
2023 – 2033 Shire of Capel Interim Long Term Financial Plan

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Authorising Officer	Chief Executive Officer, Gordon MacMile
Nature of the Decision	Executive/Strategic
Attachments	2023 – 2033 Interim LTFP Statements
Confidential Status	None

Proposal

Review and consider the Shire of Capel's Long Term Financial Plan (LTFP) 2024-2034, as part of the Shire's Integrated Planning and Reporting (IPR) Framework.

Endorses the update of the Shire's Advocacy Prospectus to include Capital Projects detailed within the LTFP, aiding with grant opportunities, and informing prospective investors of the Shire's key capital priorities for 2023 and beyond.

Officer's Recommendation

That Council:

1. Endorses the Shire of Capel's Long Term Financial Plan (LTFP) 2024-2034 as part of the Shire's Integrated Planning and Reporting (IPR) Framework.
2. Endorses the revisions and inclusions to the Shire's 'Advocacy Prospectus 2023 & Beyond' document, ensuring its alignment with the Shire's LTFP.
3. Endorses the Chief Executive Officer to submit funding applications for priorities detailed in the Advocacy Prospectus as the opportunities arise.

Background

Shire of Capel Long Term Financial Plan

The Integrated Planning and Reporting Framework and associated guidelines were introduced in Western Australia during 2013-14 as part of the State Government's Local Government Reform Program. [Integrated planning](#) is the development and delivery of a Strategic Community Plan (SCP) and a Corporate Business Plan (CBP).

All local governments in Western Australia are required to produce a 'Plan for the Future' for their district under S5.56(1) of the *Local Government Act 1995*. *Local Government (Administration) Regulations 1996* now prescribe the requirement to prepare a Strategic Community Plan and Corporate Business Plan as part of the 'Plan for the Future'.

These plans were required by the 1 July 2013 and are intended to guide local governments to a successful integrated planning process. This is designed to deliver the following outcomes:

- A long term strategic plan that clearly links the community's aspirations with the Council's vision and long term strategy.
- A corporate business plan that integrates resourcing plans and specific Council plans with the strategic plan.
- A clearly stated vision for the future viability of the local government area.

The Framework is supported by Integrated Planning and Reporting Guidelines and outlines the minimum planning and reporting methodology to achieve the outcome prescribed in the legislation.

The Long Term Financial Plan is part of a suite of strategic documents which is designed to predict the Shire's future financial viability considering and accounting for main operating and capital income and expenditure and economical influences which may cause significant variances from normal financial practices.

Ideally, a local Government should review its Long Term Financial Plan on an annual basis and while there is no requirement that this plan be endorsed by the Council, it is considered best practice.

Shire of Capel Advocacy Prospectus

Many local governments have, in recent years, stepped up their advocacy efforts with both State and Federal Governments to deliver on their priorities, particularly for infrastructure funding. The advocacy landscape however is an increasingly crowded and competitive market, as more local governments are advocating for the needs of their community.

While the Shire continues to review our future key priorities, there are some key principles an advocacy position and campaign need to consider:

1. Understand your 'investors or potential funders' - Advocacy is about finding win-win situations and identifying mutual objectives. The Shire will need to identify priorities that assist the State or Federal governments to deliver on their commitments, while delivering something popular and importantly, visible within the community.
2. Know your 'customers and community' - Local government advocacy needs to be based on the current and future needs of the community; understanding what matters most. The Shire could utilise the information gained from extensive community engagement throughout the development of the Strategic Community Plan in determining advocacy priorities, giving the best chance of success if the things we are asking for reflect the priorities of our community.
3. Prioritise, prioritise, prioritise - Local governments need to have a sharp focus on a few, most important priorities and be very persistent in the delivery of this message. Presenting extensive menu lists of asks to government makes it difficult for them to choose, and often leads to disappointment if an initiative gets funded that, in hindsight, was not the most important to the local government and the community. The Shire needs to identify the top priorities, while continuing to allow the lesser priorities to be 'in play' in case they better align with government priorities.
4. Get in early - Successful advocacy campaigns give themselves time to build a story, and a message that articulates how funding a priority delivers outcomes for the community. This messaging demonstrates community and stakeholder support to the decision makers.

5. Government relations is not enough - The best advocacy campaigns start early and are research driven, with a clear sense of priorities, purpose, and a coherent message. Advocacy campaigns also leverage all the communication tools and channels available to hit decision makers from a variety of angles and build a sense of energy and momentum that is hard to resist (i.e., giving a sense that potential funders are missing out by not committing). The importance of building and demonstrating community support cannot be overstated. Activating local communities, while building understanding and pressure through the media, are often critical to the success of advocacy campaigns. The strongest support the Shire can enlist is from the energy of the community itself and directly driven by the decision makers.

6. The Shire's new 'Plan for the Future' document articulates the Council's role and responsibilities across all areas of service delivery, identifying mechanisms where the Shire provides advocacy, facilitation, fund, lead, partner, provide, regulate and stewardship. These service delivery methods are mapped across all Shire strategies ensuring the community have a greater understanding of the Shire's role in these areas.

The Shire's Advocacy Prospectus will be reviewed on an annual basis and aligned to the strategic capital projects detailed within the Shire's LTFP.

Previous Council Decisions

- Long Term Financial Plan 2021-2031 – Council endorsed (OC257/2021) the Shire of Capel's Long Term Financial Plan 2021 – 2031 as part of the Shire's Integrated Planning and Reporting Framework.
 - Advocacy Prospects 2021/22 – Council endorsed (OC208/2021): the development of an Advocacy Prospectus that articulates the key priorities for the Shire of Capel for 2021/ 22 and beyond, in line with the Corporate Business Plan 2021 - 2025; and
 - Endorses the order of advocacy priority to appear on the Prospectus as:
 - a. Bunbury - Capel - Busselton Cycle Link.
 - b. Kaatijinup Biodiversity Park.
 - c. Bridge Infrastructure (Mallokup and Minnipup).
 - d. Dalyellup Surf Lifesaving Club and Community Amenities.
 - e. Boyanup Heritage Precinct.
2. Notes that the following other key initiatives will be included in the Prospectus as part of longer-term advocacy:
- a. Future Sporting fields and facilities.
 - b. Essential Infrastructure (power, water, sewerage).
 - c. Industrial Remediation (Government advocacy / pressure on industry to fast track the clean-up and remediation of strategically located sites with development potential).
 - h. Lifestyle impacts (advocacy for increased action / expenditure on circumstances affecting the quality of life and wellbeing in the community- i.e., mosquito management and control); and
 - i. Rapid Rail Link - Perth to Busselton (subject to inclusion in the State Infrastructure Strategy).
3. Endorses the Chief Executive Officer to submit funding applications for priorities detailed in 2. and 3. above should the opportunity arise.

Decision Framework

Shire of Capel Strategic Community Plan 2021-2031

Direction 1 - Strengthen and enhance the well-being of our community:

- 1.1 A more engaged community.
- 1.2 A capable community that drives community activation and participation.
- 1.3 An inclusive community.

Direction 2 - Manage and protect our environment:

- 2.1 Improved management of our natural environment assets and attractions.

Direction 3 - Foster a dynamic, diverse, and strong local economy:

- 3.1 Increased support and advocacy to stimulate greater local business success, investment, and diversity.

Direction 4 - Deliver good leadership, governance, and decision-making:

- 4.1 Effective and compliant governance.
- 4.2 Informed and transparent decision making.
- 4.4 Increased attraction and retention of high quality staff to deliver optimal services to the community.
- 4.5 Improved customer engagement.

Direction 5 - Provide and maintain suitable infrastructure and facilities:

- 5.1 Appropriate community facilities, that meet the communities' needs.

Direction 6 - Effective communication, engagement, and relationship development:

- 6.1 Greater trust and the development of positive relationships within the Shire and with the community.
- 6.2 Improved cross sector relationships and collaboration.

Corporate Business Plan 2023-2027

- FIN 2 - Manage and investigate financial investment models to maximise benefit to the Council.
- FIN 3 - Manage loans to minimise cost to Council - investigate contemporary lending models.
- FIN 4 - Ensure financial systems remain compliant with all relevant legislation.
- FIN 5 - Valuation of assets in accordance with AASB 13 Standard.
- FIN 6 - Local Government (Financial Management) Regulations 5(2)(c) - review.
- FIN 12 - Annual review of the Shire's adopted Rating Policy consistent with the principles of rating and aligned to the Shire's annual Rate Strategy.
- FIN 15 - Provide single reporting mechanism for both Monthly and Annual reports.
- FIN 16 - Design and present a detailed long term financial sustainability plan to the Council, ensuring linkage to other strategic documents.
- CEO 3 – Facilitated Vision – Update the Advocacy Prospectus to attract funding, investment and alternative revenue sources from government, Industry, and commercial organisations.
- CEO 4 – Capel Place Plan - Finalise and implement the adopted Shire of Capel Place Plan 2023 to 2027.
- CEO 7 - Kaatijinup Biodiversity Park - Lead the completion of a feasibility study into the (proposed) Kaatijinup Biodiversity Park, in consultation with all relevant stakeholders.

- CEO 8 - Agribusiness Precinct - Lead the development of an Agribusiness Precinct, incorporating a future relocation of the Boyanup Saleyards.
- CEO 11 – Regional Outcomes - Develop and maintain positive regional collaboration with other local authorities, government departments, commercial organisations and businesses to achieve individual Shire and regional outcomes.
- CEO 12 – Strategic Planning - Continue progression of the 'Council Plan' integrating SCP, CBP, LTFP, AMP, RMP, WFP and all supporting sub-plans are adopted in the 2022/23 financial year, with quarterly reporting to the Council and subsequently maintained in accordance with the WA Integrated Planning Framework.

Statutory Framework

Local Government Act 1995, Section 5.56

5.56 Planning for the Future

1. A local government is to plan for the future of the district.
2. A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

Local Government (Administration) Regulations 1996 apply.

Specifically: - Division 3 – Planning for the future

19C. Planning for the future: strategic community plans – s. 5.56

19DA. Planning for the future: corporate business plans – s. 5.56

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to –
 - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
 - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
 - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.
- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether to adopt the plan or the modifications.

*Absolute majority required.

- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

Policy Framework

The following Shire Policies apply:

- Community Engagement.
- Asset Management.
- Borrowing Management.
- Budget Management - Capital Acquisitions and Works.
- Fair Value of Assets.
- Financial Reserves.
- Investment of Funds.
- Legislative Compliance.
- Preparation of Integrated Plan and Budget.
- Fleet and Plant – Procurement.

Implications

Risk Implications

Risk	Likelihood	Consequence	Mitigation
<p>Risk 1</p> <p>Financial</p>	Unlikely	Minor	<p>The development and review of an LTFP is an effective strategy to mitigate unaccounted financial risk. Shire Officers has the capacity to advise and provide financial modelling data to support the Council in reaching the right decision.</p> <p>It is the responsibility of the Council to have a good understanding of the Shire's long term position, and the LTFP aides the Council in achieving good financial decisions, accounting for the future operating and capital priorities for the Shire.</p>
<p>Risk Description: Lack of understanding of the Shire's long term operating and capital financial priorities.</p>			
<p>Opportunity: An informed and community-connected Long-Term Financial Plan where the Council has considered and supported the funding required to deliver the Shire's operating and capital priorities for ten years.</p>			
<p>Risk 2</p> <p>Strategic</p>	Likely	Moderate	<p>Seeking funding to support the Shire's strategic projects is a very competitive field, seeing many other local governments think creatively in marketing their capital priorities as an investment opportunity to external funding providers/government agencies.</p> <p>The purpose of the Advocacy Brochure is to professionally and succinctly present Capel's strategic priorities to such investors/agencies in the hope that it attracts funding.</p>
<p>Risk Description: Lack of opportunity to professionally present the Shire's strategic projects to external organisations/stakeholders for the purpose of seeking funding opportunities.</p>			

Opportunity: A mechanism to professionally present the Shire's key strategic priorities to secure funding.

Financial Implications

Budget

The Shire's 2023-24 Annual Budget allocates an annual consultancy of \$10,000.00 for the review and completion of the Shire's LTFP.

The 2024-34 LTFP has undergone a full financial structure review to ensure alignment with the new Chart of Accounts (COA) which were released in February 2023 and used to formulate the Shire's adopted 2023-24 Annual Budget.

The review is also an opportunity to ensure the LTFP framework is contemporary in nature and scope and accounts for recent changes in financial legislation.

The Shire contracted Moore Australia (WA) to complete this review at a cost of \$2,500.00 which is significantly lower than budgeted.

Once the review is finalised, Shire Officers build the LTFP to capture anticipated operating and capital revenue and expenditure over a period 10 years with an annual Net Current Asset position presented once all accounting treatments have been included e.g., forecast rate revenue, financial reserve transfers, borrowing and grant opportunities and other such considerations.

The LTFP financial reports attached present this level of information in greater detail.

The production of the Advocacy Prospectus has a budget allocation of \$15,000.00 and will be sufficient to cover the review and amendments required to align the document to the LTFP.

Long Term

The continual development of the Shire's Long Term Financial Plan does not have any future financial implications other than the reliance on physical resource to maintain the integrity of the financial data contained in the plan.

Officers allocate an annual budget amount of \$10,000.00 to complete an annual LTFP framework review, ensuring the document's current and future form remain compliant with the Department of Local Government Sport and Cultural Industries' (DLGSCI) Integrated Planning and Reporting Framework and the plan successfully informs future budget and strategic planning preparations and informs decision making.

Sustainability Implications

The review and development of the Integrated Planning Framework provides the Council the ability to evaluate the long-term sustainability implications of all Shire current and projected strategies, plans and works programs. This provides sound guidance to the Council on the value of rates required on an annual basis to fund Shire services and facilities, and / or in turn, adjust expenditure and service levels to match the rate income projected for the future.

Financial sustainability modelling within the LTFP ensures the protection of the Shire's assets and financial capacity over the medium to longer term and how it mitigates risk to the community's assets.

The LTFP aims to assume a balanced budget philosophy each year, inclusive of transfers to financial reserves to help build the Shire's financial capacity and resilience. However, unplanned capital projects will present during the term of the plan, and it is the responsibility of the Council and Shire Officers to present a solution which does not impact on the continued viability of the Shire's financial position.

Consultation/Engagement

The LTFP is a planning tool which summarises the financial outcomes from the reviews of the Shire's Strategic Community Plan and Corporate Business Planning processes.

During 2022 and 2023 a series of workshops, meetings and consultations have occurred with the community, staff and the Council on financial sustainability, long term planning and annual budgeting. Throughout this consultation process, the awareness of the Shire's ability to meet the financial expectations of the strategic reviews has been paramount and of prominent discussion, ensuring the priorities the Shire has identified is both achievable and sustainable.

Furthermore, to the above consultation, the data detailed in the following informing strategies has also been referenced within the plan:

- 2023 - 2027 Corporate Business Plan (CBP).
- Program of Works – Bushland Reserves.
- Program of Works – Building and Structures.
- Program of Works – Drainage.
- Program of Works – Roads.
- Program of Works – Car Parks.
- Program of Works – Paths and Trails.
- 10 Year Drainage Strategy (43/2018).
- 10 Year Shade Sail Strategy (OC0320).
- 10 Year Plant Replacement Program.
- 10 Program of Works – Public Open Spaces.
- 2023-24 Proposed Fees and Charges Schedule.

Officer's Comment

The Long Term Financial Plan 2024-34, presented to the Council, is a strategic document and as such, the plan is at a high level and should be treated as a guide for future budget discussions. The adopted 2023-24 Annual Budget has been imported into the modelling and forms the baseline for the ten year plan.

The Long Term Financial Plan format incorporates:

- A forecast of significant capital expenditure by asset class.
- Forecast revenue, expenses, and net asset positions.
- Future rate revenue scenario modelling.
- Future fees and charges scenario modelling.
- Forecast financial reserve movements.
- Future opportunities for borrowings.
- Future grant funding requirements.
- Assessment of risks and uncertainties.
- Forecast asset ratio analysis.
- A series forecast financial statements.

- A ten year financial perspective on the Shire's proposed project commitment to the community.

Through long-term financial forecasting, several assumptions and references to certain policies are accounted for, ensuring the community and Officers understand the basis of the decisions forecast in the plan.

This level of transparency enables consistency in ongoing reviews and a level of confidence that decisions in ways to fund key operating and capital priorities are well considered leading to a reasonable and sustainable financial position for the Shire.

However, with long term financial planning there is a level of risk and uncertainty associated with known and unknown variables in the future. In this case, the current format of the LTFP is positioned well to allow a series of assumptions and are detailed as follows:

Assumed Forecast Variables

Economic indicators for cost and revenue increases are provided through a variety of sources including the WALGA Economic Briefing, Australian Bureau of Statistics, State Treasury forecasts and long term Consumer Price and Local Government Indexations.

The percentage increases applied to all assumption modelling within the LTFP has been influenced by rises in the Consumer and Local Government Cost Indexes which has significantly impacted the Shire's ability to maintain pre-covid operating and capital service levels.

In consideration of this, the LTFP projects the following financial outcomes:

1. The LTFP trends a positive end of year financial position with marginal surpluses throughout the ten year plan. This financial position has been achieved through a blended financing approach utilising reserves where financially sustainable and grant / borrowing opportunities.

Diagram 1.

For the period 2024 - 2034

Abridged Forecast Statement of Funding

For the period 2024 - 2034

Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening surplus/(deficit) July 1	0	482	107,119	731,234	66,425	64,836	727,791	12,618	30,720	61
Estimated surplus/(deficit) for:	482	107,119	731,234	66,425	64,836	727,791	12,618	30,720	61	0

Where an end of year surplus variance is larger than the norm e.g., FY2026-27 \$731,234.00 & FY2029-30 \$727,791.00 (as above), this is purposeful in offsetting an anticipated operating / capital increase in the following financial year.

- The projected annual increases to rate **yield** (not rate in the dollar) is projected at 4.50% per year and assumes interim property growth in the region of 50 lots per annum.

Given Landgate are conducting a revaluation of all properties in the Shire during this financial year, it is hard to predict the impact this will have on property values and subsequent property rate increases.

During the rate setting period, future decisions of the Council on increases to the rate in the dollar will be substantiated by the data utilised in the WA Treasury Corp's Financial Sustainability Modelling Tool and the Shire's LTFP.

Through rate setting discussions, Officers and Councillors are conscious of minimising financial burden through the imposition of property rates to residents' and effort is made to ensure that any increase to rates is fair, equitable and accountable.

- The implementation of Fair Value asset accounting has had a significant impact on asset values and depreciation and will continue to do so into the future. The full impact is assessed in the LTFP and adjusted in the annual financial statements as a rolling asset valuation program.

Asset valuations remain difficult to forecast in the current market. Depreciation remains a large annual budget expense ranging from \$5.2M in 2024-25 to \$8.2M in 2034-33.

The Shire's ability to re-invest the full annual depreciation amount across the corresponding asset classes remains a resourcing challenge for the Shire. Officers are confident with the introduction of a sophisticated Asset Management System; asset data can be managed more effectively to plan efficient and realistic annual capital work programs.

The recent Asset Management presentation to Councillors, in part, identified this and highlighted the work which is required to ensure the method of asset Fair Value is contemporary in nature and scope. This allows for assets to be revalued more frequently ensuring values are reflective of market trends and supports the design of realistic and on budget program of works schedules, which considers community service level expectations and asset renewal and sustainability measures.

- Projected new positions as identified within the Council endorsed 2023–2027 Workforce Plan has been allocated within the LTFP, including additional employee operating costs to

sustain new capital infrastructure such as the Dalyellup Multipurpose Community and Youth Centre, as a result of changes in operational activity.

Items also included in the employee costs are annual salary increases tracking at 3.50%, training, fringe benefits tax, worker's compensation insurance, superannuation costs, protective equipment and any other staff related costs. These are assumed to increase in line with the variables details above. Any new staffing lines will be reported to the Council during the draft annual budget process.

5. Population, demographics, and land growth projections are based on current forecasts identified within the Shire of Capel. Growth assumptions will continue to be refined in the 2023-24 financial year and will be reflected in any future long term financial plans.
6. New borrowings are currently assumed in the model to fund the capital upgrades to the Shire Depot, Waste Transfer Station, including a Weigh Bridge and acquisition of land for the Mallokup Bridge project.

The LTFP assumes the following borrowing opportunities, noting the financial year identified may change due to project readiness:

FY2026-27 – Shire Depot Capital Upgrade	\$750,000
FY2027-28 – Waste Transfer Station and weigh bridge	\$1,500,000
FY2028-29 – Mallokup Bridge land acquisition/site prep	<u>\$1,500,000</u>

Total assumed borrowing as of September 2023 **\$3,250,000**

The capital figures identified above are provisional, given work is currently underway to realise the true cost of these projects. Further reviews of the LTFP will include an update of the above figures.

7. Projected financial reserve movements reflect the Shire's affordability in part financing capital projects, programs, and work schedules. Through the course of the plan, financial reserves are in a sustainable position, seeing growth through the annual interest accruals and a modest approach to utilising reserves to fully fund projects.

The first three years of the LTFP forecasts transfers from reserves to part fund capital expenses related roads and community buildings at a sustainable rate.

Future reserve transfers will be modelled through the course of the plan when drafting the Shire's future annual budgets.

Consideration was given to modelling a transfer from the Waste Reserve for FY2024-25 to cover the anticipated shortfall in the Shire's waste levy collection from residents. However, through the 2024-25 draft annual budget process, Officers will determine if this is necessary based on the operating cash position once all other expenditure areas have been accounted for.

The LTFP does project reserve investment movements through the life of the plan, and depending on available revenue through annual budget setting, a focus on reserve investment for those reserves at financial risk will be prioritised to secure the financial health of future operating and capital projects.

8. The capital and operating Program of Works are currently being reviewed to align to the new Asset Management Strategy and as per the information shared during the Asset Management presentation.

In line with current service levels, the LTFP assumes (for the life of the plan) the following capital investment across the Shire's main asset classes:

<u>Asset</u>	<u>Assumed Annual Investment Amount</u>
Roads	\$3,500,000.00
Drainage	\$500,000.00
Paths	\$400,000.00
Carparks	\$200,000.00
Land & Buildings	\$700,000.00
Parks, Ovals and Other	\$1,000,000.00
Plant Replacement Program	\$867,152.00 (average over 10 years)
Office and Equipment	<u>\$500,000.00</u>
TOTAL ANNUAL INVESTMENT	<u>\$7,667,152.00</u>

Investment in Bridge infrastructure is ad hoc in nature and will be reviewed annually through the program of works.

Capital project costs associated to the Enterprising Resourcing Product (ERP) are accounted for in the LTFP as follows:

2024-25	\$1,500,000
2025-26	\$1,500,000
2026-27	\$1,500,000 = \$4,500,000.00

Bringing forward the main infrastructure capital costs above, forecasts a ten year capital spend as follows:

FY2024-25 – FY2026-27 = \$9,167,152.00

FY2027-28 – FY2033-34 = \$7,667,152.00

Please note – The above figures are based on current program of work schedules which may change through the review of the Asset Management Strategy.

Also noting, capital investment in new Shire facilities and other infrastructure linked to strategic projects is not included in the above figures.

9. The funding of adopted Corporate Business Plan priorities (4 yearly) are included in the LTFP in both operating and capital expenses. The LTFP will track the annual updates to the CBP with adjustments to reserves and grant requirements completed through the life of the plan.

Shire of Capel's Strategic CAPITAL Priorities

The following projects in table 1 are detailed within the LTFP as a capital priority.

Through the recent LTFP workshops with Councillors, the projects detailed below were discussed with a view to prioritising each project in order of community need / expectation and feasibility of funding within a suitable and achievable period.

Some historic projects, such as the Dalyellup Millenium Site, which was an identified site for future sporting space was removed from the LTFP due to the high site remediation costs. Alternative future sport space provisions are currently being investigated.

Other projects which were originally in the LTFP as capital in nature such as the Dalyellup Surf Life Saving Club and Boyanup Heritage Site / Fettle's Lion Precinct have been initially allocated an operating expense for further investigation / feasibility to occur for these two sites before allocating a capital saving plan for the projects.

The current LTFP forecasts **CAPITAL** funding for the below projects:

Table 1.

	STRATEGIC PROJECTS - CAPITAL	CAPITAL \$	FUNDING MECHANISM	DUE (Proposed)
1	Bunbury to Busselton Cycle Path - (Feasibility investigation ongoing)	\$10m	Grant and Shire Funds	2029-30 - TBC
2	Mallokup Bridge Widening Land Acquisition	\$4.5m \$1.5m	Grant/External Funding Shire funds/Borrowing	2029-30 - TBC
3	Shire Depot Upgrade	\$750,000	Borrowing	2024-25
4	Shire Waste Transfer Station Upgrade & Weigh Bridge	\$1.5m	Borrowing	2025-26
5	Dalyellup Multipurpose Community and Youth Centre (DMCYC)	\$11.1m	Grants and \$500,000 DCP Reserve	2024-25
6	Replacement Stirling Bushfire Shed	\$1.2m	DFES Funded	2025-26
7	Replacement Capel Bushfire Shed	\$1.2m	DFES Funded	2025-26
8	Enterprising Resourcing Product – Management Information System	\$4.5m over 3 years	Shire Funded – (Capital Works Program)	2024-27

Shire of Capel's Strategic OPERATING Priorities

The current LTFP forecasts operational funding to support further investigation activities for several projects, such as the Dalyellup Surf Life Saving Club and Boyanup Public Open Space.

These projects are linked to historic strategies detailed within former LTFP capital programs and will require a project rescope to ensure project costs and design are realistic and still align to meeting community expectations and needs for the specific locations.

The 'Sense of Place' outcomes derived through the Place Planning Community Workshops will be useful in informing this rescope exercise.

Dalyellup District Sporting Facilities – The future provision of sporting fields and facilities is being investigated with the intent the Shire’s Sports Spaces’ Plan will be presented to the Council in January / February 2024 and if endorsed, will be included in the next iteration of the LTFP.

For projects linked to ‘Industrial Land Remediation Investigation’ and ‘Essential Development Infrastructure Investigation;’ it is worth noting that alternative funding / financing options like ‘National Housing Infrastructure Facility’ (NHIF) concessional loans and grants will be considered as investigations continue on these strategies.

The strategic projects detailed above, although currently operating in nature due to ongoing studies and feasibilities, may become a capital priority within the LTFP, where a future funding plan will be identified ensuring project commitment and delivery.

‘Advocacy Prospectus 2023 & Beyond’ Priorities

Referencing the above project detail, several strategic operating and capital priorities will be included in the review and rebuild of the Shire’s ‘Advocacy Prospectus 2023 & Beyond’ document.

The following projects will be re-introduced in the revised prospectus, allowing for a greater level of detail to be presented due to the informing works completed to date:

1. Dalyellup Multipurpose Community and Youth Centre (DMCYC).
2. Bunbury – Capel – Busselton Cycle Link.
3. Agribusiness Precinct.
4. Bridge Infrastructure – Mallokup Bridge.
5. Essential Infrastructure (power, water, sewerage).
6. Industrial Remediation (advocacy / pressure on industry to fast track the clean-up and remediation of strategically located sites with development potential).

While it is expected that the Shire’s advocacy priorities will be heavily weighted towards major individual infrastructure projects, other initiatives that remove the constraints of or barriers to economic activity and development should also be strongly considered.

The advocacy priorities for the Shire should look to encourage investment in key strategic projects which will support jobs and industry, encourage tourism, and establish a point-of-difference for Capel and the region, while building on the unique lifestyle opportunities that come with living in the locality and the South-West of WA.

In its finished format, the endorsed ‘Advocacy Prospectus 2023 & Beyond’ will also include the following detail:

- A Place Profile – acknowledgement of country, our history, geography and lifestyle, localities.
- A Community Profile – snapshot, population demographics, regional positioning.
- An Economic Profile – labour force and employment, business sectors.
- A Regional Profile– regional positioning, strategic alignment.
- Specific project and initiative information (description, justification, budget, timing, and imagery).

Future LTFP Strategic Considerations (not included in the above capital project tables)

Through ongoing investigations with current projects, there is opportunity to consider making future financial provisions for the following strategic considerations:

1. **Future Aquatic Provision** (through the Shire’s Sports Spaces Planning) – Dependant on community need; consideration of the part funding of an aquatic provision within the Shire

in partnership with a third party provider. Alternatively, consider the part funding of an existing aquatic facility in partnership with a neighbouring local government through an MOU (Memorandum of Understanding) arrangement, to leverage an attractive service level agreement model for the benefit of the Capel community.

2. **Coastal Hazard Risk Management Adaptation Plan (CHRMAP)** - Report due to be presented to the Council early 2024 outlining the Shire's recommendations in response to actions identified in the CHRMAP report. The report will outline probable costs associated to recommended actions and these will have to be accounted for in future revisions of the LTFP and reserve investment requirements.
3. **Dalyellup District Sporting Facilities** – As detailed above, the future provision of sporting fields and facilities is being investigated with the intent the Shire's Sports Spaces' Plan being presented to the Council in January / February 2024 and if endorsed, will be included in the next iteration of the LTFP.

Summary

The Shire's LTFP presents a realistic and reasonable financial outturn for the next ten years.

The 'Officer's Comment' section of the report identifies a number of key 'knowns' throughout the life of the plan, instilling a level of confidence in the figures, projecting what is both financially sustainable and achievable for the Shire.

Councillors have recently learnt of the additional work and investment required in rebuilding the Shire's Asset Management Strategy which will inevitably influence the capital works modelling in future budgets and long term financial planning. The annual review of the plan will reflect the changes in the Asset Management Strategy once adopted by the Council.

The LTFP does identify the need for Borrowing for some strategic capital projects, albeit at the discretion of the Council's appetite to see these projects realised sooner than being funding through the Shire's financial reserves alone.

The financial statements attached to this report substantiates the above commentary and details the following data:

1. **Forecast Statement of Funding for Period 2024-2034** - A statement combining operating and capital revenues and expenses and discloses the opening and closing net current budget surplus (deficit) funding position for each year.
2. **Forecast Statement of Capital Funding for Period 2024-2034** - A statement detailing annual capital projects and associated funding.
3. **Forecast Statement of Comprehensive Income by Nature of Type for Period 2024-2034** - Often referred to as the operating statement, it shows the revenues and expenses over the periods classified by Nature or Type to disclose a net result.
4. **Forecast Statement of Cashflows for Period 2024-2034** - Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

The LTFP Councillor Workshop scheduled for Wednesday 20 September 2023 will present this information in more detail and fully review the proposed 10 year strategic project and capital work listings.

Should the Council choose to endorse the LTFP, a presentation format of the plan will be shared with the community via the Shire's website, which will include the attached reports, with supporting analysis tables and commentary, mainly referencing the information contained in this report.

The data included in the LTFP is contemporary at the time of publishing. The plan is a fluid document which models financial assumptions and situations of material impact as they present. This is to ensure the Shire has a clear understanding of its evolving financial position from year to year.

It is intended that the LTFP will be re-presented to the Council in May / June 2024, detailing the Council endorsed 10 year program of works across all asset classes, which are planned for Council's review commencing January / February 2024 onwards.

The 2024–2034 Long Term Financial Plan is commended to the Council for review and endorsement, noting some strategic projects in the LTFP will be re-presented in the Shire's 'Advocacy Prospectus 2023 & Beyond' document.

Voting Requirements

Simple Majority.

Officer's Recommendation – {item-no}

That the Council:

- 1. Endorses the Shire of Capel's Long Term Financial Plan (LTFP) 2024-2034 as part of the Shire's Integrated Planning and Reporting (IPR) Framework.**
- 2. Endorses the Chief Executive Officer to make revisions and inclusions to the Shire's 'Advocacy Prospectus 2023 and Beyond' document, ensuring its alignment with the Shire's LTFP.**
- 3. Endorses the Chief Executive Officer to submit funding applications for priorities detailed in the Advocacy Prospectus as the opportunities arise.**