



Shire of Mt Marshall

LONG TERM FINANCIAL PLAN

2017/18 to 2026/27

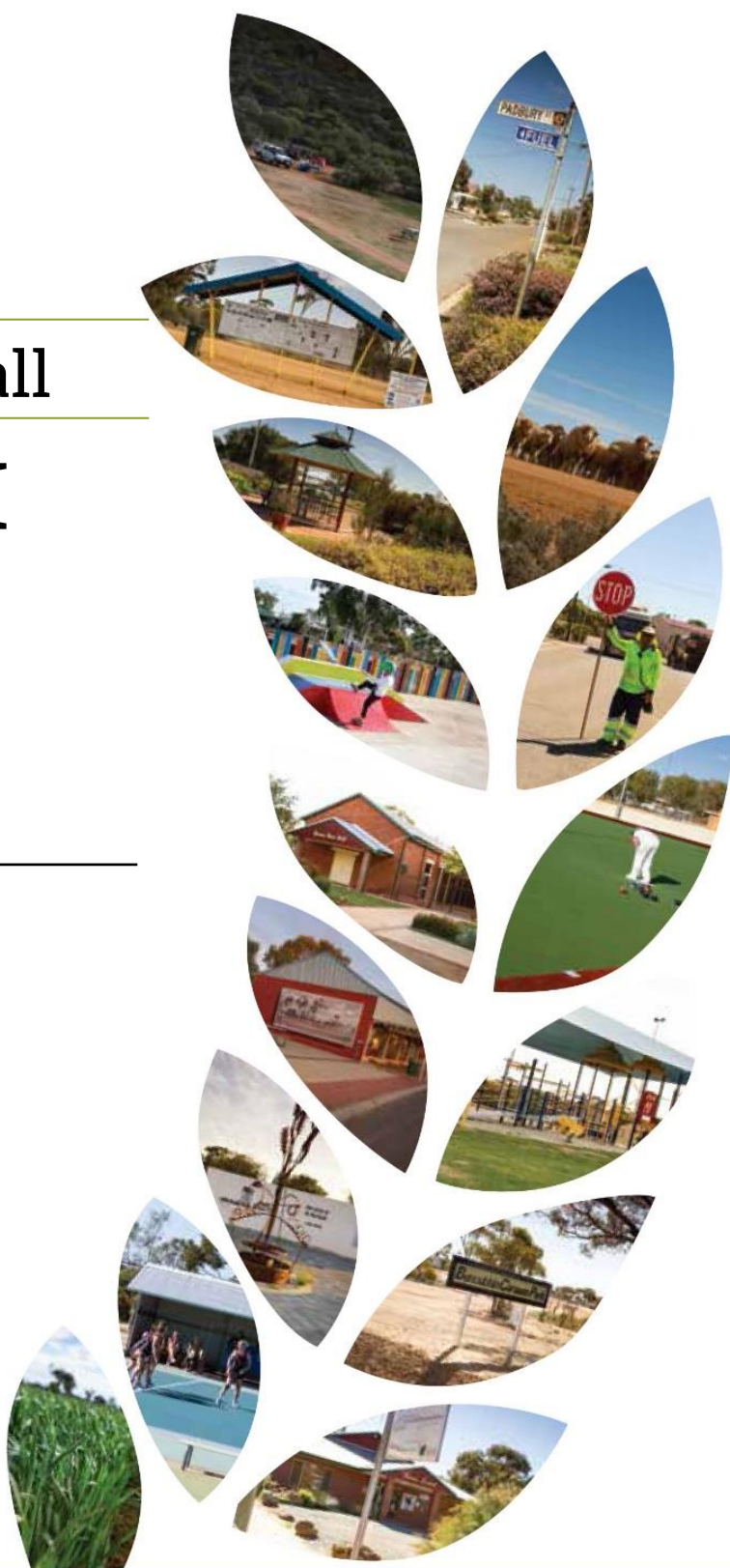


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Introduction

Purpose of the Plan

The purpose of the Long Term Financial Plan (LTFP) is to present a financial analysis of all strategic objectives and goals set out in the integrated planning framework documents over a ten-year period. It is an integral part of Council's strategic planning process and is aligned to other core planning documents, including the Strategic Community Plan (2017/18 to 2026/27) and the Shire's Corporate Business Plan (2017/18). Information contained in other strategic plans including the Asset Management and Workforce Plans have informed the Long Term Financial Plan which is the basis for the preparation of the Shire's Annual Budget.

Financial and social indicators are inherent to predicting future values; these include consumer price index, interest rates, population growth and demographic trends. The Long Term Financial Plan analyses financial trends over a ten-year period on a range of assumptions and provides the Shire with information to assess resourcing requirements to achieve its strategic objectives and to assist the Shire to ensure long term financial sustainability.

This plan addresses the operating and capital needs placed on the Shire over the next ten years. It also shows the linkages between specific plans and strategies, and enhances the transparency and accountability of the Shire to the community.

Shire Profile

Shire is approximately 273 kilometres north east of Perth and has borders with the Shires of Trayning, Koorda, Mukinbudin, Yalgoo, Dalwallinu, Westonia, Yilgarn, Wyalkatchem, Sandstone and Menzies. The area is primarily wheat, coarse grain, cattle and sheep farming district. There are many points of interest all serviced by the two main centres, Bencubbin and Beacon.

The Shire of Mt Marshall comprises an area of 10,189 km² and is located within the north eastern wheatbelt area of Western Australia. Some general statistics for the year ending 30 June 2016 were-

Area (km2)	10,134
Population	527
Km Roads - unsealed	1,440
Km Roads - sealed	307
Townsites	5
Major Population Centres	Bencubbin, Beacon
Density (Persons/km2)	0.052

The Long Term Financial Plan guides the Shire's financial management in a responsible and sustainable manner. The Shire's financial sustainability is fostered by maintaining adequate financial reserves to meet long term needs, seeking alternative funding sources and partnerships from the community and other levels of government. The Shire will continue to explore funding innovations as a means to improve services and infrastructure.

To assist in the implementation and activation of the Strategic Community Plan the Shire will have to consider its current and future resource capacity. The Corporate Business Plan will assist in the realisation of our community's vision and aspirations in the medium term. It details the actions, services, operations and projects the Shire will deliver within a 4-year period, the resources available and associated costs. Other critical informing strategies associated with this plan are the Asset Management and Workforce Plans.

The development of these strategies and plans and their integration, will be reflected and perfected into the future.

Integrated Planning Framework

Long term financial planning is a key element of the Integrated Planning and Reporting Framework. It enables the Shire to set priorities, based on their resourcing capabilities, for the delivery of short, medium and long-term community priorities.

The Long Term Financial Plan is a ten-year rolling plan that informs the Corporate Business Plan to activate Strategic Community Plan priorities. From these planning processes, Annual Budgets that are aligned with strategic objectives can be developed.

This Plan indicates the Shire's long term financial sustainability, allows early identification of financial issues and their longer-term impacts, shows the linkages between specific plans and strategies, and enhances the transparency and accountability of the Council to the community.

The following figure illustrates how the Long Term Financial Plan informs the Integrated Planning and Reporting Framework:

The Strategic Community Plan sets out the vision, aspirations and objectives for the community over the next 10 years. It is the principal strategy and planning document. This means that it governs all of the work that the Shire undertakes, either through direct service delivery, partnership arrangements or advocacy on behalf of the community. The clear direction set by the Council ensures asset and service provision is focused to meet the requirements of the community, now and into the future.

The process has led to the development of priorities for social, economic, environmental, changing demographics and land use, and civic leadership. Objectives are set for the short, medium and long terms.



Our Services

Service programs

The Shire delivers a wide range of services and facilities to the community. The revenues and expenditure of the Shire are required to be classified in accordance with legislation. The Local Government (Financial Management) Regulations 1996 (Schedule 1 Part 1) specify the minimum program classifications to be disclosed.

Statement of Objective

The Shire of Mt Marshall is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Governance

Administration and operation of facilities and services to members of the Council. Other costs that relate to the tasks of assisting elected members and rate payers on matters which do not concern specific shire services.

General Purpose Funding

Rates, general purpose government grants and interest revenue.

Law, Order, Public Safety

Supervision of various local laws, fire prevention, emergency services and animal control.

Health

Food quality, pest control and other related matters.

Education & Welfare

Home and community care assistance, operation of senior citizens' centre and playgroup centre. Family and community support service.

Housing

Maintenance of staff and rental housing. Administration and maintenance of community housing.

Community Amenities

Rubbish collection services, operation of tips, effluent service, noise control, administration, town-planning scheme, maintenance of cemeteries, maintenance of rest centres and storm water drainage maintenance.

Recreation & Culture

Maintenance of halls, aquatic centre, recreation centres and various reserves. Operation of library.

Transport

Construction and maintenance of streets, roads, drainage and footpaths. Cleaning and lighting of streets, traffic signs, depot maintenance and airstrip maintenance.

Economic Services

The regulation and provision of tourism facilities, area promotion, building controls, saleyards, noxious weeds, vermin control and standpipes.

Other Property & Services

Private work operations, Bankwest super agency, plant repairs and operation costs.

Service Levels

It is proposed that existing service levels will be maintained for all operational areas in formulating this plan. However, a key objective in the Corporate Business Plan is to improve existing service levels in the longer term whilst continuing to achieve annual operating surpluses each year to fund the provision of infrastructure.

Asset Management

The Shire has developed a strategic approach to asset management and prepared asset management plans based on the total life cycle of assets. The Asset Management Plans' will assist the Shire in predicting infrastructure consumption and asset renewal needs and identifies the cost required to renew or preserve the asset (renewal gap). The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community in future. Asset acquisitions and capital works are funded from rate revenue, specific cash reserves, government grants or borrowings.

Long Term Financial Forecasts

Informing Strategies and Price indicators

This plan has been prepared to support the strategic planning process for the Shire. The plan addresses the operating and capital needs placed on the Shire over the next 10 years.

The plan will be reviewed every 2 years to reflect the prevailing economic conditions and changing community needs placed on the Shire. In compiling this long-term plan consideration has been given to the economic drivers that will influence the future cost of providing facilities and services. The values disclosed in this plan therefore represent estimated future prices and costs.

This long-term strategic financial plan is set against economic uncertainty. The plan addresses operating and capital outlays for the period 2017/18 to 2026/27. The changing economic circumstances have meant that projections for growth and therefore community demand as facilities and services are subject to how the Australian and State economies recover from the current economic position.

This plan represents a financial solution to meeting the competing demands of services and facilities to the community. There are numerous ways that will enable the Shire to achieve its objectives. This plan balances the funding needs of renewal and new infrastructure assets, existing services against rating expectations, reasonable fees, debt leverage and the use of accumulated funds held in reserve accounts.

To assist in the implementation and activation of the Shire's Strategic Community Plan this financial plan considers the Shire's current and future financial resources capacity. The Corporate Business Plan will assist in the realisation of our community's vision and aspirations in the medium term. It details the actions, services, operations and projects the Shire will deliver within a 4-year period, the resources available and associated costs. Other critical informing strategies associated with this plan are the Asset Management and Workforce Plans.

Financial Strategies and Principles

The following assumptions have been applied in formulating the financial strategies underpinning the Long Term Financial Plan. These include -

Continuous improvement in the financial capacity and sustainability of the Shire through –

- Strengthening results to ensure sustainability
- Prudent use of debt
- Accumulation of funds to meet the cash flow demands for asset renewal etc
- The maintenance of a fair and equitable rating structure,
- Maintaining or improving service level standards,
- Maintaining/Increasing funding for asset maintenance and renewal,
- Development of infrastructure

Service delivery and service levels

Service delivery and service levels will continue at the existing standards. Service level standards from the community strategic plan relate primarily to the creation of new facilities for a growing population. The asset management plans also are based on the provision of existing standards and services.

Economic and Social Environment Indicators

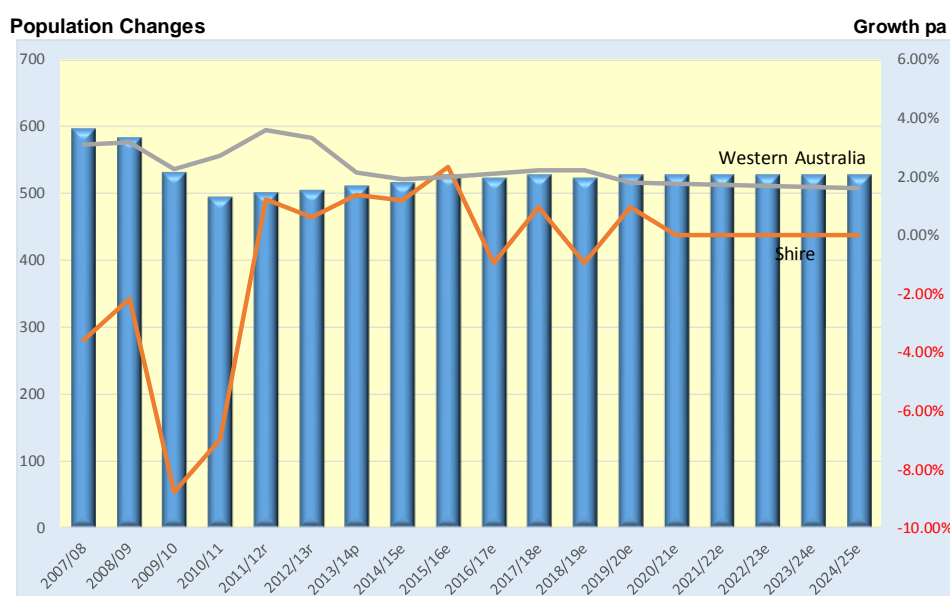
Prices and growth drivers

The following economic and social drivers have been used to develop this plan –

Economic Assumptions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Gross Domestic Product (GDP) <i>Federal Budget 2017/18</i>	2.8%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Population WA <i>Federal Budget 2015/16</i>	2.2%	2.2%	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%
Population - Shire of Mt Marshall <i>Local population forecasts</i>	1.0%	-0.9%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumer Price Index Australia <i>Federal Budget 2015/16</i>	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Consumer Price Index Perth <i>2016/17 State Budget - Economic and Fiscal Outlook Budget Paper No 3</i>	2.2%	2.3%	2.3%	2.8%	2.5%	2.4%	2.3%	2.3%	2.3%	2.3%
Road and bridge construction index <i>6427.0 Producer Price Indexes, Australia Tables 15 and 16. Road and bridge construction (4121) Western Australia (A2333769K)</i>	2.3%	2.4%	2.4%	2.9%	2.6%	2.5%	2.4%	2.4%	2.4%	2.4%
Utility - Electricity <i>2016/17 State Budget - Economic and Fiscal Outlook Budget Paper No 3</i>	7.0%	7.0%	2.3%	2.8%	2.5%	2.4%	2.3%	2.3%	2.3%	2.3%
General Insurance <i>TABLE 13. CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City</i>	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Cash management rates	2.9%	3.2%	3.2%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
WATC 10 year borrowing rate	4.3%	4.7%	4.7%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
WATC 20 year borrowing rate	4.9%	5.3%	5.3%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%

Population

This plan has been developed on the following demographic trends and a forecast of maintaining our residential population.



r = subject to review, p = provisional, e = forecast

Summary of Financial Plan

Overview

The plan will be continuously reviewed to reflect the prevailing economic conditions and changing community needs placed on the Shire. In compiling the plan consideration has been given to the economic drivers that will influence the future cost of providing facilities and services. The values disclosed in the plan therefore represent estimated future prices and costs. The plan addresses the Shire's operating and capital requirements from 2017/18 to 2026/27.

One of the key challenges for Shire is to ensure it achieves ongoing financial sustainability in order to provide appropriate services and infrastructure for the community into the future.

The long term financial estimates are an integral part of Council's strategic planning process and represent a ten-year rolling plan that informs the Corporate Business Plan to activate Strategic Community Plan priorities. It indicates the Shire's long term financial sustainability, allows early identification of financial issues and their longer-term impacts. This plan addresses the operating and capital needs placed on the Shire over the next 10 years. It also shows the linkages between specific plans and strategies, and enhances the transparency and accountability of the Shire to the community.

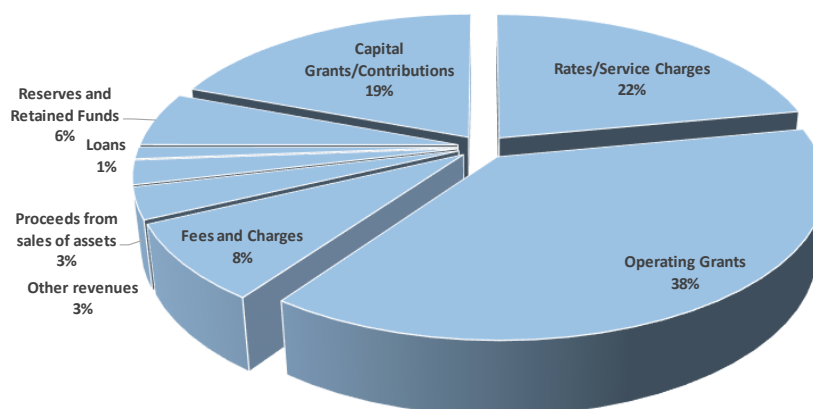
The key financial strategies underpinning the plan are:

- achieving operating surpluses in the long term
- continuous improvement in financial position
- maintaining a positive unrestricted cash
- development of alternative revenue streams than rates
- maintaining and improving service levels
- adequately funding for asset renewal/replacement
- maintaining a fair and equitable rating structure

Source and Application of Funds

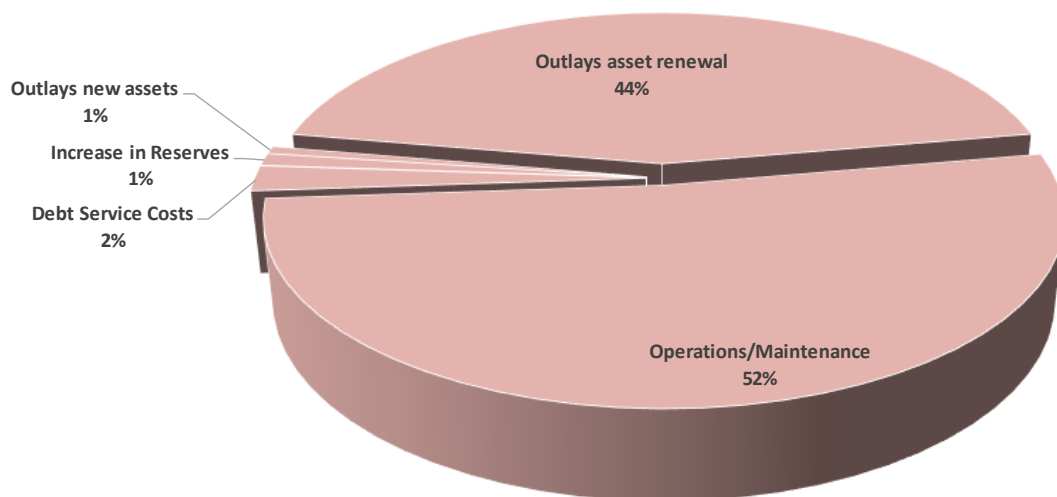
Source of Funds

2017/18 to 2026/27



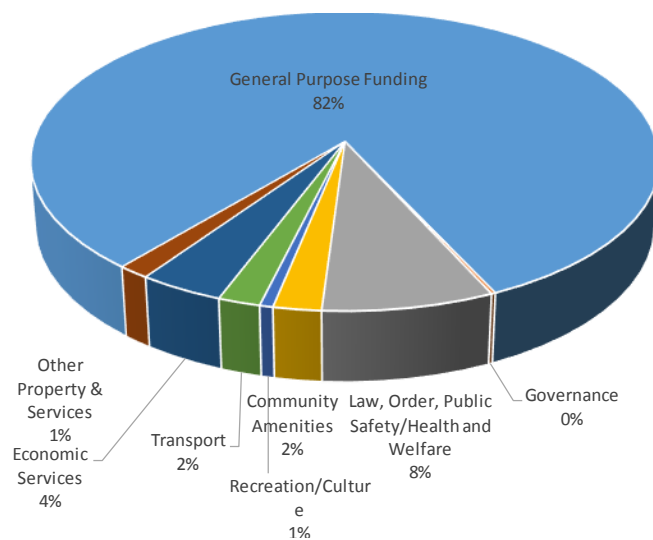
Application of Funds

2017/18 to 2026/27



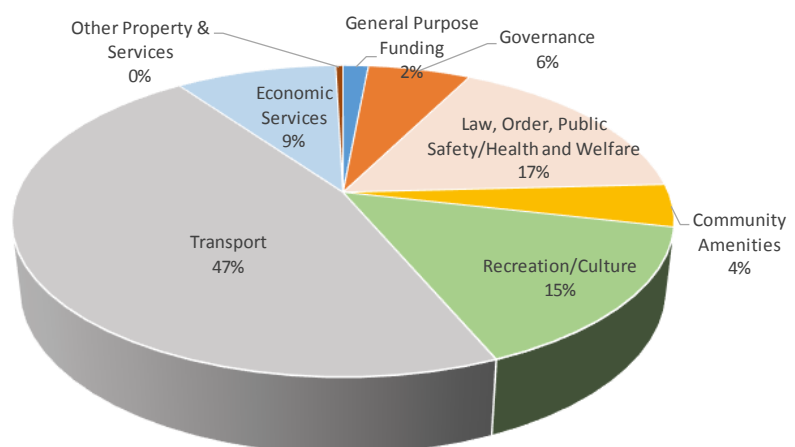
Operating Revenues

10 years to 2026/27



Operating Expenses

10 years to 2026/27

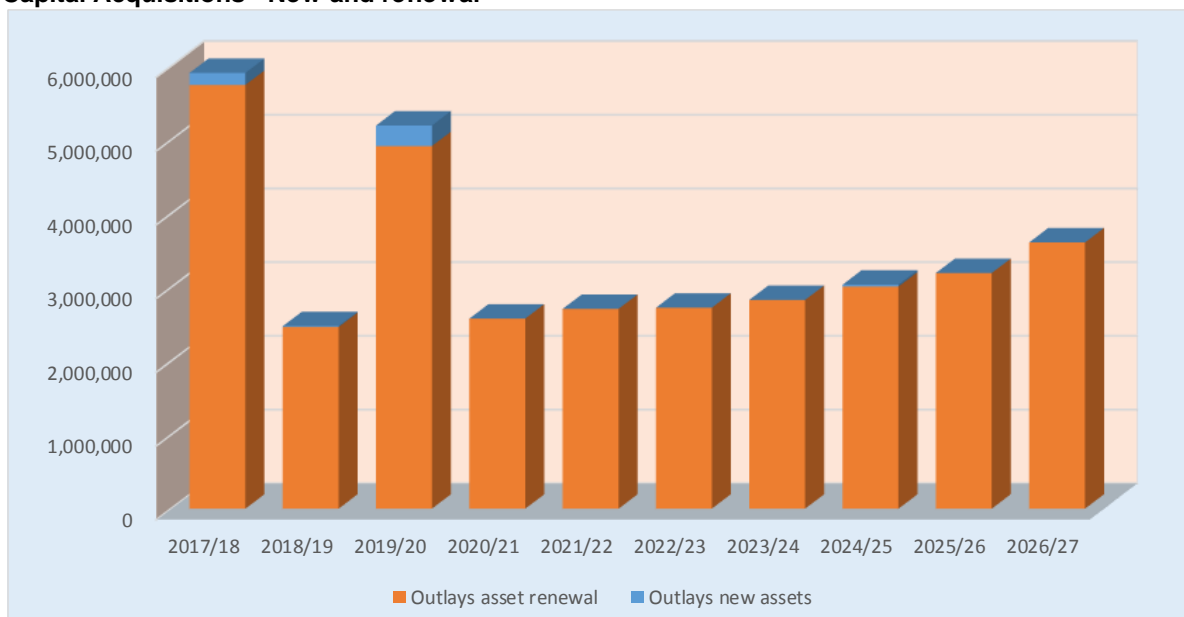


Capital Works

These long term financial estimates reflect the growth of new assets in the initial two years followed by a period of lower activity in the creation of new assets and a shift of focus on asset renewal. The creation of new assets will come from both the Shire's asset program and new assets created by developers. The plan provides for increased resources to be applied to the renewal or upgrade of existing building and infrastructure assets. The provision of these funds allows the Shire to meet the key financial indicator in relation to expenditures on asset renewal compared to depreciation. A detailed listing of capital works is included at attachment 2.

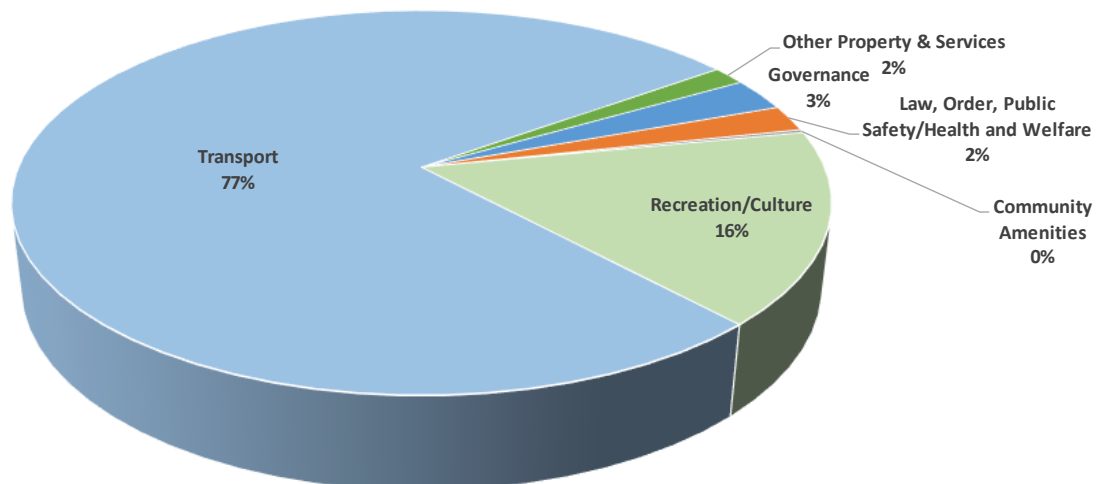
The key components of the plan are as follows --

Capital Acquisitions - New and renewal



Capital Outlays

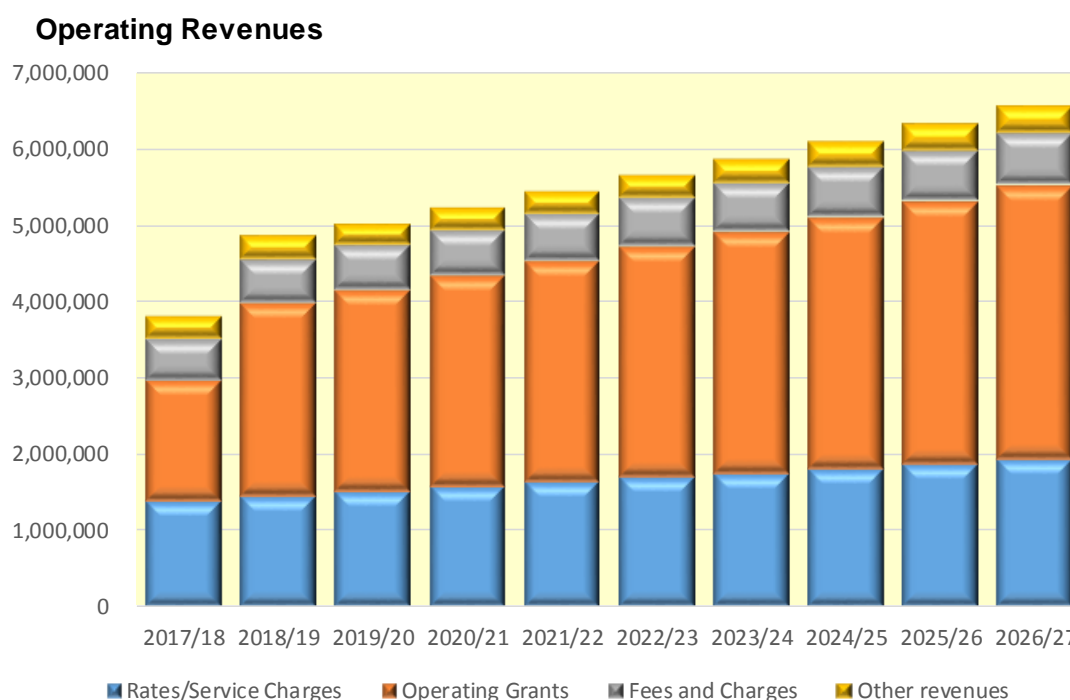
10 years to 2026/27



Operating Results

The plan shows a balanced budget for each financial year. There is a steady growth in operating result arising from the proposed operating revenues and expenditures that enables funds to flow to the provision and renewal of community assets. These results enhance the long term financial sustainability of the Shire.

Revenues



Rates

The plan has applied an increase of 3.5% in 2017/18 and CPI Perth plus 2% in the period 2018/19 to 2021/22 and CPI Perth plus 1% in the remaining years.

Fees and Charges

Fees and charges assumptions are based on the CPI Perth indicators, statutory charges and projected increase in population. Discretionary fees and charges are planned to also be increased by CPI to match estimated additional costs in service delivery. The Shire does not recover the full cost of providing services but is working towards full cost recovery for services such as waste collection. State controlled fees - Application fees for building licences and planning and development approvals are limited by regulations preventing full cost recovery of these services.

Grants and Contributions

In developing this long term model it is anticipated that using the CPI Perth Indicator to forecast Operating Grants and Contributions is to be a reasonable estimate over the ten year period.

The financial year 2017/18 will see an adjustment in the local government assistance grant for the advanced payment made in the 2016/17 financial year. The following year 2018/19 should see the normalisation of the local government assistance grant as administered by the West Australian Local Government Grants Commission.

The State government has reduced the direct road grant for road maintenance by 42% in 2017/18.

Interest Earnings

Forecast on Councils investment portfolio are based on the term deposit rate in line with the Council's Investment Policy and Strategy.

Expenditures

Employee costs

Estimates for employee costs are based on requirements outlined in the workforce plan and estimates associated or linked to growth drivers. Price escalation is based on employee remuneration increases in line with the Consumer Price Index.

Material and Contracts

Various price drivers have been used to escalate materials and contracts on a case-by-case basis. Real increases are based on growth drivers expected over the 10-year period.

Utilities (gas, electricity, water)

Recent announcements by the State government that cost escalation can be expected to be above CPI Perth, and will in some cases be up to twice the indicative rate.

Insurance

CPI Perth Inflation rate is considered a reasonable estimate to forecast insurance expenses for the ten-year period.

Depreciation

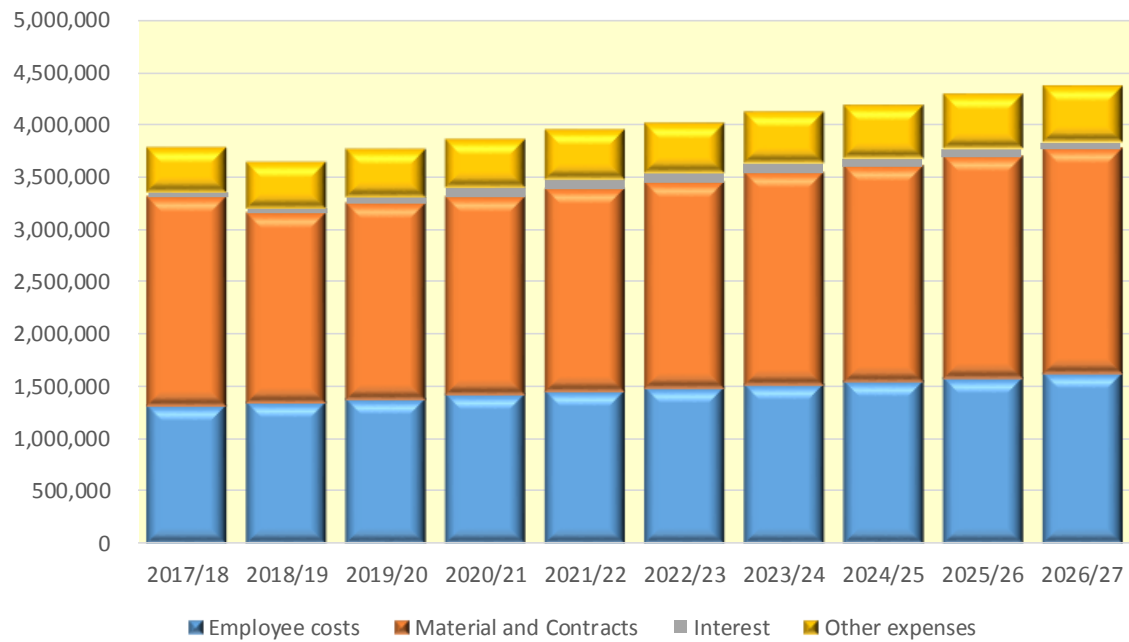
Property, plant, equipment and infrastructure (except for Land) have been depreciated on a straight-line method using rates based on 2016/17 depreciation rates. Asset values in this plan have not been adjusted to reflect the application of "fair value" to be applied progressively to asset classes from the 2017/18 onwards.

Interest Expense

Forecast borrowing (interest) costs are based on the forecast 10-year Western Australian Treasury Corporation Indicative Rates.

Operating Expenses

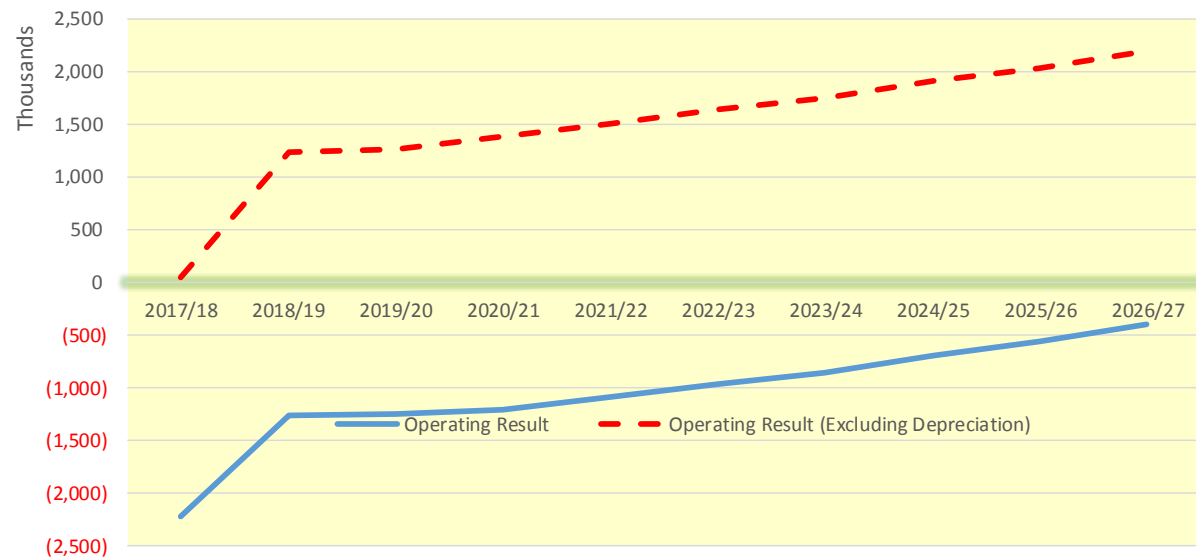
Operating Expenses



The operating result for 2017/18 is adversely affected by the advance of the Federal Assistance Grants in 2016/17. From 2018/19 the allocations are based on the normal allocations (without advances).

Operating Results

Operating Results



Financial Statements

The following Financial Statements have been prepared for the ten years covered in this plan. These estimates have been prepared on the basis of the assumptions shown previously in this document.

Statement of Comprehensive Income

The Statement of Comprehensive Income has been prepared by program and by nature/ type.

Statement of Comprehensive Income by Program

Identifies the cost of goods and services provided, and the extent to which costs are recovered from revenues. Programs are defined by Regulation under the Local Government Act WA 1995.

Statement of Comprehensive Income by Nature/type

Identifies the inputs by nature/ type of the revenue or expense. Descriptions are defined by Regulation under the Local Government Act WA.

The Statement of Comprehensive Income is prepared on an accrual basis. This process recognises income as it is earned and expenses as they are incurred. In addition, it makes adjustments for unearned income, credit sales, pre-payments, accrued expenses and non-cash provisions (i.e. depreciation and leave entitlements). This method provides a more accurate reflection of the transactions which actually occurred during the accounting period, and is a better reflection of the actual business activities undertaken by the Shire. Depreciation, which is an expense charged in the Statement of Comprehensive Income, reflects the value of capital assets consumed during the accounting period.

Accounting Standard AASB 1004 Contributions requires contributions to be recognised as revenue (i.e. in the Statement of Comprehensive Income) when the Shire obtains control over the assets comprising the contributions, notwithstanding that those contributions may be a grant for a capital item. Given this requirement, grants for capital works have the potential to significantly affect the operating result in a particular year.

Rate Setting Statement

This statement summarises the operating, capital, debt and reserves transactions. It utilises the same reporting procedures required formulating the Shire's Annual Budget under the Local Government Act (WA). The plan identifies the funds necessary to balance the budget in each financial year through the collection of Rates.

Statement of Financial Position (Balance Sheet)

The purpose of the Statement of Financial Position is to provide a "snap-shot" of the overall financial position of the Shire. This statement is constructed according to well defined accounting principles which are embodied in the Australian Accounting Standards. The ratepayer equity in the Shire can be calculated by deducting total liabilities from total assets.

The Statement discloses transactions as current and non-current assets, and current and non-current liabilities and equity.

Statement of Comprehensive Income - by program

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Purpose Funding	2,669,903	3,931,556	4,063,317	4,250,938	4,442,108	4,627,449	4,819,309	5,019,041	5,226,825	5,436,739
Governance	28,399	10,565	10,717	10,865	11,008	11,155	11,305	11,458	11,615	11,775
Law, Order & Public Safety	13,443	13,665	14,089	14,389	14,681	14,979	15,285	15,597	15,916	16,243
Health	70,800	134,436	137,817	141,081	144,255	147,501	150,820	154,213	157,683	161,231
Education & Welfare	81,101	82,970	85,453	87,477	89,445	91,458	93,516	95,620	97,772	99,971
Housing	170,820	174,632	179,983	184,245	188,391	192,629	196,964	201,395	205,927	210,561
Community Amenities	139,899	113,016	116,900	119,632	122,289	125,006	127,785	130,627	133,533	136,505
Recreation & Culture	34,049	34,172	34,625	34,848	35,041	35,234	35,424	35,612	35,798	35,981
Transport	272,120	100,515	103,111	105,553	107,928	110,357	112,840	115,378	117,974	120,628
Economic Services	221,935	202,349	207,382	212,243	216,967	221,799	226,740	231,793	236,960	242,242
Other Property & Services	74,600	76,198	77,681	79,449	81,882	83,030	84,881	86,774	89,558	90,689
Operating Revenue	3,777,069	4,874,074	5,031,075	5,240,720	5,453,995	5,660,597	5,874,869	6,097,508	6,329,561	6,562,565
Non-operating grants/contributions										
Recreation & Culture	1,017,400	0	933,000	0	0	0	0	0	0	0
Transport	1,734,408	992,324	1,032,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
	2,751,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Profit on asset disposals	73,000	0	0	0	0	0	0	0	0	0
Loss on asset disposals	(133,000)	0	0	0	0	0	0	0	0	0
Operating Expenses (excluding Finance Costs)										
General Purpose Funding	(68,574)	(90,480)	(92,252)	(93,963)	(95,627)	(97,329)	(99,069)	(100,848)	(102,667)	(104,527)
Governance	(431,176)	(352,455)	(373,511)	(369,750)	(391,148)	(386,368)	(408,651)	(403,406)	(426,673)	(421,277)
Law, Order & Public Safety	(112,080)	(116,638)	(119,160)	(122,134)	(124,503)	(127,013)	(129,400)	(131,791)	(134,241)	(136,801)
Health	(267,025)	(333,795)	(342,171)	(353,028)	(358,246)	(366,327)	(377,423)	(382,984)	(391,594)	(403,463)
Education & Welfare	(243,435)	(252,101)	(257,873)	(264,155)	(269,564)	(275,207)	(280,737)	(286,328)	(292,049)	(297,974)
Housing	(450,589)	(304,336)	(310,671)	(318,498)	(324,449)	(330,812)	(336,747)	(342,663)	(348,727)	(355,110)
Community Amenities	(257,623)	(265,853)	(271,911)	(278,248)	(283,920)	(289,801)	(295,648)	(301,583)	(307,654)	(313,912)
Recreation & Culture	(804,675)	(842,745)	(859,164)	(880,858)	(896,124)	(912,669)	(927,606)	(942,340)	(957,449)	(973,506)
Transport	(2,723,956)	(2,922,299)	(2,957,509)	(3,037,008)	(3,068,386)	(3,107,791)	(3,132,487)	(3,153,484)	(3,175,251)	(3,202,282)
Economic Services	(562,388)	(577,026)	(587,865)	(599,188)	(609,351)	(619,882)	(630,359)	(640,994)	(651,873)	(663,095)
Other Property & Services	(24,982)	(36,125)	(34,308)	(35,752)	(33,596)	(32,105)	(29,060)	(26,285)	(22,635)	(19,704)
	(5,946,503)	(6,093,853)	(6,206,395)	(6,352,582)	(6,454,914)	(6,545,304)	(6,647,187)	(6,712,706)	(6,810,813)	(6,891,651)
Finance Costs										
General Purpose Funding	(797)	(237)	0	0	0	0	0	0	0	0
Housing	(6,348)	(2,801)	0	0	0	0	0	0	0	0
Recreation & Culture	(44,815)	(43,265)	(67,340)	(90,344)	(87,192)	(83,882)	(80,408)	(76,760)	(72,929)	(68,905)
Finance Costs	(51,960)	(46,303)	(67,340)	(90,344)	(87,192)	(83,882)	(80,408)	(76,760)	(72,929)	(68,905)
Income Statement Profit/(Loss)	470,414	(273,758)	723,269	(120,747)	42,277	211,177	377,552	591,535	785,267	1,000,442

Statement of Comprehensive Income - by nature/type

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rate revenue	1,388,256	1,451,867	1,512,557	1,583,134	1,653,003	1,707,512	1,761,878	1,817,980	1,875,933	1,935,729
Operating grants/subsidies/contributions	1,602,033	2,542,953	2,655,118	2,771,544	2,892,983	3,019,844	3,152,371	3,290,818	3,435,456	3,586,561
Fees and Charges	551,882	566,541	582,742	596,399	609,677	623,256	637,142	651,341	665,862	680,707
Interest earnings	112,956	108,564	72,907	78,119	82,501	91,093	100,786	110,799	120,932	124,996
Other Revenue	181,940	204,149	207,751	211,524	215,831	218,892	222,692	226,570	231,378	234,572
Operating Revenue	3,837,067	4,874,074	5,031,075	5,240,720	5,453,995	5,660,597	5,874,869	6,097,508	6,329,561	6,562,565
Operating Expenses										
Employee costs	(1,328,067)	(1,355,076)	(1,389,087)	(1,421,964)	(1,453,971)	(1,486,702)	(1,520,166)	(1,554,390)	(1,589,378)	(1,625,162)
Material and Contracts	(1,983,595)	(1,804,306)	(1,859,382)	(1,889,671)	(1,939,730)	(1,966,961)	(2,024,856)	(2,050,982)	(2,108,405)	(2,141,301)
Utilities (gas elect water)	(163,970)	(168,529)	(172,772)	(176,863)	(180,842)	(184,908)	(189,069)	(193,327)	(197,678)	(202,129)
Depreciation	(2,272,558)	(2,497,530)	(2,509,540)	(2,581,250)	(2,590,270)	(2,609,170)	(2,607,880)	(2,600,940)	(2,594,230)	(2,593,670)
Insurance	(138,190)	(150,097)	(154,321)	(158,661)	(163,120)	(167,709)	(172,426)	(177,274)	(182,258)	(187,386)
Interest	(51,960)	(46,303)	(67,340)	(90,344)	(87,192)	(83,882)	(80,408)	(76,760)	(72,929)	(68,905)
Other expenses	(120,121)	(118,315)	(121,293)	(124,173)	(126,981)	(129,854)	(132,790)	(135,793)	(138,864)	(142,003)
Operating Expenses	(6,058,461)	(6,140,156)	(6,273,735)	(6,442,926)	(6,542,106)	(6,629,186)	(6,727,595)	(6,789,466)	(6,883,742)	(6,960,556)
Profit(Loss) - normal operations	(2,221,394)	(1,266,082)	(1,242,660)	(1,202,206)	(1,088,111)	(968,589)	(852,726)	(691,958)	(554,181)	(397,991)
Other										
Non-operating grants/contributions	2,751,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Profit on asset disposals	73,000	0	0	0	0	0	0	0	0	0
Loss on asset disposals	(133,000)	0	0	0	0	0	0	0	0	0
Other	2,691,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Income Statement Profit/(Loss)	470,414	(273,758)	723,269	(120,747)	42,277	211,177	377,552	591,535	785,267	1,000,442
Profit/(Loss)	470,414	(273,758)	723,269	(120,747)	42,277	211,177	377,552	591,535	785,267	1,000,442

Rate Setting Statement

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 July Surplus/(Deficit)	1,787,900	0	0	0	0	0	0	0	0	0
Revenue from operating activities (excluding rates)										
General Purpose Funding	1,322,909	2,515,138	2,586,209	2,703,253	2,824,554	2,955,386	3,092,880	3,236,510	3,386,341	3,536,459
Governance	28,399	10,565	10,717	10,865	11,008	11,155	11,305	11,458	11,615	11,775
Law, Order & Public Safety	13,443	13,665	14,089	14,389	14,681	14,979	15,285	15,597	15,916	16,243
Health	130,800	134,436	137,817	141,081	144,255	147,501	150,820	154,213	157,683	161,231
Education & Welfare	81,101	82,970	85,453	87,477	89,445	91,458	93,516	95,620	97,772	99,971
Housing	170,820	174,632	179,983	184,245	188,391	192,629	196,964	201,395	205,927	210,561
Community Amenities	139,899	113,016	116,900	119,632	122,289	125,006	127,785	130,627	133,533	136,505
Recreation & Culture	34,049	34,172	34,625	34,848	35,041	35,234	35,424	35,612	35,798	35,981
Transport	272,120	100,515	103,111	105,553	107,928	110,357	112,840	115,378	117,974	120,628
Economic Services	221,935	202,349	207,382	212,243	216,967	221,799	226,740	231,793	236,960	242,242
Other Property & Services	74,600	76,198	77,681	79,449	81,882	83,030	84,881	86,774	88,558	90,689
	2,490,075	3,457,656	3,553,967	3,693,035	3,836,441	3,988,534	4,148,440	4,314,977	4,489,077	4,662,285
Expenditure from operating activities										
General Purpose Funding	(69,371)	(90,717)	(92,252)	(93,963)	(95,627)	(97,329)	(99,069)	(100,848)	(102,667)	(104,527)
Governance	(431,176)	(352,455)	(373,511)	(369,750)	(391,148)	(386,368)	(408,651)	(403,406)	(426,673)	(421,277)
Law, Order & Public Safety	(112,080)	(116,638)	(119,160)	(122,134)	(124,503)	(127,013)	(129,400)	(131,791)	(134,241)	(136,801)
Health	(267,025)	(333,795)	(342,171)	(353,028)	(358,246)	(366,327)	(377,423)	(382,984)	(391,594)	(403,463)
Education & Welfare	(243,435)	(252,101)	(257,873)	(264,155)	(269,564)	(275,207)	(280,737)	(286,328)	(292,049)	(297,974)
Housing	(541,937)	(307,137)	(310,671)	(318,498)	(324,449)	(330,812)	(336,747)	(342,663)	(348,727)	(355,110)
Community Amenities	(257,623)	(265,853)	(271,911)	(278,248)	(283,920)	(289,801)	(295,648)	(301,583)	(307,654)	(313,912)
Recreation & Culture	(849,490)	(886,010)	(926,504)	(971,202)	(983,316)	(996,551)	(1,008,014)	(1,019,100)	(1,030,378)	(1,042,411)
Transport	(2,771,956)	(2,922,299)	(2,957,509)	(3,037,008)	(3,068,386)	(3,107,791)	(3,132,487)	(3,153,484)	(3,175,251)	(3,202,282)
Economic Services	(562,388)	(577,026)	(587,865)	(599,188)	(609,351)	(619,882)	(630,359)	(640,994)	(651,873)	(663,095)
Other Property & Services	(24,981)	(36,125)	(34,308)	(35,752)	(33,596)	(32,105)	(29,060)	(26,285)	(22,635)	(19,704)
	(6,131,462)	(6,140,156)	(6,273,735)	(6,442,926)	(6,542,106)	(6,629,186)	(6,727,595)	(6,789,466)	(6,883,742)	(6,960,556)
Operating activities excluded from budget										
(Profit)/Loss on Asset Disposals	60,000	0	0	0	0	0	0	0	0	0
Depreciation on Assets	2,272,558	2,497,530	2,509,540	2,581,250	2,590,270	2,609,170	2,607,880	2,600,940	2,594,230	2,593,670
Movement in Staff Leave Provisions	4	5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500	6,800
Amount attributable to operating activities	(1,308,825)	(179,870)	(204,928)	(163,141)	(109,695)	(25,582)	34,825	132,751	206,065	302,199
INVESTING ACTIVITIES										
Non-operating grants, contributions	2,751,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Purchase Property Plant & Equipment	(3,230,361)	(892,948)	(3,541,235)	(835,402)	(877,833)	(683,200)	(682,325)	(529,330)	(496,432)	(1,042,868)
Capital Outlays on Infrastructure	(2,679,978)	(1,582,137)	(1,656,187)	(1,743,565)	(1,832,386)	(2,042,801)	(2,149,649)	(2,508,835)	(2,700,275)	(2,569,327)
Proceeds from Sale of Non-Current Assets	260,000	188,008	165,540	242,589	225,060	190,070	157,834	169,815	153,935	171,249
	(2,898,531)	(1,294,753)	(3,065,953)	(1,254,919)	(1,354,771)	(1,356,165)	(1,443,862)	(1,584,857)	(1,703,324)	(2,042,513)
FINANCING ACTIVITIES										
Proceeds from New Debentures	0	0	826,800	0	0	0	0	0	0	0
Repayment of Debentures	(106,412)	(109,182)	(53,750)	(67,134)	(70,286)	(73,595)	(77,070)	(80,718)	(84,549)	(88,573)
Proceeds from Self Supporting Loans	19,407	17,410	9,167	9,524	9,894	10,279	10,678	11,093	11,524	11,972
Transfers (to) Reserves	(486,659)	(274,949)	(147,049)	(209,549)	(239,549)	(262,449)	(286,449)	(296,249)	(305,649)	(308,949)
Transfers from Reserves	1,633,127	424,926	1,158,605	137,534	146,853	35,449	35,449	35,449	35,449	225,584
	1,059,463	58,205	1,793,773	(129,625)	(153,088)	(290,316)	(317,392)	(330,425)	(343,225)	(159,966)
Budgeted deficiency before general rates	(1,359,994)	(1,416,418)	(1,477,108)	(1,547,685)	(1,617,554)	(1,672,063)	(1,726,429)	(1,782,531)	(1,840,484)	(1,900,280)
Amount required from General Rate	1,359,994	1,416,418	1,477,108	1,547,685	1,617,554	1,672,063	1,726,429	1,782,531	1,840,484	1,900,280

Capital Outlays

SUMMARY	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Capital Outlays	\$	\$	\$	\$	\$	\$	\$	\$	\$	
New Outlays	164,350	10,449	280,000	0	0	0	0	25,773	0	0
Renewal Outlays	5,745,989	2,464,636	4,917,422	2,578,967	2,710,219	2,726,001	2,831,974	3,012,392	3,196,707	3,612,195
Total	5,910,339	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195
Funding Sources										
Grants	2,651,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Asset Sale	20,000	0	0	0	0	0	0	0	0	0
Trade-in	240,000	188,008	165,540	242,589	225,060	190,070	157,834	169,815	153,935	171,249
Contribution	100,000	0	0	0	0	0	0	0	0	0
	3,011,808	1,180,332	2,131,469	1,324,048	1,355,448	1,369,836	1,388,112	1,453,308	1,493,383	1,569,682
Council Resources										
Reserves	1,624,064	389,477	1,123,156	102,085	111,404	0	0	0	0	190,135
Rates	173,953	905,276	1,115,997	1,152,834	1,243,367	1,356,165	1,443,862	1,584,857	1,703,324	1,852,378
Cfwd Funds	897,380									
	2,695,397	1,294,753	2,239,153	1,254,919	1,354,771	1,356,165	1,443,862	1,584,857	1,703,324	2,042,513
Loan	0	0	826,800	0	0	0	0	0	0	0
	5,707,205	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195
OUTLAYS by ASSET CLASS	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	86,600	0	0	0	0	0	0	25,773	0	0
Buildings	2,484,761	193,145	2,864,122	65,922	90,128	69,214	212,359	72,394	74,040	119,894
Furniture and equipment	0	6,267	6,408	6,586	34,884	6,912	7,067	7,226	7,389	7,555
Plant and Equipment	659,000	693,536	670,705	762,894	752,821	607,074	462,899	423,937	415,003	915,419
Road Infrastructure	2,172,228	1,561,203	1,634,757	1,721,509	1,809,748	1,996,530	2,125,901	2,484,525	2,675,391	2,518,614
Drainage Infrastructure	0	20,934	21,430	22,056	22,638	23,200	23,748	24,310	24,884	25,472
Other Infrastructure	507,750	0	0	0	0	23,071	0	0	0	25,241
	5,910,339	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195
OUTLAYS by PROGRAM	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Governance	85,000	84,607	97,188	77,936	130,534	81,788	107,185	85,510	112,063	89,401
Health	25,000	0	0	0	0	0	0	0	0	0
Housing	81,600	62,696	64,122	65,922	67,596	69,214	70,786	98,167	74,040	75,722
Community Amenities	74,750	0	0	0	0	0	0	0	0	18,931
Recreation & Culture	2,492,761	0	2,800,000	65,861	0	23,071	70,672	0	73,888	25,241
Transport	3,129,228	2,098,112	2,230,772	2,363,760	2,483,931	2,546,168	2,435,869	2,848,466	2,930,559	3,371,363
Economic Services	22,000	224,448	0	0	22,532	0	141,573	0	0	25,241
Other Property & Services	0	5,222	5,340	5,488	5,626	5,760	5,889	6,022	6,157	6,296
	5,910,339	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195

Statement of Financial Position

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current Assets	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash & Cash Equivalents	3,023,413	2,258,711	1,241,855	1,308,370	1,395,366	1,616,466	1,861,366	2,115,866	2,379,566	2,456,131
Trade and Other Receivables	265,713	142,247	148,114	142,671	149,189	143,118	150,359	143,589	151,634	144,085
Inventories	21,963	21,383	21,995	21,349	22,030	21,311	22,069	21,269	22,113	21,223
Total Current Assets	3,311,089	2,422,341	1,411,964	1,472,390	1,566,585	1,780,895	2,033,794	2,280,724	2,553,313	2,621,439
Current Liabilities										
Trade and Other Payables	815,768	90,340	96,462	90,003	96,817	89,628	97,212	89,211	97,652	88,747
Provisions	211,123	211,123	211,123	211,123	211,123	211,123	211,123	211,123	211,123	211,123
Borrowings (current)	120,000	64,568	77,952	81,104	84,413	87,888	91,536	95,367	99,391	103,618
Total Current Liabilities	1,146,891	366,031	385,537	382,230	392,353	388,639	399,871	395,701	408,166	403,488
Net Current Assets	2,164,198	2,056,310	1,026,427	1,090,160	1,174,232	1,392,256	1,633,923	1,885,023	2,145,147	2,217,951
Non-Current Assets										
Receivables	233,567	224,400	214,876	204,982	194,703	184,025	172,932	161,408	149,436	136,998
Other Non-Current Assets	233,567	224,400	214,876	204,982	194,703	184,025	172,932	161,408	149,436	136,998
Property, Plant, Equipment Infrastructure										
Property Plant and Equipment	16,692,189	16,818,699	19,596,194	19,513,007	19,476,600	19,259,400	19,076,911	18,740,656	18,405,623	18,615,482
Infrastructure	92,073,859	91,736,896	91,481,743	91,320,058	91,251,354	91,395,315	91,644,064	92,247,729	93,031,304	93,668,721
Total	108,766,048	108,555,595	111,077,937	110,833,065	110,727,954	110,654,715	110,720,975	110,988,385	111,436,927	112,284,203
Total Assets	111,163,813	110,836,305	112,319,240	112,128,207	112,096,889	112,230,996	112,527,830	113,034,816	113,731,510	114,639,152
Non-Current Liabilities										
Provisions	11,040	11,040	11,040	11,040	11,040	11,040	11,040	11,040	11,040	11,040
Long Term Borrowings	1,081,760	1,028,010	1,787,676	1,717,390	1,643,795	1,566,725	1,486,007	1,401,458	1,312,885	1,220,085
Bonds/Deposits	264,107	264,107	264,107	264,107	264,107	264,107	264,107	264,107	264,107	264,107
Total Non-Current Liabilities	1,356,907	1,303,157	2,062,823	1,992,537	1,918,942	1,841,872	1,761,154	1,676,605	1,588,032	1,495,232
Net Assets	109,806,906	109,533,148	110,256,417	110,135,670	110,177,947	110,389,124	110,766,676	111,358,211	112,143,478	113,143,920
Equity										
Accumulated Surplus	79,375,648	79,251,867	80,986,692	80,793,930	80,743,511	80,727,688	80,854,240	81,184,975	81,700,042	82,617,119
Cash Backed Reserves	2,376,772	2,226,795	1,215,239	1,287,254	1,379,950	1,606,950	1,857,950	2,118,750	2,388,950	2,472,315
Asset Revaluation Reserve	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486
Total Equity	109,806,906	109,533,148	110,256,417	110,135,670	110,177,947	110,389,124	110,766,676	111,358,211	112,143,478	113,143,920

Statement of Changes in Equity

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Accumulated Funds	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July	77,758,763	79,375,648	79,251,867	80,986,692	80,793,930	80,743,511	80,727,688	80,854,240	81,184,975	81,700,042
Net Result	470,415	(273,758)	723,269	(120,747)	42,277	211,177	377,552	591,535	785,267	1,000,442
Reserve Transfers	1,146,470	149,977	1,011,556	(72,015)	(92,696)	(227,000)	(251,000)	(260,800)	(270,200)	(83,365)
Balance as at 30 June	79,375,648	79,251,867	80,986,692	80,793,930	80,743,511	80,727,688	80,854,240	81,184,975	81,700,042	82,617,119
Cash Backed Reserves										
Balance as at 1 July	3,523,242	2,376,772	2,226,795	1,215,239	1,287,254	1,379,950	1,606,950	1,857,950	2,118,750	2,388,950
Transfers to	486,659	274,949	147,049	209,549	239,549	262,449	286,449	296,249	305,649	308,949
Funds Utilised	(1,633,129)	(424,926)	(1,158,605)	(137,534)	(146,853)	(35,449)	(35,449)	(35,449)	(35,449)	(225,584)
Balance as at 30 June	2,376,772	2,226,795	1,215,239	1,287,254	1,379,950	1,606,950	1,857,950	2,118,750	2,388,950	2,472,315
Revaluation Reserves										
Balance as at 1 July	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486
Balance as at 30 June	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486	28,054,486
Total Equity	109,806,906	109,533,148	110,256,417	110,135,670	110,177,947	110,389,124	110,766,676	111,358,211	112,143,478	113,143,920

Key Performance Indicators

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Surplus Ratio	● (108)%	● (54)%	● (52)%	● (49)%	● (42)%	● (37)%	● (31)%	● (25)%	● (19)%	● (13)%
Own Source Revenue Coverage Ratio	● 37%	● 38%	● 38%	● 38%	● 39%	● 40%	● 40%	● 41%	● 42%	● 43%
Debt Service Coverage Ratio	● (1.0)	● 8.2	● 11.0	● 9.3	● 10.1	● 11.0	● 11.7	● 12.6	● 13.4	● 14.4
Financial Health Indicator	● 39	● 47	● 48	● 47	● 48	● 48	● 49	● 50	● 50	● 50

Operating Surplus Ratio - An indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding. (Operating revenue (excl capital grants & profit on sales) LESS operating expense (excl loss on sales) DIVIDED BY Own Source Revenue). **Statutory KPI - Target is between 0% and 15%**

Own source revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

Own source revenue coverage ratio - means the ratio determined by dividing own source operating revenue by operating expense. **Statutory KPI - Base: 40% to 60% Advanced: greater than 60%.**

Debt service cover ratio - An indicator of a Shire's ability to generate sufficient cash to cover its debt payments. (Operating Revenue LESS Operating Expenses (excl depreciation and interest) DIVIDED BY Debt Service Costs (principal and interest)). **Statutory KPI - Target is greater than or equal to 2.**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current Ratio	● 89%	● 74%	● 70%	● 68%	● 68%	● 66%	● 65%	● 62%	● 62%	● 59%
Current Ratio (adjusted for Debt)	● 100%	● 97%	● 98%	● 98%	● 98%	● 98%	● 98%	● 98%	● 99%	● 99%
Current Ratio (excl debt/employee prov)	● 130%	● (1,861)%	● (2,031)%	● (855)%	● (909)%	● (517)%	● (547)%	● (349)%	● (369)%	● (248)%
Asset Sustainability Ratio	● 253%	● 99%	● 196%	● 100%	● 105%	● 104%	● 109%	● 116%	● 123%	● 139%
Asset Consumption Ratio	● 78%	● 77%	● 76%	● 75%	● 73%	● 72%	● 71%	● 70%	● 69%	● 68%
Asset Renewal Funding Ratio	● 110%	● 99%	● 101%	● 93%	● 95%	● 98%	● 102%	● 106%	● 110%	● 127%

Current Ratio - A measure of a Shire's liquidity and its ability to meet its short term financial obligations from unrestricted current assets. (Current assets LESS restricted assets DIVIDED BY Current liabilities LESS liabilities associated with restricted assets). **Statutory KPI - Target is greater than or equal to 1:1.**

Asset sustainability ratio (ASR). An indicator of the extent to which assets managed by a local government are being renewed or replaced as they reach the end of their useful lives. Not met <90% Base: 90% or greater Advanced: between 90% and 110%. Basic standard is met

Asset consumption ratio (ACR). This ratio highlights the aged condition of a local government's physical assets. Not met <50%, Base: 50% or greater, Advanced: 60% to 75%. Advanced standard is met

Asset renewal funding ratio. A local government's financial capacity to fund asset renewal at existing revenue/service levels. Not met <75%, Base: 75% to 95%, Advanced: 95% to 105% and the ASR falls within the range 90% to 110% and ACR falls within the range of 50% to 75%. Basic standard is met

Commentary

The above ratios are calculated in accordance with the Local Government (Financial Management) Regulations. The Financial Health Indicator is calculated in accordance with the methodology applied by the Western Australian Treasury Corporation (WATC). These calculations fail to take into consideration the impact advances made by the Federal Government for Federal Assistance Grant which records revenues received in financial years in which they should be paid. These advances and their corresponding adjustments impact directly on the Operating Surplus, Debt Service Coverage and Current Ratios. The ratios below accounting these adjustments –

Adjusted Statutory KPI's	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Surplus Ratio	(56.7)%	(54.3)%	(52.3)%	(48.7)%	(42.5)%	(36.7)%	(31.3)%	(24.7)%	(19.1)%	(13.4)%
Own Source Revenue Coverage Ratio	37.3%	38.0%	37.9%	38.3%	39.1%	39.8%	40.5%	41.3%	42.0%	42.8%
Debt Service Coverage Ratio	6.4	8.2	11.0	9.3	10.1	11.0	11.7	12.6	13.4	14.4

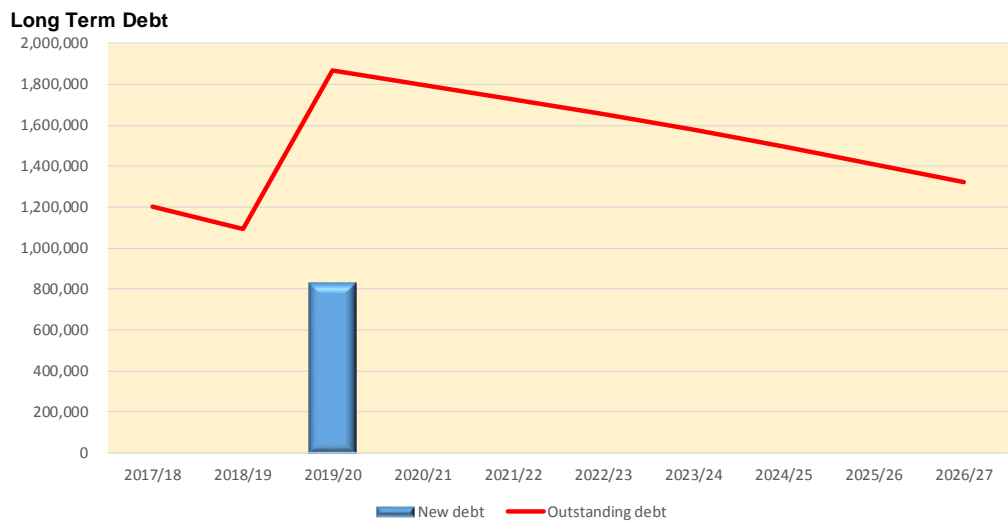
This plan shows an improving operating surplus ratio based on a rate increase greater than CPI. In addition, because there is only one financial year that proposes to use new debt the Debt Service Coverage ratio also a strong position. The asset ratios are based on estimates as at the time of the preparation of this plan. The Shire will complete its asset management plans in the first quarter of 2017/18.

Statement of Cash Flows

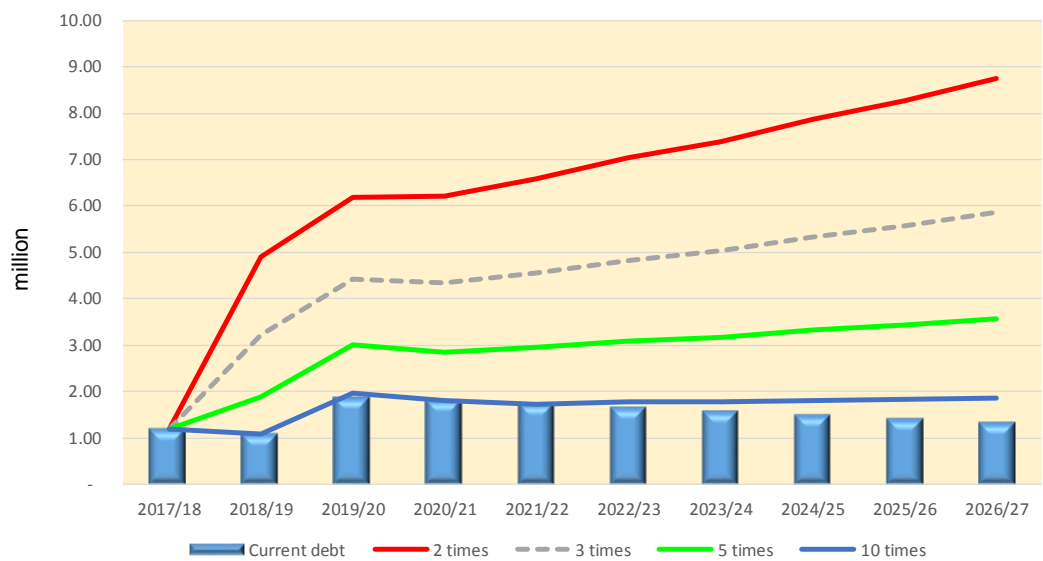
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Cash Flows From Operating Activities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receipts										
Rate revenue	1,388,256	1,451,867	1,512,557	1,583,134	1,653,003	1,707,512	1,761,878	1,817,980	1,875,933	1,935,729
Operating grants/subsidies/contributions	1,398,899	2,542,953	2,655,118	2,771,544	2,892,983	3,019,844	3,152,371	3,290,818	3,435,456	3,586,561
Fees and Charges	551,882	681,764	577,232	602,212	603,544	629,726	630,316	658,542	658,265	688,722
Interest earnings	112,956	108,564	72,907	78,119	82,501	91,093	100,786	110,799	120,932	124,996
Goods and Services Tax	0	294,647	230,226	235,518	240,454	245,590	251,232	256,458	261,961	268,083
Other Revenue	181,941	204,149	207,751	211,524	215,831	218,892	222,692	226,570	231,378	234,572
	3,633,934	5,283,944	5,255,791	5,482,051	5,688,316	5,912,657	6,119,275	6,361,167	6,583,925	6,838,663
Payments										
Employee costs	(1,328,067)	(1,355,076)	(1,389,087)	(1,421,964)	(1,453,971)	(1,486,702)	(1,520,166)	(1,554,390)	(1,589,378)	(1,625,162)
Material and Contracts	(1,983,595)	(2,509,529)	(1,853,872)	(1,895,484)	(1,933,597)	(1,973,431)	(2,018,030)	(2,058,183)	(2,100,808)	(2,149,316)
Utilities (gas elect water)	(163,970)	(168,529)	(172,772)	(176,863)	(180,842)	(184,908)	(189,069)	(193,327)	(197,678)	(202,129)
Insurance	(138,190)	(150,097)	(154,321)	(158,661)	(163,120)	(167,709)	(172,426)	(177,274)	(182,258)	(187,386)
Interest	(51,960)	(46,303)	(67,340)	(90,344)	(87,192)	(83,882)	(80,408)	(76,760)	(72,929)	(68,905)
Goods and Services Tax	0	(314,272)	(230,226)	(235,518)	(240,454)	(245,590)	(251,232)	(256,458)	(261,961)	(268,083)
Other expenses	(125,121)	(118,315)	(121,293)	(124,173)	(126,981)	(129,854)	(132,790)	(135,793)	(138,864)	(142,003)
	(3,790,903)	(4,662,121)	(3,988,911)	(4,103,007)	(4,186,157)	(4,272,076)	(4,364,121)	(4,452,185)	(4,543,876)	(4,642,984)
Net Cash from Operating Activities	(156,969)	621,823	1,266,880	1,379,044	1,502,159	1,640,581	1,755,154	1,908,982	2,040,049	2,195,679
Cash Flows from Investing Activities										
Payments for										
Land	(86,600)	0	0	0	0	0	0	(25,773)	0	0
Property, Plant & Equipment	(3,143,761)	(892,948)	(3,541,235)	(835,402)	(877,833)	(683,200)	(682,325)	(503,557)	(496,432)	(1,042,868)
Infrastructure	(2,679,978)	(1,582,137)	(1,656,187)	(1,743,565)	(1,832,386)	(2,042,801)	(2,149,649)	(2,508,835)	(2,700,275)	(2,569,327)
Proceeds from										
Non Operating Subsidies and Contributions	2,954,942	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433
Disposal of assets	260,000	188,008	165,540	242,589	225,060	190,070	157,834	169,815	153,935	171,249
Net Cash Provided By (Used In) Investing Activities	(2,695,397)	(1,294,753)	(3,065,953)	(1,254,919)	(1,354,771)	(1,356,165)	(1,443,862)	(1,584,857)	(1,703,324)	(2,042,513)
Cash Flows from Financing Activities										
Proceeds from New Debentures	0	0	826,800	0	0	0	0	0	0	0
Repayment of Debentures	(106,412)	(109,182)	(53,750)	(67,134)	(70,286)	(73,595)	(77,070)	(80,718)	(84,549)	(88,573)
Proceeds from Self Supporting Loans	10,913	17,410	9,167	9,524	9,894	10,279	10,678	11,093	11,524	11,972
Net Cash Provided By (Used In) Financing Activities	(95,499)	(91,772)	782,217	(57,610)	(60,392)	(63,316)	(66,392)	(69,625)	(73,025)	(76,601)
Net Increase (Decrease) in Cash Held	(2,947,865)	(764,702)	(1,016,856)	66,515	86,996	221,100	244,900	254,500	263,700	76,565
Cash at Beginning of Year	5,971,278	3,023,413	2,258,711	1,241,855	1,308,370	1,395,366	1,616,466	1,861,366	2,115,866	2,379,566
Cash/Cash equivalents at the end of year	3,023,413	2,258,711	1,241,855	1,308,370	1,395,366	1,616,466	1,861,366	2,115,866	2,379,566	2,456,131

Debt Management

The use of long-term borrowings is strongly influenced by the competing needs of building new community assets, upgrading infrastructure assets, investment decisions and funding growth projects where insufficient funds are accumulated to meet the capital outlays.



The Shire has low levels of debt and has the capacity to use debt funding in future for large non-recurrent capital works projects that will deliver economic benefits to future generations.



The Shire does not exceed the borrowing thresholds applied to the local government industry. This plan will see the Shire’s debt peak at \$1.865m in 2019/20. All key financial indicators relating to debt continue to be positive. This plan makes provision for new debt of \$0.827m in 2019/20 for the aquatic centre. If government grants are not forthcoming then the Shire has “unused” capacity to leverage the projects.

Cash Reserves

Cash Reserves are also maintained by the Shire to ease the impact of future capital expenditures in any one year. The principal capital purpose cash reserves are:

Plant Replacement Reserve - To fund the purchase of road construction plant so as to avoid any undue heavy burden in a single year.

Aged Care Units Reserve - To be used for future maintenance costs (funds of \$500 per unit p/yr)

Housing Reserve - To fund the replacement of housing and any major maintenance

Employee Entitlements Reserve - To be used to fund Long Service Leave required / other accrued leave.

Public Amenities and Buildings Reserve - To help fund future building maintenance requirements to the Shire's buildings

Mt Marshall Aquatic Centre Development Reserve - To finance future capital and maintenance upgrades for the Bencubbin Aquatic centre.

Community Bus Replacement Reserve - To finance the replacement of the community bus.

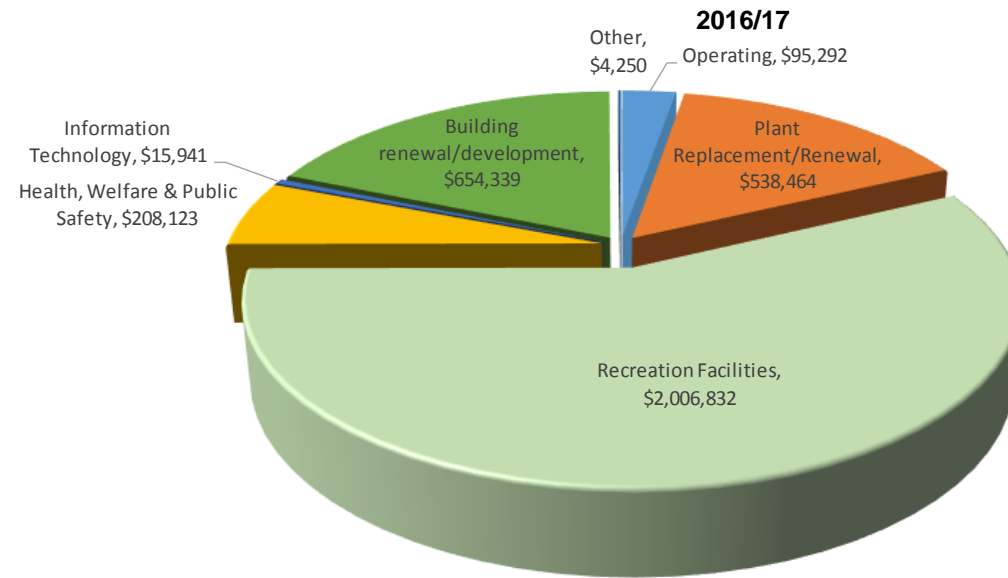
Bencubbin Recreation Complex - To provide funding for future extensions to the Bencubbin Complex.

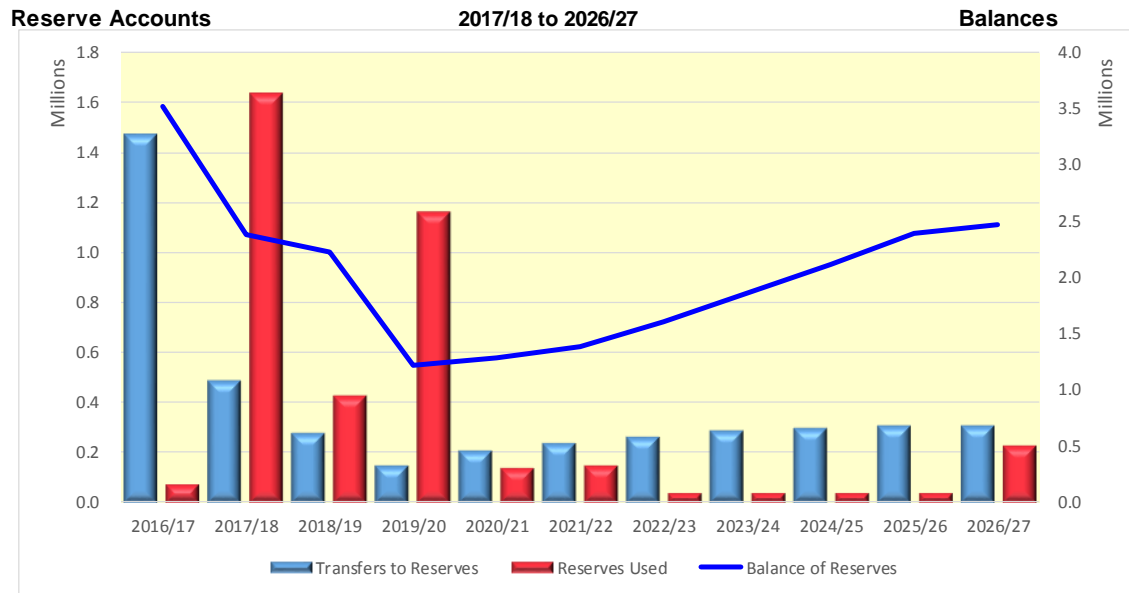
Office Equipment Reserve - To replace office equipment as required

Economic Development Reserve - To set aside funds for Economic Development initiatives.

Beacon Accommodation Reserve - To set aside funds for reconstruction or major maintenance on the Beacon Barracks.

Reserve Accounts





Reserve accounts are used to support the construction, operation and/or development of community assets and services. As the growth in the operating revenue base provides net revenue in the years 2017 onwards the reserves are utilised to accumulate funds for major capital refurbishment and replacement.

Scenario modelling and sensitivity analysis

Risk Assessment

The Shire has ensured that effective risk management practices across Council are aligned within a common framework. Councils Risk Management Strategy positions risk management as a critical driver of process and is supported by values that are practiced by all staff. Risk is considered against the following factors –

- ✓ Financial
- ✓ Property
- ✓ Environmental

- ✓ Reputational
- ✓ Safety

It provides a holistic, strategic and comprehensive approach to risk management that integrates the risk management activities across the Council and further positions risk management as a critical driver of our internal processes.

1 Extreme Risk (Unacceptable)	Substantial financial cost, people; catastrophic consequences, loss/cessation of services, loss of community quality of life, severe loss of reputation, and/or substantial environmental damage.
2 High Risk (Priority)	Major financial cost, people; serious injuries, major impairment of services, major damage to reputation, reduced community quality of life, and/or major environmental damage
3 Moderate Risk	High financial cost, people; moderate injuries, minor impairment of services , minor damage to reputation, minor loss of community quality of life, environmental impact with costly remediation
4 Low Risk	Risk mitigated by current processes - Minor financial cost, minor injuries, little impairment of services, community news coverage, minor nuisance, minor environmental impact (immediately remediable
5 Insignificant or no Risk	Low financial cost, no safety implications, not newsworthy, no community or environmental impact

The Shire's activities are exposed it to a variety of risks which have been considered in preparing the Long Term Financial Plan. Asset Management Plans also identify assets that are critical to the Shire's operations and outline specific risk management strategies for these assets.

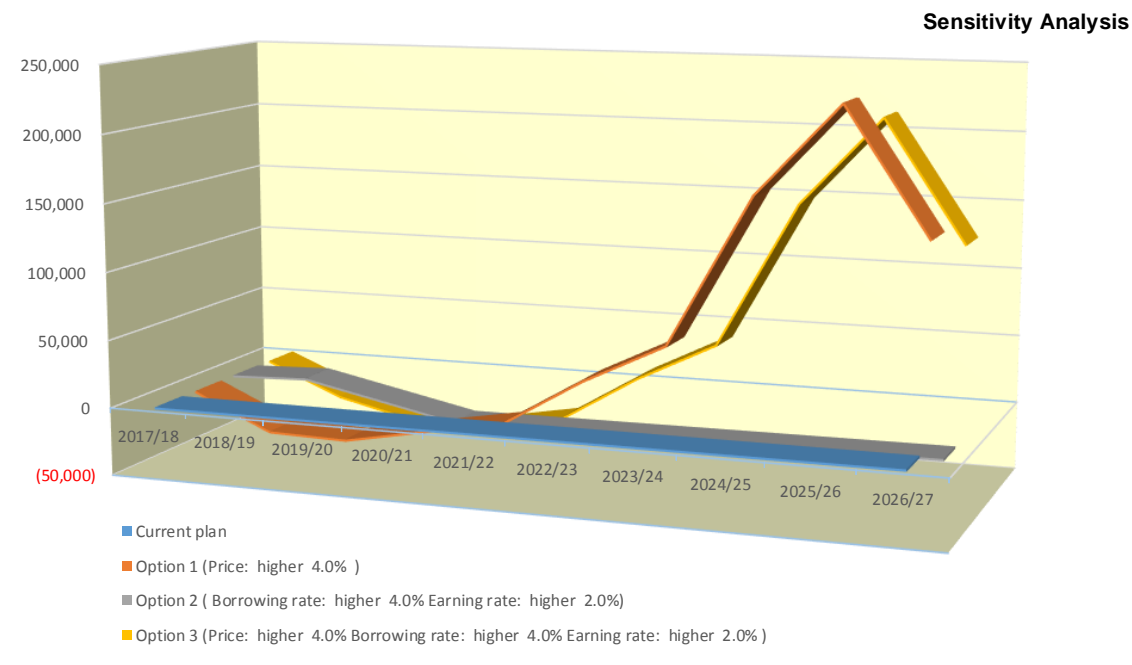
For specific projects, the ability to accurately define risks over a long period is hampered by uncertainties surrounding the availability of funding such as grants. The availability and the willingness for grants from both State and Federal Government's impose a financial risk to the operations and capital reinvestment in this plan.

Scenario Modelling

Scenario modelling has been considered to determine the level of flexibility in the Long Term Financial Plan to enable alternative considerations to be made to meet community expectations should variations occur in a range of factors or assumptions. Based on the static position in terms of growth issues driven by high or low growth are not considered as reasonable.

Sensitivity Analysis

The following graph shows the impact of beneficial and negative changes compared to the current plan. The results are for the overall plan surplus or deficit for each financial year.



Analysis of the plan outcomes have been modelled for high and low changes to key price drivers such as CPI estimates, employee cost increments, interest rates, annual rate increases etc.

This plan is sensitive to price movements in a positive way as the Shire’s revenues are strongly influence by price indices. The current low inflation and interest rates means the capacity of price and interest drivers is greater on the upward movement. Rapid upward movements in intertest rate will create a financial risk to the capital and operating outlays of the Shire. This plan includes 1-2% rate increases above the projected CPI forecasts and the accumulated effect is a faster growth in the revenue projections compared to expenditures.

Implementation and Review of the Long Term Financial Plan

The Council will consider the content of the Long Term Financial Plan when preparing the Annual Budget for 2017/18 and subsequent years and it is expected that adopted budgets will be closely aligned with the proposals in the Long Term Financial Plan and assumptions underpinning this plan.

A minor review of the Long Term Financial Plan will occur every two years as budgets are prepared to account for performance information and changing circumstances. However, a detailed desktop review is planned for 2019 and a full review will be undertaken in 2021 in conjunction with formal reviews of the Strategic Community Plan.

The Council is confident that the Long Term Financial Plan will allow the Shire to set priorities within its resourcing capabilities to sustainably deliver the assets and services required by the community.

Attachments & Supporting Documents

Attachment 1 - Glossary

AAS – Australian Accounting Standards

ABS - Australian Bureau of Statistics

Capital Grants/Contributions - Payments made to, or "revenues" received for the specified purpose of acquiring, constructing non-current assets. These can be provided by way of grants from governments or contributions from the private sector.

capital renewal and replacement expenditure means expenditure to renew or replace existing assets ¹

CPI A – Australia - Consumer Price Index for All Capital Cities in ABS Publication - Catalogue No 6401.0

CPI P – Perth - Consumer Price Index for Perth in ABS Publication - Catalogue No 6401.0

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Accounting Standard AASB 116.60 Property, Plant and Equipment

Gross Domestic Product (GDP) - Economic trend series as shown in the Australian Bureau of Statistics Publication 5206.0 - Australian National Accounts: National Income, Expenditure and Product

net interest expense means interest expense less interest received from self-supporting loans; ¹**net operating expense** means operating expense excluding net interest expense and depreciation expense; ¹

NPV means net present value; ¹

operating expense means the expense that is operating expense for the purposes of the AAS, including net interest expense and depreciation expense; ¹

operating revenue means the revenue that is operating revenue for the purposes of the AAS, excluding —

(a) grants for the development or acquisition of assets; and

(b) contributions for the development or acquisition of assets; and

(c) other comprehensive income;¹

other comprehensive income has the meaning given in the AAS;¹

own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets;¹

planned capital renewals means capital renewal and replacement expenditure as estimated in the long-term financial plan;¹

principal and interest means all principal and interest expenses for borrowings under section 6.20¹

required capital expenditure means capital renewal and replacement expenditure as estimated in the asset management plan;¹

WALGGC - Western Australian Local Government Grants Commission

References

¹ Local Government (Financial Management) Regulations 1996

Attachment 2 – Detailed Capital Works Program

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
GOVERNANCE											
Administration Building											
Computer Hardware/Software	0	6,267	6,408	6,586	34,884	6,912	7,067	7,226	7,389	7,555	
Solar Energy	0	10,449	0	0	0	0	0	0	0	0	
Light Fleet											
Toyota Landcruiser	85,000	0	90,780	0	95,650	0	100,118	0	104,674	0	
Toyota Prado	0	67,891	0	71,350	0	74,876	0	78,284	0	81,846	
LAW, ORDER AND PUBLIC SAFETY											
HEALTH											
OTHER HEALTH											
Plant & Equipment											
Motor Vehicle	25,000	0	0	0	0	0	0	0	0	0	
EDUCATION AND WELFARE											
HOUSING											
STAFF HOUSING											
Buildings	0	31,348	32,061	32,961	33,798	34,607	35,393	36,197	37,020	37,861	
OTHER HOUSING											
Aged Care Units (CEACA)											
Land	81,600	0	0	0	0	0	0	25,773	0	0	
Community Housing											
Buildings	0	31,348	32,061	32,961	33,798	34,607	35,393	36,197	37,020	37,861	
COMMUNITY AMENITIES											
PROTECTION OF ENVIRONMENT											
Water Collection Projects											
Beacon and Bencubbin	57,750	0	0	0	0	0	0	0	0	0	
OTHER COMMUNITY AMENITIES											
Cemeteries											
Other Infrastructure	5,000	0	0	0	0	0	0	0	0	0	
Plant & Equipment											
Portable Toilet	12,000	0	0	0	0	0	0	0	0	0	
Public Toilets											
General Improvements	0	0	0	0	0	0	0	0	0	18,931	
RECREATION AND CULTURE											
PUBLIC HALLS, CIVIC CENTRE											
Beacon Town Hall	30,000	0	0	0	0	23,071	0	0	0	25,241	
SWIMMING POOL											
Aquatic Centre											
Upgrade	0	0	2,800,000	0	0	0	0	0	0	0	
OTHER RECREATION AND SPORT											
Beacon Recreation Complex											
Buildings	15,000	0	0	0	0	0	0	0	0	0	

Continued

Capital Works Program Continued

Reference	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Plant & Equipment											
Mower - John Deere Ride On Mower	0	0	0	65,861	0	0	0	0	73,888	0	
Tractor - John Deere 2250 Tractor	0	0	0	0	0	0	70,672	0	0	0	
TRANSPORT											
ROAD INFRASTRUCTURE											
Blackspot Program											
Road Works	238,300	0	0	0	0	0	0	0	0	0	
Councils Works Program											
Road Works	89,800	355,366	374,697	397,102	419,811	443,127	467,132	492,511	519,201	547,387	
Reconstruction	0	0	0	0	0	97,000	134,000	395,000	483,000	217,500	
Regional Road Group											
Road Works	925,561	640,601	681,461	728,920	778,727	829,993	883,561	940,657	1,001,326	1,065,991	
Roads to Recovery											
Road Works	918,567	565,236	578,599	595,487	611,210	626,410	641,208	656,357	671,864	687,736	
OTHER ROAD INFRASTRUCTURE											
Footpaths/Cycleways											
Improvement Program	20,000	0	0	0	0	0	0	0	0	0	
Road Reserve											
Drainage - Rural	0	10,467	10,715	11,028	11,319	11,600	11,874	12,155	12,442	12,736	
Drainage - Town	0	10,467	10,715	11,028	11,319	11,600	11,874	12,155	12,442	12,736	
ROAD PLANT/EQUIPMENT											
Light Fleet											
Ford Ranger XLS D/Cab	0	54,313	0	0	58,515	0	0	62,627	0	0	
Mitsubishi Triton Dual Cab 4x4	0	0	45,924	0	0	0	50,648	0	0	0	
Mitsubishi Triton Dual Cab Utility	0	0	0	32,931	0	0	0	36,131	0	0	
Mitsubishi Triton Dual Cab Utility	30,000	0	0	0	33,759	0	0	0	36,944	0	
Mitsubishi Triton Dual Cab Utility	0	33,423	0	0	0	36,862	0	0	0	40,294	
Mitsubishi Triton Glx 4X2	0	36,557	0	0	0	40,318	0	0	0	44,071	
Mitsubishi Triton Glx 4X2	35,000	0	0	0	39,385	0	0	0	43,101	0	
Mitsubishi Triton Tipping Tray Utility	0	0	37,380	0	0	0	41,225	0	0	0	
Mitsubishi Triton Tipping Tray Utility	32,000	0	0	0	36,009	0	0	0	39,407	0	
Mitsubishi Triton Tipping Tray Utility	0	0	37,380	0	0	0	41,225	0	0	0	
Suzuki panel van	0	0	0	21,954	0	0	0	24,087	0	0	

Continued

Capital Works Program Continued

Reference	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Plant & Equipment											
Backhoe - CAT 2015	0	0	0	0	0	0	0	216,786	0	0	
Grader - Volvo G930 Grader	355,000	0	0	0	0	0	0	0	0	0	
Grader - Volvo G930 Grader	0	0	0	0	427,612	0	0	0	0	0	
Grader - Volvo G930 Grader	0	391,682	0	0	0	0	0	0	0	0	
Grader - Volvo G930 Grader	0	0	0	0	0	0	0	0	0	478,485	
Loader - Volvo L90F Wheel Loader wi	0	0	0	285,399	0	0	0	0	0	0	
Roller - Bomag BW25RH Roller	0	0	0	0	0	184,311	0	0	0	0	
Roller - Free Roll Roller No 1	0	0	0	0	56,265	0	0	0	0	0	
Roller - Free Roll Roller No 3	0	0	0	0	0	0	0	0	0	62,959	
Roller - Smooth Drum Roller	0	0	0	0	0	0	0	0	0	201,468	
Tractor - John Deere Tractor	0	0	0	82,327	0	0	0	0	0	0	
Trailer - Howard Porter Side Tipping T	0	0	106,800	0	0	0	0	0	0	0	
Trailer - Howard Porter Tandem Axle T	0	0	0	0	0	0	0	0	36,944	0	
Trailer - T/A Side Tipping Trailer	0	0	0	0	0	0	0	0	73,888	0	
Truck - Fusso Canter	0	0	0	0	0	0	58,893	0	0	0	
Truck - Hino Fs1Elkd T/A Tip Truck	0	0	0	197,584	0	0	0	0	0	0	
Truck - Isuzu Tip 2007	0	0	0	0	0	0	94,229	0	0	0	
Truck - Primemover Hino Ranger	0	0	267,001	0	0	0	0	0	0	0	
Truck - Primemover UD Nissan Truck	0	0	0	0	0	264,947	0	0	0	0	
Truck - UD Nissan Tip Truck (Road M:	85,000	0	0	0	0	0	0	0	0	0	
Water Tanker - Stainless Steel	0	0	80,100	0	0	0	0	0	0	0	
AIRPORT											
Beacon Airstrip											
Infrastructure improvements	400,000	0	0	0	0	0	0	0	0	0	
ECONOMIC SERVICES											
TOURISM AND AREA PROMOTION											
Beacon Workers Accomodation											
Upgrade	0	120,000	0	0	0	0	0	0	0	0	
Tourism											
Upgrade Caravan Parks	0	0	0	0	22,532	0	141,573	0	0	25,241	
ECONOMIC DEVELOPMENT											
Property											
Sandalwood Shops	22,000	0	0	0	0	0	0	0	0	0	

Continued

Capital Works Program Continued

Reference	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
OTHER ECONOMIC SERVICES											
Plant & Equipment											
Bus - Toyota Coaster	0	104,448	0	0	0	0	0	0	0	0	0
OTHER PROPERTY AND SERVICES											
PLANT OPERATIONS											
Plant & Equipment											
Minor plant and equipment	0	5,222	5,340	5,488	5,626	5,760	5,889	6,022	6,157	6,296	
Total Outlays	5,910,339	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195	
SUMMARY											
Capital Outlays	\$	\$	\$	\$	\$	\$	\$	\$	\$		
New Outlays	164,350	10,449	280,000	0	0	0	0	25,773	0	0	
Renewal Outlays	5,745,989	2,464,636	4,917,422	2,578,967	2,710,219	2,726,001	2,831,974	3,012,392	3,196,707	3,612,195	
Total	5,910,339	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195	
Funding Sources											
Grants	2,651,808	992,324	1,965,929	1,081,459	1,130,388	1,179,766	1,230,278	1,283,493	1,339,448	1,398,433	
Asset Sale	20,000	0	0	0	0	0	0	0	0	0	
Trade-in	240,000	188,008	165,540	242,589	225,060	190,070	157,834	169,815	153,935	171,249	
Contribution	100,000	0	0	0	0	0	0	0	0	0	
	3,011,808	1,180,332	2,131,469	1,324,048	1,355,448	1,369,836	1,388,112	1,453,308	1,493,383	1,569,682	
Council Resources											
Reserves	1,624,064	389,477	1,123,156	102,085	111,404	0	0	0	0	190,135	
Rates	173,953	905,276	1,115,997	1,152,834	1,243,367	1,356,165	1,443,862	1,584,857	1,703,324	1,852,378	
Cfwd Funds	897,380										
	2,695,397	1,294,753	2,239,153	1,254,919	1,354,771	1,356,165	1,443,862	1,584,857	1,703,324	2,042,513	
Loan	0	0	826,800	0	0	0	0	0	0	0	
	5,707,205	2,475,085	5,197,422	2,578,967	2,710,219	2,726,001	2,831,974	3,038,165	3,196,707	3,612,195	

