



Shire of Menzies

***Strategic Resource Plan
2022 - 2037***

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1.0 Foreword

We are pleased to present the Shire of Menzies Strategic Resource Plan for 2022 - 2037.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District's future. Despite the current uncertain times, it provides the Council and the community with a picture of the Shire's long term financial and asset management circumstances and assists us to meet our strategic outcomes and objectives, both during and beyond the COVID-19 Pandemic.

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

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

The Shire of Menzies's Strategic Resource Plan is an important planning tool as we strive to achieve the strategies set out in the Shire of Menzies Strategic Community Plan 2021 - 2031.

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 "An inclusive and welcoming community, celebrating our heritage and place".

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.

Greg Dwyer
President

Brian Joiner
Chief Executive Officer

***Our Vision:
An inclusive and welcoming community,
celebrating our heritage and place***



2.0 Key Information

ASSUMPTIONS



1.5%
Inflation Rate



Stable
Population



Stable
Levels of Service



Stable
Operations



Balanced
Annual Budget



2.5%
(CPI 1.5%)
Rates



1.5%
(CPI 1.5%)
Employee Costs

STATISTICS ¹ ²



7
Elected
Members



23
Employees



232
Electors



130
Dwellings



730km
Distance from
Perth



124,110km²
Area



490
Population

FINANCIAL INFORMATION³

\$3,512,250
Rates Revenue

\$220,054
Fees and Charges

\$6,993,959
Operating Revenue

\$5,664,362
Operating Expenditure

\$145,228,283
Net Assets

\$12,303,243
Cash Backed Reserves

\$0
Long Term Borrowings

¹WALGA Online Local Government Directory 2019/20, Shire of Menzies

²Australian Bureau of Statistics Menzies (S) (LGA55390) 2016 Census of Population and Housing, viewed 25 September 2019

³Shire of Menzies 2020-21 Draft Annual Financial Statements

3.0 Executive Summary

The following information provides a brief summary of the Strategic Resource Plan 2022 - 2037, 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 Menzies is planning for a positive and stable future, despite the current uncertainty arising from COVID-19. The Shire seeks to maintain, and where possible, improve service levels into the future while ensuring a healthy financial position.

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

3.2 Significant Issues

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

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

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

Due to the current world-wide COVID-19 pandemic, and the subsequent restrictions put in place by the Federal and State Governments, the economic forecast has an increased level of uncertainty.

Rate revenue is forecast to increase at 2.5% per year for the duration of the Plan. These increases are to assist in the long term financial stability of the Shire and to increase the level of services to the community where possible. These increases will be reviewed annually when setting future budgets and once the impacts of the COVID-19 Pandemic are more apparent.

3.3 Forecast Capital Projects

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

Project by Asset Class	2022 - 2037 Amount (\$)
Infrastructure – Roads	
RTR Road Renewals	7,659,420
RTR Road Renewals - Tjuntjuntjara Access Rd	2,850,000
RRG Road Renewals	12,685,035
Road Renewals	27,500,000
Infrastructure - Roads Total	50,694,455
Infrastructure - Footpaths	
Footpaths Menzies Townsite	200,000
Footpaths Renewals	975,000
Infrastructure - Footpaths Total	1,175,000
Infrastructure - Other	
Infrastructure – Other renewals	975,000
Bores To Support Road Works	100,000
Banners And Signage	15,000
Community BBQ Areas	30,000
Recreation outdoor cover	150,000
Mercer St Caravan Park Infrastructure	200,000
Niagara Dam Capital Works	100,000
Tourism Infrastructure	30,000
Menzies Refuse Site New Hole	55,000
Kookynie Refuse Site New Hole	15,000
Infrastructure - Other Total	1,670,000
Plant and Equipment	
Plant replacement program	7,500,000
Administration Communications Equipment	20,000
Software And Systems	50,000
Plant and Equipment Total	7,570,000
Buildings	
Building renewals	1,430,000
Buildings Total	1,430,000
Grand Total	62,539,455

4.0 Community Profile, Vision and Objective

4.1 Location

The Shire of Menzies covers 124,110 square kilometres in the Eastern Goldfields of Western Australia, 730kms north east of Perth. The Shire's administration centre is in the mining and pastoral townsite of Menzies.

The current community is serviced by ancillary medical services, a local school offering pre-primary to Year 7 and distance education for high school, community halls and meeting rooms, and recreational facilities. Vital tourist accommodation is provided by a caravan park and two hotels.

4.2 Heritage

Menzies, like many towns in Western Australia was born in and boomed during the gold rush days of the 1890's and was the administration centre of the North Coolgardie Goldfields. There were some twenty small towns in this area: Davyhurst, Mulline, Mt Ida, Kookynie, Niagara, Yarri, Yerilla and Edjudina to name a few.

From around 1905 the gold mining industry experienced a downturn and most of these towns literally disappeared. Menzies has survived but is just a shadow of its former self, and the pub at Kookynie is the only reminder of a once thriving community.

4.3 People

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

Population	2011		2016
Shire of Menzies	400	↑	490
WA	2.35m	↑	2.47m

The chart to the right reflects the percentage of the estimated resident population within each age grouping for the Shire of Menzies (represented by the gold (2011) and green (2016) lines) and Western Australia (represented by the grey (2011) and blue (2016) dotted lines). In comparison to the Western Australia demographic in 2016, the Shire has a lower proportion of younger residents in the 0-14 and over 65 age ranges. The number of people aged from 15 - 64 years is higher than the State average, mainly due to the high level of mining activity in the region and associated employment.

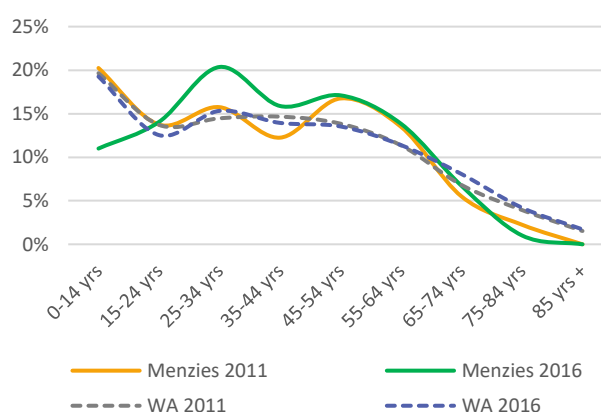
4.4 Vision

The Shire's strategic vision: **An inclusive and welcoming community, celebrating our heritage and place**

4.5 Strategic Objectives

The following key themes are identified in the Shire's Strategic Community Plan 2021 - 2031 and considered within the Strategic Resource Plan:

- **Our Community:** A vibrant and inclusive community
- **Local Economy:** A prosperous local economy
- **Our Environment:** Enhance and maintain our built infrastructure and natural environment
- **Leadership:** Responsible management and good governance, leading an empowered community

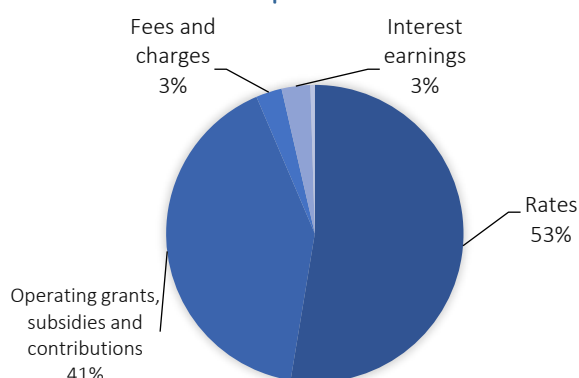


5.0 Long Term Financial Planning Overview

5.1 Forecast Revenue

Rates are expected to generate \$3.65m in 2022-23, increasing at 2.5% per annum to \$5.15m in 2036-37 and comprise 53% of operating revenue over the term of the Plan. The Shire is reliant on receiving more than \$50.90m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non operating grants are expected to remain relatively stable for road renewal.

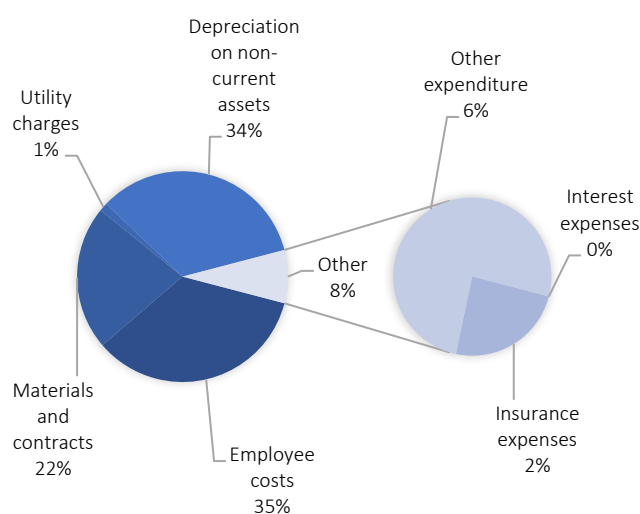
5.2 Revenue Composition Year 1 to 15



5.3 Forecast Expenditure

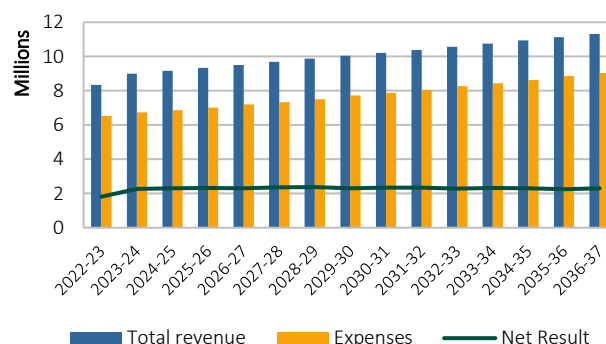
Expenditure is forecast to increase in line with inflation with the exception of depreciation expense which is impacted by the addition of assets over the term of the Plan.

5.3.1 Expenditure Composition Year 1 to 15



5.4 Net Result

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



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

5.5 Depreciation Expense

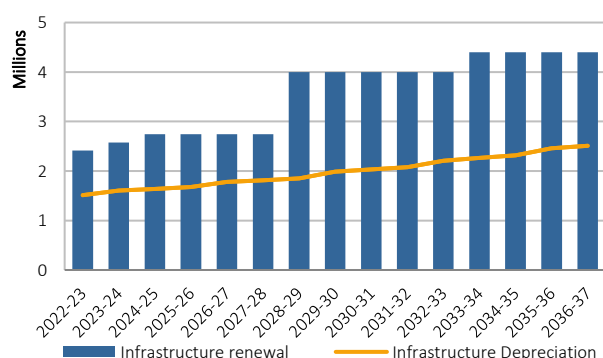
Ideally, the average asset renewal should be in line with depreciation expense over the long term, to ensure the value of assets is maintained. On average, the Shire is planning to renew its infrastructure assets at a slightly higher level than they are depreciating over the term of the Plan.

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

5.0 Long Term Financial Planning Overview (Continued)

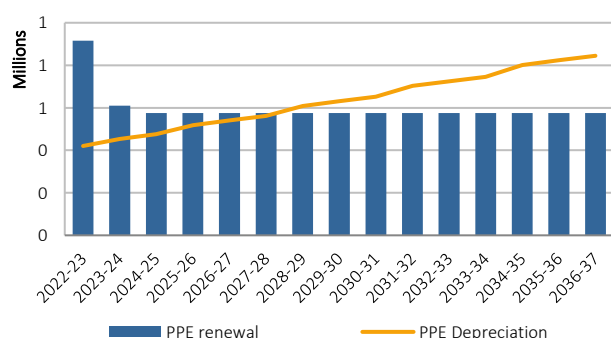
5.5.1 Infrastructure Depreciation Expense -V- Asset Renewal Expenditure

Depreciation expense increases throughout the Plan from \$1.93m in year 1 to \$3.35m in year 15 as assets are revalued and renewed. Depreciation of infrastructure over the 15 years is \$29.73m, shown by the gold line in the chart below. The planned level of infrastructure asset renewal expenditure at \$53.54m (reflected by the blue columns) is over the term of the Plan above the level of depreciation.



Further review of asset useful lives for infrastructure assets may be required as changes occur in the construction techniques of road pavements occur and traffic loads vary. Planned property, plant and equipment asset renewals of \$9.00m (reflected by the blue columns) over the 15 years is less than the depreciation expense of \$9.50m (reflected by the gold line) over the same period as shown in the chart below.

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



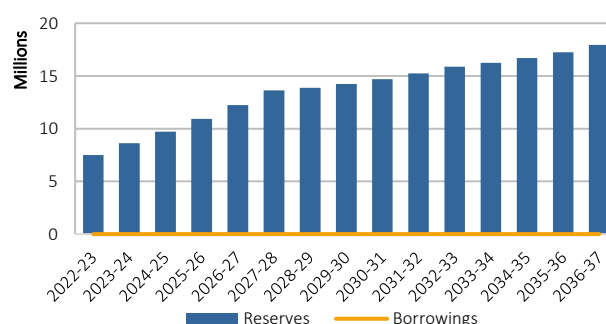
Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets, such as buildings, may result in a closer alignment between asset renewals and depreciation expense.

5.6 Maintenance Expenditure

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

5.7 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 asset renewals resulting in the variations in reserve levels as shown in the chart below.



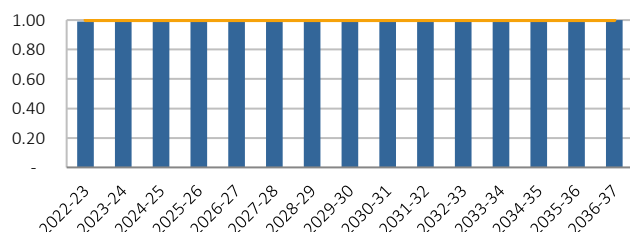
Borrowings are nil for the term of the Plan, this is part of the strategy to allow flexibility to respond to sudden or unexpected expenditure requirements. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes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

5.0 Long Term Financial Planning Overview (Continued)

5.8 Forecast Operating Ratios 2022 - 2037

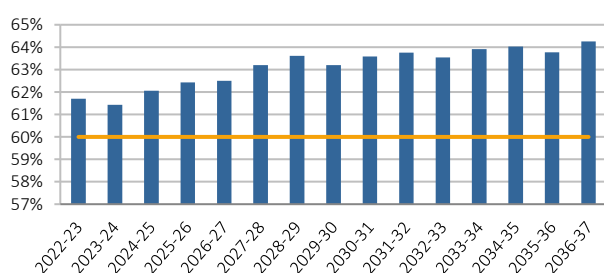
Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The gold line reflects the Department of Local Government, Sport and Cultural Industries' (the Department) minimum target level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

5.8.1 Current Ratio



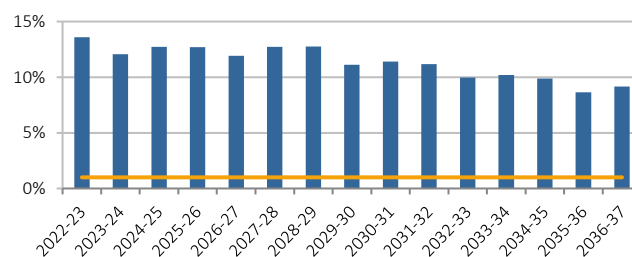
As expected for a Shire with a forecast balanced funding surplus position and current lease liabilities, the ratio is less than 1.0 until the lease liability is extinguished. The trend is not considered to indicate a threat to the Shire's long term financial position.

5.8.2 Own Source Revenue Coverage Ratio



The ratio remains above the target indicating the Shire's reducing reliance on grants and contributions.

5.8.3 Operating Surplus Ratio



The ratio above highlights that rates increases above CPI are required to maintain a healthy level of the operating surplus ratio.

5.8.4 Debt Service Cover Ratio

The Shire has no existing borrowings.

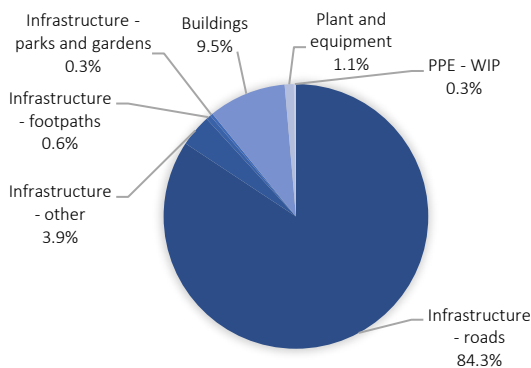
An explanation of all ratios is provided at Section 11.1.

6.0 Asset Management Planning Overview

6.1 Key Asset Information

The Shire controls an asset network with a written down value of \$129.83m¹, of which roads infrastructure constitutes the largest component values as reflected in the chart below.

6.1.1 Written Down Value by Asset Class¹



6.2 Asset Management Policy

The purpose of an asset management policy is to:

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

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

6.3 Asset Management Strategy

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

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

Modelling was undertaken to determine the long term funding required for asset maintenance and renewal.

By adjusting the estimated useful life of assets, the balance between the risk of loss of asset service and the financial costs of asset renewal and maintenance was determined.

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

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

Recognising a proportion of assets have been constructed with the assistance of external financial contributions, the Shire seeks to, within its financial capacity, maintain these assets into the future. A strategy of alignment of estimated asset useful lives with the forecast financial capacity aims to ensure the long term affordability of Shire assets. By focusing resources and efforts on a small number of key critical assets, the Shire has achieved its targeted asset management outcomes, integrated with financial planning within its forecast financial capacity based on an annual rate increase of 2.5% (CPI of 1.5% + 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.

¹ 2020-21 Draft Annual Financial Report - Shire of Menzies

6.0 Asset Management Planning Overview (Continued)

6.5 Financial Management Strategy for Assets

Based on the 2020-21 Draft Annual Financial Statements and 2021-22 Annual Budget, a financial baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the 15 year term to predict forecast changes in operating revenue and expenditure.

Impacts of the COVID-19 Pandemic have created a large amount of uncertainty. Should the need arise for additional funding to meet the impacts of COVID-19 these will be drawn from Reserve. Structuring operational revenues and expenditure to ensure adequate provision for asset renewal into the future is a cornerstone of the Shire's overall financial strategy. To achieve this strategy, rate increases marginally higher than the consumer price index (CPI) are forecast to occur combined with the maintenance of operating expenditure in line with the CPI forecast.

Forecast planned asset renewals for the term of the Plan, along with the forecast required asset renewals to maintain services in the future are shown as columns in the chart below with the values in the table on the right. Forecast asset renewals requirements are arrived at based on current estimates of replacement cost and remaining useful life of each asset, assessed from the asset's condition or age. The Shire is planning for renewal of all assets at the end of their useful life, except for buildings. Buildings are to be maintained so they may be used beyond their standard useful life. Further useful life information is required for road assets to better determine the remaining useful life of road assets.

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

6.6 Forecast Planned and Required Asset Renewals

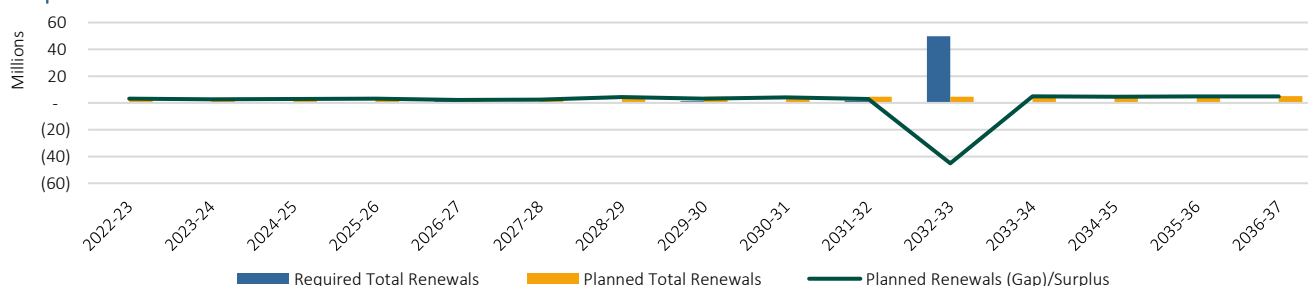
Year	Planned Asset Renewal \$	Required Asset Renewal \$	Asset Renewal Surplus/ (Deficit) \$
2022-23	3,326,297	79,418	3,246,879
2023-24	3,186,297	539,474	2,646,823
2024-25	3,321,297	304,719	3,016,578
2025-26	3,321,297	125,890	3,195,407
2026-27	3,321,297	1,175,657	2,145,640
2027-28	3,321,297	841,518	2,479,779
2028-29	4,571,297	151,195	4,420,102
2029-30	4,571,297	1,365,264	3,206,033
2030-31	4,571,297	460,216	4,111,081
2031-32	4,571,297	1,747,844	2,823,453
2032-33	4,571,297	49,689,410	(45,118,113)
2033-34	4,971,297	88,167	4,883,130
2034-35	4,971,297	389,579	4,581,718
2035-36	4,971,297	130,671	4,840,626
2036-37	4,971,297	252,580	4,718,717
Total	62,539,455	57,341,602	5,197,853

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

The required asset renewal spike in 2032-33 is a result of road data reflecting a requirement to re-sheet 540.7 km of the unsealed road network in the single year at a future cost of \$46.69m. This renewal is planned to be undertaken through the term of the Plan rather than in one year, resulting in planned renewals being higher than required over the 15 years. Further review and update of this asset information should address this theoretical renewal requirement.

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

Required v Planned Asset Renewals - All Assets

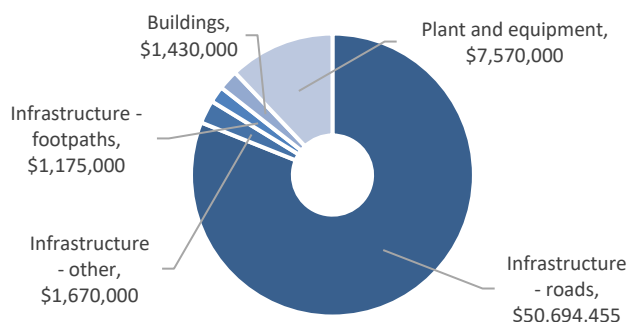


6.0 Asset Management Planning Overview (Continued)

6.7 Planned Asset Expenditure

Renewal asset expenditure of \$62.54m has been planned as per the previous table. No new, upgrade or expansion of asset are planned.

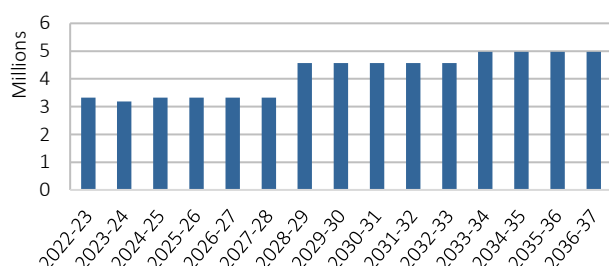
6.7.1 Planned Capital Expenditure 2022 - 2037



6.8 Planned Asset Renewal

Planned asset renewal expenditure has been determined by allocating the expected funds available for capital expenditure.

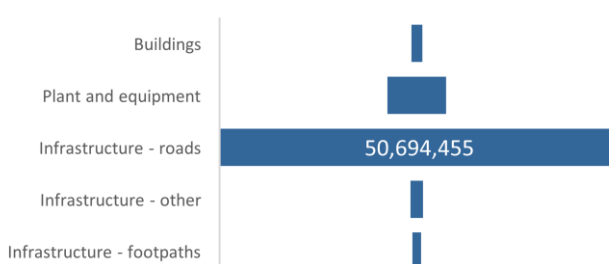
6.8.1 Planned Asset Renewal Expenditure



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.

6.8.2 Planned Asset Renewal Expenditure by Class

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

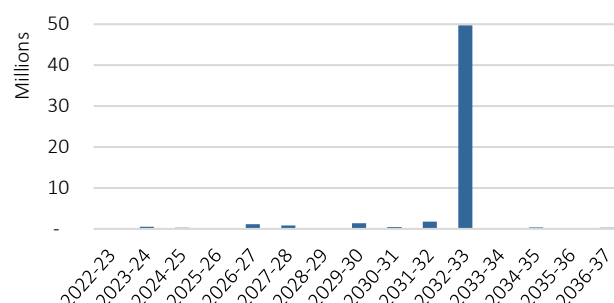


6.9 Required Renewal Expenditure

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

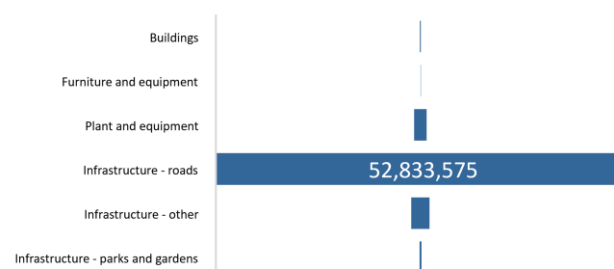
Required asset renewal expenditure has been estimated based on forecast renewal costs and timings. Total asset renewals of \$57.34m are forecast to be required over the 15 years of the Plan based on existing asset data.

6.9.1 Required Asset Renewal Expenditure



As discussed at 6.6 the spike in 2032-33 is a result of the asset data indicating a need to re-sheet a significant portion of the sheeted roads in one year based on a recent road valuation. This is not considered to be a reasonable expectation and the Shire is not planning to undertake the renewal of these assets in line with the valuations timing.

6.9.2 Required Asset Renewal Expenditure by Asset Class

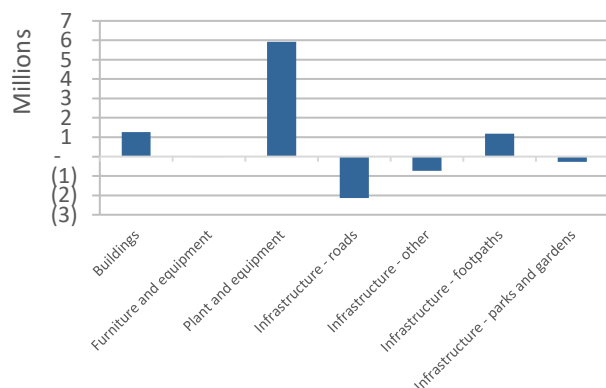


Renewal of roads dominate the forecast required asset renewals.

6.0 Asset Management Planning Overview (Continued)

6.10 Asset Renewal Funding Surplus/(Gap)

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



These differences in planned asset expenditure are not considered to be of long term significance provided the Shire undertakes the planned renewals and asset maintenance. Further analysis and revision of asset valuation information and associated underlying assumptions and estimates is required to confirm true required asset renewal expenditure. Required renewal expenditure for road assets will also be heavily influenced by future road usage and maintenance.

Standard useful life estimates used within the infrastructure valuations were not considered to be appropriate or relevant for the Shire of Menzies and were modified to align to historical asset lives and renewal cycles. This is discussed further in Section 7.1

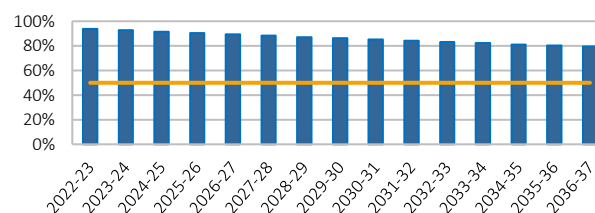
6.11 Upgrade/New Expenditure

No significant upgrades to infrastructure are planned to occur over the next 15 years. Where funds are available after undertaking essential renewal works, funds will be utilised for improvement and new works. Detailed annual planning will be undertaken for asset upgrade/new expenditure prior to each project.

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

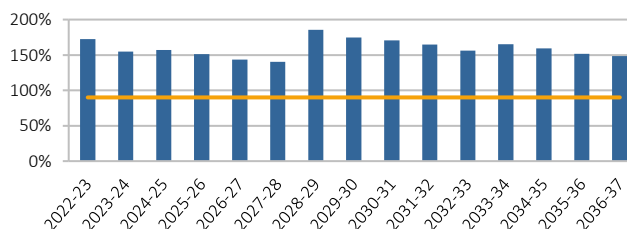
6.12 Forecast Asset Ratios 2022 - 2037

Asset Consumption Ratio



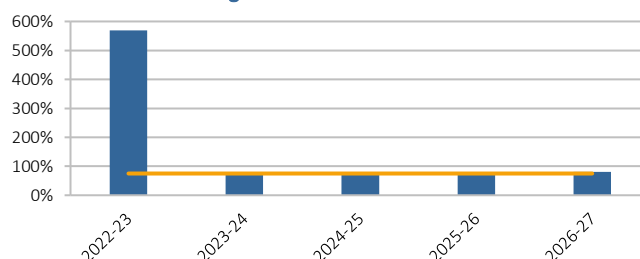
The asset consumption ratio is above the target range and remains so throughout the term of the Plan, with assets being renewed at adequate levels to maintain the average age of assets.

Asset Sustainability Ratio



The ratio highlights how asset renewal expenditure relative to depreciation fluctuates as expected. The ratio average is above the guideline level and indicates the Shire is generally renewing assets above with their forecast depreciation expense due to the average useful life of assets exceeding the 15 years of the Plan and road asset depreciation requiring further review.

Asset Renewal Funding Ratio



The ratio whilst above the target in 2022-23, falls to meet the target ratio from 2023-24 onwards, with planned asset renewal expenditure being below required asset renewal expenditure as set out in this Plan. Further improvements in forecasting the remaining useful lives of assets may result in an improvement in this ratio. No concerns currently exist in relation to the ratio being below the target due to the lack of confidence in the required asset renewal forecast data as discussed at Section 6.10.

7.0 Scenario Modelling

7.1 Scenario Modelling

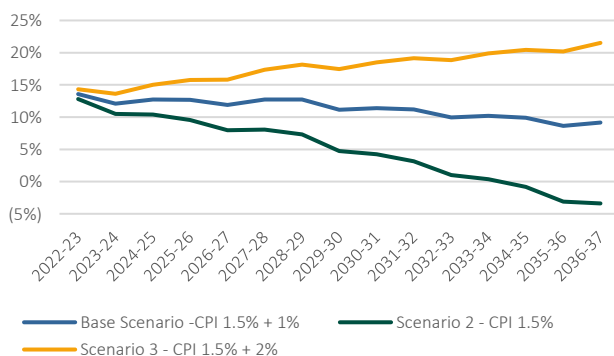
Scenarios were developed to test the financial impact of increased levels of operating funding from rates. To ascertain the effect of changes to funding levels, modelling of various scenarios was undertaken.

A base scenario was developed with rates yield of 2.5% (1% above inflation of 1.5%) for the term of the Plan. Two alternative scenarios were also developed from this base, with different rates increases, as shown in the table below. All other assumptions remained the same across the three scenarios.

Scenario	Rates	
	Increase above CPI (1.5%)	Total Increase
Base Scenario	1%	2.5%
Scenario 2	0%	1.5%
Scenario 3	2%	3.5%

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.

7.1.1 Scenario Comparison – Operating Surplus Ratio



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

7.1.2 Estimated Surplus (Deficit) June 30 Carried Forward

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

	Estimated Surplus/(Deficit)		
	Base Scenario	Scenario 2 CPI 1.5% \$	Scenario 3 CPI 1.5%+ 2% \$
2022/23	0	(35,565)	35,564
2023/24	0	(108,184)	109,537
2024/25	0	(219,257)	224,918
2025/26	0	(370,294)	384,868
2026/27	0	(562,852)	592,715
2027/28	0	(798,535)	851,963
2028/29	0	(1,078,996)	1,166,299
2029/30	0	(1,405,938)	1,539,603
2030/31	0	(1,781,115)	1,975,955
2031/32	0	(2,206,335)	2,479,644
2032/33	0	(2,683,459)	3,055,177
2033/34	0	(3,214,403)	3,707,293
2034/35	0	(3,801,140)	4,440,967
2035/36	0	(4,445,704)	5,261,425
2036/37	0	(5,150,187)	6,174,151

8.0 Strategic Planning and Policies

8.1 Linkage with Other Plans

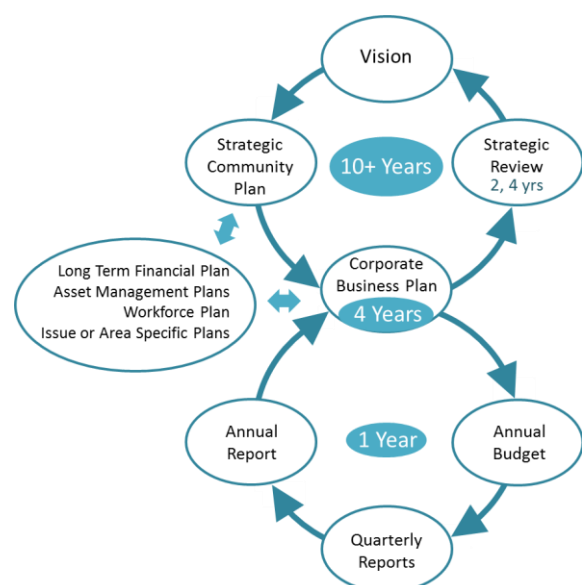
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other 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 Cycle²



8.3 Strategic Community Plan 2021 - 2031

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 not to rise above forecast inflation of 1.5%.

² Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

9.0 Risk Management

9.1 Risk Management

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

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

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

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

9.2 Certainty of Assumptions

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

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

9.3 Sensitivity Analysis

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

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

10.0 Assumptions, Risks, Uncertainties and Sensitivity

10.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
District Growth in Population: The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Annual rates have been based on an increase in the total rate yield of 2.5% for the term of the Plan, being 1% above forecast inflation rate.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$30,513 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
Non-operating Grants and Contributions: Remain in line with funding requirements identified for various capital works.	High	The forecast capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	High	± \$259,661 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Earnings: Interest earning of an average rate of 1.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

10.2 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Employee Costs: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$256,754 to the value of materials and contracts per 1% movement in the value over the life of the Plan.
Depreciation: Depreciation has been calculated using an average depreciation rate based on the estimated useful lives on individual assets.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Insurance: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

10.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Revaluations: In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$184,967 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,826,750 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$259,661 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the 10 Year Capital Plan, and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

10.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Borrowings: New borrowings to be considered for capital works where required. No new borrowings are considered as part of this Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Employee Entitlements: It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

10.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Cash Backed Reserves: It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Revaluation Surplus: Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$184,967 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$1,826,750 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

10.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

10.6 Other – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Ownership of Strategic Assets: The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
Inflators: Forecast inflation at 1% per annum.	Medium	Not assessed as high financial risk.	High	± \$1,245,521 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,160,462 to operating expenditure per 1% movement in the inflators over the life of the Plan.
Commercial Activities: The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
General Economic Forecasts for Region: Historically, the region's economy is heavily dependent on mining, 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.

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

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

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

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

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

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

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

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

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

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

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Appendix A1 – Critical Assets

1.1 Description

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

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

Asset	Current Replacement Cost (\$)
Shire Depot	333,696
Shire Administration Centre	1,601,831
Heavy Plant	1,587,543
Total	3,523,070

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

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

Appendix A2 – Infrastructure - Roads

2.1 Significant Matters

The continued provision of the road network remains one of the key priorities for the Shire. 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 Menzies has a road network servicing an area of 124,110¹ square kilometres.

Road assets within this Plan include the following components:

- Subgrade;
- Pavement; and
- Seal.

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

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

Road Assets	Length (km)	Current Replacement Cost (\$)
Rural	4,555.44	133,360,360
Urban	13.10	703,026
Grand Total	4,568.54	134,063,386

The following table detail the components, segregated by the type of seal.

Infrastructure Roads Assets	Length (m)	Current Replacement Cost (\$)
Structural Asphaltic Concrete		
Subgrade Structure	135	10,206
Pavement Structure	135	13,073
Surface Structure	135	12,395
Thin Surfaced Flexible		
Subgrade Structure	66,825	5,033,846
Pavement Structure	66,825	6,374,687
Surface Structure	66,825	4,740,853
Unsealed		
Pavement Structure	471,097	6,497,469
Subgrade Structure	471,097	27,495,978
Unsealed - High Use		
Pavement Structure	719,148	33,132,761
Subgrade Structure	719,148	37,542,554
Unsealed - Low Use		
Pavement Structure	265,640	3,744,505
Subgrade Structure	265,640	9,833,616
Infrastructure Roads Total		134,063,386

¹ Australian Bureau of Statistics Menzies (S) (LGA55390) 2016 Census of Population and Housing, viewed 25 September 2019

Appendix A2 – Infrastructure - Roads (Continued)

2.3 Financial Summary

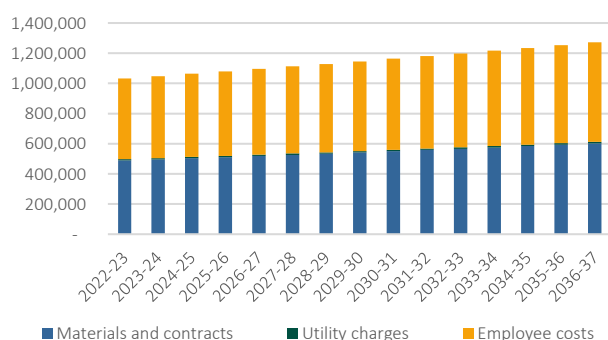
Financial impacts of managing the Shire road assets are broken down into maintenance, new and renewal expenditure, each of which is examined separately as follows.

2.3.1 Maintenance Expenditure

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

Road maintenance expenditure is forecast to increase in line with inflation.

2.3.2 Maintenance Expenditure by Nature and Type



2.3.3 New Expenditure

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

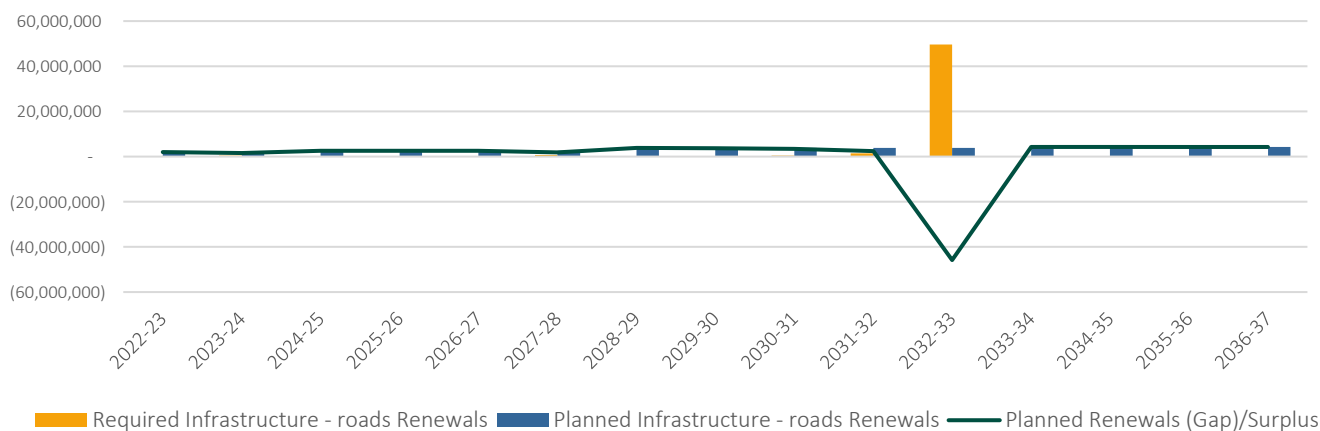
2.3.4 Renewal Expenditure

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

In the chart below, planned road expenditure is shown as blue columns, with required road renewals as the gold columns. The green line shows the difference between the two expenditure levels. Planned road renewal over the term totals \$50.69m. Required road renewal is calculated at \$52.83m for the term, overall there is a \$2.14m renewal deficit for the Shire's road assets.

The chart is dominated by the \$49.67m required renewals in 2032-33 which largely relates to the unsealed road pavements (\$46.97m). This renewal is planned to be undertaken through the term of the Plan rather than in one year, resulting in planned renewals being higher than required over the 15 years. Further review and update of this asset information should address this theoretical renewal requirement.

Required v Planned Asset Renewals



Appendix A2 – Infrastructure - Roads (Continued)

2.4 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 on the previous page are detailed in the table below.

	Required Roads Renewals \$	Planned Roads Renewals \$	Roads Renewal Funding (Gap)/Surplus \$
2022-23	2,368	2,046,297	2,043,929
2023-24	413,826	2,046,297	1,632,471
2024-25	0	2,596,297	2,596,297
2025-26	0	2,596,297	2,596,297
2026-27	0	2,596,297	2,596,297
2027-28	730,792	2,596,297	1,865,505
2028-29	44,234	3,846,297	3,802,063
2029-30	95,139	3,846,297	3,751,158
2030-31	460,216	3,846,297	3,386,081
2031-32	1,376,445	3,846,297	2,469,852
2032-33	49,669,398	3,846,297	(45,823,101)
2033-34	22,362	4,246,297	4,223,935
2034-35	18,795	4,246,297	4,227,502
2035-36	0	4,246,297	4,246,297
2036-37	0	4,246,297	4,246,297
Total	52,833,575	50,694,455	(2,139,120)

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

2.5 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.

Appendix A2 – Infrastructure - Roads (Continued)

2.6 Road Construction

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

2.7 Road Maintenance

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

2.8 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.

2.9 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 - Footpaths

3.1 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.

3.2 Inventory

Given the limited length of footpaths in the district no detailed asset inventory is maintained. The current replacement cost is \$109,291.

3.3 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.

3.3.1 Maintenance Expenditure

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

3.3.2 New Asset Expenditure

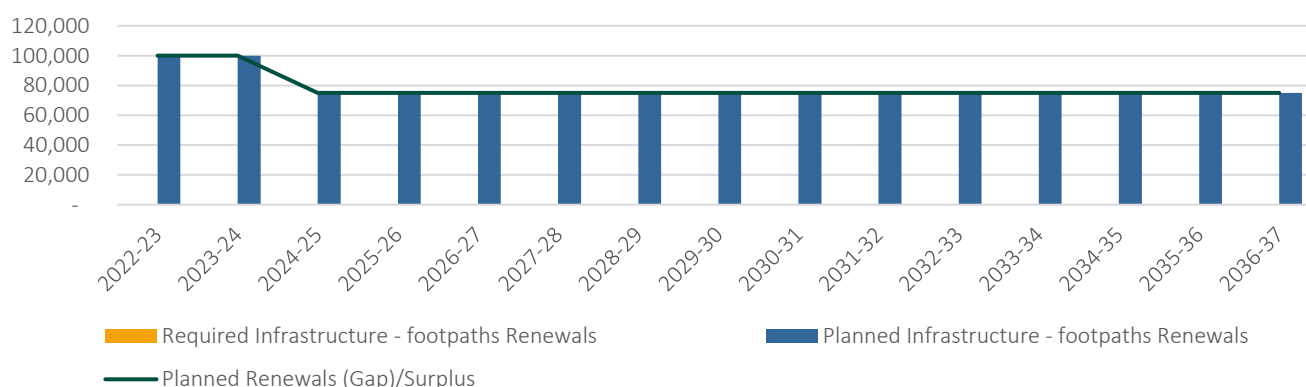
No new footpath asset expenditure is planned. External grant funding would be essential to achieve any upgrades.

3.3.3 Renewal Expenditure

Footpath renewal works are prioritised using staff knowledge of the conditions of the footpaths, current usage levels at the time of preparing the annual budget. Based on the previous valuation assessment, footpath renewals are not required within the next 15 years.

In the chart below, forecast planned footpaths expenditure is shown by the blue columns, with required footpaths renewals as the gold columns. The green line indicates the difference between the two expenditure levels. Planned footpaths renewal over the term totals \$1,175,000. Required footpaths renewal is not calculated, overall there is a \$1,175,000 renewal surplus for the Shire's footpaths assets.

Required v Planned Asset Renewals



Appendix A3 – Infrastructure - Footpaths (Continued)

3.4 Levels of Service

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

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

3.5 Risk Management

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

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

3.6 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 A4 – Buildings

4.1 Significant Matters

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

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

4.2 Inventory

Land and buildings were valued by independent professional valuers in June 2020, based on an inspection undertaken. The replacement costs of major buildings contained within the valuation report is shown in the table to the right. A building inventory is maintained within the Shire's financial management system.

4.2.1 Composition of Estimated Current Replacement Cost of Building Assets

Buildings	Current Replacement Cost (\$)
Community	693,043
Depot and Administration	2,031,146
Historic Buildings	1,282,346
Other Housing	511,937
Recreation and Tourism	309,246
Staff Housing	1,500,050
Buildings Total	6,327,769

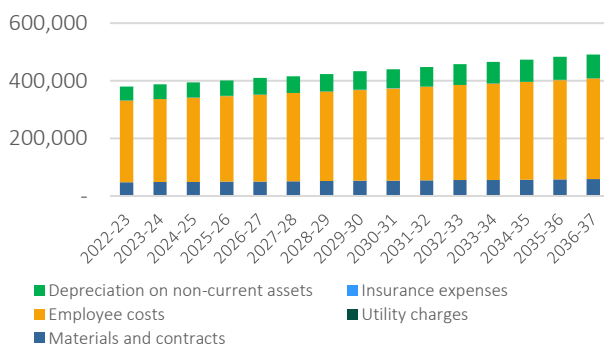
Appendix A4 – Buildings (Continued)

4.3 Financial Summary

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

4.3.1 Maintenance Expenditure by Program

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



4.3.2 New/Upgrade Asset Expenditure

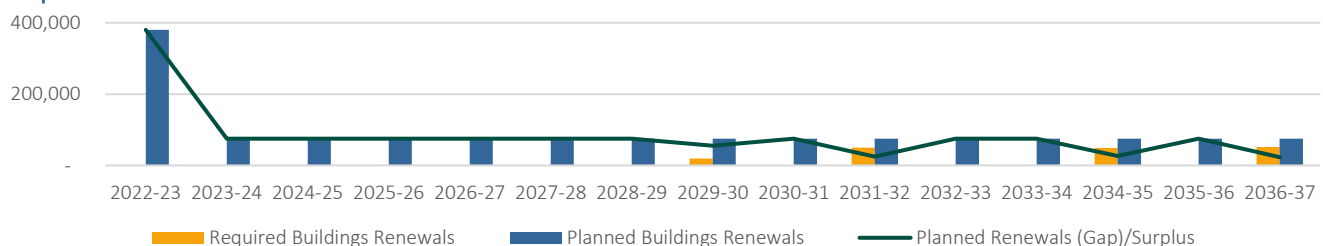
No additional items are forecast to be required over the life of this Plan.

4.3.3 Renewal Expenditure

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

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

Required v Planned Asset Renewals



4.3.4 Forecast Planned and Required Building Renewal Expenditure

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

	Required Building Renewals \$	Planned Building Renewals \$	Building Renewal Funding (Deficit)/Surplus \$
2022-23	0	380,000	380,000
2023-24	0	75,000	75,000
2024-25	0	75,000	75,000
2025-26	0	75,000	75,000
2026-27	0	75,000	75,000
2027-28	0	75,000	75,000
2028-29	0	75,000	75,000
2029-30	19,515	75,000	55,485
2030-31	0	75,000	75,000
2031-32	50,150	75,000	24,850
2032-33	0	75,000	75,000
2033-34	0	75,000	75,000
2034-35	48,841	75,000	26,159
2035-36	0	75,000	75,000
2036-37	51,937	75,000	23,063
Total	170,443	1,430,000	1,259,557

Appendix A4 – Buildings (Continued)

4.4 Level of Service

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

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
Condition	The building's meets the expectations of the community.	Customer complaints.	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.

4.5 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.

4.6 Improvement

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

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

Appendix A5 – Infrastructure - Other

5.1 Significant Matters

The Shire provides a range of other infrastructure for residents and visitors including the following:

- Transport Infrastructure;
- Water Catchment;
- Community Infrastructure;
- Sporting Infrastructure;
- Tourism Infrastructure
- Signage; and
- Refuse Site.

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 assets current replacement cost at the time of valuation at 30 June 2020 was \$3.79m.

5.2.1 Composition of Estimated Current Replacement Cost of Other Infrastructure Assets

Infrastructure - Other Assets	Current Replacement Cost (\$)
Transport Infrastructure	\$1,652,955
Water Catchment	\$41,033
Community Infrastructure	\$271,229
Sporting Infrastructure	\$358,772
Tourism Infrastructure	\$1,035,602
Signage	\$36,775
Refuse Site	\$391,895
Infrastructure – Other Assets Total	\$3,788,261

5.3 Financial Summary

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

5.3.1 Maintenance Expenditure

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

5.3.2 New Expenditure

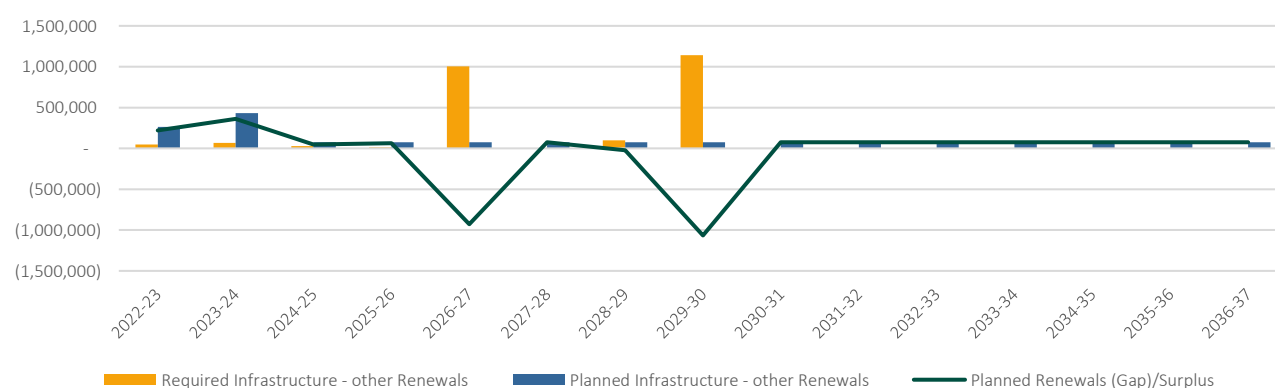
No additional items are forecast to be required over the life of this Plan.

5.3.3 Renewal Expenditure

Required other infrastructure asset renewals over the next 15 years have been forecast. Minor asset renewals will be determined and funded within the annual budget cycle. Renewal of other infrastructure assets will be considered on a case by case basis at the time the asset is viewed as requiring renewal.

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

Required v Planned Asset Renewals



Appendix A5 – Infrastructure - Other (Continued)

5.4 Level of Service

Detailed performance measures and performance targets for Infrastructure –Other 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

5.5 Improvement

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

Appendix A6 – Plant and Equipment

6.1 Significant Matters

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

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

6.2 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.

6.2.1 Composition of Estimated Current Replacement Cost of Plant, Furniture and Equipment Assets

Asset	Current Replacement Cost \$
Heavy Plant	1,587,543
Light Vehicles	36,179
Sundry	12,762
Vehicles	419,257
Furniture and Equipment	75,187
Total	2,130,928

6.3 Financial Summary

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

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

6.3.1 New Expenditure

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

6.3.2 Renewal Expenditure

The Shire does not have a replacement/renewal or maintenance program for furniture and equipment. Furniture and equipment purchases are considered on an annual basis as part of the Shire's annual budget allocations and are not planned in detail.

The 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 following at 6.3.3, planned expenditure is shown as the blue columns with required renewals shown as the gold columns. The green line shows the variation between the two expenditure levels.

Appendix A6 – Plant and Equipment (Continued)

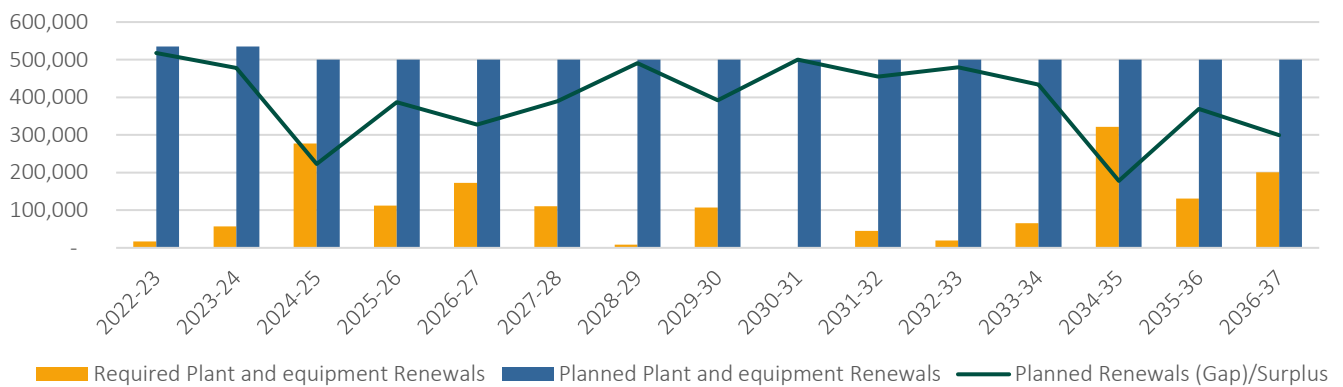
6.3.3 Forecast Planned and Required Plant and Equipment Renewal Expenditure

The chart reflects a lack of correlation between the Plant Replacement Program and the estimated useful life of plant and equipment provided by the valuers as the plant replacement program has been modified to available financial resources. Over the term of the Plan, planned asset renewals at \$7.57m are above the required asset renewals of \$5.92m.

6.3.4 Plant Disposals

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

Required v Planned Asset Renewals



Appendix A6 – Plant and Equipment (Continued)

6.4 Level of Service

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

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

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

6.5 Risk Management

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

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

6.6 Improvement Plan

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

Appendix A7 – Estimated Asset Life and Residual Value

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

Asset Class	Asset Sub-Class	Pavement Type	Estimated Useful Life	Materials Remaining in-situ
Infrastructure - Roads	Pavement Structure	Thin Surfaced Flexible	80	
Infrastructure - Roads	Pavement Structure	Unsealed - High Use	80	
Infrastructure - Roads	Pavement Structure	Thin Surfaced Flexible	35	
Infrastructure - Roads	Pavement Structure	Unsealed	80	
Infrastructure - Roads	Pavement Structure	Unsealed - High Use	25	
Infrastructure - Roads	Pavement Structure	Unsealed - Low Use	35	
Infrastructure - Roads	Pavement Structure	Unsealed	15	
Infrastructure - Roads	Pavement Structure	Structural Asphaltic Concrete	15	
Infrastructure - Roads	Subgrade Structure	Structural Asphaltic Concrete	100	100%
Infrastructure - Roads	Subgrade Structure	Thin Surfaced Flexible	100	100%
Infrastructure - Roads	Subgrade Structure	Unsealed - High Use	100	100%
Infrastructure - Roads	Subgrade Structure	Unsealed - Low Use	100	100%
Infrastructure - Roads	Subgrade Structure	Unsealed	100	100%
Infrastructure - Roads	Surface Structure	Structural Asphaltic Concrete	15	
Infrastructure - Roads	Surface Structure	Thin Surfaced Flexible	15	
Infrastructure - Roads	Surface Structure	Unsealed - High Use	15	
Infrastructure - Roads	Surface Structure	Unsealed - Low Use	15	
Infrastructure - Roads	Surface Structure	Unsealed	15	

Asset Class	Asset Sub-Class	Estimated Useful Life	Estimated Residual Value %
Buildings	Administration	50	
Buildings	Caravan Park	50	
Buildings	Community	50	
Buildings	Depot	50	
Buildings	Historic	50	
Buildings	Other Housing	50	
Buildings	Shelter	50	
Buildings	Staff Housing	50	
Buildings	Toilets	50	
Furniture and equipment		20	
Infrastructure - footpaths		50	
Infrastructure - other		50	
Infrastructure - parks and gardens		50	
Land - freehold land		100	100%
Plant and equipment		10	60%

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B1 – Forecast Financial Statements

Financial Statements

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

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

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

Statements of Comprehensive Income

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

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

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

Appendix B2 – Forecast Statement of Comprehensive Income by Nature or Type 2022 – 2037

	2018-19	2019-20	2020-21	Base	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																			
Rates	3,123,507	3,352,627	3,512,250	3,556,470	3,645,382	3,736,517	3,829,930	3,925,678	4,023,820	4,124,415	4,227,525	4,333,213	4,441,543	4,552,582	4,666,397	4,783,057	4,902,633	5,025,199	5,150,829
Operating grants, subsidies and contributions	2,938,278	2,690,890	3,073,846	1,646,099	3,051,253	3,097,022	3,143,477	3,190,629	3,238,488	3,287,066	3,336,372	3,386,418	3,437,215	3,488,772	3,541,104	3,594,221	3,648,134	3,702,856	3,758,398
Fees and charges	398,736	257,335	215,257	207,265	210,381	213,540	216,747	220,000	223,304	226,655	230,054	233,505	237,006	240,562	244,171	247,832	251,553	255,328	259,159
Interest earnings	337,268	252,350	133,258	112,500	141,591	149,925	172,654	194,607	218,522	244,478	272,549	277,823	284,890	293,828	304,723	317,662	324,742	333,892	345,204
Other revenue	28,364	98,911	14,980	35,135	35,664	36,200	36,744	37,296	37,857	38,425	39,002	39,587	40,181	40,786	41,399	42,021	42,652	43,292	43,942
	6,826,153	6,652,113	6,949,591	5,557,469	7,084,271	7,233,204	7,399,552	7,568,210	7,741,991	7,921,039	8,105,502	8,270,546	8,440,835	8,616,530	8,797,794	8,984,793	9,169,714	9,360,567	9,557,532
Expenses																			
Employee costs	(1,687,899)	(1,966,860)	(1,454,431)	(2,374,097)	(2,409,715)	(2,445,860)	(2,482,545)	(2,519,788)	(2,557,590)	(2,595,951)	(2,634,884)	(2,674,406)	(2,714,524)	(2,755,240)	(2,796,568)	(2,838,514)	(2,881,086)	(2,924,303)	(2,968,169)
Materials and contracts	(1,817,759)	(1,867,224)	(1,463,236)	(1,516,338)	(1,539,093)	(1,562,180)	(1,585,610)	(1,609,396)	(1,633,545)	(1,658,054)	(1,682,914)	(1,708,159)	(1,733,771)	(1,759,780)	(1,786,174)	(1,812,966)	(1,840,169)	(1,867,772)	(1,895,784)
Utility charges	(89,726)	(93,809)	(79,869)	(88,150)	(89,474)	(90,814)	(92,173)	(93,556)	(94,961)	(96,387)	(97,831)	(99,300)	(100,787)	(102,298)	(103,833)	(105,390)	(106,972)	(108,578)	(110,207)
Depreciation on non-current assets	(2,013,495)	(2,242,127)	(2,119,220)	(2,032,027)	(1,931,926)	(2,060,019)	(2,114,366)	(2,197,686)	(2,318,366)	(2,370,890)	(2,462,559)	(2,616,851)	(2,682,867)	(2,778,656)	(2,929,546)	(3,010,866)	(3,118,596)	(3,283,764)	(3,354,098)
Interest expenses	0	(529)	0	(112)	(82)	(57)	(32)	(6)	0	0	0	0	0	0	0	0	0	0	0
Insurance expenses	(137,988)	(122,358)	(127,474)	(135,382)	(137,412)	(139,475)	(141,568)	(143,690)	(145,845)	(148,031)	(150,253)	(152,505)	(154,793)	(157,116)	(159,471)	(161,864)	(164,291)	(166,758)	(169,261)
Other expenditure	(301,063)	(278,405)	(362,506)	(422,601)	(428,940)	(435,374)	(441,904)	(448,533)	(455,262)	(462,090)	(469,020)	(476,054)	(483,195)	(490,444)	(497,799)	(505,266)	(512,845)	(520,537)	(528,344)
	(6,047,930)	(6,571,312)	(5,606,736)	(6,568,707)	(6,536,642)	(6,733,779)	(6,858,198)	(7,012,655)	(7,205,569)	(7,331,403)	(7,497,461)	(7,727,275)	(7,869,937)	(8,043,534)	(8,273,391)	(8,434,866)	(8,623,959)	(8,871,712)	(9,025,863)
	778,223	80,801	1,342,855	(1,011,238)	547,629	499,425	541,354	555,555	536,422	589,636	608,041	543,271	570,898	572,996	524,403	549,927	545,755	488,855	531,669
Non-operating grants, subsidies and contributions	1,279,246	3,564,550	1,454,745	3,485,806	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Loss on revaluation	(18,922)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit on asset disposals	18,401	1,417	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(23,859)	(35,329)	0	(2,140)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	2,033,089	3,611,439	2,797,600	2,472,428	1,812,036	2,263,832	2,305,761	2,319,962	2,300,829	2,354,043	2,372,448	2,307,678	2,335,305	2,337,403	2,288,810	2,314,334	2,310,162	2,253,262	2,296,076
Other comprehensive income	639,667	1,883,862	0	0	656,452	5,453,664	75,637	1,108,294	5,832,811	0	757,904	6,779,748	0	784,949	6,855,484	389,809	920,402	7,454,028	0
TOTAL COMPREHENSIVE INCOME	2,672,756	5,495,301	2,797,600	2,472,428	2,468,488	7,717,496	2,381,398	3,428,256	8,133,640	2,354,043	3,130,352	9,087,426	2,335,305	3,122,352	9,144,294	2,704,143	3,230,564	9,707,290	2,296,076

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B3 – Forecast Statement of Comprehensive Income by Program 2022 – 2037

	2018-19	2019-20	2020-21	Base	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue																			
Governance	7,676	6,634	24,285	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General purpose funding	5,147,821	5,558,933	6,414,091	5,054,856	6,578,170	6,719,508	6,878,147	7,038,981	7,204,820	7,375,809	7,552,094	7,708,837	7,870,701	8,037,842	8,210,424	8,388,612	8,564,587	8,746,362	8,934,113
Law, order, public safety	6,554	10,686	18,116	14,650	10,811	10,974	11,139	11,307	11,477	11,650	11,826	12,004	12,185	12,368	12,554	12,743	12,935	13,129	13,326
Health	676	450	0	300	305	310	315	320	325	330	335	340	345	350	355	360	365	370	376
Housing	91,051	88,687	50,459	37,880	38,449	39,026	39,612	40,206	40,809	41,421	42,042	42,673	43,313	43,963	44,622	45,291	45,971	46,661	47,361
Community amenities	17,997	27,964	17,277	25,885	26,274	26,668	27,069	27,475	27,887	28,304	28,728	29,159	29,596	30,040	30,491	30,948	31,413	31,884	32,362
Recreation and culture	4,703	16,730	0	700	713	726	739	752	765	778	791	804	817	830	843	856	870	884	898
Transport	1,120,410	643,435	182,985	182,613	185,353	188,133	190,955	193,819	196,726	199,677	202,672	205,712	208,798	211,929	215,108	218,334	221,609	224,933	228,307
Economic services	396,793	246,923	223,577	212,150	215,334	218,564	221,842	225,170	228,549	231,978	235,456	238,986	242,569	246,209	249,904	253,654	257,460	261,322	265,241
Other property and services	32,472	51,671	18,801	28,435	28,862	29,295	29,734	30,180	30,633	31,092	31,558	32,031	32,511	32,999	33,493	33,995	34,504	35,022	35,548
	6,826,153	6,652,113	6,949,591	5,557,469	7,084,271	7,233,204	7,399,552	7,568,210	7,741,991	7,921,039	8,105,502	8,270,546	8,440,835	8,616,530	8,797,794	8,984,793	9,169,714	9,360,567	9,557,532
Expenses excluding finance costs																			
Governance	(813,644)	(881,861)	(970,094)	(1,018,987)	(1,034,272)	(1,049,784)	(1,065,526)	(1,081,511)	(1,097,737)	(1,114,202)	(1,130,914)	(1,147,877)	(1,165,091)	(1,182,573)	(1,200,312)	(1,218,311)	(1,236,587)	(1,255,135)	(1,273,956)
General purpose funding	(165,567)	(264,419)	(296,959)	(412,189)	(388,373)	(419,198)	(431,019)	(437,484)	(444,048)	(450,708)	(457,467)	(464,328)	(471,291)	(478,363)	(485,539)	(492,824)	(500,216)	(507,718)	(515,333)
Law, order, public safety	(98,801)	(110,478)	(102,992)	(135,187)	(136,927)	(139,201)	(141,340)	(143,577)	(145,926)	(148,155)	(150,499)	(153,015)	(155,368)	(157,821)	(160,430)	(162,919)	(165,501)	(168,246)	(170,817)
Health	(92,394)	(38,541)	(32,194)	(42,592)	(43,231)	(43,879)	(44,537)	(45,206)	(45,885)	(46,573)	(47,271)	(47,980)	(48,700)	(49,429)	(50,170)	(50,922)	(51,686)	(52,462)	(53,248)
Housing	(141,944)	(194,735)	(150,457)	(204,818)	(201,935)	(209,481)	(213,690)	(219,247)	(226,534)	(230,745)	(236,766)	(245,668)	(250,573)	(256,865)	(265,696)	(271,386)	(278,310)	(287,884)	(293,164)
Community amenities	(243,779)	(379,856)	(293,371)	(375,724)	(380,487)	(386,859)	(392,815)	(399,055)	(405,630)	(411,832)	(418,382)	(425,445)	(432,006)	(438,857)	(446,172)	(453,114)	(460,332)	(468,031)	(475,197)
Recreation and culture	(744,806)	(805,794)	(754,867)	(854,772)	(861,137)	(878,962)	(893,309)	(909,260)	(927,243)	(942,031)	(958,938)	(979,129)	(995,138)	(1,012,811)	(1,033,407)	(1,050,756)	(1,069,616)	(1,091,518)	(1,108,936)
Transport	(2,317,032)	(2,318,875)	(1,908,450)	(2,259,243)	(2,216,251)	(2,307,849)	(2,356,270)	(2,421,997)	(2,509,971)	(2,558,071)	(2,629,477)	(2,738,012)	(2,794,839)	(2,869,464)	(2,976,805)	(3,043,463)	(3,125,950)	(3,242,543)	(3,303,589)
Economic services	(1,216,727)	(921,397)	(887,150)	(1,262,109)	(1,270,856)	(1,297,655)	(1,318,947)	(1,342,759)	(1,369,748)	(1,391,680)	(1,416,927)	(1,447,336)	(1,471,136)	(1,497,536)	(1,528,517)	(1,554,361)	(1,582,558)	(1,615,534)	(1,641,414)
Other property and services	(213,236)	(654,827)	(210,201)	(2,974)	(3,091)	(854)	(713)	(12,553)	(32,847)	(37,406)	(50,820)	(78,485)	(85,795)	(99,815)	(126,343)	(136,810)	(153,203)	(182,641)	(190,209)
	(6,047,930)	(6,570,783)	(5,606,735)	(6,568,595)	(6,536,560)	(6,733,722)	(6,858,166)	(7,012,649)	(7,205,569)	(7,331,403)	(7,497,461)	(7,727,275)	(7,869,937)	(8,043,534)	(8,273,391)	(8,434,866)	(8,623,959)	(8,871,712)	(9,025,863)
Finance costs																			
Other property and services	0	(529)	0	(112)	(82)	(57)	(32)	(6)	0	0	0	0	0	0	0	0	0	0	0
	0	(529)	0	(112)	(82)	(57)	(32)	(6)	0	0	0	0	0	0	0	0	0	0	0
Non operating grants, subsidies and contributions																			
General purpose funding	0	0	489,788	1,531,180	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and culture	47,301	20,242	10,328	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport	1,121,945	3,423,720	954,628	1,954,626	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Economic services	110,000	120,588	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,279,246	3,564,550	1,454,744	3,485,806	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Profit/(loss) on disposal of assets																			
Transport	2,942	(33,912)	0	(2,140)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(5,458)	(33,912)	0	(2,140)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	2,033,089	3,611,439	2,797,600	2,472,428	1,812,036	2,263,832	2,305,761	2,319,962	2,300,829	2,354,043	2,372,448	2,307,678	2,335,305	2,337,403	2,288,810	2,314,334	2,310,162	2,253,262	2,296,076
Other comprehensive income	639,667	1,883,862	0	0	656,452	5,453,664	75,637	1,108,294	5,832,811	0	757,904	6,779,748	0	784,949	6,855,484	389,809	920,402	7,454,028	0
TOTAL COMPREHENSIVE INCOME	2,672,756	5,495,301	2,797,600	2,472,428	2,468,488	7,717,496	2,381,398	3,428,256	8,133,640	2,354,043	3,130,352	9,087,426	2,335,305	3,122,352	9,144,294	2,704,143	3,230,564	9,707,290	2,296,076

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B4 – Forecast Statement of Financial Position 2022 – 2037

	2019	2020	2021	Base	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34	30 June 35	30 June 36	30 June 37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS																			
Unrestricted cash and cash equivalents	2,132,836	1,045,696	3,536,404	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276
Restricted cash and cash equivalent	8,500,931	11,856,155	12,302,101	7,076,280	7,492,892	8,629,368	9,727,095	10,922,695	12,220,593	13,624,229	13,887,939	14,241,171	14,688,046	15,232,808	15,879,867	16,233,770	16,691,231	17,256,960	17,935,837
Trade and other receivables	728,510	673,083	361,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465
Inventories	10,706	13,623	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092
Other assets	0	17,642	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358
TOTAL CURRENT ASSETS	11,372,983	13,606,199	16,221,420	7,177,471	7,594,083	8,730,559	9,828,286	11,023,886	12,321,784	13,725,420	13,989,130	14,342,362	14,789,237	15,333,999	15,981,058	16,334,961	16,792,422	17,358,151	18,037,028
NON-CURRENT ASSETS																			
Property plant and equipment	9,380,577	10,565,699	10,683,086	15,280,682	16,431,867	16,587,960	16,687,553	17,464,155	17,499,032	17,512,409	18,236,537	18,181,261	18,104,485	18,761,385	18,611,836	18,440,787	19,014,470	18,766,343	18,496,716
Infrastructure	117,269,232	118,875,551	118,597,032	125,513,450	126,413,088	132,836,937	134,019,912	135,475,215	142,276,080	143,213,110	145,355,624	154,145,094	156,110,300	158,030,990	166,677,774	169,199,063	171,398,483	180,788,171	182,674,997
TOTAL NON-CURRENT ASSETS	126,649,809	129,447,590	129,280,118	140,794,132	142,844,955	149,424,897	150,707,465	152,939,370	159,775,112	160,725,519	163,592,161	172,326,355	174,214,785	176,792,375	185,289,610	187,639,850	190,412,953	199,554,514	201,171,713
TOTAL ASSETS	138,022,792	143,053,789	145,501,538	147,971,603	150,439,038	158,155,456	160,535,751	163,963,256	172,096,896	174,450,939	177,581,291	186,668,717	189,004,022	192,126,374	201,270,668	203,974,811	207,205,375	216,912,665	219,208,741
CURRENT LIABILITIES																			
Trade and other payables	880,763	392,694	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191	101,191
Lease liabilities	0	3,985	3,985	1,622	1,078	1,103	751	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	140,097	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107	197,107
TOTAL CURRENT LIABILITIES	1,020,860	593,786	302,283	299,920	299,376	299,401	299,049	298,298	298,298	298,298	298,298	298,298	298,298	298,298	298,298	298,298	298,298	298,298	298,298
NON-CURRENT LIABILITIES																			
Contract liabilities	0	0	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321	26,321
Lease liabilities	0	2,363	2,363	2,363	1,854	751	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	81,268	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675	41,675
TOTAL NON-CURRENT LIABILITIES	81,268	44,038	70,359	70,359	69,850	68,747	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996	67,996
TOTAL LIABILITIES	1,102,128	637,824	372,642	370,279	369,226	368,148	367,045	366,294	366,294	366,294	366,294	366,294	366,294	366,294	366,294	366,294	366,294	366,294	366,294
NET ASSETS	136,920,664	142,415,965	145,128,896	147,601,324	150,069,812	157,787,308	160,168,706	163,596,962	171,730,602	174,084,645	177,214,997	186,302,423	188,637,728	191,760,080	200,904,374	203,608,517	206,839,081	216,546,371	218,842,447
EQUITY																			
Retained surplus	17,138,002	18,733,641	19,657,517	27,355,766	28,751,190	29,878,546	31,086,580	32,210,942	33,213,873	34,164,280	36,273,018	38,227,464	40,115,894	41,908,535	43,550,286	45,510,717	47,363,418	49,050,951	50,668,150
Reserves - cash backed	8,497,246	11,856,155	12,302,101	7,076,280	7,492,892	8,629,368	9,727,095	10,922,695	12,220,593	13,624,229	13,887,939	14,241,171	14,688,046	15,232,808	15,879,867	16,233,770	16,691,231	17,256,960	17,935,837
Asset revaluation surplus	111,285,416	111,826,169	113,169,278	113,169,278	113,825,730	119,279,394	119,355,031	120,463,325	126,296,136	126,296,136	127,054,040	133,833,788	133,833,788	134,618,737	141,474,221	141,864,030	142,784,432	150,238,460	150,238,460
TOTAL EQUITY	136,920,664	142,415,965	145,128,896	147,601,324	150,069,812	157,787,308	160,168,706	163,596,962	171,730,602	174,084,645	177,214,997	186,302,423	188,637,728	191,760,080	200,904,374	203,608,517	206,839,081	216,546,371	218,842,447

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B5 – Forecast Statement of Changes in Equity 2022 – 2037

	2019	2020	2021	Base	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34	30 June 35	30 June 36	30 June 37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS																			
Opening balance	15,104,913	18,481,111	17,305,863	19,657,517	27,355,766	28,751,190	29,878,546	31,086,580	32,210,942	33,213,873	34,164,280	36,273,018	38,227,464	40,115,894	41,908,535	43,550,286	45,510,717	47,363,418	49,050,951
Net result	2,033,089	3,611,439	2,797,600	2,472,428	1,812,036	2,263,832	2,305,761	2,319,962	2,300,829	2,354,043	2,372,448	2,307,678	2,335,305	2,337,403	2,288,810	2,314,334	2,310,162	2,253,262	2,296,076
Amount transferred (to)/from reserves		(3,358,909)	(445,946)	5,225,821	(416,612)	(1,136,476)	(1,097,727)	(1,195,600)	(1,297,898)	(1,403,636)	(263,710)	(353,232)	(446,875)	(544,762)	(647,059)	(353,903)	(457,461)	(565,729)	(678,877)
Closing balance	17,138,002	18,733,641	19,657,517	27,355,766	28,751,190	29,878,546	31,086,580	32,210,942	33,213,873	34,164,280	36,273,018	38,227,464	40,115,894	41,908,535	43,550,286	45,510,717	47,363,418	49,050,951	50,668,150
RESERVES - CASH/INVESTMENT BACKED																			
Opening balance	8,497,246	8,497,246	11,856,155	12,302,101	7,076,280	7,492,892	8,629,368	9,727,095	10,922,695	12,220,593	13,624,229	13,887,939	14,241,171	14,688,046	15,232,808	15,879,867	16,233,770	16,691,231	17,256,960
Amount transferred to/(from) retained surplus	0	3,358,909	445,946	(5,225,821)	416,612	1,136,476	1,097,727	1,195,600	1,297,898	1,403,636	263,710	353,232	446,875	544,762	647,059	353,903	457,461	565,729	678,877
Closing balance	8,497,246	11,856,155	12,302,101	7,076,280	7,492,892	8,629,368	9,727,095	10,922,695	12,220,593	13,624,229	13,887,939	14,241,171	14,688,046	15,232,808	15,879,867	16,233,770	16,691,231	17,256,960	17,935,837
ASSET REVALUATION SURPLUS																			
Opening balance	111,285,416	111,826,169	113,169,278	113,169,278	113,169,278	113,825,730	119,279,394	119,355,031	120,463,325	126,296,136	126,296,136	127,054,040	133,833,788	133,833,788	134,618,737	141,474,221	141,864,030	142,784,432	150,238,460
Total other comprehensive income	0	0	0	0	656,452	5,453,664	75,637	1,108,294	5,832,811	0	757,904	6,779,748	0	784,949	6,855,484	389,809	920,402	7,454,028	0
Closing balance	111,285,416	111,826,169	113,169,278	113,169,278	113,825,730	119,279,394	119,355,031	120,463,325	126,296,136	126,296,136	127,054,040	133,833,788	133,833,788	134,618,737	141,474,221	141,864,030	142,784,432	150,238,460	150,238,460
TOTAL EQUITY	136,920,664	142,415,965	145,128,896	147,601,324	150,069,812	157,787,308	160,168,706	163,596,962	171,730,602	174,084,645	177,214,997	186,302,423	188,637,728	191,760,080	200,904,374	203,608,517	206,839,081	216,546,371	218,842,447

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B6 – Forecast Statement of Cashflows 2022 – 2037

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities															
Receipts															
Rates	3,645,382	3,736,517	3,829,930	3,925,678	4,023,820	4,124,415	4,227,525	4,333,213	4,441,543	4,552,582	4,666,397	4,783,057	4,902,633	5,025,199	5,150,829
Operating grants, subsidies and contributions	3,051,253	3,097,022	3,143,477	3,190,629	3,238,488	3,287,066	3,336,372	3,386,418	3,437,215	3,488,772	3,541,104	3,594,221	3,648,134	3,702,856	3,758,398
Fees and charges	210,381	213,540	216,747	220,000	223,304	226,655	230,054	233,505	237,006	240,562	244,171	247,832	251,553	255,328	259,159
Interest earnings	141,591	149,925	172,654	194,607	218,522	244,478	272,549	277,823	284,890	293,828	304,723	317,662	324,742	333,892	345,204
Other revenue	35,664	36,200	36,744	37,296	37,857	38,425	39,002	39,587	40,181	40,786	41,399	42,021	42,652	43,292	43,942
	7,084,271	7,233,204	7,399,552	7,568,210	7,741,991	7,921,039	8,105,502	8,270,546	8,440,835	8,616,530	8,797,794	8,984,793	9,169,714	9,360,567	9,557,532
Payments															
Employee costs	(2,409,715)	(2,445,860)	(2,482,545)	(2,519,788)	(2,557,590)	(2,595,951)	(2,634,884)	(2,674,406)	(2,714,524)	(2,755,240)	(2,796,568)	(2,838,514)	(2,881,086)	(2,924,303)	(2,968,169)
Materials and contracts	(1,539,093)	(1,562,180)	(1,585,610)	(1,609,396)	(1,633,545)	(1,658,054)	(1,682,914)	(1,708,159)	(1,733,771)	(1,759,780)	(1,786,174)	(1,812,966)	(1,840,169)	(1,867,772)	(1,895,784)
Utility charges	(89,474)	(90,814)	(92,173)	(93,556)	(94,961)	(96,387)	(97,831)	(99,300)	(100,787)	(102,298)	(103,833)	(105,390)	(106,972)	(108,578)	(110,207)
Interest expenses	(82)	(57)	(32)	(6)	0	0	0	0	0	0	0	0	0	0	0
Insurance expenses	(137,412)	(139,475)	(141,568)	(143,690)	(145,845)	(148,031)	(150,253)	(152,505)	(154,793)	(157,116)	(159,471)	(161,864)	(164,291)	(166,758)	(169,261)
Other expenditure	(428,940)	(435,374)	(441,904)	(448,533)	(455,262)	(462,090)	(469,020)	(476,054)	(483,195)	(490,444)	(497,799)	(505,266)	(512,845)	(520,537)	(528,344)
	(4,604,716)	(4,673,760)	(4,743,832)	(4,814,969)	(4,887,203)	(4,960,513)	(5,034,902)	(5,110,424)	(5,187,070)	(5,264,878)	(5,343,845)	(5,424,000)	(5,505,363)	(5,587,948)	(5,671,765)
Net cash provided by (used in) operating activities	2,479,555	2,559,444	2,655,720	2,753,241	2,854,788	2,960,526	3,070,600	3,160,122	3,253,765	3,351,652	3,453,949	3,560,793	3,664,351	3,772,619	3,885,767
Cash flows from investing activities															
Payments for purchase of property, plant & equipment	(915,000)	(610,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)
Payments for construction of infrastructure	(2,411,297)	(2,576,297)	(2,746,297)	(2,746,297)	(2,746,297)	(2,746,297)	(3,996,297)	(3,996,297)	(3,996,297)	(3,996,297)	(3,996,297)	(4,396,297)	(4,396,297)	(4,396,297)	(4,396,297)
Proceeds from non-operating grants, subsidies and contributions	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Net cash provided by (used in) investing activities	(2,061,890)	(1,421,890)	(1,556,890)	(1,556,890)	(1,556,890)	(1,556,890)	(2,806,890)	(2,806,890)	(2,806,890)	(2,806,890)	(2,806,890)	(3,206,890)	(3,206,890)	(3,206,890)	(3,206,890)
Cash flows from financing activities															
Repayment of leases	(1,053)	(1,078)	(1,103)	(751)	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by (used in) financing activities	(1,053)	(1,078)	(1,103)	(751)	0	0	0	0	0	0	0	0	0	0	0
Net increase (decrease) in cash held	416,612	1,136,476	1,097,727	1,195,600	1,297,898	1,403,636	263,710	353,232	446,875	544,762	647,059	353,903	457,461	565,729	678,877
Cash at beginning of year	7,079,556	7,496,168	8,632,644	9,730,371	10,925,971	12,223,869	13,627,505	13,891,215	14,244,447	14,691,322	15,236,084	15,883,143	16,237,046	16,694,507	17,260,236
Cash and cash equivalents at the end of year	7,496,168	8,632,644	9,730,371	10,925,971	12,223,869	13,627,505	13,891,215	14,244,447	14,691,322	15,236,084	15,883,143	16,237,046	16,694,507	17,260,236	17,939,113
Reconciliation of net cash provided by operating activities to net result															
Net result	1,812,036	2,263,832	2,305,761	2,319,962	2,300,829	2,354,043	2,372,448	2,307,678	2,335,305	2,337,403	2,288,810	2,314,334	2,310,162	2,253,262	2,296,076
Depreciation	1,931,926	2,060,019	2,114,366	2,197,686	2,318,366	2,370,890	2,462,559	2,616,851	2,682,867	2,778,656	2,929,546	3,010,866	3,118,596	3,283,764	3,354,098
Grants/contributions for the development of assets	(1,264,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)	(1,764,407)
Net cash from operating activities	2,479,555	2,559,444	2,655,720	2,753,241	2,854,788	2,960,526	3,070,600	3,160,122	3,253,765	3,351,652	3,453,949	3,560,793	3,664,351	3,772,619	3,885,767

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B7 – Forecast Statement of Funding 2022 – 2037

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES															
Revenues															
Rates	3,645,382	3,736,517	3,829,930	3,925,678	4,023,820	4,124,415	4,227,525	4,333,213	4,441,543	4,552,582	4,666,397	4,783,057	4,902,633	5,025,199	5,150,829
Operating grants, subsidies and contributions	3,051,253	3,097,022	3,143,477	3,190,629	3,238,488	3,287,066	3,336,372	3,386,418	3,437,215	3,488,772	3,541,104	3,594,221	3,648,134	3,702,856	3,758,398
Fees and charges	210,381	213,540	216,747	220,000	223,304	226,655	230,054	233,505	237,006	240,562	244,171	247,832	251,553	255,328	259,159
Interest earnings	141,591	149,925	172,654	194,607	218,522	244,478	272,549	277,823	284,890	293,828	304,723	317,662	324,742	333,892	345,204
Other revenue	35,664	36,200	36,744	37,296	37,857	38,425	39,002	39,587	40,181	40,786	41,399	42,021	42,652	43,292	43,942
	7,084,271	7,233,204	7,399,552	7,568,210	7,741,991	7,921,039	8,105,502	8,270,546	8,440,835	8,616,530	8,797,794	8,984,793	9,169,714	9,360,567	9,557,532
Expenses															
Employee costs	(2,409,715)	(2,445,860)	(2,482,545)	(2,519,788)	(2,557,590)	(2,595,951)	(2,634,884)	(2,674,406)	(2,714,524)	(2,755,240)	(2,796,568)	(2,838,514)	(2,881,086)	(2,924,303)	(2,968,169)
Materials and contracts	(1,539,093)	(1,562,180)	(1,585,610)	(1,609,396)	(1,633,545)	(1,658,054)	(1,682,914)	(1,708,159)	(1,733,771)	(1,759,780)	(1,786,174)	(1,812,966)	(1,840,169)	(1,867,772)	(1,895,784)
Utility charges (electricity, gas, water etc.)	(89,474)	(90,814)	(92,173)	(93,556)	(94,961)	(96,387)	(97,831)	(99,300)	(100,787)	(102,298)	(103,833)	(105,390)	(106,972)	(108,578)	(110,207)
Depreciation on non-current assets	(1,931,926)	(2,060,019)	(2,114,366)	(2,197,686)	(2,318,366)	(2,370,890)	(2,462,559)	(2,616,851)	(2,682,867)	(2,778,656)	(2,929,546)	(3,010,866)	(3,118,596)	(3,283,764)	(3,354,098)
Interest expense	(82)	(57)	(32)	(6)	0	0	0	0	0	0	0	0	0	0	0
Insurance expense	(137,412)	(139,475)	(141,568)	(143,690)	(145,845)	(148,031)	(150,253)	(152,505)	(154,793)	(157,116)	(159,471)	(161,864)	(164,291)	(166,758)	(169,261)
Other expenditure	(428,940)	(435,374)	(441,904)	(448,533)	(455,262)	(462,090)	(469,020)	(476,054)	(483,195)	(490,444)	(497,799)	(505,266)	(512,845)	(520,537)	(528,344)
	(6,536,642)	(6,733,779)	(6,858,198)	(7,012,655)	(7,205,569)	(7,331,403)	(7,497,461)	(7,727,275)	(7,869,937)	(8,043,534)	(8,273,391)	(8,434,866)	(8,623,959)	(8,871,712)	(9,025,863)
	547,629	499,425	541,354	555,555	536,422	589,636	608,041	543,271	570,898	572,996	524,403	549,927	545,755	488,855	531,669
Funding position adjustments															
Depreciation on non-current assets	1,931,926	2,060,019	2,114,366	2,197,686	2,318,366	2,370,890	2,462,559	2,616,851	2,682,867	2,778,656	2,929,546	3,010,866	3,118,596	3,283,764	3,354,098
Net profit and losses on disposal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net funding from operational activities	2,479,555	2,559,444	2,655,720	2,753,241	2,854,788	2,960,526	3,070,600	3,160,122	3,253,765	3,351,652	3,453,949	3,560,793	3,664,351	3,772,619	3,885,767
FUNDING FROM CAPITAL ACTIVITIES															
Inflows															
Non-operating grants, subsidies and contributions	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Outflows															
Purchase of property plant and equipment	(915,000)	(610,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)
Purchase of infrastructure	(2,411,297)	(2,576,297)	(2,746,297)	(2,746,297)	(2,746,297)	(2,746,297)	(3,996,297)	(3,996,297)	(3,996,297)	(3,996,297)	(3,996,297)	(4,396,297)	(4,396,297)	(4,396,297)	(4,396,297)
Net funding from capital activities	(2,061,890)	(1,421,890)	(1,556,890)	(1,556,890)	(1,556,890)	(1,556,890)	(2,806,890)	(2,806,890)	(2,806,890)	(2,806,890)	(2,806,890)	(3,206,890)	(3,206,890)	(3,206,890)	(3,206,890)
FUNDING FROM FINANCING ACTIVITIES															
Inflows															
Transfer from reserves	980,000	275,000	70,000	30,000	0	0	50,000	50,000	0	0	0	0	0	0	0
Outflows															
Transfer to reserves	(1,396,612)	(1,411,476)	(1,167,727)	(1,225,600)	(1,297,898)	(1,403,636)	(313,710)	(403,232)	(446,875)	(544,762)	(647,059)	(353,903)	(457,461)	(565,729)	(678,877)
Principal elements of finance lease payments	(1,053)	(1,078)	(1,103)	(751)	0	0	0	0	0	0	0	0	0	0	0
Net funding from financing activities	(417,665)	(1,137,554)	(1,098,830)	(1,196,351)	(1,297,898)	(1,403,636)	(263,710)	(353,232)	(446,875)	(544,762)	(647,059)	(353,903)	(457,461)	(565,729)	(678,877)
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funding available/(to be sourced)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B8 – Forecast Statement of Net Current Asset Composition 2022 – 2037

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS															
Unrestricted cash and equivalents	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276	3,276
Restricted cash and cash equivalent	7,492,892	8,629,368	9,727,095	10,922,695	12,220,593	13,624,229	13,887,939	14,241,171	14,688,046	15,232,808	15,879,867	16,233,770	16,691,231	17,256,960	17,935,837
Trade and other receivables	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465	76,465
Inventories	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092	13,092
Other assets	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358	8,358
CURRENT LIABILITIES															
Trade and other payables	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)	(101,191)
Reserves	(7,492,892)	(8,629,368)	(9,727,095)	(10,922,695)	(12,220,593)	(13,624,229)	(13,887,939)	(14,241,171)	(14,688,046)	(15,232,808)	(15,879,867)	(16,233,770)	(16,691,231)	(17,256,960)	(17,935,837)
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B9 – Forecast Statement of Fixed Asset Movements 2022 – 2037

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE															
Infrastructure - roads	2,046,297	2,046,297	2,596,297	2,596,297	2,596,297	2,596,297	3,846,297	3,846,297	3,846,297	3,846,297	3,846,297	4,246,297	4,246,297	4,246,297	4,246,297
Infrastructure - other	265,000	430,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - footpaths	100,000	100,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total capital works - infrastructure	2,411,297	2,576,297	2,746,297	2,746,297	2,746,297	2,746,297	3,996,297	3,996,297	3,996,297	3,996,297	3,996,297	4,396,297	4,396,297	4,396,297	4,396,297
Represented by:															
Additions - renewal	2,411,297	2,576,297	2,746,297	2,746,297	2,746,297	2,746,297	3,996,297	3,996,297	3,996,297	3,996,297	3,996,297	4,396,297	4,396,297	4,396,297	4,396,297
Total Capital Works - Infrastructure	2,411,297	2,576,297	2,746,297	2,746,297	2,746,297	2,746,297	3,996,297	3,996,297	3,996,297	3,996,297	3,996,297	4,396,297	4,396,297	4,396,297	4,396,297
Asset movement reconciliation															
Total capital works infrastructure	2,411,297	2,576,297	2,746,297	2,746,297	2,746,297	2,746,297	3,996,297	3,996,297	3,996,297	3,996,297	3,996,297	4,396,297	4,396,297	4,396,297	4,396,297
Depreciation infrastructure	(1,511,659)	(1,606,112)	(1,638,959)	(1,679,063)	(1,778,243)	(1,809,267)	(1,853,783)	(1,986,575)	(2,031,091)	(2,075,607)	(2,204,997)	(2,264,817)	(2,316,969)	(2,460,637)	(2,509,471)
Revaluation of infrastructure assets (inflation)	0	5,453,664	75,637	388,069	5,832,811	0	0	6,779,748	0	0	6,855,484	389,809	120,092	7,454,028	0
Net movement in infrastructure assets	899,638	6,423,849	1,182,975	1,455,303	6,800,865	937,030	2,142,514	8,789,470	1,965,206	1,920,690	8,646,784	2,521,289	2,199,420	9,389,688	1,886,826
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT															
Buildings	380,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Plant and equipment	535,000	535,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total capital works property, plant and equipment	915,000	610,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Represented by:															
Additions - renewal	915,000	610,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Total capital works property, plant and equipment	915,000	610,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Asset movement reconciliation															
Total capital works property, plant and equipment	915,000	610,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Depreciation property, plant and equipment	(420,267)	(453,907)	(475,407)	(518,623)	(540,123)	(561,623)	(608,776)	(630,276)	(651,776)	(703,049)	(724,549)	(746,049)	(801,627)	(823,127)	(844,627)
Revaluation of property, plant and equipment (inflation)	656,452	0	0	720,225	0	0	757,904	0	0	784,949	0	0	800,310	0	0
Net movement in property, plant and equipment	1,151,185	156,093	99,593	776,602	34,877	13,377	724,128	(55,276)	(76,776)	656,900	(149,549)	(171,049)	573,683	(248,127)	(269,627)
CAPITAL WORKS - TOTALS															
Capital works															
Total capital works infrastructure	2,411,297	2,576,297	2,746,297	2,746,297	2,746,297	2,746,297	3,996,297	3,996,297	3,996,297	3,996,297	3,996,297	4,396,297	4,396,297	4,396,297	4,396,297
Total capital works property, plant and equipment	915,000	610,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Total capital works	3,326,297	3,186,297	3,321,297	3,321,297	3,321,297	3,321,297	4,571,297	4,571,297	4,571,297	4,571,297	4,571,297	4,971,297	4,971,297	4,971,297	4,971,297
Fixed asset movement															
Net movement in infrastructure assets	899,638	6,423,849	1,182,975	1,455,303	6,800,865	937,030	2,142,514	8,789,470	1,965,206	1,920,690	8,646,784	2,521,289	2,199,420	9,389,688	1,886,826
Net movement in property, plant and equipment	1,151,185	156,093	99,593	776,602	34,877	13,377	724,128	(55,276)	(76,776)	656,900	(149,549)	(171,049)	573,683	(248,127)	(269,627)
Net movement in fixed assets	2,050,823	6,579,942	1,282,568	2,231,905	6,835,742	950,407	2,866,642	8,734,194	1,888,430	2,577,590	8,497,235	2,350,240	2,773,103	9,141,561	1,617,199

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B10 – Forecast Statement of Capital Funding 2022 – 2037

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditure															
Infrastructure - roads	2,046,297	2,046,297	2,596,297	2,596,297	2,596,297	2,596,297	3,846,297	3,846,297	3,846,297	3,846,297	3,846,297	4,246,297	4,246,297	4,246,297	4,246,297
Infrastructure - other	265,000	430,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - footpaths	100,000	100,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Buildings	380,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Plant and equipment	535,000	535,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total - Capital expenditure	3,326,297	3,186,297	3,321,297	3,321,297	3,321,297	3,321,297	4,571,297	4,571,297	4,571,297	4,571,297	4,571,297	4,971,297	4,971,297	4,971,297	4,971,297
Funded by:															
Capital grants & contributions															
Infrastructure - roads	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Total - Capital grants & contributions	1,264,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407	1,764,407
Own source funding															
Infrastructure - roads	781,890	281,890	831,890	831,890	831,890	831,890	2,081,890	2,081,890	2,081,890	2,081,890	2,081,890	2,481,890	2,481,890	2,481,890	2,481,890
Infrastructure - other	265,000	430,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - footpaths	100,000	100,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Buildings	380,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Plant and equipment	535,000	535,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total - Own source funding	2,061,890	1,421,890	1,556,890	1,556,890	1,556,890	1,556,890	2,806,890	2,806,890	2,806,890	2,806,890	2,806,890	3,206,890	3,206,890	3,206,890	3,206,890
Total Capital Funding	3,326,297	3,186,297	3,321,297	3,321,297	3,321,297	3,321,297	4,571,297	4,571,297	4,571,297	4,571,297	4,571,297	4,971,297	4,971,297	4,971,297	4,971,297
Unfunded - capital works															
Total - Unfunded - capital works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B11 – Forecast Ratios 2022 – 2037

Target Range				Average	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	
LIQUIDITY RATIOS																				
Current ratio	>	1.00	>	1.20	1.00	0.99	0.99	0.99	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
OPERATING RATIOS																				
Operating surplus ratio	>	1.00%	>	15.00%	11.34%	13.58%	12.07%	12.72%	12.69%	11.91%	12.72%	12.75%	11.12%	11.41%	11.17%	9.98%	10.20%	9.88%	8.64%	9.17%
Own source revenue coverage ratio	>	40.00%	>	60.00%	63.13%	61.70%	61.42%	62.06%	62.42%	62.50%	63.21%	63.61%	63.21%	63.58%	63.75%	63.54%	63.91%	64.03%	63.77%	64.25%
BORROWINGS RATIOS																				
Debt service cover ratio	>	3	>	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIXED ASSET RATIOS																				
Asset sustainability ratio	>	90.00%	>	110.00%	159.59%	172.18%	154.67%	157.08%	151.13%	143.26%	140.09%	185.63%	174.69%	170.39%	164.51%	156.04%	165.11%	159.41%	151.39%	148.22%
Asset consumption ratio	>	50.00%	>	60.00%	86.35%	93.84%	92.74%	91.59%	90.39%	89.35%	88.24%	87.15%	86.19%	85.19%	84.11%	83.23%	82.24%	81.19%	80.37%	79.43%
Asset renewal funding ratio	>	75.00%	>	95.00%	175.69%	569.53%	73.63%	76.55%	78.43%	80.34%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B12 – Asset Renewals 2022 – 2037

Required Asset Renewals

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	0	0	0	0	0	0	0	19,515	0	50,150	0	0	48,841	0	51,937
Furniture and equipment	13,916	0	0	0	0	0	0	2,204	0	0	0	0	0	0	0
Plant and equipment	17,244	56,702	277,408	112,596	172,887	110,726	8,933	107,472	0	44,738	20,012	65,805	321,943	130,671	200,643
Infrastructure - roads	2,368	413,826	0	0	0	730,792	44,234	95,139	460,216	1,376,445	49,669,398	22,362	18,795	0	0
Infrastructure - other	45,890	68,946	27,311	13,294	1,002,770	0	98,028	1,140,934	0	0	0	0	0	0	0
Infrastructure - parks and gardens	0	0	0	0	0	0	0	0	0	276,511	0	0	0	0	0
Total	79,418	539,474	304,719	125,890	1,175,657	841,518	151,195	1,365,264	460,216	1,747,844	49,689,410	88,167	389,579	130,671	252,580

Planned Asset Renewals

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	380,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Plant and equipment	535,000	535,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Infrastructure - roads	2,046,297	2,046,297	2,596,297	2,596,297	2,596,297	2,596,297	3,846,297	3,846,297	3,846,297	3,846,297	3,846,297	4,246,297	4,246,297	4,246,297	4,246,297
Infrastructure - other	265,000	430,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - footpaths	100,000	100,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total	3,326,297	3,186,297	3,321,297	3,321,297	3,321,297	3,321,297	4,571,297	4,571,297	4,571,297	4,571,297	4,571,297	4,971,297	4,971,297	4,971,297	4,971,297

Asset Renewal Funding Surplus (Deficit)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Class															
Buildings	380,000	75,000	75,000	75,000	75,000	75,000	75,000	55,485	75,000	24,850	75,000	75,000	26,159	75,000	23,063
Furniture and equipment	(13,916)	0	0	0	0	0	0	(2,204)	0	0	0	0	0	0	0
Plant and equipment	517,756	478,298	222,592	387,404	327,113	389,274	491,067	392,528	500,000	455,262	479,988	434,195	178,057	369,329	299,357
Infrastructure - roads	2,043,929	1,632,471	2,596,297	2,596,297	2,596,297	1,865,505	3,802,063	3,751,158	3,386,081	2,469,852	(45,823,101)	4,223,935	4,227,502	4,246,297	4,246,297
Infrastructure - other	219,110	361,054	47,689	61,706	(927,770)	75,000	(23,028)	(1,065,934)	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - footpaths	100,000	100,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Infrastructure - parks and gardens	0	0	0	0	0	0	0	0	0	(276,511)	0	0	0	0	0
Total	3,246,879	2,646,823	3,016,578	3,195,407	2,145,640	2,479,779	4,420,102	3,206,033	4,111,081	2,823,453	(45,118,113)	4,883,130	4,581,718	4,840,626	4,718,717

Refer to Appendix B13 – Forecast Significant Accounting Policies

Appendix B13 – Forecast Significant Accounting Policies

Basis of Preparation

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

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

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

Base Year Balances

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

Rounding Off Figures

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

Comparative Figures

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

Appendix B13 – Forecast Significant Accounting Policies (Continued)

Forecast Fair Value Adjustments

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

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

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

Rates, Grants, Donations and Other Contributions

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

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

Goods and Services Tax (GST)

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

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

Superannuation

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

Cash and Cash Equivalents

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

Trade and Other Receivables

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

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

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

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

Appendix B13 – Forecast Significant Accounting Policies (Continued)

Inventories

General

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

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

Land held for resale

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

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

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

Fixed Assets

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

Revaluation

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

Depreciation

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

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

Asset Class	Effective average depreciation rate
Buildings	2.00%
Furniture and Equipment	5.00%
Plant and Equipment	4.00%
Infrastructure - Roads	1.08%
Infrastructure - Other	2.00%
Infrastructure - Footpaths	2.00%
Infrastructure - Parks and Gardens	2.00%

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.

Appendix B13 – Forecast Significant Accounting Policies (Continued)

Employee Benefits

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

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.

Other Long-Term Employee Benefits

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

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

Borrowing Costs

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

Trade and Other Payables

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

Provisions

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

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

Current and Non-Current Classification

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

Appendix C1 – Glossary

Funding Gap

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

Infrastructure Assets

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

Key Performance Indicator

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

Level of Service

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

Maintenance

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

Planned Maintenance

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

Reactive Maintenance

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

Significant Maintenance

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

Unplanned Maintenance

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

Maintenance Expenditure

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

Materiality

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

Appendix C1 – Glossary (Continued)

Modern Equivalent Asset

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

Net Present Value (NPV)

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

Non-Revenue Generating Investments

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

Operations Expenditure

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

Pavement Management System

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

Recoverable Amount

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

Recurrent Expenditure

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

Recurrent Funding

Funding to pay for recurrent expenditure.

Remaining Useful Life

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

Renewal

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

Residual Value

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

Revenue Generating Investments

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

Risk Management

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

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.

Appendix C1 – Glossary (Continued)

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 Menzies by Moore Australia (WA) Pty Ltd.

Reliance

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

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

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