1,853,538)</b>	<b>(1,534,331)</b>	<b>(1,496,020)</b>	<b>(1,591,402)</b>	<b>(4,017,076)</b>	<b>(2,881,122)</b>	<b>(2,526,612)</b>	<b>(2,655,753)</b>	<b>(2,111,586)</b>	<b>(1,617,958)</b>	<b>(2,179,634)</b>	
<b>FUNDING FROM FINANCING ACTIVITIES</b>																
<b>Inflows</b>																
Transfer from reserves	222,380	503,398	685,540	238,678	556,456	180,749	142,438	231,402	2,169,602	931,302	472,541	494,253	751,586	257,958	819,634	
<b>Outflows</b>																
Transfer to reserves	(734,435)	(767,166)	(787,007)	(838,128)	(848,429)	(893,617)	(1,017,529)	(1,145,709)	(868,526)	(809,980)	(804,518)	(819,459)	(1,746,893)	(1,906,994)	(2,100,642)	
Repayment of past borrowings	(243,485)	(171,569)	(92,229)	(95,798)	(99,513)	(103,380)	(107,406)	(111,598)	(44,994)	(23,350)	0	0	0	0	0	
<b>Net Funding from Financing Activities</b>	<b>(725,302)</b>	<b>(403,558)</b>	<b>(160,299)</b>	<b>(660,150)</b>	<b>(354,600)</b>	<b>(777,484)</b>	<b>(941,758)</b>	<b>(983,091)</b>	<b>1,301,076</b>	<b>121,322</b>	<b>(331,977)</b>	<b>(325,206)</b>	<b>(995,307)</b>	<b>(1,649,036)</b>	<b>(1,281,008)</b>	
<b>COMPOSITION OF CLOSING POSITION</b>																
<b>CURRENT ASSETS</b>																
Unrestricted Cash and Equivalents	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	
Restricted Cash and Cash Equivalent	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720	12,460,728	
Trade and Other Receivables	450,956	452,574	454,275	456,063	457,941	459,916	461,991	464,171	442,527	419,177	419,177	419,177	419,177	419,177	419,177	
Inventories	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	
<b>CURRENT LIABILITIES</b>																
Trade and Other Payables	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	
Reserves	(5,541,668)	(5,805,436)	(5,906,903)	(6,506,353)	(6,798,326)	(7,511,194)	(8,386,285)	(9,300,592)	(7,999,516)	(7,878,194)	(8,210,171)	(8,535,377)	(9,530,684)	(11,179,720)	(12,460,728)	
<b>TOTAL CURRENT ASSETS</b>	<b>6,309,914</b>	<b>6,575,300</b>	<b>6,678,468</b>	<b>7,279,706</b>	<b>7,573,557</b>	<b>8,288,400</b>	<b>9,165,566</b>	<b>10,082,053</b>	<b>8,759,333</b>	<b>8,614,661</b>	<b>8,946,638</b>	<b>9,271,844</b>	<b>10,267,151</b>	<b>11,916,187</b>	<b>13,197,195</b>	
<b>TOTAL CURRENT LIABILITIES</b>	<b>(1,416,407)</b>	<b>(1,337,067)</b>	<b>(1,340,636)</b>	<b>(1,344,351)</b>	<b>(1,348,218)</b>	<b>(1,352,244)</b>	<b>(1,356,436)</b>	<b>(1,289,832)</b>	<b>(1,268,188)</b>	<b>(1,244,838)</b>	<b>(1,244,838)</b>	<b>(1,244,838)</b>	<b>(1,244,838)</b>	<b>(1,244,838)</b>	<b>(1,244,838)</b>	
Reserves	(5,541,668)	(5,805,436)	(5,906,903)	(6,506,353)	(6,798,326)	(7,511,194)	(8,386,285)	(9,300,592)	(7,999,516)	(7,878,194)	(8,210,171)	(8,535,377)	(9,530,684)	(11,179,720)	(12,460,728)	
Add: Leave Reserve	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	508,371	
Add: Current Long-Term Borrowings	171,569	92,229	95,798	99,513	103,380	107,406	111,598	44,994	23,350	0	0	0	0	0	0	

Refer to Appendix B15 – Forecast Significant Accounting Policies



## APPENDIX B8 – FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2019-2034

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>															
Unrestricted Cash and Equivalents	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309	174,309
Restricted Cash and Cash Equivalent	5,541,668	5,805,436	5,906,903	6,506,353	6,798,326	7,511,194	8,386,285	9,300,592	7,999,516	7,878,194	8,210,171	8,535,377	9,530,684	11,179,720	12,460,728
Trade and Other Receivables	450,956	452,574	454,275	456,063	457,941	459,916	461,991	464,171	442,527	419,177	419,177	419,177	419,177	419,177	419,177
Inventories	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981	142,981
<b>CURRENT LIABILITIES</b>															
Trade and Other Payables	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)	(736,467)
Reserves	(5,541,668)	(5,805,436)	(5,906,903)	(6,506,353)	(6,798,326)	(7,511,194)	(8,386,285)	(9,300,592)	(7,999,516)	(7,878,194)	(8,210,171)	(8,535,377)	(9,530,684)	(11,179,720)	(12,460,728)
<b>Estimated Surplus/Deficit June 30 C/Fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## APPENDIX B9 – FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2019-2034

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CAPITAL WORKS - INFRASTRUCTURE</b>															
Infrastructure - Roads	1,634,320	1,761,530	1,917,610	1,955,004	2,061,245	2,130,745	2,130,745	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163
Infrastructure - Footpaths	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Infrastructure - Parks & Gardens	0	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Capital Works - Infrastructure</b>	<b>1,844,320</b>	<b>2,271,530</b>	<b>2,127,610</b>	<b>2,165,004</b>	<b>2,271,245</b>	<b>2,340,745</b>	<b>2,340,745</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>
<b>Represented by:</b>															
Additions - Expansion, Upgrades and New	100,000	150,000	100,000	150,000	100,000	150,000	100,000	150,000	100,000	150,000	100,000	150,000	100,000	150,000	100,000
Additions - Renewal	1,744,320	2,121,530	2,027,610	2,015,004	2,171,245	2,190,745	2,240,745	2,197,163	2,247,163	2,197,163	2,247,163	2,197,163	2,247,163	2,197,163	2,247,163
<b>Total Capital Works - Infrastructure</b>	<b>1,844,320</b>	<b>2,271,530</b>	<b>2,127,610</b>	<b>2,165,004</b>	<b>2,271,245</b>	<b>2,340,745</b>	<b>2,340,745</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>	<b>2,347,163</b>
<b>Asset Movement Reconciliation</b>															
Total Capital Works Infrastructure	1,844,320	2,271,530	2,127,610	2,165,004	2,271,245	2,340,745	2,340,745	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163
Depreciation Infrastructure	(1,928,122)	(1,967,787)	(2,008,793)	(2,050,070)	(2,092,722)	(2,135,678)	(2,180,043)	(2,224,746)	(2,270,891)	(2,317,410)	(2,365,410)	(2,413,819)	(2,463,747)	(2,514,121)	(2,566,056)
Revaluation of Infrastructure assets (Inflation)	3,161,350	3,222,902	3,293,434	3,361,681	3,431,211	3,503,407	3,577,578	3,652,344	3,727,837	3,803,919	3,880,594	3,957,841	4,035,664	4,114,043	4,192,987
<b>Net Movement in Infrastructure Assets</b>	<b>3,077,548</b>	<b>3,526,645</b>	<b>3,412,251</b>	<b>3,476,615</b>	<b>3,609,734</b>	<b>3,708,474</b>	<b>3,738,280</b>	<b>3,774,761</b>	<b>3,804,109</b>	<b>3,833,672</b>	<b>3,862,347</b>	<b>3,891,185</b>	<b>3,919,080</b>	<b>3,947,085</b>	<b>3,974,094</b>
<b>CAPITAL WORKS – PROPERTY, PLANT AND EQUIPMENT</b>															
Buildings - specialised	0	0	0	0	0	0	0	0	1,750,000	1,000,000	1,000,000	1,200,000	182,530	0	0
Plant and equipment	448,800	530,604	1,034,676	422,148	822,539	366,002	361,836	550,679	1,446,063	798,444	385,446	285,355	1,138,373	494,805	1,292,034
Furniture and equipment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total Capital Works Property, Plant and Equipment</b>	<b>498,800</b>	<b>580,604</b>	<b>1,084,676</b>	<b>472,148</b>	<b>872,539</b>	<b>416,002</b>	<b>411,836</b>	<b>600,679</b>	<b>3,246,063</b>	<b>1,848,444</b>	<b>1,435,446</b>	<b>1,535,355</b>	<b>1,370,903</b>	<b>544,805</b>	<b>1,342,034</b>
<b>Represented by:</b>															
Additions - Renewal	498,800	580,604	1,084,676	472,148	872,539	416,002	411,836	600,679	3,246,063	1,848,444	1,435,446	1,535,355	1,370,903	544,805	1,342,034
<b>Total Capital Works Property, Plant and Equipment</b>	<b>498,800</b>	<b>580,604</b>	<b>1,084,676</b>	<b>472,148</b>	<b>872,539</b>	<b>416,002</b>	<b>411,836</b>	<b>600,679</b>	<b>3,246,063</b>	<b>1,848,444</b>	<b>1,435,446</b>	<b>1,535,355</b>	<b>1,370,903</b>	<b>544,805</b>	<b>1,342,034</b>
<b>Asset Movement Reconciliation</b>															
Total Capital Works Property, Plant and Equipment	498,800	580,604	1,084,676	472,148	872,539	416,002	411,836	600,679	3,246,063	1,848,444	1,435,446	1,535,355	1,370,903	544,805	1,342,034
Depreciation Property, Plant and Equipment	(940,415)	(959,347)	(970,344)	(977,738)	(997,483)	(1,019,746)	(1,043,263)	(1,067,152)	(1,089,309)	(1,123,577)	(1,159,841)	(1,197,385)	(1,238,063)	(1,257,603)	(1,284,470)
Net Book Value of disposed/Written Off assets	(276,420)	(327,206)	(349,136)	(183,470)	(266,083)	(185,253)	(219,398)	(319,277)	(538,987)	(277,322)	(218,834)	(189,602)	(386,787)	(236,847)	(472,400)
Revaluation of Property, Plant and Equipment (Inflation)	1,110,252	1,114,064	1,111,225	1,144,331	1,146,206	1,170,496	1,178,180	1,180,381	1,168,370	1,239,641	1,281,643	1,310,414	1,319,793	1,356,357	1,348,811
<b>Net Movement in Property, Plant and Equipment</b>	<b>392,217</b>	<b>408,115</b>	<b>876,421</b>	<b>455,271</b>	<b>755,179</b>	<b>381,499</b>	<b>327,355</b>	<b>394,631</b>	<b>2,786,137</b>	<b>1,687,186</b>	<b>1,338,414</b>	<b>1,458,782</b>	<b>1,065,846</b>	<b>406,712</b>	<b>933,975</b>
<b>CAPITAL WORKS - TOTALS</b>															
<b>Capital Works</b>															
Total Capital Works Infrastructure	1,844,320	2,271,530	2,127,610	2,165,004	2,271,245	2,340,745	2,340,745	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163	2,347,163
Total Capital Works Property, Plant and Equipment	498,800	580,604	1,084,676	472,148	872,539	416,002	411,836	600,679	3,246,063	1,848,444	1,435,446	1,535,355	1,370,903	544,805	1,342,034
<b>Total Capital Works</b>	<b>2,343,120</b>	<b>2,852,134</b>	<b>3,212,286</b>	<b>2,637,152</b>	<b>3,143,784</b>	<b>2,756,747</b>	<b>2,752,581</b>	<b>2,947,842</b>	<b>5,593,226</b>	<b>4,195,607</b>	<b>3,782,609</b>	<b>3,882,518</b>	<b>3,718,066</b>	<b>2,891,968</b>	<b>3,689,197</b>
<b>Fixed Asset Movement</b>															
Net Movement in Infrastructure Assets	3,077,548	3,526,645	3,412,251	3,476,615	3,609,734	3,708,474	3,738,280	3,774,761	3,804,109	3,833,672	3,862,347	3,891,185	3,919,080	3,947,085	3,974,094
Net Movement in Property, Plant and Equipment	392,217	408,115	876,421	455,271	755,179	381,499	327,355	394,631	2,786,137	1,687,186	1,338,414	1,458,782	1,065,846	406,712	933,975
<b>Net Movement in Fixed Assets</b>	<b>3,469,765</b>	<b>3,934,760</b>	<b>4,288,672</b>	<b>3,931,886</b>	<b>4,364,913</b>	<b>4,089,973</b>	<b>4,065,635</b>	<b>4,169,392</b>	<b>6,590,246</b>	<b>5,520,858</b>	<b>5,200,761</b>	<b>5,349,967</b>	<b>4,984,926</b>	<b>4,353,797</b>	<b>4,908,069</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

## APPENDIX B10 – FORECAST STATEMENT OF CAPITAL FUNDING 2019-2034

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Capital Expenditure</b>															
Infrastructure - Roads	1,634,320	1,761,530	1,917,610	1,955,004	2,061,245	2,130,745	2,130,745	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163
Infrastructure - Footpaths	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Infrastructure - Parks & Gardens	0	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Buildings - specialised	0	0	0	0	0	0	0	0	1,750,000	1,000,000	1,000,000	1,200,000	182,530	0	0
Plant and equipment	448,800	530,604	1,034,676	422,148	822,539	366,002	361,836	550,679	1,446,063	798,444	385,446	285,355	1,138,373	494,805	1,292,034
Furniture and equipment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total - Capital Expenditure</b>	<b>2,343,120</b>	<b>2,852,134</b>	<b>3,212,286</b>	<b>2,637,152</b>	<b>3,143,784</b>	<b>2,756,747</b>	<b>2,752,581</b>	<b>2,947,842</b>	<b>5,593,226</b>	<b>4,195,607</b>	<b>3,782,609</b>	<b>3,882,518</b>	<b>3,718,066</b>	<b>2,891,968</b>	<b>3,689,197</b>
<b>Funded By:</b>															
<b>Capital Grants &amp; Contributions</b>															
Infrastructure - Roads	1,037,187	1,019,127	1,018,407	1,020,003	1,024,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163	1,037,163
Buildings - specialised	0	0	0	0	0	0	0	0	0	0	0	0	182,530	0	0
<b>Total - Capital Grants &amp; Contributions</b>	<b>1,037,187</b>	<b>1,019,127</b>	<b>1,018,407</b>	<b>1,020,003</b>	<b>1,024,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,037,163</b>	<b>1,219,693</b>	<b>1,037,163</b>	<b>1,037,163</b>
<b>Own Source Funding</b>															
Infrastructure - Roads	597,133	742,403	899,203	935,001	1,037,082	1,093,582	1,093,582	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Infrastructure - Footpaths	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Infrastructure - Parks & Gardens	0	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Buildings - specialised	0	0	0	0	0	0	0	0	1,750,000	1,000,000	1,000,000	1,200,000	0	0	0
Plant and equipment	172,380	203,398	685,540	238,678	556,456	180,749	142,438	231,402	907,076	521,122	166,612	95,753	751,586	257,958	819,634
Furniture and equipment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total - Own Source Funding</b>	<b>1,029,513</b>	<b>1,505,801</b>	<b>1,844,743</b>	<b>1,433,679</b>	<b>1,853,538</b>	<b>1,534,331</b>	<b>1,496,020</b>	<b>1,591,402</b>	<b>4,017,076</b>	<b>2,881,122</b>	<b>2,526,612</b>	<b>2,655,753</b>	<b>2,111,586</b>	<b>1,617,958</b>	<b>2,179,634</b>
<b>Borrowings</b>															
<b>Total - Borrowings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other (Disposals &amp; C/Fwd)</b>															
Plant and equipment	276,420	327,206	349,136	183,470	266,083	185,253	219,398	319,277	538,987	277,322	218,834	189,602	386,787	236,847	472,400
<b>Total - Other (Disposals &amp; C/Fwd)</b>	<b>276,420</b>	<b>327,206</b>	<b>349,136</b>	<b>183,470</b>	<b>266,083</b>	<b>185,253</b>	<b>219,398</b>	<b>319,277</b>	<b>538,987</b>	<b>277,322</b>	<b>218,834</b>	<b>189,602</b>	<b>386,787</b>	<b>236,847</b>	<b>472,400</b>
<b>Total Capital Funding</b>	<b>2,343,120</b>	<b>2,852,134</b>	<b>3,212,286</b>	<b>2,637,152</b>	<b>3,143,784</b>	<b>2,756,747</b>	<b>2,752,581</b>	<b>2,947,842</b>	<b>5,593,226</b>	<b>4,195,607</b>	<b>3,782,609</b>	<b>3,882,518</b>	<b>3,718,066</b>	<b>2,891,968</b>	<b>3,689,197</b>

Refer to Appendix B15 – Forecast Significant Accounting Policies

## APPENDIX B11 – FORECAST RATIOS 2019-2034

	Target Range		Average	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
<b>LIQUIDITY RATIOS</b>																		
<b>Current Ratio</b>	> 1.00	> 1.20	0.96	0.85	0.93	0.93	0.93	0.92	0.92	0.92	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>OPERATING RATIOS</b>																		
<b>Operating Surplus Ratio</b>	> 1.00%	> 15.00%	(10.49%)	(18.01%)	(16.03%)	(14.92%)	(13.93%)	(12.77%)	(11.88%)	(10.74%)	(9.51%)	(8.28%)	(8.60%)	(8.20%)	(7.54%)	(6.93%)	(5.70%)	(4.25%)
<b>Own Source Revenue Coverage Ratio</b>	> 40.00%	> 60.00%	65.00%	60.97%	61.83%	62.40%	62.90%	63.54%	64.05%	64.71%	65.44%	66.18%	66.01%	66.28%	66.72%	67.14%	67.91%	68.86%
<b>BORROWINGS RATIOS</b>																		
<b>Debt Service Cover Ratio</b>	> 3	> 5	30.40	6.23	9.53	17.17	17.89	18.83	19.67	20.70	21.82	56.79	115.32	-	-	-	-	-
<b>FIXED ASSET RATIOS</b>																		
<b>Asset Sustainability Ratio</b>	> 90.00%	> 110.00%	97.20%	78.20%	92.31%	104.47%	82.14%	98.50%	82.61%	82.29%	84.99%	163.48%	117.57%	104.46%	103.36%	97.74%	72.70%	93.21%
<b>Asset Consumption Ratio</b>	> 50.00%	> 60.00%	77.72%	78.89%	78.73%	78.70%	78.46%	78.34%	78.10%	77.84%	77.59%	77.68%	77.54%	77.29%	77.00%	76.85%	76.50%	76.30%
<b>Asset Renewal Funding Ratio</b>	> 75.00%	> 95.00%	100.65%	96.04%	106.34%	102.07%	98.86%	99.96%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Refer to Appendix B15 – Forecast Significant Accounting Policies

# APPENDIX B12 – FORECAST PLANNED AND REQUIRED ASSET RENEWALS 2019-2034

## Required Asset Renewals 2019-2034

	2019020	2020021	2021022	2022023	2023024	2024025	2025026	2026027	2027028	2028029	2029030	2030031	2031032	2032033	2033034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Buildings 0 specialised	0	0	0	0	0	0	19,404	0	0	690,430	0	863,501	339,352	0	0
Plant and equipment	446,932	548,961	822,398	744,294	689,900	275,646	119,356	551,947	187,507	546,128	544,809	669,181	1,002,501	907,293	840,983
Furniture and equipment	37,250	33,661	86,200	129,614	18,437	35,039	28,109	108,762	249,833	84,465	33,085	156,291	124,017	295,151	20,655
Infrastructure 0 Roads	3,388,045	1,077,699	1,563,546	2,666,227	1,477,630	1,829,712	3,895,484	1,699,539	3,928,022	1,359,157	853,470	1,709,446	2,146,836	2,885,185	3,021,247
Infrastructure 0 Footpaths	514,769	0	64,330	342,282	91,475	70,340	0	0	52,544	1,339	170,554	15,308	768	274	0
Infrastructure 0 Drainage	260,683	52,976	256,236	160,350	173,964	0	56,238	85,282	412,308	225,694	1,480,386	525,152	800,870	129,528	100,268
<b>Total</b>	<b>4,647,679</b>	<b>1,713,297</b>	<b>2,792,710</b>	<b>4,042,767</b>	<b>2,451,406</b>	<b>2,210,737</b>	<b>4,118,591</b>	<b>2,445,530</b>	<b>4,830,214</b>	<b>2,907,213</b>	<b>3,082,304</b>	<b>3,938,879</b>	<b>4,414,344</b>	<b>4,217,431</b>	<b>3,983,153</b>

## Planned Asset Renewals 2019-2034

	2019020	2020021	2021022	2022023	2023024	2024025	2025026	2026027	2027028	2028029	2029030	2030031	2031032	2032033	2033034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Buildings 0 specialised	0	0	0	0	0	0	0	0	1,750,000	1,000,000	1,000,000	1,200,000	182,530	0	0
Plant and equipment	448,800	530,604	1,034,676	422,148	822,539	366,002	361,836	550,679	1,446,063	798,444	385,446	285,355	1,138,373	494,805	1,292,034
Furniture and equipment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Infrastructure 0 Roads	1,634,320	1,761,530	1,917,610	1,955,004	2,061,245	2,130,745	2,130,745	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163	2,137,163
Infrastructure 0 Footpaths	100,000	50,000	100,000	50,000	100,000	50,000	100,000	50,000	100,000	50,000	100,000	50,000	100,000	50,000	100,000
Infrastructure 0 Parks & Gardens	0	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,243,120</b>	<b>2,702,134</b>	<b>3,112,286</b>	<b>2,487,152</b>	<b>3,043,784</b>	<b>2,606,747</b>	<b>2,652,581</b>	<b>2,797,842</b>	<b>5,493,226</b>	<b>4,045,607</b>	<b>3,682,609</b>	<b>3,732,518</b>	<b>3,618,066</b>	<b>2,741,968</b>	<b>3,589,197</b>

## Asset Renewal Funding Surplus (Deficit) 2019-2034

	2019020	2020021	2021022	2022023	2023024	2024025	2025026	2026027	2027028	2028029	2029030	2030031	2031032	2032033	2033034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Class</b>															
Buildings 0 specialised	0	0	0	0	0	0	(19,404)	0	1,750,000	309,570	1,000,000	336,499	(156,822)	0	0
Plant and equipment	1,868	(18,357)	212,278	(322,146)	132,639	90,356	242,480	(1,268)	1,258,556	252,316	(159,363)	(383,826)	135,872	(412,488)	451,051
Furniture and equipment	12,750	16,339	(36,200)	(79,614)	31,563	14,961	21,891	(58,762)	(199,833)	(34,465)	16,915	(106,291)	(74,017)	(245,151)	29,345
Infrastructure 0 Roads	(1,753,725)	683,831	354,064	(711,223)	583,615	301,033	(1,764,739)	437,624	(1,790,859)	778,006	1,283,693	427,717	(9,673)	(748,022)	(884,084)
Infrastructure 0 Footpaths	(414,769)	50,000	35,670	(292,282)	8,525	(20,340)	100,000	50,000	47,456	48,661	(70,554)	34,692	99,232	49,726	100,000
Infrastructure 0 Drainage	(260,683)	(52,976)	(256,236)	(160,350)	(173,964)	0	(56,238)	(85,282)	(412,308)	(225,694)	(1,480,386)	(525,152)	(800,870)	(129,528)	(100,268)
Infrastructure 0 Parks & Gardens	0	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(2,404,559)</b>	<b>988,837</b>	<b>319,576</b>	<b>(1,555,615)</b>	<b>592,378</b>	<b>396,010</b>	<b>(1,466,010)</b>	<b>352,312</b>	<b>663,012</b>	<b>1,138,394</b>	<b>600,305</b>	<b>(206,361)</b>	<b>(796,278)</b>	<b>(1,475,463)</b>	<b>(393,956)</b>

# APPENDIX B13 – FORECAST SIGNIFICANT ACCOUNTING POLICIES

## Basis of Preparation

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

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

## Critical Accounting Estimates

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

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

## The Local Government Reporting Entity

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

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

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

### (a) Base Year Balances

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

### (b) Rounding Off Figures

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

### (c) Comparative Figures

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

### (d) Forecast Fair Value Adjustments

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

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

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

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

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

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

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

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

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

### (g) Superannuation

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

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

# APPENDIX B13 – FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (h) Cash and Cash Equivalents

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

## (i) Trade and Other Receivables

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

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

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

## (j) Inventories

### **General**

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

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

### **Land held for resale**

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

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

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

## (k) Fixed Assets

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

### **Revaluation**

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

### **Land under roads**

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

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

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

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

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

### **Depreciation**

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

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

# APPENDIX B13 – FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (k) Fixed Assets (Continued)

Asset Class	Effective average depreciation rate
Buildings - specialised	1.13%
Plant and equipment	6.71%
Furniture and equipment	7.23%
Infrastructure - Roads	0.71%
Infrastructure - Footpaths	1.10%
Infrastructure - Drainage	2.01%

### **Depreciation (Continued)**

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

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

### (l) Impairment of Assets

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

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

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

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

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

## (m) 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.

## (n) Employee Benefits

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

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

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

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

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

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



## APPENDIX B13 – FORECAST SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) 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.

### (p) 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.

### (q) Leases

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

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

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

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

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

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

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

# APPENDIX C1 – GLOSSARY

## Funding Gap

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

## Infrastructure Assets

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

## Key Performance Indicator

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

## Level of Service

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

## Maintenance

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

## Non-Revenue Generating Investments

Investments for the provision of goods and services to sustain or improve services to the community that are not **Shire of Merredin Strategic Resource Plan 2019 - 2034**

## 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.

## 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.

expected to generate any savings or revenue to the Council, for example parks and playgrounds, footpaths, properties and bridges, libraries, etc.

# APPENDIX C1 – GLOSSARY (CONTINUED)

## 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 are 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.

## Section or Segment

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

## Service Potential

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

## Service Potential Remaining

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

## Specific Maintenance

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

## Sub-Component

Smaller individual parts that make up a component part.

## Useful Life

May be expressed as either:

(a) The period over which a depreciable asset is expected to be used; or

(b) The number of production or similar units (ie intervals, cycles) that is expected to be obtained from the asset.

# OTHER MATTERS

## Preparation

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

## Reliance

This Plan has been prepared for the exclusive use of the Shire of Merredin and for the purposes specified in our letter of engagement and is not to be used for any other purpose or distributed to any other party without Moore Stephen's prior consent. This Plan is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of Merredin. 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 Merredin.

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

## Disclaimer

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## Document Management

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