



Shire of Capel

Long Term Financial Plan

2021 - 2031

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1.0 FOREWORD

The Shire of Capel's Long Term Financial Plan 2021 - 2031 details the Shire's intended actions over the next ten years as a means of ensuring the Shire's financial sustainability. It is aligned to other core planning documents by which the Shire is accountable to the community, including the Strategic Community Plan and the Shire's Corporate Business Plan. Information obtained in developing other strategic plans including the Asset Management Plan have informed the Long Term Financial Plan, which will lay the foundation for preparation of the Shire's future Annual Budgets.

The Long Term Financial Plan is a fluid tool which analyses financial trends over a ten year period based on a range of assumptions and provides the Shire with information to assess resourcing requirements to achieve its strategic objectives.

The Long Term Financial Plan covers the period 2021/22 to 2030/31. There is a higher level of detail in the first four years of the Long Term Financial Plan. The first year of this plan forms the base for the 2021/22 budget. All years of the plan are underpinned by a number of assumptions and reasonable estimates which inherently contain varying levels of risk of inaccuracy.

The Shire undertakes a focused review of its Strategic Community Plan every two years and a full review is planned every four years. This Long Term Financial Plan will be assessed in conjunction with the reviews of the Strategic Community Plan and Corporate Business Plan. Annual Budgets are developed from the Long Term Financial Plan, however there may be some variations between the Long Term Financial Plan and budget, where these arise they will be explained in the Annual Budget.

2.0 PLANNING OVERVIEW

2.1 PLANNING FOR A SUSTAINABLE AND STABLE FUTURE

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

2.2 PLANNING PROCESS

Built on the most recent audited Annual Financial Report and the adopted 2021-22 Annual Budget, a baseline was determined for operating revenue and expenditure. Modifications to this baseline were made over the ten year term of the Plan to forecast operating revenue and expenditure based on the assumptions and forecasts utilised with the first year of the plan. Subsequent adjustments were made for any material items predicted in the forecast results for the 2021-22 financial year.

An important element of long-term financial planning is planning for the future renewal of Shire assets. The Shire's Asset Management Plans are progressing with available asset information being considered within this plan. Unfortunately, planning for the renewal of long-lived assets is problematic due to the uncertainty of receiving future external contributions which are often subject to sudden unexpected change. It is important to note, capital works identified in this Plan where external contributions are a source of funding may be postponed if this funding does not eventuate. If renewal is postponed past its estimated useful life and optimum intervention point, there is an increased risk of sudden asset failure resulting in a possible loss of service level.

A combination of financing techniques involving the use of cash backed reserves and long-term borrowings has been utilised in the Plan to provide for asset expenditure requirements.

2.3 ASSUMPTIONS

The Plan has been prepared based on the following broad assumptions:

- The Shire population is forecast to grow;
- The Shire will maintain its current service levels and where financially prudent, increase services to the community;
- The level of grants and contributions for capital projects and operations is difficult to predict and varies over the term of the Plan;
- The district and state economy will remain stable over the long term; and
- Assets are expected to be adequately maintained and continue to provide existing levels of service.

For a detailed analysis of all assumptions and their associated risks please refer to section 13.0.

3.0 FINANCIAL STRATEGIC OVERVIEW

3.1 FORECAST SIGNIFICANT EVENTS

Road maintenance and road renewal remains a high priority for the Shire due to the strategic economic benefit the road network provides to the district. Although of high importance, adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

The following significant projects have been identified within the Plan and are considered of high importance to the community and are planned to be undertaken within the next three years.

ASSET CLASS	PROJECTS	2021-22 \$	2022-23 \$	2023-24 \$
Buildings	Recreation & Culture - Land & Buildings	543,705	85,770	179,270
	Recreation & Culture - Infrastructure		25,800	
	Governance - Land & Buildings		23,500	20,000
	Other property & Services – Land & Buildings			
Footpaths	Dual Use Paths	615,457	760,571	507,103
Furniture and Equipment	Governance	133,000	104,081	78,557
	Recreation & Culture		25,600	5,800
Parks, Ovals & Infrastructure Other	Recreation & Culture - Infrastructure	1,813,866	416,415	393,467
	Recreation & Culture – Land & Buildings			200,00
	Developer Infrastructure	50,000	50,000	50,000
Plant and Equipment	Plant Replacement	811,493	372,500	813,781
	Law, Order & Public Safety	300,000	350,000	350,000
Drainage	Drainage	568,814	427,000	355,000
Roads	Road Renewal Projects	2,409,970	1,423,649	1,122,107
	Road Upgrades	91,245	757,119	1,175,740
	Developer Infrastructure	750,000	300,000	300,000
Infrastructure	Transport - Infrastructure	80,186	65,113	68,043
Infrastructure - Carparks	Transport - Infrastructure	126,679	76,977	58,900
Infrastructure - Bridges	Transport - Infrastructure			400,000

Additional smaller projects are planned to be undertaken in conjunction with the projects above to maintain services to the community, these are listed in the table provided in Section 9.1. The timing and extent of all projects is highly dependent on the level of external grant funding, should this not be available when planned, the project may be postponed until funding is available.

3.2 FINANCIAL MANAGEMENT STRATEGY

In the process of developing the Long Term Financial Plan, the Shire of Capel considered its overall financial strategy for the term of the Plan. The Plan was prepared considering the specific financial constraints set out in the following table and the inherent financial constraints within the local, state and national economy.

FINANCIAL CONSTRAINT	LONG TERM FINANCIAL STRATEGY
Borrowings – Purpose	<p>The Shire is in the process of formalising a financial strategy in relation to the use of borrowings, however the following approach has been utilised:</p> <ul style="list-style-type: none">(a) Debt funding may be used for capital works and the purchase of development of assets and infrastructure assets; or(b) Debt funding may not be used to finance operating activities or recurrent expenditure.(c) Before borrowing funds, the Shire would generally consider using existing surplus funds in the first instance.
Borrowings – Level	<p>The Shire plans to constrain the level of borrowing for community assets to result in a debt service coverage ratio not less than 5 and a borrowing to revenue ratio of no more than 50%. It is acknowledged the debt service coverage ratio is less than 5 for the first four years of the plan as existing debt is repaid.</p>
Asset Renewal	<p>The Shire will structure its operating revenue and expenditure with the goal of achieving the future renewal of its assets within a planned useful life. The level and timing of asset renewal may be subject to the receipt of external grants and contributions.</p>
Services	<p>The Shire plans to maintain current service levels and where prudent, improve levels where funds are available into the future while maintaining a healthy financial position. The range and level of services will be considered annually within the Shire’s corporate business planning process.</p>
Operating Surplus	<p>The Shire acknowledges the operating surplus ratio is currently in a negative through the term of the Plan. This will need to be addressed through an improvement in revenue generation and/or a reduction in expenditure. Improvement in this ratio could be gained over the term of the Plan through the improved planning of remaining asset lives and associated reduction in depreciation expense.</p>
Rates	<p>The Shire plans to maintain a smooth and predictable approach to the movement in rates revenue referenced to movements in expenditure over the term. Future increases in total rate yield comprise elements associated with predicted growth in lot yield and increases required to achieve the Shire’s overall financial strategy.</p>

3.3 FINANCIAL SUSTAINABILITY

As a local government, the Shire provides essential infrastructure facilities and services to support the local community. To undertake this role, the Shire has in the past and expects in the future to receive grants and contributions from external bodies including the State and Federal Governments. In the absence of this external assistance the Shire would not be able to rely on property rate revenue alone to support the extent of the facilities and services it currently provides to the community.

Recognising that the current levels of services and facilities were established and are maintained with external contributions, the Shire is not able to be independently financially sustainable. Although not expecting to achieve an independent financial status, the Shire considers it can maintain the long-term sustainability of its current service levels, providing it continues to receive external support in line with past levels, for both operations and the renewal of significant community assets.

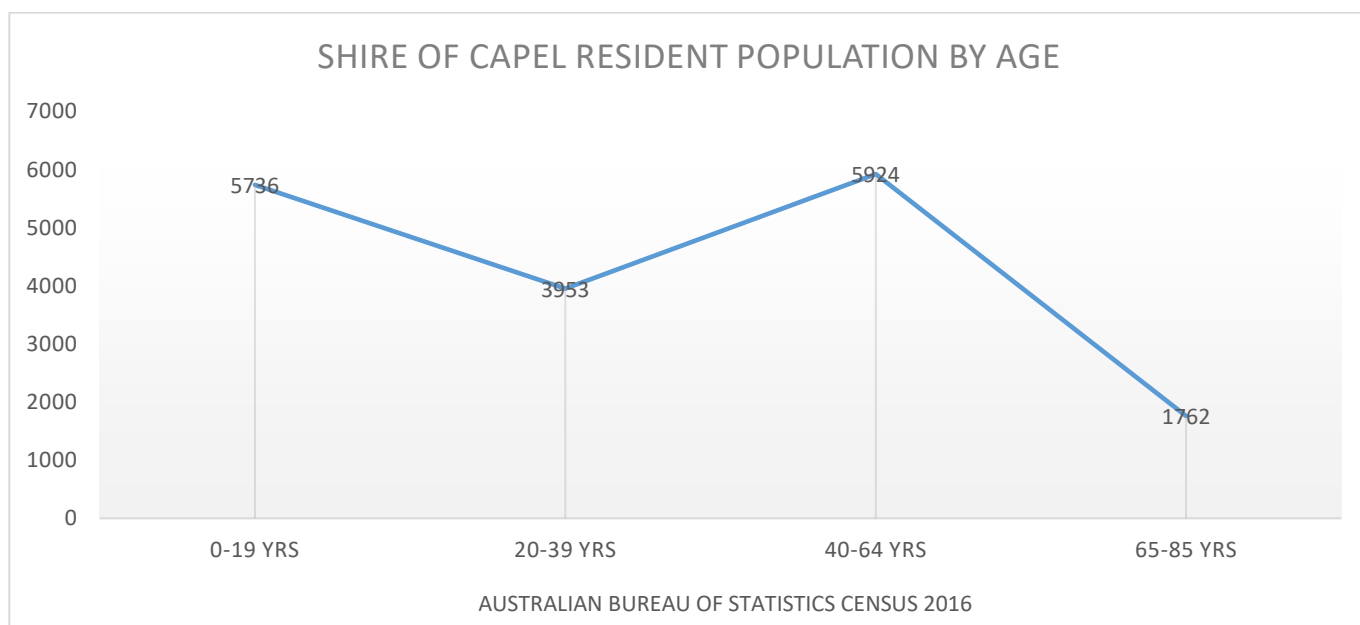
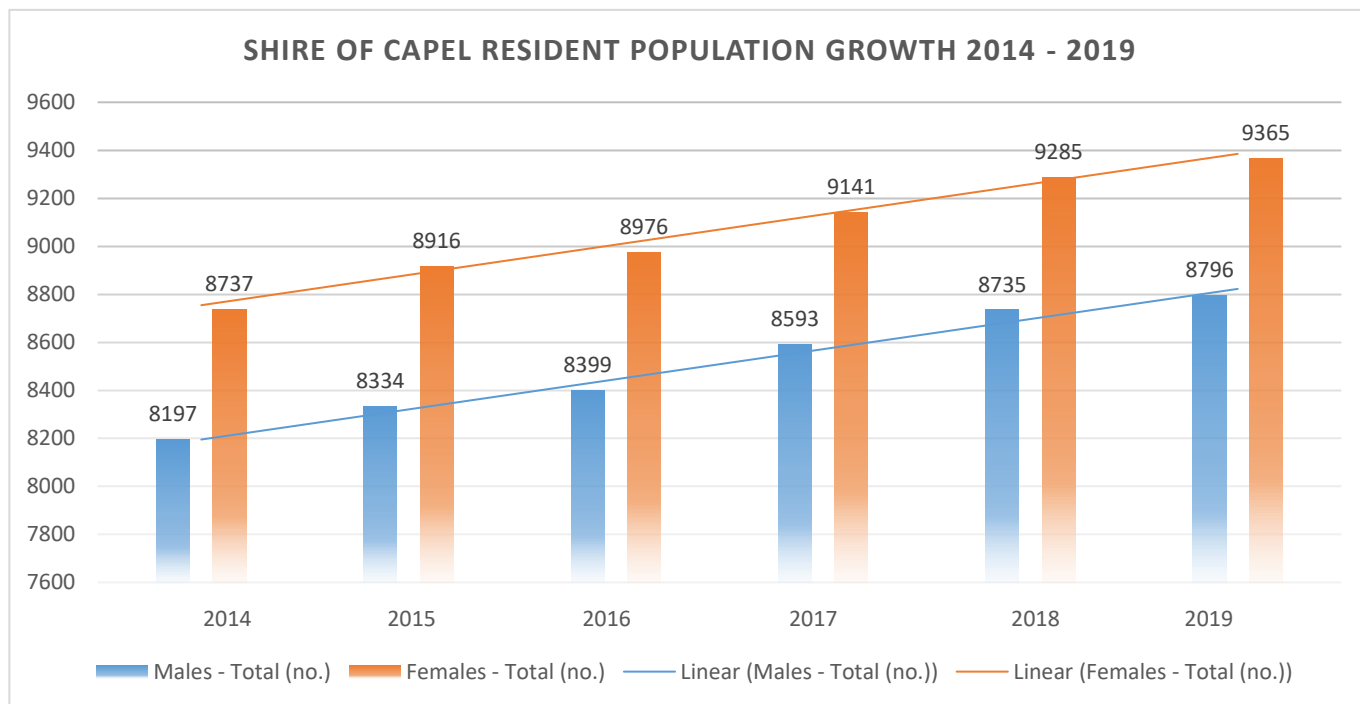
It is within this context that the Shire plans for a stable financial future and applies its overall financial strategy.

4.0 COMMUNITY PROFILE, VISION AND OBJECTIVES

4.1 COMMUNITY

The Shire of Capel is a predominantly rural municipality situated on the Indian Ocean coast 180 kilometres south of Perth in the south west of WA. The Shire is located between the regional centres of Bunbury and Busselton and comprises valuable agricultural and mineral resources while also accommodating significant population growth within the greater Bunbury region.

4.1.1 SHIRE OF CAPEL POPULATION DATA



The estimated resident population has increased over the past five years. The Shire has opportunities for all ages to participate in sport and recreation and strategies are being formulated to ensure facilities are available to meet the demand of a growing population. It is important the Shire retains services and infrastructure to continue to sustain these highly valued social qualities, whilst continually evaluating the needs of our community.

4.2 VISION, MISSION AND VALUES

The Shire’s strategic vision expressed in the Strategic Community Plan is:

“A future focussed and resilient community that benefits from good governance, responsive services and appropriate facilities that deliver positive social, environmental and economic outcomes for everyone.”

In line with the community vision and aspirations, the following mission and values have been approved.

Mission: Facilitating our Communities Choice:

1. Bringing community together, creating opportunities
2. Enhancing local places, helping community enjoy positive lifestyles

Values: Values of the organisation are demonstrated through the way employees behave, interact and think. Defining values and clearly articulating what these values look and feel like is very important and are the building blocks to ensuring a consistent customer and staff experience is always delivered.



4.3 STRATEGIC KEY FOCUS AREAS

The following 5 key directions are captured in the Shire’s Strategic Community Plan and underpin our long term decision making, ensuring our community are our priority.



5.0 KEY CURRENT INFORMATION

5.1 KEY STATISTICS: SHIRE OF CAPEL 2021

Number of Elected Members	9
Number of Employees ⁴	108
Number of Electors	12,203
Number of Dwellings	7,822
Distance from Perth (km)	200
Area (sq. km) ¹	554
Population (Est.)	18,407

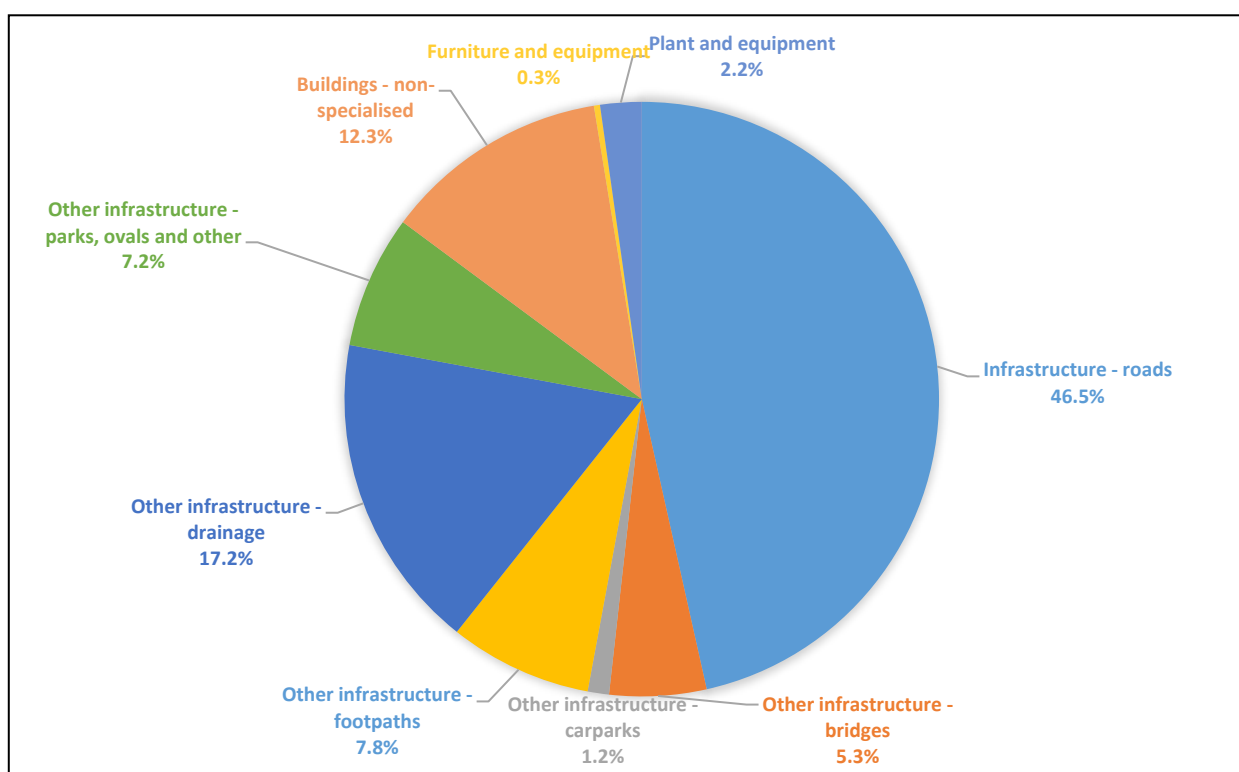
5.2 KEY FINANCIAL INFORMATION²

Rates Revenue	\$13,850,294
Fees and Charges	\$3,158,839
Operating Revenue	\$19,136,223
Operating Expenditure	\$19,803,372
Net Assets	\$191,212,653
Cash Backed Reserves	\$12,867,348
Long Term Borrowings	\$4,887,027

5.3 KEY ASSET INFORMATION

The Shire controls an asset network with a written down value of over \$175m, of which Roads and Buildings constitute the largest component values, as reflected in the chart below.

5.3.1 ASSET VALUE BY CLASS - SHIRE OF CAPEL 2021



¹ Australian Bureau of Statistics Census 2020, Capel (S) (LGA51400) General Community Profile, downloaded 24 October 2017

² Shire of Capel, Annual Financial Report 2021-22

6.0 STRATEGIC PLANNING AND POLICIES

6.1 LINKAGE WITH OTHER PLANS

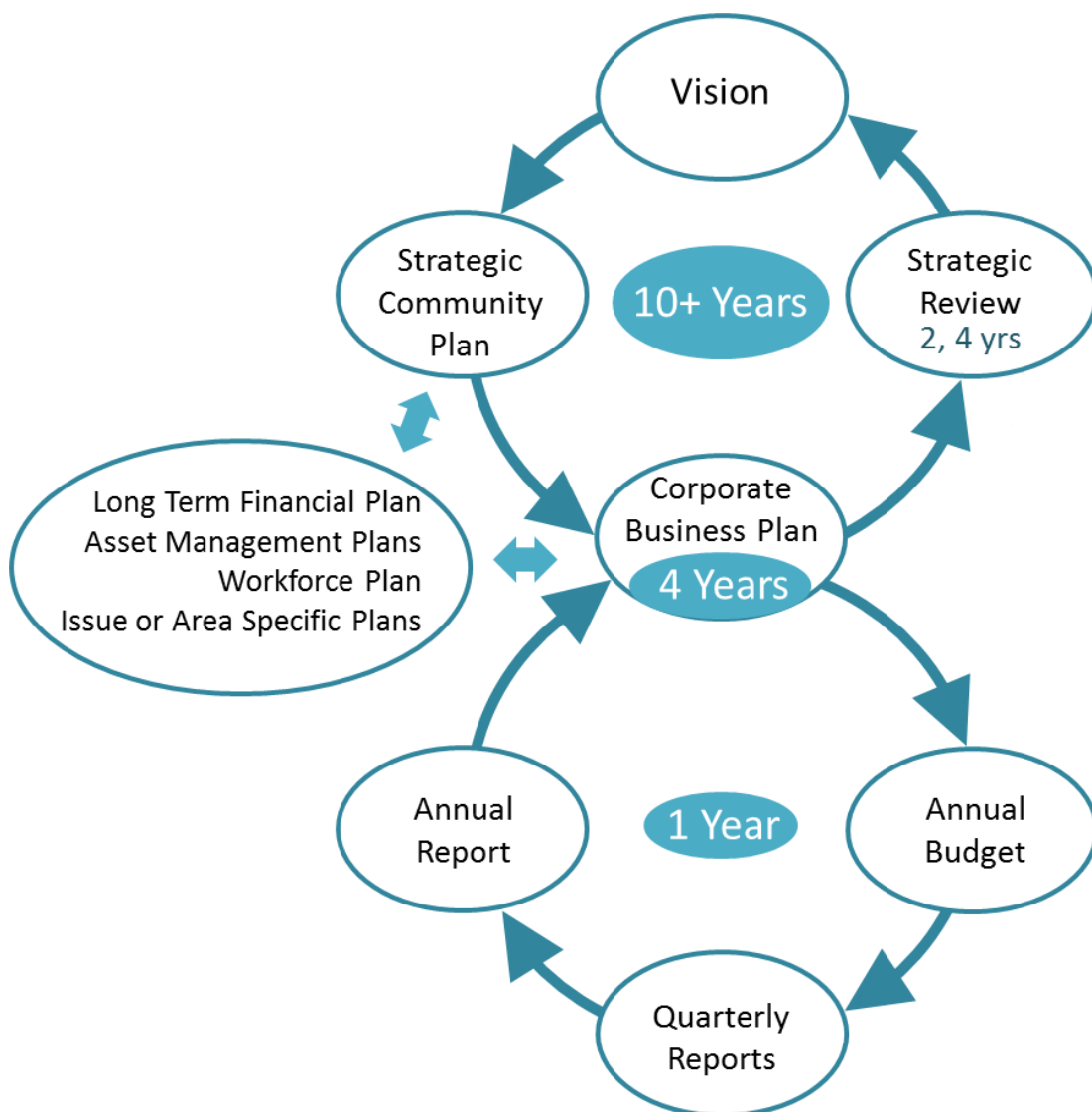
The Long Term Financial Plan is one component of several integrated strategic planning practices the Shire has developed and has been prepared to achieve compliance with the Local Government (Administration) Regulations 1996.

Development of the Long Term Financial Plan has been influenced by the Department of Local Government, Sport and Cultural Industries (the Department) Integrated Planning Framework and Guidelines.

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

6.2 STRATEGIC DOCUMENTS LINKAGE

DIAGRAM: INTEGRATED PLANNING AND REPORTING CYCLE³



³ Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting Framework and Guidelines, September 2016

The Strategic Community Plan was prepared to cover a period of 10 years and sets out the community’s vision, aspirations and objectives. To achieve the vision, a series of outcomes and strategies were developed. Many strategies may be required to achieve a single outcome and many outcomes needed to achieve a single objective as represented in the diagram to follow.

Individual strategies all require actions that may involve extra human, physical and financial resources. In addition, achieving these strategies may require a series of actions over time as they may not be able to be achieved concurrently, considering limited resources. A new Strategic Community Plan was adopted during the October 2021 Ordinary Council Meeting.

To achieve the Shire’s strategic outcomes requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.



6.3 CORPORATE BUSINESS PLAN

The Corporate Business Plan contains details of the actions and resources (human and financial) to achieve each strategy. It is a four-year plan which acts as an organisational guide to the Council and management.

The financial capacity to undertake these tasks is evidenced in the Long Term Financial Plan for the period. This long-term outlook provides an assurance the actions contained in the Corporate Business Plan can be adequately resourced over the next four years and highlight the long-term consequences of the application of human and financial resources to undertaking various projects. The 2021-2025 Corporate Business Plan is due to be adopted by the Council at the November 2021 Ordinary Council Meeting.

6.4 WORKFORCE AND OTHER STRATEGIC PLANS

The Workforce Plan and other strategic plans integrate with the Long Term Financial Plan through their requirement for assets and financial resources. As far as possible, these requirements are met in the Plan. The Workforce Plan for the Shire of Capel will be reviewed and adopted by the Council during the 2021-22 financial year.

6.5 ASSET MANAGEMENT PLANNING

The Shire of Capel has developed an initial formal Asset Management Plan incorporating the following asset classes:

- Buildings;
- Footpaths;
- Furniture and Equipment;
- Parks and Ovals;
- Plant and Equipment;
- Drainage; and
- Roads.

The Plan sets service standards for assets and contains work schedules applying financial resources to the renewal of assets over the next ten plus years.

These renewal schedules inform the Shire's Long Term Financial Plan and Corporate Business Plan and are used as a basis for forecasting capital expenditure.

An annual review of the Asset Management Plan is due and will incorporate contemporary asset renewal data for Shire Buildings, that will require modelling in the Long Term Financial Plan.

6.6 BORROWING POLICY

The Shire is currently formalising a Borrowing Policy. In line with the financial strategy, the Council intends to minimise the level of borrowings to provide the capacity to borrow in the event of an emergency.

It is the intention to adopt a formal Borrowing policy within the 2021-22 financial year.

7.0 OPERATIONS OVERVIEW

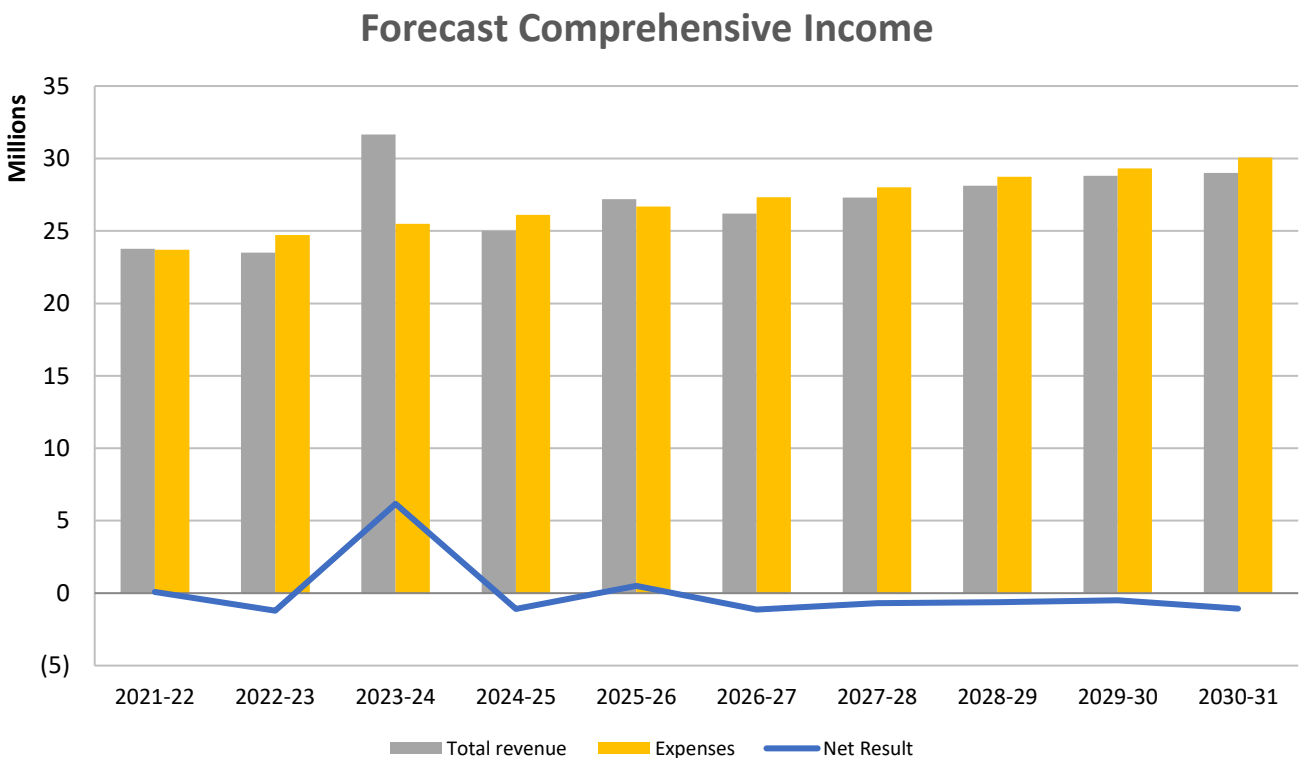
7.1 OPERATIONS

The Shire is reliant on receiving more than \$34.7m over the 10 years in untied operating grants, subsidies and contributions to maintain its current level of operations and services.

Significant movements in the forecast level of capital grants result in corresponding fluctuations in total revenue and the net result.

The chart below shows the operating revenues and expenses over the years (as columns) and the net result (being revenues less expenses, excluding asset revaluation changes) as a line.

FORECAST REVENUE, EXPENSES AND NET RESULT



7.2 RATES REVENUE

The Shire's current direction on rating forms the basis of rates revenue projections. The Plan has assumed a 3.00% increase in the 2022-23 financial year followed by a 4.00% increase thereafter, however this may be adjusted as growth fluctuates. These increases are to assist in the long term financial sustainability of the Shire, to assist in funding proposed strategic projects and to maintain the level of service to the community. Growth in lot yield of between 1.23% and 3.55% has been assumed over the period and will continue to be reviewed and adjusted as part of the on-going planning process. Rates generated \$13.9m in 2021-22, increasing to \$19.6m in 2030-31. This revenue stream will be adjusted in line with any change in lot yield growth assumptions.

7.3 NON-OPERATING GRANTS AND CONTRIBUTION

Non-operating grants and contributions for the renewal of road assets are forecast to continue through the life of the Plan and are essential to ensure the appropriate renewal of road assets.

7.4 WORKFORCE PLANNING

The Shire currently employs 92.80 full time equivalent (FTE) employees to deliver a range of services to the community and maintain existing assets.

The Shire’s Workforce Plan will be revised in the 2021-22 financial year. Resource levels will continue to be assessed and considered in the development of this Long Term Financial Plan. For this Long Term Financial Plan, employee costs are forecast to rise an average of 2.00% per annum over the duration of Plan. This increase does not allow for an estimate of new staff required to maintain service levels, comply with statutory and legislative requirements and manage new infrastructure outlined in the Plan.

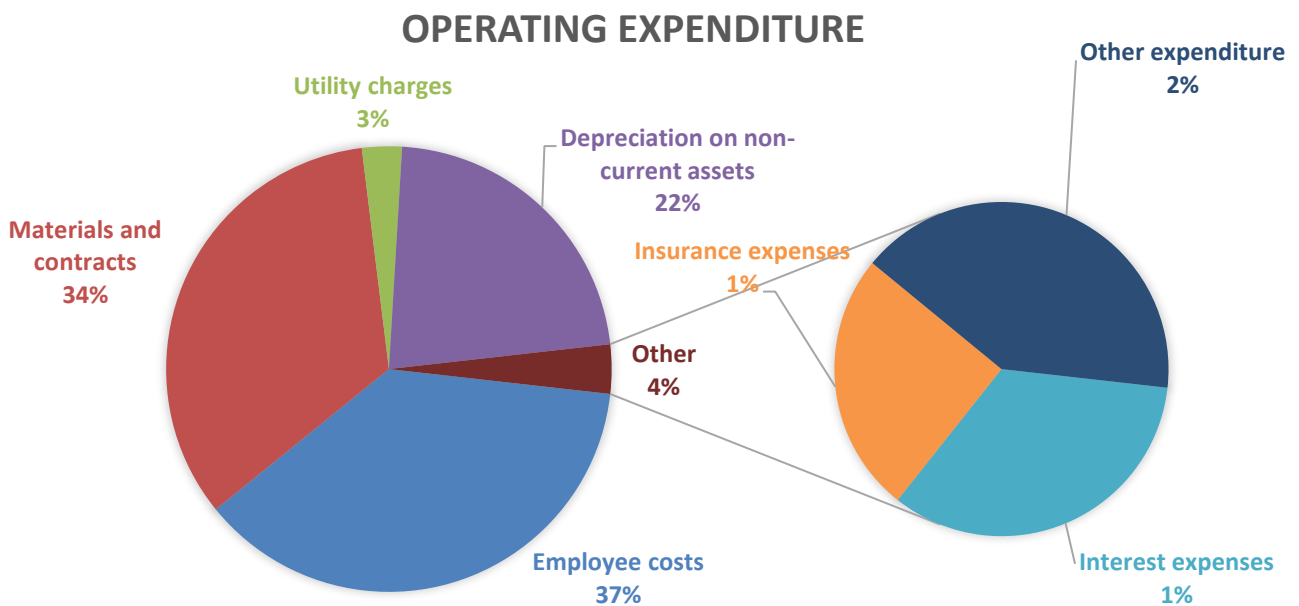
The Council encourages a work life balance, multi skilling, flexibility and effective application of staff capability.

7.5 OPERATING EXPENDITURE

Over the duration of the Plan the operating expenditure components are forecast to remain relatively stable, with the most significant positive change resulting from the decrease in interest expense as borrowings are repaid.

Employee costs, materials and contracts and depreciation remain the dominant operating expenditure components as reflected in the chart below.

7.5.1 COMPOSITION OF FORECAST OPERATING EXPENDITURE 2021-22



TOTAL OPERATING EXPENDITURE - \$19.8M AS AT SEPTEMBER 2021

7.6 MAINTENANCE EXPENDITURE

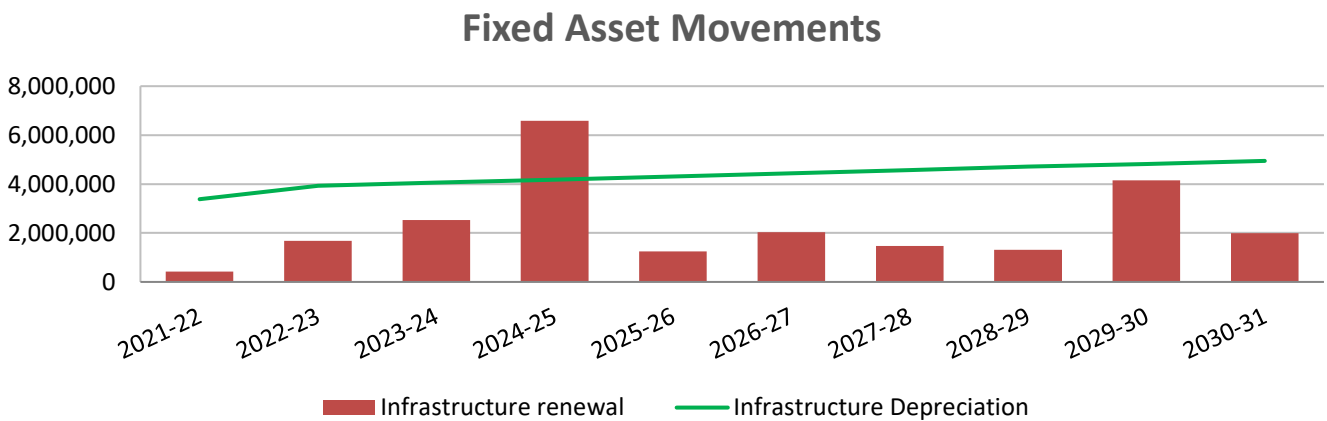
The current maintenance expenditure allocated in the annual operating budget is expected to continue at present levels with inflationary increases occurring each year. This will be incremented by expenditure identified as required through the Asset Management process. Allowance has been made for new expenditure items resulting from the Council decisions on Reserve Management, Drainage Management and improvements in the Shire’s building maintenance program.

7.7 DEPRECIATION EXPENSE

Depreciation expense increases throughout the Plan from \$4.8m in year 1 to \$6.7m in year ten as assets are revalued and renewed. Depreciation of infrastructure over the 10 years is \$59.9m, shown by the green line in the chart below.

The planned level of infrastructure asset renewal expenditure at \$37.9m is shown by the red columns in the chart below and is significantly lower than estimated infrastructure depreciation for the duration of the Plan, excluding 2024-25 when the Dalyellup Multi-purpose facility is due to be constructed.

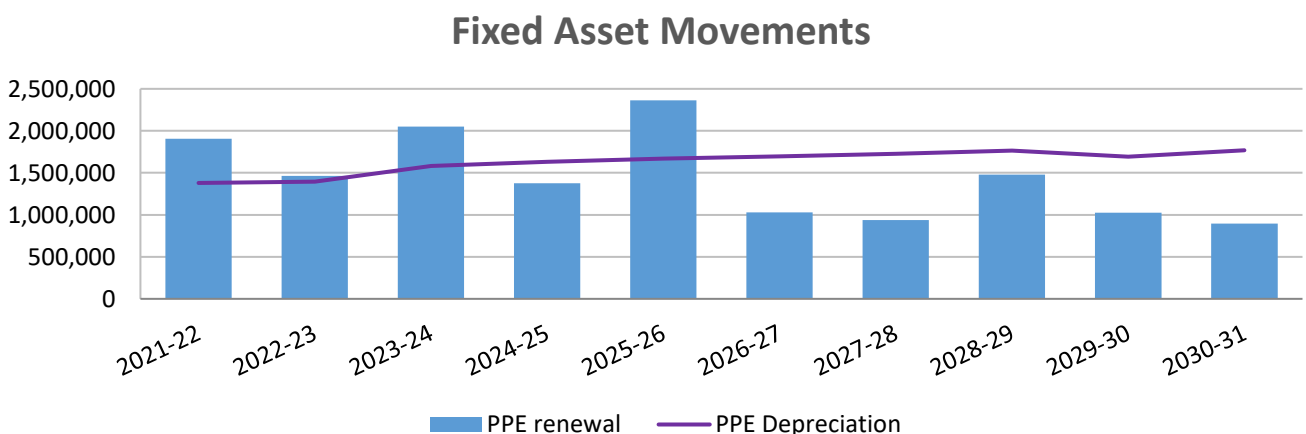
7.7.1 INFRASTRUCTURE DEPRECIATION EXPENSE V ASSET RENEWAL EXPENDITURE



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

Planned Property, Plant and Equipment asset renewals totalling \$18.7m over the 10 years is reflected by the blue columns, with corresponding depreciation expense totalling \$28.2m shown by the purple line in the chart below.

7.7.2 PROPERTY PLANT AND EQUIPMENT DEPRECIATION EXPENSE V ASSET RENEWAL EXPENDITURE



Where the planned asset renewals are greater than depreciation, the written down value of these assets will increase over time as existing assets are renewed. Revaluation of assets in line with inflation will compound this increase and may mask real decreases in value where planned asset renewals are lower than depreciation.

8.0 CAPITAL OVERVIEW

8.1 COMMUNITY DEMAND

There is community demand to maintain good facilities and for further development of community infrastructure. Community demand for maintaining roads, paths, drains, car parks and the like, and developing community and visitor infrastructure, were identified within the new Strategic Community Plan and the Plan seeks to meet this demand as far as is practicable.

8.2 UPGRADE/NEW EXPENDITURE

New assets are planned to be constructed over the next ten years in response to demand and need.

The exact timing and extent of the construction of these projects is dependent on the receipt of grants and contributions to undertake this work. In several instances, should the funding not be received it is unlikely the project would be undertaken.

8.3 LEVEL OF SERVICE

The level of service of assets is forecast to be maintained over the long term, however this is dependent on receipt of forecast grants and contributions both for maintenance of assets and for renewal of assets. Changes to the level of these grants may directly impact on forecast service levels.

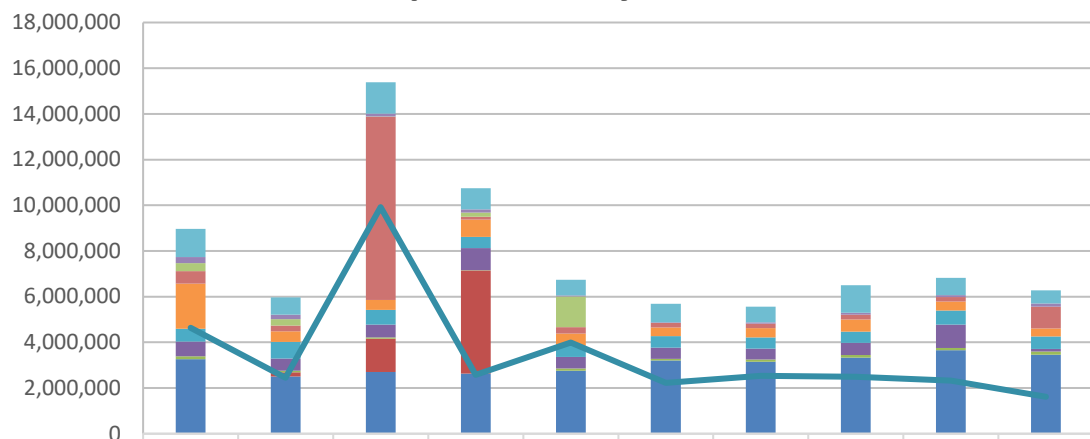
8.4 RENEWAL EXPENDITURE

Planned asset renewal expenditure has been determined by allocating the funds available after operating requirements to asset renewals. Allocation of these has been undertaken to best meet the asset renewal expenditure required. The timing and level of planned asset renewal expenditure for each asset class is summarised in the chart on the following page.

3.3 CHART - PLANNED ASSET RENEWAL EXPENDITURE BY ASSET CLASS (ON THE FOLLOWING PAGE)

ACHIEVING THE PLANNED ASSET RENEWALS IS RELIANT ON CONTINUED RECEIPT OF GRANTS FOR THE RENEWAL OF ASSETS ALONG WITH GRANT FUNDING FOR OPERATIONS.

Planned Asset Expenditure by Asset Class



	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Plant and equipment	1,243,844	756,908	1,384,908	925,999	692,810	812,297	689,769	1,198,026	756,887	576,229
Furniture and equipment	255,000	197,081	114,677	146,380	42,935	23,239	55,796	90,520	85,000	135,000
Buildings - specialised	362,470	283,000	15,000	185,000	1,350,000	0	0	0	0	0
Buildings - non-specialised	543,705	252,300	8,020,000	120,000	278,500	200,000	200,000	200,000	200,000	950,000
Other infrastructure - parks, ovals and other	1,967,903	461,669	427,791	763,617	534,303	380,110	396,143	535,330	386,488	350,985
Other infrastructure - drainage	568,814	727,000	655,000	483,000	482,755	493,000	493,000	489,500	620,936	550,000
Other infrastructure - footpaths	635,457	531,420	558,472	975,418	506,830	490,989	473,014	542,066	1,019,930	115,000
Other infrastructure - carparks	126,679	76,977	58,900	13,600	100,278	76,341	104,980	113,453	94,607	137,329
Other infrastructure - bridges	0	175,000	1,450,000	4,500,000	0	0	0	0	0	0
Infrastructure - roads	3,268,376	2,507,086	2,705,349	2,638,745	2,755,193	3,206,540	3,149,709	3,326,569	3,660,129	3,461,148
Non-operating grants, subsidies and contributions	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755

9.0 FORECAST CAPITAL PROJECTS

9.1 PLANNED CAPITAL EXPENDITURE

The table below sets out the total value of planned capital expenditure over the life of the plan, detailed by project:

ASSET CLASS	PROJECT	TOTAL EXPENDITURE (2021-2031) \$
Buildings	Governance - Buildings	43,500
	Recreation & Culture	32,897,934
	Other Property & Services	5,995,339
Buildings Total		38,936,773
Footpaths	Dual Use Paths	7,973,606
Footpaths Total		7,973,606
Furniture and Equipment	Governance	1,074,551
	Recreation & Culture	46,500
	Other Property & Services	5,000
Furniture and Equipment Total		1,126,051
Parks & Ovals	Recreation & Culture	29,902,616
	Transport	1,224,435
Parks & Ovals Total		31,127,051
Plant and Equipment	Plant Replacement	11,296,189
	Law, Order & Public Safety	1,500,000
Plant and Equipment Total		12,796,189
Drainage	Drainage Infrastructure	8,623,005
Drainage Total		8,623,005
Roads Total	Road Renewal Projects	42,687,808
	Road Upgrades	2,380,405
	Other Property & Services	100,240
	Developer Infrastructure	4,950,000
Roads Total		50,118,453
Infrastructure	Transport – Infrastructure Carparks	1,275,304
	Transport – Infrastructure Bridges	475,000
	Transport – Roads	380,000
Infrastructure Total		2,130,304
Grand Total		153,129,763

10.0 FINANCING OVERVIEW

In general, the finances of the Shire are expected to improve over the term of the Plan with a reduction in the level of outstanding borrowings and an increase in cash savings (reserves) as represented in the graph below.

10.1 BORROWINGS

The principal outstanding on borrowings reduces from \$4.1m in 2021-22 to \$63,445 in 2030-31.

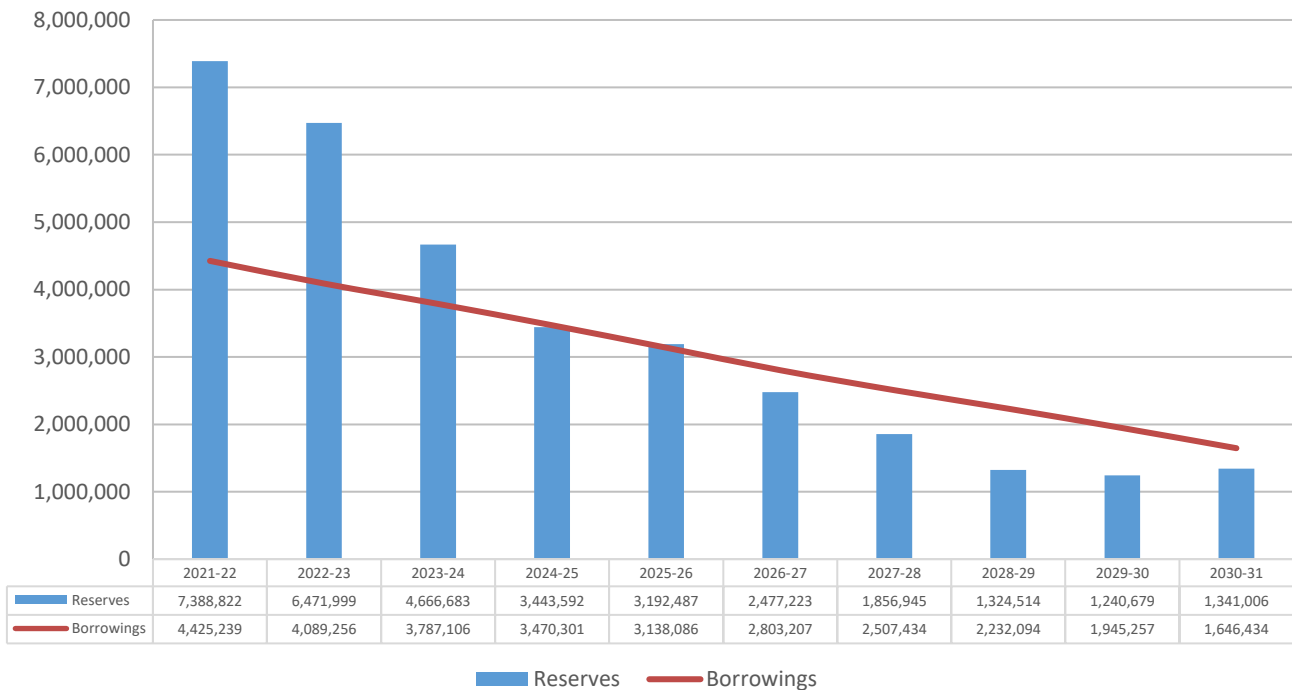
There are no new loans forecast and modelled in this Plan.

10.2 CASH RESERVES

The balance of cash reserves is forecast to reduce over the term of the Plan as they are used to fund the renewals of assets and other projects where grants are not available. Reserves will be heavily utilised to fund such projects throughout the life of the plan and as borrowing decreases, Reserves will continue to be drawn from, resulting in a downward trend of balances. Investment into Cash Reserves will have to be considered from 2022-23 onwards to ensure the Shire can fund the projects outlined throughout the lifetime of the plan. The Shire will adopt a formal Financial Reserves Policy during 2021-22 financial year guiding the Council on a sustainable reserve investment plan.

10.2.1 FORECAST BORROWINGS AND CASH RESERVES

Forecast Borrowings and Reserves



11.0 RISK MANAGEMENT

11.1 RISK MANAGEMENT

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

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

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

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

11.2 CERTAINTY OF ASSUMPTIONS

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

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

11.3 SENSITIVITY ANALYSIS

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

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

12.0 ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

13.1 REVENUE – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
District Growth in Population: The number of residents in the Shire is expected to steadily increase.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Annual rates have been based on an initial rate yield increase of 2% (increasing between 3 and 4% in the longer term), allowing for increase in lot yield and service level improvements for the initial 10 years of the Plan.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	Medium	± \$338,630 represents a 1% movement in the value of operating grants and contributions over the life of the Plan.
Non-operating Grants and Contributions: Remain in line with funding requirements identified for various capital works.	High	The capital works program is highly dependent on Government grants and contributions. Change in these levels would impact directly on the amount spent on capital projects.	Medium	± \$544,797 represents 1% movement in the value of non-operating grants and contributions over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast with the exception of year 1 of the Plan where there is no increase in fees and charges.	Medium	Not assessed as high financial risk.	Medium	± \$575,854 represents a 1% movement in the value of fees and charges over the life of the Plan.
Interest Earnings: Interest earning of an average rate of 1.0% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.2 EXPENDITURE – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Employee Costs: The base cost is increased annually by forecast inflation. There are no forecast additional requirements over the life of the plan.	High	Assessed as high financial risk due to increased resource requirements of additional activities	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire’s ability to meet projected service levels.	Medium	± \$1,265,757 represents 1% movement in the value of materials and contracts over the life of the Plan.
Depreciation: Depreciation has been calculated using an average depreciation rate based on historical rates.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Insurance: An increase to the base year of 4.5% has been applied.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan, no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.3 ASSETS – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Revaluations: In line with annual inflation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation, leading to a change in the net result. The revaluation of assets will have no impact on cash flows.	High	±\$98,403 represents a 1% movement in the revaluation value of property, plant and equipment over the life of the Plan. ±\$542,996 represents a 1% movement in the revaluation value of infrastructure assets over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on a combination of adopted plans and programs escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	± \$489,682 represents 1% of the value of capital grants received for infrastructure projects over the life of the Plan.
Property, Plant and Equipment: Building expenditure is based on the level of available funds and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

13.4 LIABILITIES – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Borrowings: New borrowings to be considered for capital works where required.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Employee Entitlements: It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

13.5 EQUITY RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY
Cash Backed Reserves: It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Revaluation Surplus: Increasing in line with inflation-based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on cash flows.	High	±\$98,403 represents a 1% movement in the revaluation value of property, plant and equipment over the life of the Plan. ±\$542,996 represents a 1% movement in the revaluation value of infrastructure assets over the life of the Plan.

13.6 OTHER – ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY

DISCLOSURE/ASSUMPTION	ASSESSED FINANCIAL RISK	IMPACT OF HIGH FINANCIAL RISK ASSUMPTIONS	LEVEL OF UNCERTAINTY	FINANCIAL IMPACT AND SENSITIVITY FOR ASSUMPTION WITH HIGH LEVEL OF UNCERTAINTY/RISK
Ownership of Strategic Assets: The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
Inflators: Forecast inflation is assumed between 2% and 2.5% per annum.	Medium	Not assessed as high financial risk.	High	± \$4,078,729 represents 1% of the value of operating revenue over the life of the Plan. ± \$3,936,670 represents 1% of the value of operating expenditure over the life of the Plan.
Commercial Activities: The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals, while improving, is forecast to remain volatile with a corresponding volatility of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
General Economic Forecasts for Region: The region's economy is heavily dependent on agriculture and tourism. This remains the assumption for the term of this Plan.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

13.0 MONITORING AND PERFORMANCE

14.1 MONITORING

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

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

14.2 PERFORMANCE ASSESSMENT

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

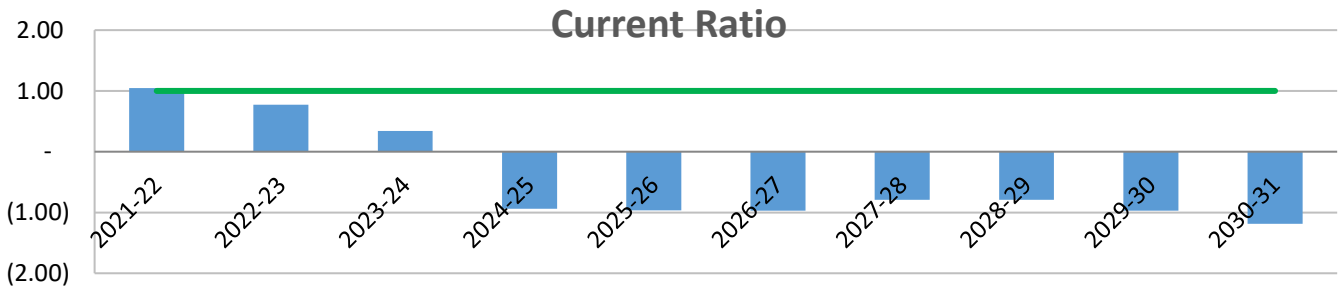
To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department's Long-Term Financial Planning Guidelines and Regulation 50 of Local Government (Financial Management) Regulation 1996.

Graphs of these financial ratios are presented on the following pages together with the formula used to calculate the ratio, a brief description of what the ratio indicates and an assessment of the impact of the ratio on the Shire's finances in the future.

14.3 RATIO TARGETS

The Department's Advisory Standard provides target levels for each of the ratios. These target levels are represented on the ratio graphs as a red or green line. The red line represents the level at which a 'basic standard' is met, the green line representing the level at which an 'advanced standard' is met.

14.4 FORECAST RATIO ANALYSIS – CURRENT RATIO

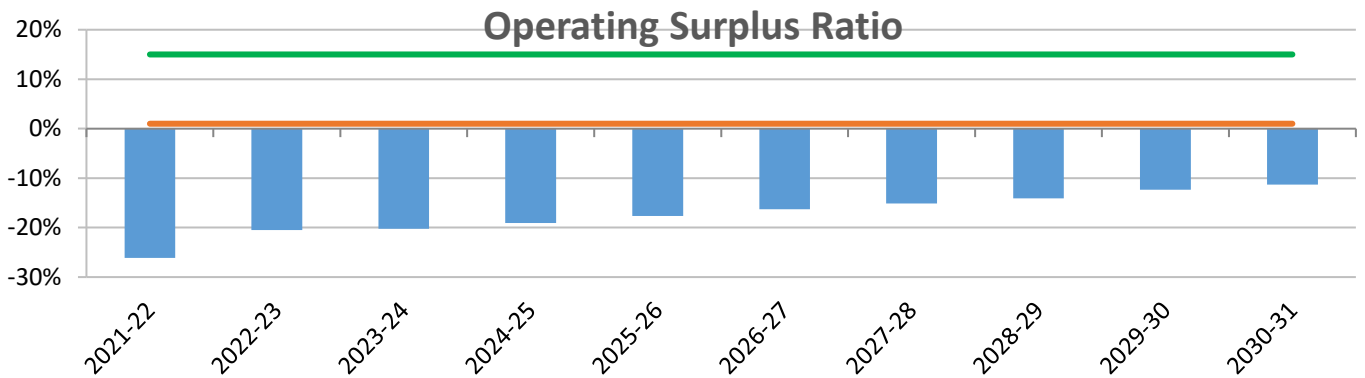


$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings}}$$

Indication: A measure of the Shire’s immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets. The current ratio is not considered to be relevant to Long Term Financial Planning as it is a short-term performance ratio.

Commentary: A Shire with a forecast balanced funding surplus position and current borrowing liabilities, will have a ratio less than 1.0. Maintaining a balanced surplus position each year results in ratio which is below 1, as borrowings are settled the ratio improves. The target is not considered to indicate a threat to the Shire’s long term financial position as it only measures short term liquidity.

14.5 FORECAST RATIO ANALYSIS – OPERATING SURPLUS RATIO



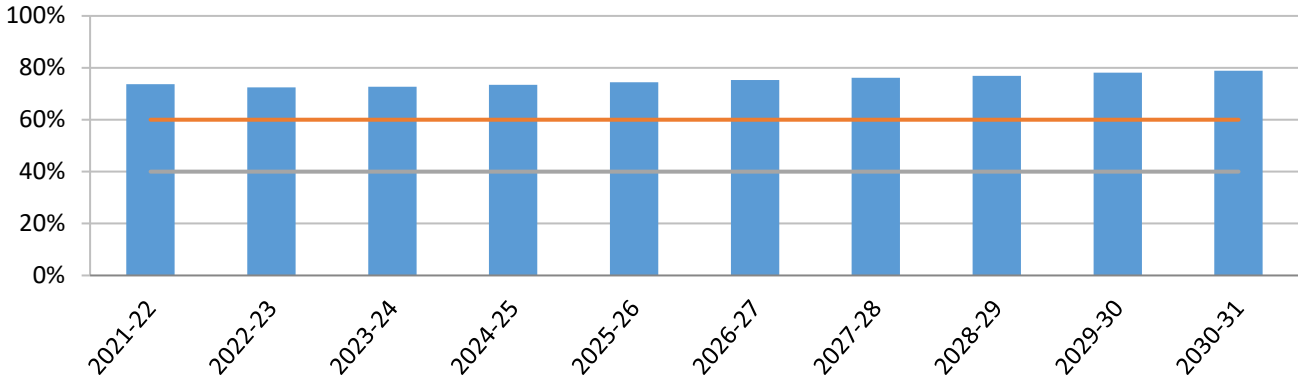
$$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

Indication: A measure of the extent to which own source revenues raised cover operational expenses.

Commentary: As the Shire receives grant funding for the renewal of assets, a negative ratio is not viewed as an adverse position. While the ratio is below the target, this improves over the term of the Plan, indicating an increased capacity to renew assets into the future. The forecast level of depreciation expense has the most significant impact on the level of the ratio. Increases in operating revenues at a greater rate than increases in operating expenditure results in the desired improvements in the ratio over the term of the Plan.

14.6 FORECAST RATIO ANALYSIS – OWN SOURCE REVENUE COVERAGE RATIO

Own Source Revenue Coverage Ratio



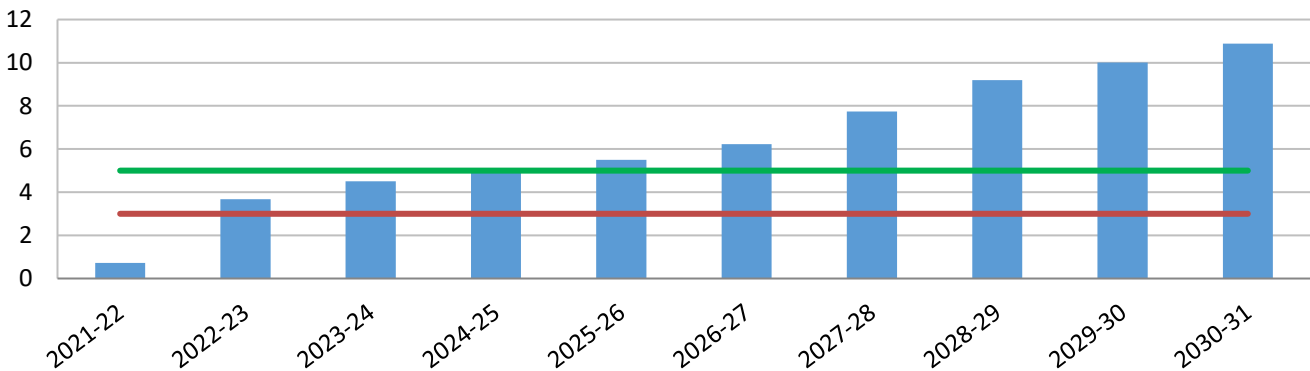
$$\frac{\text{own source operating revenue}}{\text{operating expense}}$$

Indication: A measure of the extent of the Shire’s ability to cover costs using only discretionary revenue.

Commentary: The ratio is above the target range and relatively stable throughout the term of the Plan indicating the Shire is able to continue to operate in the event of a minor loss of external grants and contributions.

14.7 FORECAST RATIO ANALYSIS – DEBT SERVICE COVERAGE RATIO

Debt Service Cover Ratio



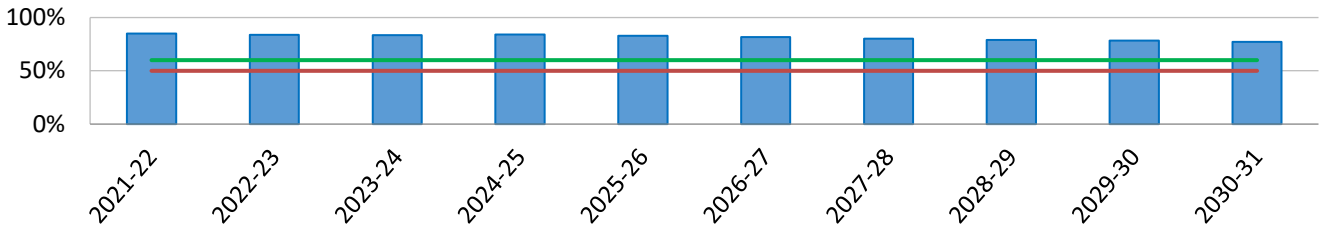
$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Indication: A measure of the extent of the Shire’s capacity to generate sufficient cash to cover debt payments.

Commentary: The ratio increases to the advanced range and continues to improve over time as existing borrowings are paid off. This indicates the Shire has some capacity to borrow in the short term with increasing capacity in the latter years of the Plan.

14.8 FORECAST RATIO ANALYSIS – ASSET CONSUMPTION RATIO

Asset Consumption Ratio



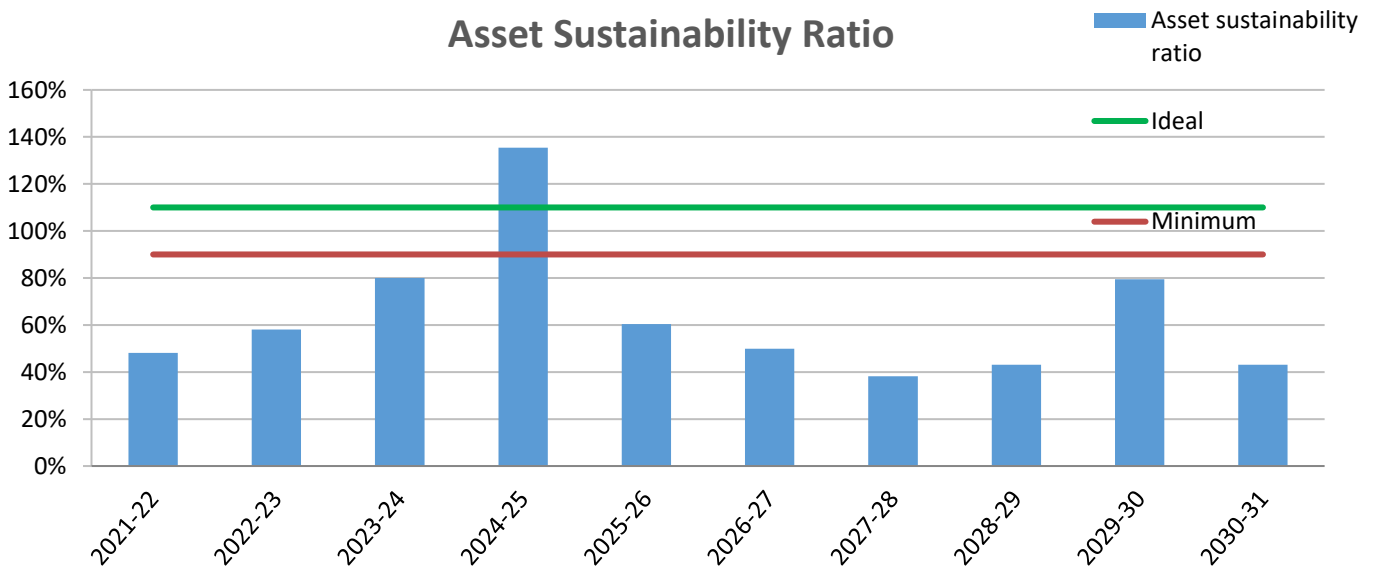
$$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$$

Indication: A measure of the aged condition of the Shire’s physical assets.

Commentary: The ratio is above the target range and remains so throughout the term of the Plan. A lack of accurate information in relation to the current replacement costs of certain asset classes and use of the fair value as the current replacement cost, results in the ratio being significantly higher than would be reasonably expected.

14.9 FORECAST RATIO ANALYSIS –ASSET SUSTAINABILITY RATIO

Asset Sustainability Ratio



$$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$$

Indication: A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.

Commentary: The ratio highlights asset renewal expenditure relative to depreciation and fluctuates as expected. The ratio averages at 42.38% over the term of the Plan which is below the guideline level and indicates the Shire is not planning to renew assets in line with their forecast useful lives. Improved capturing and reporting of renewal costs could improve this ratio.

14.10 FORECAST RATIO ANALYSIS – ASSET RENEWAL FUNDING RATIO

$$\frac{\text{NPV of planned capital renewals over } \mathbf{10 \text{ years}}}{\text{NPV of required capital expenditure over } \mathbf{10 \text{ years}}}$$

Indication: The Shire’s financial capacity to fund asset renewal to support existing service levels. (This ratio is based on the ten years forecast expenditure and as such is only able to be calculated for the **first five years** of the Plan).

Commentary: The Asset Management Plan contains insufficient data to enable the calculation of the ratio.

APPENDIX A1 – FORECAST FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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

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

STATEMENTS OF COMPREHENSIVE INCOME

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

STATEMENT OF FINANCIAL POSITION

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

STATEMENT OF CHANGES IN EQUITY

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

STATEMENT OF CASHFLOWS

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

STATEMENT OF FUNDING

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

STATEMENT OF NET CURRENT ASSET COMPOSITION

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

STATEMENT OF FIXED ASSET MOVEMENTS

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

STATEMENT OF FIXED ASSET FUNDING

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

FORECAST RATIOS

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

NATURE OR TYPE

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

SERVICE PROGRAMS

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

OBJECTIVES	SERVICES	OBJECTIVES	SERVICES
Governance	Members of Council Governance – general	Recreation and culture	Public halls, civic centre Swimming areas and beaches Other recreation and sport Television and radio re-broadcasting Libraries Other culture
General purpose funding	Rates Other general-purpose funding	Transport	Streets, roads, bridges, depots - Construction (not capitalised) - Maintenance Road plant purchase (if not capitalised) Parking facilities Traffic control Aerodromes Water transport facilities
Law, order, public safety	Fire prevention Animal control Other law, order, public safety	Economic services	Rural services Tourism and area promotion Building control Other economic services
Health	Maternal and infant health Preventative services - Immunisation - Meat inspection - Administration and inspection - Pest control - Other Other health	Other property and services	Private works Public works overheads Plant operation Salaries and wages Unclassified Town Planning Schemes
Education and welfare	Pre-school Other education Care of families and children Aged and disabled Other welfare		
Housing	Staff housing Other housing		
Community amenities	Sanitation - Household refuse - Other Sewerage Urban stormwater drainage Protection of environment Town planning and regional development Other community amenities		

APPENDIX A2 – FORECAST STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Rates	13,926,294	14,344,083	14,917,847	15,514,561	16,135,143	16,780,548	17,451,770	18,149,841	18,875,835	19,630,868
Operating grants, subsidies and contributions	1,671,136	3,138,777	3,201,552	3,265,581	3,330,892	3,397,511	3,465,461	3,534,770	3,605,465	3,677,574
Fees and charges	3,198,441	3,262,411	3,327,661	3,394,213	3,462,097	3,531,335	3,601,959	3,673,994	3,747,472	3,822,422
Interest earnings	142,571	99,751	79,718	59,210	46,981	44,469	37,316	31,115	25,791	24,953
Other revenue	199,834	203,829	207,903	212,057	216,298	220,624	225,039	229,543	234,136	238,818
	19,138,276	21,048,851	21,734,681	22,445,622	23,191,411	23,974,487	24,781,545	25,619,263	26,488,699	27,394,635
Expenses										
Employee costs	(9,035,741)	(9,216,462)	(9,400,793)	(9,588,809)	(9,780,579)	(9,976,198)	(10,175,719)	(10,379,235)	(10,586,824)	(10,798,559)
Materials and contracts	(8,334,637)	(8,543,023)	(8,756,606)	(8,975,519)	(9,199,907)	(9,429,915)	(9,665,663)	(9,907,303)	(10,154,994)	(10,408,865)
Utility charges	(663,674)	(703,493)	(745,703)	(790,448)	(837,873)	(888,146)	(941,436)	(997,923)	(1,057,800)	(1,121,271)
Depreciation on non-current assets	(4,825,816)	(5,409,484)	(5,726,472)	(5,876,118)	(5,983,766)	(6,128,194)	(6,293,346)	(6,481,619)	(6,512,990)	(6,715,242)
Interest expenses	(221,164)	(198,393)	(180,613)	(163,944)	(147,026)	(130,895)	(115,603)	(102,877)	(91,378)	(79,392)
Insurance expenses	(244,805)	(264,392)	(285,544)	(308,385)	(333,053)	(359,694)	(388,468)	(419,544)	(453,110)	(489,359)
Other expenditure	(370,083)	(379,336)	(388,816)	(398,534)	(408,492)	(418,702)	(429,165)	(439,887)	(450,879)	(462,159)
	(23,695,920)	(24,714,583)	(25,484,547)	(26,101,757)	(26,690,696)	(27,331,744)	(28,009,400)	(28,728,388)	(29,307,975)	(30,074,847)
	(4,557,644)	(3,665,732)	(3,749,866)	(3,656,135)	(3,499,285)	(3,357,257)	(3,227,855)	(3,109,125)	(2,819,276)	(2,680,212)
Non-operating grants, subsidies and contributions	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755
NET RESULT	81,512	(1,210,205)	6,167,897	(1,086,484)	495,366	(1,127,838)	(700,869)	(615,110)	(501,984)	(1,064,457)
Other comprehensive income	2,634,377	2,735,964	2,775,583	2,961,144	3,078,105	3,127,438	3,165,067	3,189,295	3,271,723	3,327,158
TOTAL COMPREHENSIVE INCOME	2,715,889	1,525,759	8,943,480	1,874,660	3,573,471	1,999,600	2,464,198	2,574,185	2,769,739	2,262,701

APPENDIX A3 – FORECAST STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Governance	71,879	73,317	74,784	76,279	77,805	79,361	80,949	82,567	84,218	85,902
General purpose funding	14,455,861	16,265,539	16,840,769	17,438,307	18,067,797	18,731,604	19,416,334	20,128,578	20,869,305	21,643,200
Law, order, public safety	216,895	221,231	225,653	230,162	234,767	239,465	244,256	249,144	254,127	259,211
Health	11,982	12,222	12,467	12,717	12,971	13,230	13,494	13,764	14,039	14,320
Education and welfare	26,160	26,684	27,218	27,762	28,316	28,881	29,457	30,046	30,647	31,261
Community amenities	2,578,793	2,630,368	2,682,974	2,736,634	2,791,367	2,847,193	2,904,137	2,962,220	3,021,465	3,081,894
Recreation and culture	886,546	911,528	944,694	979,118	1,014,852	1,051,946	1,090,458	1,130,433	1,171,938	1,215,029
Transport	408,342	416,508	424,839	433,335	442,003	450,843	459,858	469,056	478,436	488,005
Economic services	384,793	392,489	400,339	408,346	416,512	424,843	433,339	442,006	450,846	459,862
Other property and services	97,025	98,965	100,944	102,962	105,021	107,121	109,263	111,449	113,678	115,951
	19,138,276	21,048,851	21,734,681	22,445,622	23,191,411	23,974,487	24,781,545	25,619,263	26,488,699	27,394,635
Expenses excluding finance costs										
Governance	(967,790)	(1,008,820)	(1,035,021)	(1,052,072)	(1,067,137)	(1,084,743)	(1,104,024)	(1,125,160)	(1,137,979)	(1,161,176)
General purpose funding	(334,191)	(342,546)	(351,109)	(359,887)	(368,884)	(378,107)	(387,560)	(397,249)	(407,180)	(417,359)
Law, order, public safety	(1,345,612)	(1,390,595)	(1,428,992)	(1,463,582)	(1,497,859)	(1,534,047)	(1,571,719)	(1,610,982)	(1,646,907)	(1,688,577)
Health	(444,242)	(454,020)	(463,909)	(473,952)	(484,197)	(494,682)	(505,399)	(516,357)	(527,501)	(538,947)
Education and welfare	(309,610)	(318,779)	(327,277)	(335,429)	(343,658)	(352,229)	(361,093)	(370,267)	(379,172)	(388,890)
Community amenities	(4,306,769)	(4,409,487)	(4,513,772)	(4,619,991)	(4,728,593)	(4,839,888)	(4,953,883)	(5,070,651)	(5,189,702)	(5,312,115)
Recreation and culture	(6,613,984)	(6,887,942)	(7,106,614)	(7,292,353)	(7,473,309)	(7,667,252)	(7,870,778)	(8,084,624)	(8,268,796)	(8,496,706)
Transport	(7,378,322)	(7,847,175)	(8,161,347)	(8,380,060)	(8,578,007)	(8,802,208)	(9,043,290)	(9,302,874)	(9,474,113)	(9,752,121)
Economic services	(1,466,632)	(1,498,658)	(1,531,393)	(1,564,856)	(1,599,061)	(1,634,027)	(1,669,768)	(1,706,299)	(1,743,648)	(1,781,824)
Other property and services	(307,604)	(358,168)	(384,500)	(395,631)	(402,965)	(413,666)	(426,283)	(441,048)	(441,599)	(457,740)
	(23,474,756)	(24,516,190)	(25,303,934)	(25,937,813)	(26,543,670)	(27,200,849)	(27,893,797)	(28,625,511)	(29,216,597)	(29,995,455)
Finance costs										
Governance	(71,163)	(66,921)	(62,513)	(58,132)	(53,705)	(49,098)	(44,306)	(39,321)	(34,135)	(28,740)
Community amenities	(3,657)	(1,600)	0	0	0	0	0	0	0	0
Recreation and culture	(81,816)	(70,960)	(62,628)	(53,851)	(44,938)	(37,127)	(30,485)	(26,751)	(24,601)	(22,334)
Transport	0	0	0	0	0	0	0	0	0	0
Economic services	(64,210)	(58,714)	(55,401)	(51,959)	(48,383)	(44,670)	(40,812)	(36,805)	(32,642)	(28,318)
Other property and services	(318)	(198)	(71)	(2)	0	0	0	0	0	0
	(221,164)	(198,393)	(180,613)	(163,944)	(147,026)	(130,895)	(115,603)	(102,877)	(91,378)	(79,392)
Non operating grants, subsidies and contributions										
Law, order, public safety	300,000	350,000	350,000	150,000	1,460,000	110,000	0	0	0	130,000
Recreation and culture	1,372,500	311,000	7,529,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000
Transport	2,966,656	1,794,527	2,038,763	2,389,651	2,503,651	2,087,419	2,493,986	2,460,015	2,282,292	1,449,755
	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755
NET RESULT	81,512	(1,210,205)	6,167,897	(1,086,484)	495,366	(1,127,838)	(700,869)	(615,110)	(501,984)	(1,064,457)
Other comprehensive income	2,634,377	2,735,964	2,775,583	2,961,144	3,078,105	3,127,438	3,165,067	3,189,295	3,271,723	3,327,158
TOTAL COMPREHENSIVE INCOME	2,715,889	1,525,759	8,943,480	1,874,660	3,573,471	1,999,600	2,464,198	2,574,185	2,769,739	2,262,701

APPENDIX A4 – FORECAST STATEMENT OF FUNDING 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES										
Revenues										
Rates	13,926,294	14,344,083	14,917,847	15,514,561	16,135,143	16,780,548	17,451,770	18,149,841	18,875,835	19,630,868
Operating grants, subsidies and contributions	1,671,136	3,138,777	3,201,552	3,265,581	3,330,892	3,397,511	3,465,461	3,534,770	3,605,465	3,677,574
Fees and charges	3,198,441	3,262,411	3,327,661	3,394,213	3,462,097	3,531,335	3,601,959	3,673,994	3,747,472	3,822,422
Interest earnings	142,571	99,751	79,718	59,210	46,981	44,469	37,316	31,115	25,791	24,953
Other revenue	199,834	203,829	207,903	212,057	216,298	220,624	225,039	229,543	234,136	238,818
	19,138,276	21,048,851	21,734,681	22,445,622	23,191,411	23,974,487	24,781,545	25,619,263	26,488,699	27,394,635
Expenses										
Employee costs	(9,035,741)	(9,216,462)	(9,400,793)	(9,588,809)	(9,780,579)	(9,976,198)	(10,175,719)	(10,379,235)	(10,586,824)	(10,798,559)
Materials and contracts	(8,334,637)	(8,543,023)	(8,756,606)	(8,975,519)	(9,199,907)	(9,429,915)	(9,665,663)	(9,907,303)	(10,154,994)	(10,408,865)
Utility charges (electricity, gas, water etc.)	(663,674)	(703,493)	(745,703)	(790,448)	(837,873)	(888,146)	(941,436)	(997,923)	(1,057,800)	(1,121,271)
Depreciation on non-current assets	(4,825,816)	(5,409,484)	(5,726,472)	(5,876,118)	(5,983,766)	(6,128,194)	(6,293,346)	(6,481,619)	(6,512,990)	(6,715,242)
Interest expense	(221,164)	(198,393)	(180,613)	(163,944)	(147,026)	(130,895)	(115,603)	(102,877)	(91,378)	(79,392)
Insurance expense	(244,805)	(264,392)	(285,544)	(308,385)	(333,053)	(359,694)	(388,468)	(419,544)	(453,110)	(489,359)
Other expenditure	(370,083)	(379,336)	(388,816)	(398,534)	(408,492)	(418,702)	(429,165)	(439,887)	(450,879)	(462,159)
	(23,695,920)	(24,714,583)	(25,484,547)	(26,101,757)	(26,690,696)	(27,331,744)	(28,009,400)	(28,728,388)	(29,307,975)	(30,074,847)
	(4,557,644)	(3,665,732)	(3,749,866)	(3,656,135)	(3,499,285)	(3,357,257)	(3,227,855)	(3,109,125)	(2,819,276)	(2,680,212)
Funding position adjustments										
Depreciation on non-current assets	4,825,816	5,409,484	5,726,472	5,876,118	5,983,766	6,128,194	6,293,346	6,481,619	6,512,990	6,715,242
Net funding from operational activities	268,172	1,743,752	1,976,606	2,219,983	2,484,481	2,770,937	3,065,491	3,372,494	3,693,714	4,035,030
FUNDING FROM CAPITAL ACTIVITIES										
Inflows										
Proceeds on disposal	308,615	168,185	409,910	278,715	272,002	341,621	321,405	380,281	348,693	215,827
Non-operating grants, subsidies and contributions	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755
Outflows										
Purchase of property plant and equipment	(2,405,019)	(1,509,289)	(9,554,585)	(1,377,379)	(2,364,245)	(1,035,536)	(945,565)	(1,488,546)	(1,041,887)	(1,661,229)
Purchase of infrastructure	(6,567,229)	(4,479,152)	(5,855,512)	(9,374,380)	(4,379,365)	(4,646,980)	(4,616,846)	(5,006,918)	(5,782,090)	(4,614,462)
Net funding from capital activities	(4,024,477)	(3,364,729)	(5,082,424)	(7,903,393)	(2,476,957)	(3,111,476)	(2,714,020)	(3,621,168)	(4,157,992)	(4,444,109)
FUNDING FROM FINANCING ACTIVITIES										
Inflows										
Transfer from reserves	7,004,333	1,753,258	2,532,582	1,807,301	518,086	859,733	857,594	563,546	109,626	84,626
New leases	0	20,000	20,000	0	0	0	0	0	0	0
Outflows										
Transfer to reserves	(2,780,382)	(836,435)	(727,266)	(584,210)	(266,981)	(144,469)	(237,316)	(31,115)	(25,791)	(184,953)
Repayment of past borrowings	(462,014)	(335,983)	(302,150)	(316,805)	(332,215)	(334,879)	(295,773)	(275,340)	(286,837)	(298,823)
Principal elements of finance lease payments	(64,044)	(66,233)	(64,892)	(54,162)	(18,350)	0	0	0	0	0
Net funding from financing activities	3,697,893	534,607	1,458,274	852,124	(99,460)	380,385	324,505	257,091	(203,002)	(399,150)
Estimated surplus/deficit July 1 B/Fwd	1,099,397	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)
Estimated surplus/deficit June 30 C/Fwd	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)	(7,367,421)
Funding available/(to be sourced)	1,040,985	(1,086,370)	(1,647,544)	(4,831,286)	(91,936)	39,846	675,976	8,417	(667,280)	(808,229)

APPENDIX A4 – FORECAST STATEMENT OF FUNDING 2021-2031 - CONTINUED

COMPOSITION OF CLOSING POSITION

CURRENT ASSETS

Unrestricted cash and equivalents	2,586,181	1,499,811	(147,733)	(4,979,019)	(5,070,955)	(5,031,109)	(4,355,133)	(4,346,716)	(5,013,996)	(5,822,225)
Restricted cash and cash equivalent	7,388,822	6,471,999	4,666,683	3,443,592	3,192,487	2,477,223	1,856,945	1,324,514	1,240,679	1,341,006
Financial assets	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Trade and other receivables	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297
Inventories	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570
Contract assets	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439
Other assets	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525

CURRENT LIABILITIES

Trade and other payables	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)
Contract liabilities	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)
Reserves	(7,388,822)	(6,471,999)	(4,666,683)	(3,443,592)	(3,192,487)	(2,477,223)	(1,856,945)	(1,324,514)	(1,240,679)	(1,341,006)
Estimated surplus/deficit June 30 C/Fwd	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)	(7,367,421)
TOTAL CURRENT ASSETS	11,421,834	9,418,641	5,965,781	(88,596)	(431,637)	(1,107,055)	(1,051,357)	(1,575,371)	(2,326,486)	(3,034,388)
TOTAL CURRENT LIABILITIES	(4,587,810)	(4,552,636)	(4,556,561)	(4,536,159)	(4,520,473)	(4,481,367)	(4,460,934)	(4,472,431)	(4,484,417)	(4,496,912)
Reserves	(7,388,822)	(6,471,999)	(4,666,683)	(3,443,592)	(3,192,487)	(2,477,223)	(1,856,945)	(1,324,514)	(1,240,679)	(1,341,006)
Add: leave reserve	743,306	750,739	758,246	765,828	773,486	781,221	789,033	796,923	804,892	812,941
Add: current long term borrowings	335,983	302,150	316,805	332,215	334,879	295,773	275,340	286,837	298,823	311,318
Add: lease payments	66,233	64,892	54,162	18,350	0	0	0	0	0	0
Add: non cash backed current Leave liability not paid	450,261	442,828	435,321	427,739	420,081	412,346	404,534	396,644	388,675	380,626
	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)	(7,367,421)

APPENDIX A5 – FORECAST STATEMENT OF CHANGES IN EQUITY 2021-2031

	1	2	3	4	5	6	7	8	9	10
	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS										
Opening balance	92,529,691	96,835,154	96,541,772	104,514,985	104,651,592	105,398,063	104,985,489	104,904,898	104,822,219	104,404,070
Net result	81,512	(1,210,205)	6,167,897	(1,086,484)	495,366	(1,127,838)	(700,869)	(615,110)	(501,984)	(1,064,457)
Amount transferred (to)/from reserves	4,223,951	916,823	1,805,316	1,223,091	251,105	715,264	620,278	532,431	83,835	(100,327)
Closing balance	96,835,154	96,541,772	104,514,985	104,651,592	105,398,063	104,985,489	104,904,898	104,822,219	104,404,070	103,239,286
RESERVES - CASH/INVESTMENT BACKED										
Opening balance	11,612,773	7,388,822	6,471,999	4,666,683	3,443,592	3,192,487	2,477,223	1,856,945	1,324,514	1,240,679
Amount transferred to/(from) retained surplus	(4,223,951)	(916,823)	(1,805,316)	(1,223,091)	(251,105)	(715,264)	(620,278)	(532,431)	(83,835)	100,327
Closing balance	7,388,822	6,471,999	4,666,683	3,443,592	3,192,487	2,477,223	1,856,945	1,324,514	1,240,679	1,341,006
ASSET REVALUATION SURPLUS										
Opening balance	84,354,300	86,988,677	89,724,641	92,500,224	95,461,368	98,539,473	101,666,911	104,831,978	108,021,273	111,292,996
Total other comprehensive income	2,634,377	2,735,964	2,775,583	2,961,144	3,078,105	3,127,438	3,165,067	3,189,295	3,271,723	3,327,158
Closing balance	86,988,677	89,724,641	92,500,224	95,461,368	98,539,473	101,666,911	104,831,978	108,021,273	111,292,996	114,620,154
TOTAL EQUITY	191,212,653	192,738,412	201,681,892	203,556,552	207,130,023	209,129,623	211,593,821	214,168,006	216,937,745	219,200,446

APPENDIX A6 – FORECAST STATEMENT OF CASHFLOWS 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities										
Receipts										
Rates	13,926,294	14,344,083	14,917,847	15,514,561	16,135,143	16,780,548	17,451,770	18,149,841	18,875,835	19,630,868
Operating grants, subsidies and contributions	1,671,136	3,138,777	3,201,552	3,265,581	3,330,892	3,397,511	3,465,461	3,534,770	3,605,465	3,677,574
Fees and charges	3,198,441	3,262,411	3,327,661	3,394,213	3,462,097	3,531,335	3,601,959	3,673,994	3,747,472	3,822,422
Interest earnings	142,571	99,751	79,718	59,210	46,981	44,469	37,316	31,115	25,791	24,953
Other revenue	199,834	203,829	207,903	212,057	216,298	220,624	225,039	229,543	234,136	238,818
	19,138,276	21,048,851	21,734,681	22,445,622	23,191,411	23,974,487	24,781,545	25,619,263	26,488,699	27,394,635
Payments										
Employee costs	(9,035,741)	(9,216,462)	(9,400,793)	(9,588,809)	(9,780,579)	(9,976,198)	(10,175,719)	(10,379,235)	(10,586,824)	(10,798,559)
Materials and contracts	(8,334,637)	(8,543,023)	(8,756,606)	(8,975,519)	(9,199,907)	(9,429,915)	(9,665,663)	(9,907,303)	(10,154,994)	(10,408,865)
Utility charges	(663,674)	(703,493)	(745,703)	(790,448)	(837,873)	(888,146)	(941,436)	(997,923)	(1,057,800)	(1,121,271)
Interest expenses	(221,164)	(198,393)	(180,613)	(163,944)	(147,026)	(130,895)	(115,603)	(102,877)	(91,378)	(79,392)
Insurance expenses	(244,805)	(264,392)	(285,544)	(308,385)	(333,053)	(359,694)	(388,468)	(419,544)	(453,110)	(489,359)
Other expenditure	(370,083)	(379,336)	(388,816)	(398,534)	(408,492)	(418,702)	(429,165)	(439,887)	(450,879)	(462,159)
	(18,870,104)	(19,305,099)	(19,758,075)	(20,225,639)	(20,706,930)	(21,203,550)	(21,716,054)	(22,246,769)	(22,794,985)	(23,359,605)
Net cash provided by (used in) operating activities	268,172	1,743,752	1,976,606	2,219,983	2,484,481	2,770,937	3,065,491	3,372,494	3,693,714	4,035,030
Cash flows from investing activities										
Payments for purchase of property, plant & equipment	(2,405,019)	(1,509,289)	(9,554,585)	(1,377,379)	(2,364,245)	(1,035,536)	(945,565)	(1,488,546)	(1,041,887)	(1,661,229)
Payments for construction of infrastructure	(6,567,229)	(4,479,152)	(5,855,512)	(9,374,380)	(4,379,365)	(4,646,980)	(4,616,846)	(5,006,918)	(5,782,090)	(4,614,462)
Proceeds from non-operating grants, subsidies and contributions	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755
Proceeds from sale of plant & equipment	308,615	168,185	409,910	278,715	272,002	341,621	321,405	380,281	348,693	215,827
Net cash provided by (used in) investing activities	(4,024,477)	(3,364,729)	(5,082,424)	(7,903,393)	(2,476,957)	(3,111,476)	(2,714,020)	(3,621,168)	(4,157,992)	(4,444,109)
Cash flows from financing activities										
Repayment of debentures	(462,014)	(335,983)	(302,150)	(316,805)	(332,215)	(334,879)	(295,773)	(275,340)	(286,837)	(298,823)
Repayment of leases	(64,044)	(66,233)	(64,892)	(54,162)	(18,350)	0	0	0	0	0
Net cash provided by (used in) financing activities	(526,058)	(382,216)	(347,042)	(370,967)	(350,565)	(334,879)	(295,773)	(275,340)	(286,837)	(298,823)
Net increase (decrease) in cash held	(4,282,363)	(2,003,193)	(3,452,860)	(6,054,377)	(343,041)	(675,418)	55,698	(524,014)	(751,115)	(707,902)
Cash at beginning of year	14,257,366	9,975,003	7,971,810	4,518,950	(1,535,427)	(1,878,468)	(2,553,886)	(2,498,188)	(3,022,202)	(3,773,317)
Cash and cash equivalents at the end of year	9,975,003	7,971,810	4,518,950	(1,535,427)	(1,878,468)	(2,553,886)	(2,498,188)	(3,022,202)	(3,773,317)	(4,481,219)
Reconciliation of net cash provided by operating activities to net result										
Net result	81,512	(1,210,205)	6,167,897	(1,086,484)	495,366	(1,127,838)	(700,869)	(615,110)	(501,984)	(1,064,457)
Depreciation	4,825,816	5,409,484	5,726,472	5,876,118	5,983,766	6,128,194	6,293,346	6,481,619	6,512,990	6,715,242
Grants/contributions for the development of assets	(4,639,156)	(2,455,527)	(9,917,763)	(2,569,651)	(3,994,651)	(2,229,419)	(2,526,986)	(2,494,015)	(2,317,292)	(1,615,755)
Net cash from operating activities	268,172	1,743,752	1,976,606	2,219,983	2,484,481	2,770,937	3,065,491	3,372,494	3,693,714	4,035,030

APPENDIX A7 – FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated surplus/deficit July 1 B/Fwd	1,099,397	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)
CURRENT ASSETS										
Unrestricted cash and equivalents	2,586,181	1,499,811	(147,733)	(4,979,019)	(5,070,955)	(5,031,109)	(4,355,133)	(4,346,716)	(5,013,996)	(5,822,225)
Restricted cash and cash equivalent	7,388,822	6,471,999	4,666,683	3,443,592	3,192,487	2,477,223	1,856,945	1,324,514	1,240,679	1,341,006
Financial assets	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Trade and other receivables	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297	1,252,297
Inventories	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570	42,570
Contract assets	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439
Other assets	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525	96,525
CURRENT LIABILITIES										
Trade and other payables	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)	(2,817,390)
Contract liabilities	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)	(174,637)
Reserves	(7,388,822)	(6,471,999)	(4,666,683)	(3,443,592)	(3,192,487)	(2,477,223)	(1,856,945)	(1,324,514)	(1,240,679)	(1,341,006)
Current self supporting loans receivable	0	0	0	0	0	0	0	0	0	0
Movement in accrued salaries and wages	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	1,040,985	(45,385)	(1,692,929)	(6,524,215)	(6,616,151)	(6,576,305)	(5,900,329)	(5,891,912)	(6,559,192)	(7,367,421)

APPENDIX A8 – FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2021-2031 (CONTINUED)

CAPITAL WORKS - TOTALS

Capital works										
Total capital works infrastructure	6,567,229	4,479,152	5,855,512	9,374,380	4,379,365	4,646,980	4,616,846	5,006,918	5,782,090	4,614,462
Total capital works property, plant and equipment	2,405,019	1,489,289	9,534,585	1,377,379	2,364,245	1,035,536	945,565	1,488,546	1,041,887	1,661,229
Total capital works right of use assets	0	20,000	20,000	0	0	0	0	0	0	0
Total capital works	8,972,248	5,988,441	15,410,097	10,751,759	6,743,610	5,682,516	5,562,411	6,495,464	6,823,977	6,275,691
Fixed asset movement										
Net movement in infrastructure assets	5,448,475	2,888,065	4,181,575	7,643,127	2,629,950	2,817,567	2,696,804	2,975,696	3,691,919	2,454,038
Net movement in property, plant and equipment	1,089,588	319,413	7,933,573	(20,544)	935,997	(477,428)	(584,077)	(152,837)	(457,902)	217,742
Net movement in right of use assets	(65,869)	(60,742)	(65,850)	(64,513)	0	0	0	0	0	0
Net movement in fixed assets	6,472,194	3,146,736	12,049,298	7,558,070	3,565,947	2,340,139	2,112,727	2,822,859	3,234,017	2,671,780

APPENDIX A9 – FORECAST STATEMENT OF CAPITAL FUNDING 2021-2031

	1	2	3	4	5	6	7	8	9	10
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditure										
Infrastructure - roads	3,268,376	2,507,086	2,705,349	2,638,745	2,755,199	3,206,540	3,149,709	3,326,569	3,660,129	3,461,148
Other infrastructure - bridges	0	175,000	1,450,000	4,500,000	0	0	0	0	0	0
Other infrastructure - carparks	126,679	76,977	58,900	13,600	100,278	76,341	104,980	113,453	94,607	137,329
Other infrastructure - footpaths	635,457	531,420	558,472	975,418	506,830	490,989	473,014	542,066	1,019,930	115,000
Other infrastructure - drainage	568,814	727,000	655,000	483,000	482,755	493,000	493,000	489,500	620,936	550,000
Other infrastructure - parks, ovals and other	1,967,903	461,669	427,791	763,617	534,303	380,110	396,143	535,330	386,488	350,985
Buildings - non-specialised	543,705	252,300	8,020,000	120,000	278,500	200,000	200,000	200,000	200,000	950,000
Buildings - specialised	362,470	283,000	15,000	185,000	1,350,000	0	0	0	0	0
Furniture and equipment	255,000	197,081	114,677	146,380	42,935	23,239	55,796	90,520	85,000	135,000
Plant and equipment	1,243,844	756,908	1,384,908	925,999	692,810	812,297	689,769	1,198,026	756,887	576,229
Right of use - plant and equipment	0	20,000	20,000	0	0	0	0	0	0	0
Total - Capital expenditure	8,972,248	5,988,441	15,410,097	10,751,759	6,743,610	5,682,516	5,562,411	6,495,464	6,823,977	6,275,691
Capital grants & contributions										
Infrastructure - roads	2,397,998	1,324,527	1,588,763	1,932,510	2,053,651	1,727,419	2,043,986	2,010,015	1,832,292	999,755
Other infrastructure - bridges	0	0	0	0	0	0	0	0	0	0
Other infrastructure - footpaths	218,658	120,000	100,000	107,141	100,000	10,000	100,000	100,000	100,000	100,000
Other infrastructure - drainage	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other infrastructure - parks, ovals and other	922,500	78,000	79,000	80,000	81,000	82,000	83,000	84,000	85,000	86,000
Buildings - non-specialised	500,000	0	7,500,000	0	0	0	0	0	0	0
Buildings - specialised	0	283,000	0	0	1,350,000	0	0	0	0	0
Plant and equipment	300,000	350,000	350,000	150,000	110,000	110,000	0	0	0	130,000
Total - Capital grants & contributions	4,639,156	2,455,527	9,917,763	2,569,651	3,994,651	2,229,419	2,526,986	2,494,015	2,317,292	1,615,755
Own source funding										
Infrastructure - roads	1,620,378	1,482,559	1,416,586	1,006,235	1,001,548	1,779,121	1,405,723	1,616,554	2,127,837	2,761,393
Other infrastructure - bridges	0	175,000	1,450,000	4,500,000	0	0	0	0	0	0
Other infrastructure - carparks	126,679	76,977	58,900	13,600	100,278	76,341	104,980	113,453	94,607	137,329
Other infrastructure - footpaths	516,799	511,420	558,472	968,277	506,830	490,989	473,014	542,066	1,019,930	115,000
Other infrastructure - drainage	568,814	727,000	655,000	483,000	482,755	493,000	493,000	489,500	620,936	550,000
Other infrastructure - parks, ovals and other	1,095,403	433,669	398,791	733,617	503,303	348,110	363,143	501,330	351,488	314,985
Buildings - non-specialised	43,705	252,300	520,000	120,000	278,500	200,000	200,000	200,000	200,000	950,000
Buildings - specialised	362,470	0	15,000	185,000	0	0	0	0	0	0
Furniture and equipment	255,000	197,081	114,677	146,380	42,935	23,239	55,796	90,520	85,000	135,000
Plant and equipment	635,229	238,723	624,998	497,284	310,808	360,676	368,364	817,745	408,194	230,402
Right of use - plant and equipment	0	20,000	20,000	0	0	0	0	0	0	0
Total - Own source funding	5,224,477	4,114,729	5,832,424	8,653,393	3,226,957	3,771,476	3,464,020	4,371,168	4,907,992	5,194,109
Total - Borrowings	0	0	0	0	0	0	0	0	0	0
Other (disposals & C/Fwd)										
Plant and equipment	308,615	168,185	409,910	278,715	272,002	341,621	321,405	380,281	348,693	215,827
Total - Other (disposals & C/Fwd)	308,615	168,185	409,910	278,715	272,002	341,621	321,405	380,281	348,693	215,827
Total Capital Funding	10,172,248	6,738,441	16,160,097	11,501,759	7,493,610	6,342,516	6,312,411	7,245,464	7,573,977	7,025,691

APPENDIX A10 – FORECAST RATIOS 2021-2036

	Target Range		Average	1 2021-22	2 2022-23	3 2023-24	4 2024-25	5 2025-26	6 2026-27	7 2027-28	8 2028-29	9 2029-30	10 2030-31
LIQUIDITY RATIOS													
Current ratio	> 1.00	> 1.20	0.56	1.05	0.78	0.34	(0.94)	(0.97)	(0.97)	(0.79)	(0.79)	(0.97)	(1.19)
OPERATING RATIOS													
Operating surplus ratio	> 1.00 %	> 15.00 %	(13.51%)	(26.09%)	(20.47%)	(20.23%)	(19.06%)	(17.62%)	(16.32%)	(15.14%)	(14.08%)	(12.32%)	(11.30%)
Own source revenue coverage ratio	> 40.0 %	> 60.00 %	77.75%	73.71%	72.47%	72.72%	73.48%	74.41%	75.29%	76.10%	76.87%	78.08%	78.86%
BORROWINGS RATIOS													
Debt service cover ratio	> 3	> 5	9.73	0.72	3.67	4.50	4.98	5.49	6.23	7.73	9.19	10.01	10.88
FIXED ASSET RATIOS													
Asset sustainability ratio	> 90.0 %	> 110.0 %	42.38%	48.12%	58.06%	80.06%	135.38%	60.36%	49.86%	38.22%	43.07%	79.50%	43.06%
Asset consumption ratio	> 50.0 %	> 60.00 %	77.99%	84.95%	83.71%	83.44%	84.13%	82.74%	81.58%	80.19%	78.92%	78.40%	77.17%
Asset renewal funding ratio	> 75.0 %	> 95.00 %	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	N/A	N/A	N/A	N/A	N/A

APPENDIX A11 – FORECAST SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(a) BASE YEAR BALANCES

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

(b) ROUNDING OFF FIGURES

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

(c) COMPARATIVE FIGURES

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

(d) FORECAST FAIR VALUE ADJUSTMENTS

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

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

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

(e) RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for Profit Entities requires the Shire to disclose income recognised in a period, disaggregated into categories that reflect how the nature and amount of income (and resultant cash flows) are affected by economic factors. The application of these standards may result in changes to the timing and amount of revenue recognised.

(f) GOODS AND SERVICES TAX (GST)

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

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

(g) SUPERANNUATION

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

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

(h) CASH AND CASH EQUIVALENTS

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

(i) TRADE AND OTHER RECEIVABLES

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

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

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

(j) INVENTORIES

General

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

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

Land held for resale

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

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

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

(k) FIXED ASSETS

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

Revaluation

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

Land under roads

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

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

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

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

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

Depreciation

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

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

ASSET CLASS	EFFECTIVE AVERAGE DEPRECIATION RATE
Buildings	2.64%
Furniture and Equipment	24.45%
Plant and Equipment	13.99%
Roads	2.42%
Footpaths	2.40%
Parks and Ovals	3.76%
Drainage	1.37%

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

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

(l) FAIR VALUE OF ASSETS AND LIABILITIES

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(l) FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Valuation Techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets to be revalued at least every 3 years. Asset revaluations have been modelled to occur annually within the Plan.

(m) IMPAIRMENT OF ASSETS

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

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

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

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

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

TRADE AND OTHER PAYABLES

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

(n) EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(o) BORROWING COSTS

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

(p) PROVISIONS

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

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

(q) LEASES

AASB 16 Leases requires lessees to recognise assets and liabilities for all leases.

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the Shire anticipates exercising a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right of use assets are secured over the asset being leased.

(q) INVESTMENT IN ASSOCIATES

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equal or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of the profits once its share of the profits equals the share of the losses not recognised.

(r) INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

(s) CURRENT AND NON-CURRENT CLASSIFICATION

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

OTHER MATTERS

DOCUMENT MANAGEMENT

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