

Long Term Financial Plan

2024-25 to 2033-34

Acknowledgement of Country

“Kaya, Nala Maat Kaya Noonduk (Hello, Our Family Welcomes You) to Wadandi Boodja (Saltwater People’s Country) – we all come together on Boodja (Country). Whilst on Wadandi Boodja we ask that you respect the land by walking softly and take the time to listen to Boodja as she Wongi (Talks).

We respect the presence of the Demmala Goomala (Ancestors) whose Djanga (Spirits) reside on Boodja and whose Djenna (feet) walk the land and whose Djanga Korda (heart spirit) flows through all creation. Wooditjup (Margaret River) is the heart of Wadandi Boodja (country), a meeting place between land and sea, connecting us all with Wadandi Boodja.

The Wadandi Boodja (Motherland) reaches from Bunbury, along the coast of Geographe Bay, extending to Yallingup (Place of Holes) to Talinup, Augusta (Place of Reeds) inland to Nannup (The Stopping Place), taking in the region of Undalup (Busselton) The Wadan Boodja (Sea Country) is of great spiritual significance to the coastal Wadandi people. Boodja – Land, Country, Mother Earth – is our most important resource. No matter what culture or religion – all of us rely on Nala Boodja, Our Country.

It is up to all of us to listen to the land, understand the connection to Country that we all have and realise how urgent it is to work together to make better decisions on how we can create that balance, ensuring sustainability for the generations to come, in order to protect and preserve the beauty of Boodja.

Whilst living, travelling, visiting and holidaying on Wadandi Boodja (Saltwater People’s Country) we ask that you respect the area and walk softly on the country, taking the time to listen to Boodja (Country) as she Wongi (Talks) of the Season, and leave nothing but footprints”.

Wadandi Traditional Cultural Custodian Wayne “Wonitji” Webb.

The Shire of Augusta Margaret River acknowledges we are on Wadandi and Pibelman Boodja, whose ancestors and their descendants are the traditional owners of this country.

We acknowledge the Wadandi and Pibelman have been custodians since the land was soft (creation times) and continue to perform age old ceremonies of celebration, initiation and renewal. We acknowledge their living culture and their unique role in the life of this region.

The Shire is committed to Aboriginal Australians sharing fairly and equitably in the region’s cultural, social, environmental and economic future.

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Alignment to the Strategic Community Plan 2040

COMMUNITY VISION

Augusta Margaret River
Sustainable, inclusive,
connected to place and
respecting Boodja

Environment

We will protect and enhance the unique natural environment and biodiversity of the region through climate action and informed decision making.

We will focus on:

Outcome EN.1: Ecology and biodiversity protection
Outcome EN.2: Healthy waterways, foreshores and natural landscapes
Outcome EN.3: Collective climate action
Outcome EN.4: Sustainable resource and waste management

People

We will support and strengthen our diverse, resilient, welcoming, safe and connected community through our services and advocacy.

We will focus on:

Outcome PE.1: Diverse cultural values are respected and adopted
Outcome PE.2: Equal opportunities for all
Outcome PE.3: Active, healthy and fulfilling lifestyles
Outcome PE.4: Safe and resilient communities

Place

We will responsibly develop vibrant, sustainable places which maintain their distinctive characters, and which supports a local economy that is resilient, equitable and sustainable.

We will focus on:

Outcome PL.1: Diverse, sustainable and well-designed places
Outcome PL.2: Infrastructure which caters to need
Outcome PL.3: Sustainable agriculture and thriving rural community
Outcome PL.4: Resilient circular local economy

Performance

We will deliver quality governance, service and value with integrity and transparency.

We will focus on:

Outcome PF.1: Responsible planning and ownership of outcomes
Outcome PF.2: Community and customer focus
Outcome PF.3: High performing and engaged people
Outcome PF.4: A culture of innovation, quality and continuous improvement

Executive Summary

The long-term financial estimates contained in this Long Term Financial Plan are an integral part of Council's strategic planning process, informing the Corporate Business Plan which activates Strategic Community Plan priorities. It indicates the Shire's long-term financial sustainability, and allows early identification of financial issues and their longer-term impacts.

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

This version of the LTFP is a baseline model, with some information that will critically influence future financial forecasts – such as information in the Asset Management Plan and Workforce Plan – currently under development or review to ensure alignment with strategic priorities and to ensure their proposed expenditures are able to be funded.

The LTFP forecasts for operating revenue and operating expenditures over the next ten years use the 2023-24 budget as their basis. Year One of the LTFP will act as the framework for preparation of the Shire's 2024-25 Annual Budget.

Economic and social indicators are inherent to predicting future values; these include the ongoing recovery from disruption caused by the COVID-19 pandemic, consumer price index, interest rates, employment levels, population growth and demographic trends. Consideration has been given to the economic and social drivers that will influence the future cost of providing infrastructure, facilities and services for the period 2024-25 to 2033-34, and assumptions used are detailed in this document. The values disclosed in this plan represent estimated future prices and costs.

This plan endeavours to balance the funding needs of renewal and new infrastructure assets, existing services against rating expectations, reasonable fees and charges, and the use of accumulated funds held in reserve accounts.

Whilst the plan shows a balanced budget for each financial year as included in the Statement of Financial Activity, a 'savings or additional funding' target has been included in certain

years of the LTFP to achieve this position, with the aim being to achieve this target during the budgeting process for each year.

This plan includes \$2.900 million of borrowing over the next ten years. This is to assist in funding the Enterprise Resource Planning (ERP) project which will commence in 2024-25. Other projects which may require debt funding have not yet been fully scoped, researched and endorsed by Council. Potential strategic projects with a draw on funds will need to be prioritised and endorsed by Council prior to recognition as part of future LTFPs.

This plan is set against economic uncertainty. With plans, strategies, priorities, issues and risks all being dynamic influences in relation to any planning, the LTFP is reviewed and adjusted annually to reflect material changes, and to incorporate the outcomes of reviews.

Exclusions

There are projects and plans that are not sufficiently detailed at this stage and therefore are not included in this plan. They will be incorporated into future plans once detail around timing, revenue, expenditure and capital is known, and once their outlay requirements have been assessed and prioritised.

These projects and plans include the Asset Management Plan which is due for a major review in 2024-25 and the Holiday Park and Campground Strategy which is currently under development.

Financial sustainability

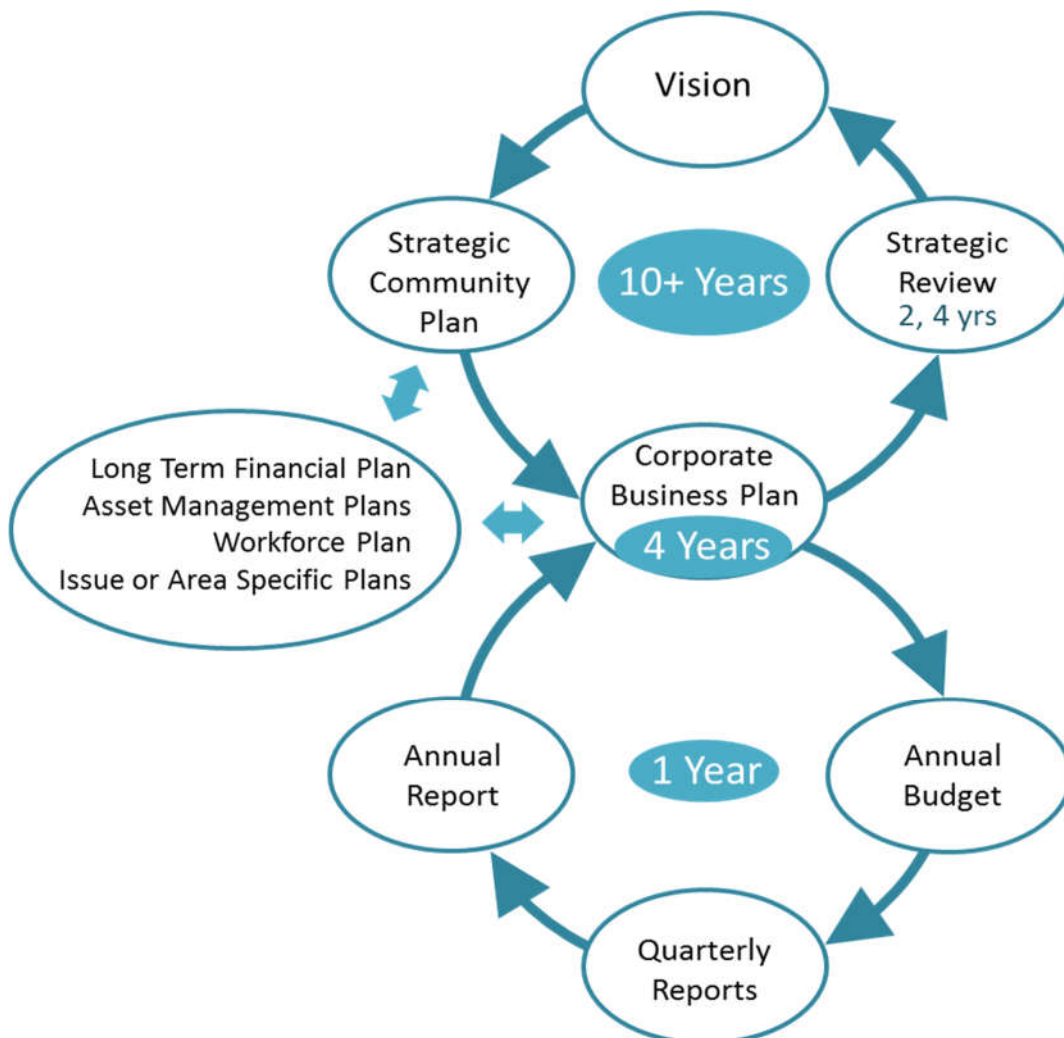
Long term financial sustainability is a key objective of the Shire, and this objective will continue to be addressed through a variety of actions, including the service review program, optimisation of processes and systems, and investigation of all possible revenue streams.

Integrated planning and reporting framework

The Shire of Augusta Margaret River's Integrated Planning and Reporting Framework encompasses a strategic and business planning system that delivers accountable and measurable linkages between the Council's long term vision and practical service delivery. Long term financial planning is a key element of the Shire's Integrated Planning and Reporting Framework.

The LTFP is a ten-year rolling plan that informs the Corporate Business Plan to activate the Strategic Community Plan priorities. The annual budget is developed from these planning processes, and is aligned with the organisational strategic objectives.

The following figure illustrates how the LTFP informs the Integrated Planning and Reporting Framework.



Strategic Community Plan 2040

The predominant strategic direction for the Shire is provided through the Shire's Strategic Community Plan 2040 (SCP). The latest iteration of the SCP was developed in between 2020 and 2021, with input from 1,570 community submissions.

The SCP sets out the Shire's vision, aspirations and objectives for our community over the next 20 years and is our principal strategy document. This means that it governs all of the work that the Shire undertakes, either through direct service delivery, partnership arrangements or advocacy on behalf of our community. The direction set through the SCP ensures infrastructure and service provision is focussed to meet the requirement of our community, now and into the future.

Community Vision

Sustainable, inclusive, connected to place and respecting Boodja

This vision is delivered through key outcomes and strategies within the four focus areas of Environment, People, Place and Performance. The Shire's role in each of these focus areas is summarised as:

Environment

We will protect and enhance the unique natural environment and biodiversity of the region through climate action and informed decision making

People

We will support and strengthen our diverse, resilient, welcoming, safe and connected community through our services and advocacy

Place

We will responsibly develop vibrant, sustainable places, which maintain their distinctive characters, and which supports a local economy that is resilient, equitable and sustainable

Performance

We will deliver quality governance, service and value with integrity and transparency

Corporate Business Plan 2023-2027

The Shire of Augusta Margaret River Corporate Business Plan 2023-27 (CBP) contains the same key objectives and strategies as the SCP, with the addition of specific operational priorities and initiatives the Shire will focus on over the next four years. The CBP ensures the Shire will deliver services in line with community aspirations and priorities.

Resourcing Plans

Resourcing Plans are the Shire of Augusta Margaret River's documents that outline the Shire's long-term sustainability planning. Resource planning is informed by the aspirations and key objectives of the SCP and support the implementation of the CBP.

The Shire's resource planning currently includes:

- **Long Term Financial Plan (this document):** provides an outline of the forecast financial position of the Shire over the next ten years. It plans for the Shire's long term financial sustainability and allows early identification of financial issues and their longer term impacts.
- **Asset Management Plan:** described how the Shire's assets will meet the service delivery needs of the community into the future. It plans for the long term sustainable management of assets based on a 'whole of life' and 'whole of organisation' approach. The Asset Management Plan is due for a major review in 2024-25.

- **Workforce Plan:** provides an outlined of the Shire's workforce requirements and workforce strategies needed to deliver services into the future. It plans for the long-term delivery of current and future operations of the organisation. The Workforce Plan is currently in the process of being reviewed.
- A number of other strategies and plans including the Developer Contributions Plan, Leisure Plan, Public Open Space Strategy, ICT Strategy and Customer Experience Strategy

Strategic planning is a dynamic, ongoing process of review and improvement.

Principles for sustainable financial management

With the Shire needing to continue in perpetuity, it must consider how it acquires and manages a stock of financial and physical assets in order to provide services for future generations of local residents and ratepayers. As such, a principal aim of long term financial planning is to ensure the Shire remains financially sustainable.

To ensure the Shire remains financially sustainable, it is important that sound financial strategies and principles are developed and continually reviewed in line with the changing economic and demographic outlook for the community.

Sustainable Financial Management Policy

Council has adopted a Sustainable Financial Management Policy recognising that the Shire must plan for the current and future needs of its community in a financially sustainable manner. The following principles from the Sustainable Financial Management Policy support the Shire's approach:

1. Sound financial management

The Shire will ensure it has financial systems which are accurate and dependable, with effective internal control procedures and transparent reporting processes. Budgeting and long term financial planning will be undertaken in a responsible manner, with financial decisions being made with a considered and balanced approach to revenue and future expenditure.

2. Effective service delivery

The Shire will regularly review its services to ensure they are appropriate, delivered in an effective and efficient manner, and according to community need. New services will go through a rigorous review and prioritisation process prior to being implemented, which can include the requirement for preparation of a business case.

3. Annual budgeting

The Shire will use zero-based budgeting to annually reconfirm the mix of services to be provided, and will use all reasonable endeavours to deliver a balanced budget for each financial year.

4. Long term planning

The Shire will continually engage with the community to work towards optimal prioritisation of Council spending, management of public expectations, and the achievement of financial sustainability in alignment with its strategic goals.

5. Funding prioritisation

The Shire recognises the competing demands for limited financial resources and will endeavour to allocate resources in compliance with the objectives of the Sustainable Financial Management Policy. Prioritisation of funding will be based on factors outlined in the Policy, which include; risk mitigation, renewal, upgrade and maintenance of existing assets, and new assets or programs.

6. Funding strategy

Methods of funding may include fees and charges, rates, borrowings, use of reserves, sale of assets and grants and contributions.

Rating Strategy

The rating strategy has a direct impact on the long term financial sustainability and thus the Shire's ability to deliver services at levels necessary to meet the community's expectations.

As part of the Long Term Financial Plan, the Shire has used the 2023-24 budget, including the amount anticipated to be raised through rates, to assess whether the rating strategy utilised will allow Council to meet its financial needs now and into the future.

Local governments are required to align to the Department of Local Government, Sport and Cultural Industries Differential Rating Policy, the principles of which are stated in the rating strategy contained within the Shire's Sustainable Financial Management Policy:

- ✓ **Objectivity:** where an objective assessment of relevant criteria is used to determine the predominant use of the property, external parties will be in a position to understand how and why a particular determination was made
- ✓ **Equity and fairness:** this will be inherent within rating principles, where each property will make a fair contribution to rates based upon an appropriate method of valuation that reflects predominant use
- ✓ **Consistency:** will be applied within the whole of the Shire, with like being treated in a like manner, according to usage classifications
- ✓ **Transparency:** in the method used to determine land valuation, systems and procedures are clearly documented and available for public inspection
- ✓ **Administrative efficiency:** by implementing sustainable rating principles and procedures whilst maintaining cost effective use of Council resources to levy and collect rates and maintain accurate and timely records.

Fees and Charges

Local governments impose fees and charges in order to recoup the costs, or part of the costs, of providing goods and services to the community. The Local Government Act 1995 requires that when setting fees and charges, local governments consider:

- the cost to the local government of providing the service or goods;
- the importance of the service or goods to the community; and
- the price at which the service or goods could be provided by an alternative provider.

At a minimum, fees and charges are reviewed annually as part of the budgeting process. The Shire's Sustainable Financial Management Policy notes that there are various other circumstances that may justify a review of fees and charges. These may include:

- legislative changes requiring Council to prescribe a new fee or charge
- a change of legislative compliance, requiring a change in resources or expertise
- a change to the level of service provided
- increased public demand for goods or services
- establishment of a new service
- changes to the level of inflation
- to lower the ratepayer contribution towards goods or services that principally benefit distinct groups or individuals in the community.

Under its Sustainable Financial Management Policy, the Shire acknowledges the requirements of the National Competition Policy and ensures compliance by regularly reviewing its fees, charges and services with a view to identify whether these should be adjusted to ensure they do not create or have the potential to create unfair competition with the private sector.

Fees and charges, and fees and charges per capital, have generally been trending downward as a percentage of total operating revenue over the past few years, with minimal increases as seen in the graph above. This indicates that the Shire may need to take a longer term approach to comprehensively

understanding whether its fees and charges are set at optimal levels, and whether its fee setting policies need to be adjusted.

Grants and contributions

Grants may be received from the State or Federal Government. Contributions are funds obtained from private sources such as developers, sporting clubs or individuals. The Shire aims to obtain grant/contribution funding wherever possible in order to minimise the Rates burden on residents.

Shire grant management procedures were reviewed and refined during 2022-23 to ensure more effective grant administration throughout the organisation, providing a structure for better identifying grant opportunities and tracking applications.

Whilst Grants and Contributions can be a useful alternative source of revenue, it is important that the project utilising the funding have been identified ahead of time as a priority for community.

Developer contributions

Developer contributions for infrastructure are an established part of the town planning system. They may be levied by local governments under local planning schemes towards the cost of infrastructure necessary to accommodate urban growth.

Contributions are generally levied directly through the subdivision and development process, or where there are multiple landowners, through Development Contribution Plans (DCPs). The Shire is currently reviewing its Developer Contributions Plans. Whilst this review is undertaken, for the purpose of the LTFP, no future contributions have been assumed to be received, and existing contributions have been utilised for projects scheduled in the LTFP identified to be funded by these contributions.

Reserves

Reserves are sources of funding that have been aside by Council to finance future expenditures, including unbudgeted or unforeseen events that may result in a budget deficit, and to smooth out expenditures that tend to fluctuate from year to year.

Reserves are reviewed at least annually to confirm that they are being utilised when necessary, to confirm that the reserve purpose is still relevant, and to ensure that balances are sufficient for the requirements of the Shire, without being excessive. As a result, the majority of Reserve funds are committed or designated for special purposes over the long term.

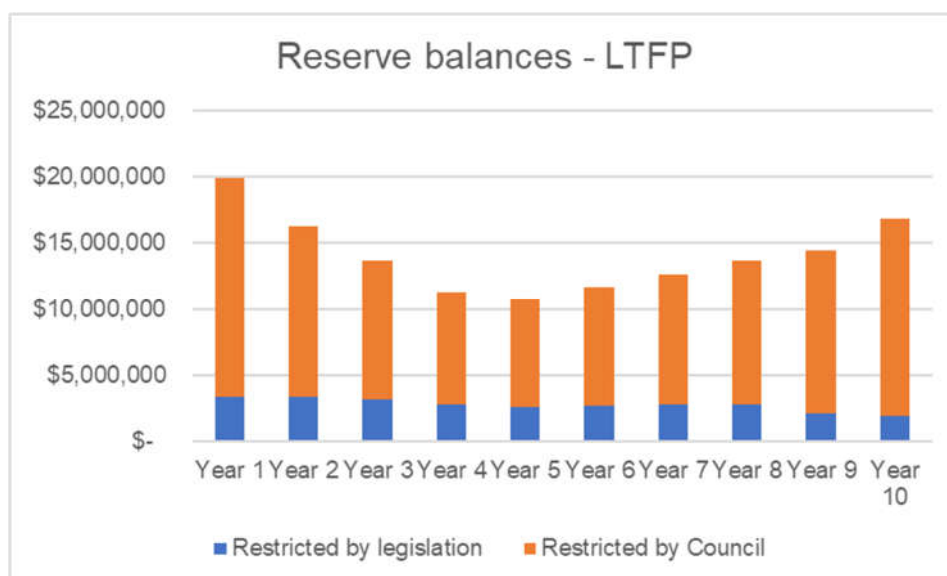
The Shire is currently targeting three main areas for reserve funding – Asset Renewal, ICT Reserve and Waste Management.

The LTFP includes a provision at least equal to 4% of rates to be transferred to the Asset Renewal Reserve for each year of the LTFP, except for 2024-25 where the transfer is at a reduced rate of 2% based on the Shire's financial capacity in this year. Regular transfers into the Asset Renewal reserve will assist the Shire in meeting its fluctuating asset renewal expenditure requirements outlined in this LTFP without the use of disruptive revenue measures.

The ICT reserve exists to provide funds for the replacement and upgrade of ICT software and hardware systems, with funds being transferred to this reserve for the past three financial years. It is anticipated that the Shire's ERP system will be replaced over the first half of the LTFP's term, with the cost of this project estimated at \$6.4 million. Transfers to the ICT reserve are forecast to be made in the first three years of the LTFP to assist in funding this project.

Regular transfers to the Waste Management Reserve are required to ensure sufficient funds available for the development of a transfer station to replace the Davis Road Waste Management Facility, which will also require decommissioning. Ratepayers contribute an annual fee towards this project, which is held in reserve for use on the future waste project.

Reserve Name	Opening Balance 23/24 (\$m)	Transfers In (\$m)	Transfers Out (\$m)	Closing Balance 33/24 (\$m)
Developer Contributions reserve	\$ 2.237	\$ 0.621	-\$ 2.672	\$ 0.186
Infrastructure Assets Contributions reserve	\$ 0.917	\$ 0.441	\$ -	\$ 1.358
Cash in Lieu POS Blackwood Ave Reserve	\$ 0.073	\$ 0.035	\$ -	\$ 0.108
Cash in Lieu POS Cowaramup Reserve	\$ 0.074	\$ 0.036	\$ -	\$ 0.110
Cash in Lieu POS Blackwood Ave Reserve	\$ 0.108	\$ 0.052	\$ -	\$ 0.160
Staff leave reserve	\$ 0.397	\$ 0.191	\$ -	\$ 0.588
Caravan park upgrade reserve	\$ 1.544	\$ 0.410	-\$ 0.900	\$ 1.054
Limesand pits reserve	\$ 0.071	\$ 0.034	\$ -	\$ 0.105
Cemeteries reserve	\$ 0.022	\$ 0.010	\$ -	\$ 0.032
Community loan reserve	\$ 0.218	\$ 0.246	\$ -	\$ 0.464
Cedarvale reserve	\$ 0.244	\$ 0.117	\$ -	\$ 0.361
Waste management reserve	\$ 6.261	\$ 5.429	-\$ 9.100	\$ 2.590
Parking reserve	\$ 0.096	\$ 0.046	\$ -	\$ 0.142
Biodiversity reserve	\$ 0.251	\$ 0.121	\$ -	\$ 0.371
Community facility reserve	\$ 0.311	\$ 0.149	\$ -	\$ 0.460
Plant reserve	\$ -	\$ -	\$ -	\$ -
Cowaramup reserve	\$ 0.460	\$ 0.212	-\$ 0.021	\$ 0.651
Gravel pits reserve	\$ 0.368	\$ 0.177	\$ -	\$ 0.545
Self insurance reserve	\$ 0.036	\$ 0.017	\$ -	\$ 0.053
Recreation centres reserve	\$ 0.029	\$ 0.050	\$ -	\$ 0.079
Old settlement reserve	\$ 0.253	\$ 0.649	\$ -	\$ 0.902
Community grants reserve	\$ 0.025	\$ 0.012	\$ -	\$ 0.037
Emergency services reserve	\$ 0.171	\$ 0.082	\$ -	\$ 0.253
Augusta revitalisation reserve	\$ 0.227	\$ 0.016	-\$ 0.220	\$ 0.022
Youth facilities reserve	\$ 0.091	\$ 0.429	\$ -	\$ 0.520
Sporting Reserve	\$ 0.004	\$ 0.002	\$ -	\$ 0.007
Roads reserve	\$ 1.065	\$ 0.511	\$ -	\$ 1.576
Emergency disaster relief reserve	\$ 0.762	\$ 0.073	-\$ 0.692	\$ 0.142
Legal/risk reserve	\$ 0.071	\$ 0.034	\$ -	\$ 0.104
ICT reserve	\$ 1.780	\$ 2.384	-\$ 3.483	\$ 0.681
Asset renewal reserve	\$ 2.165	\$ 14.751	-\$ 13.933	\$ 2.983
Storm damage reserve	\$ 0.108	\$ 0.052	\$ -	\$ 0.160
Unspent grants reserve	\$ 0.000	\$ -	\$ -	\$ 0.000
Public art reserve	\$ 0.021	\$ 0.010	\$ -	\$ 0.031
Total forecast reserve balance	\$ 20.459	\$ 27.400	-\$ 31.021	\$ 16.838



Reserves restricted in their use by legislation include developer contributions and cash in lieu of public open space. Whilst the remainder of reserves are legislatively unrestricted, most of these funds are tied to specific uses, and are therefore committed.

The graph illustrates that there is a decrease in the balance of reserves during the middle years of the LTFP, which is predominantly due to the draw on the Waste Management Reserve for expenditure related to the capping and closure of the Davis Road Waste Management Facility, and development of a transfer station.

Investments

The Shire invests its surplus cash as restricted by the provision contained in the *Local Government (Financial Management) Regulations 1996* which state that deposits can only be placed with:

- authorised deposit-taking institutions and the Western Australian Treasury Corporation; or
- bonds that are guaranteed by the Commonwealth Government or a State or Territory,

for a term not exceeding three years, and where all investments are in Australian currency.

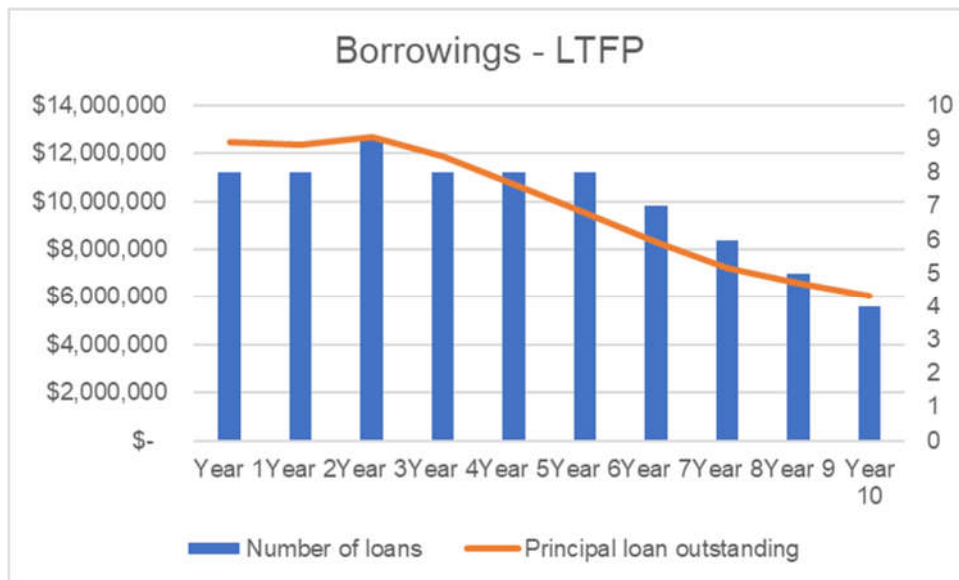
Whilst exercising the power to invest, the principal objectives are threefold in terms of liquidity, return on investment and supporting the Shire's environmental, social and local economic values and priorities.

PRINCIPLES

- ✓ Investments shall be made in a manner which ensures sufficient liquidity to meet all reasonably anticipated cash flow requirements without incurring significant costs due to unanticipated sale of an investment
- ✓ Investments are to be managed in a manner that enables maximum returns on the investment within certain credit risk and diversification parameters adopted as part of the Shire's Investments Policy
- ✓ Preference will be given to placing investments with authorised financial institutions who do not support fossil fuels, either directly or indirectly, and who align with Council's other environmental, social and local economic priorities, where such preference doesn't materially affect the rate of return or risk exposure of the Shire.

Debt management

The Shire reviews its debt level and borrowing requirements as part of the Long Term Financial Planning process, and will consider borrowings as a valid funding source for capital or operational projects that allow the Shire to achieve its long term strategic priorities, and where insufficient funds are available to otherwise meet strategic requirements.



Over the term of the LTTP all but one of the Shire’s existing eight loans will be fully repaid, and the amount of debt borrowings will reduce to almost half of the current level of debt. The only remaining loan will be from the \$8 million in 2021-22 from the Western Australian Treasury Corporation (WATC) at a fixed interest rate of 3.97%, borrowed for the purpose of refurbishing the Margaret River Recreation and Aquatic Centre. This loan is due to be repaid in May 2042.

Provision has been made to borrow an additional \$2.9 million over the term of the LTTP. This funding is depicted as three separate loans due to the fact that the funds are anticipated to be required for a project spanning at least three years. This debt funding is expected to be required to supplement reserve funding for the replacement of the Shire’s Enterprise Resource Planning system.

Whilst no other borrowing requirements have yet been identified in the LTTP, there may be projects that have not yet been sufficiently scoped or costed that require debt funding. The business case for any such projects will be presented to Council borrowings endorsed as part of this prioritisation and project approval process.

Asset management

The Shire owns and maintains a large number of assets, in particular infrastructure assets such as road, bridges, parks, reserves and buildings. The value of this asset portfolio totalled \$386.2 million at 30 June 2023. Maintenance and renewal of this asset portfolio ensures that the Shire can continue to provide services and facilities to community now, and into the future.

A capital works program based on a Forward Capital Works Plan (FCWP) has been prepared, listing capital projects for the next ten years. The FCWP provides summary information for each of the Shire’s asset classes, including plant and equipment, buildings, roads, road bridges, drainage assets

A significant challenge facing the Shire is how it will sustainably balance the timely provision of new or upgrade facilities for the rapidly growing population as well as ensuring that the existing portfolio of assets are maintained, renewed and/or upgraded to suitable standards.

CAPITAL WORKS PROGRAM 2024-25 – 2033-34

FUNDING BREAKDOWN \$M

Municipal	\$56,443	39.2%
Grants and contributions	\$36.243	25.2%
Reserves	\$43.729	30.4%

Borrowings	\$2.9000	2.0%
Other (asset disposal proceeds)	\$4.717	3.2%
Total	\$144.032	100%

CAPITAL WORKS PROGRAM 2024-25 – 2033-34

PROGRAM BREAKDOWN \$M

Asset renewal	\$121.748	84.5%
Asset upgrade/new assets	\$13.284	9.2%
Waste facility project	\$9.000	6.3%
Total	\$144.032	100%

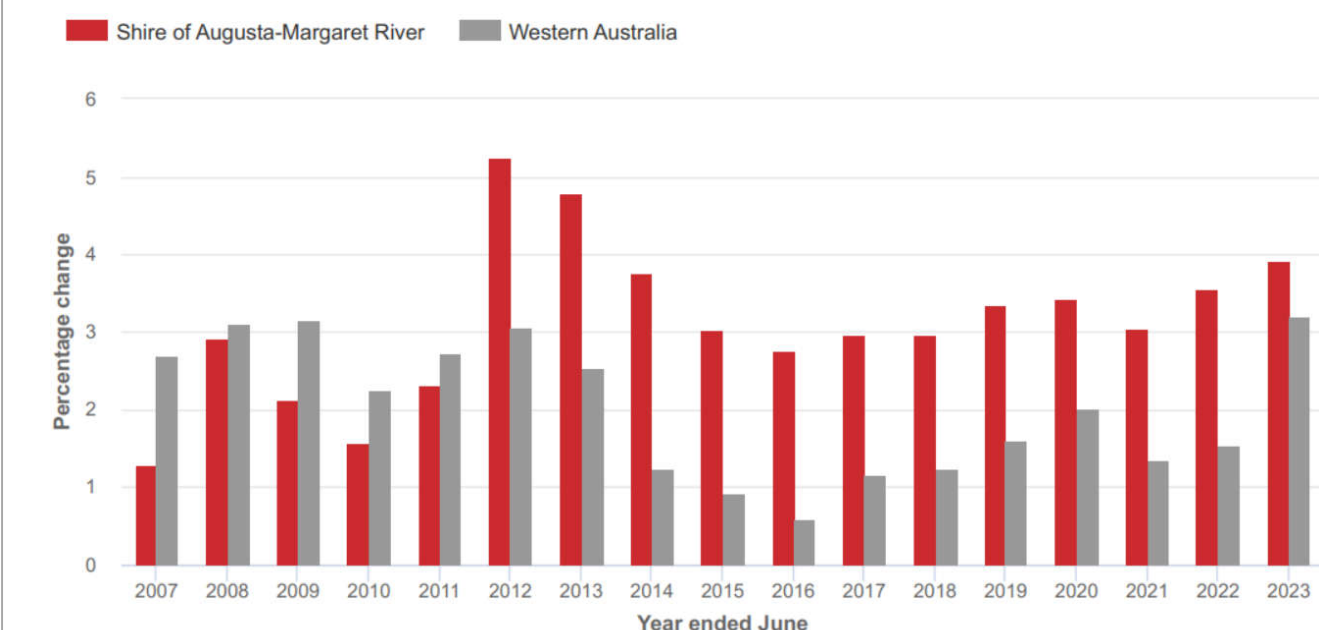
Key Assumptions

Population and demographics

The Shire of Augusta Margaret River has one of the most rapidly growing populations in regional WA, with 2021 census data showing a 17.8% increase between 2016 and 2021. This compares with the State average of 1.5% over the same time period. Estimated resident population numbers for the region between 2021 and 2023 show that the rate of growth has increased further since 2021.

In its WA Tomorrow Report No. 11, the State demographer has forecast an average annual growth rate of 2.9% for the Shire region between 2016 and 2031. Whilst historically the State demographer has underestimated growth in the Shire's population, the WA Tomorrow population forecast has been used as the basis for the Shire's Local Planning Strategy 2036, and for the sake of consistency has also been used as the basis of population growth forecasts for the LTFP.

Percentage change in ERP - Shire of Augusta-Margaret River compared to Western Australia



Source: Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0). Compiled and presented by .id (informed decisions)

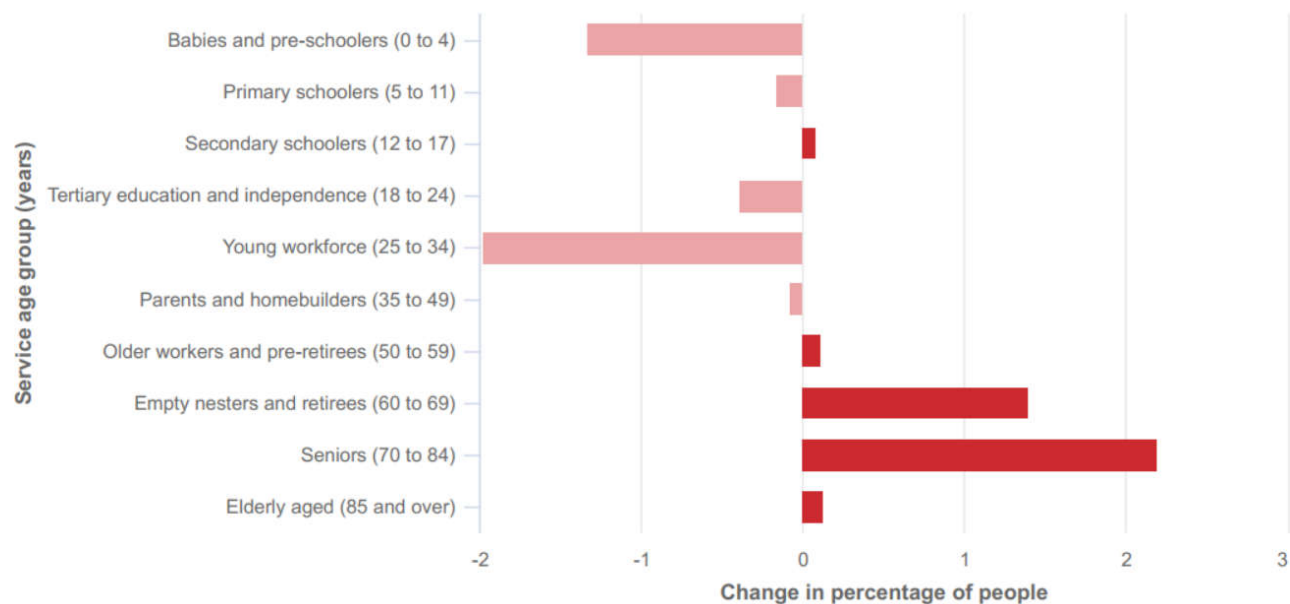
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As well as changing in size, the Shire's population has also changed demographically over recent years with census data showing a clear indication of an ageing population.

Whilst the region continues to have more 'parents and homebuilders' and primary school-aged children than the WA average, growth in these service age groups is stagnant. Growth is being experienced predominantly in the age categories over 60 years old, contributing to the region having a higher proportion of empty nesters, retirees, and seniors than the state average.

Change in age structure - service age groups, 2016 to 2021

Shire of Augusta-Margaret River - Total persons



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 and 2021 (Usual residence data). Compiled and presented in profile.id by .id (informed decisions).

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Population and demographic changes impact on the long term financial plan in many ways – for example the ability of the Shire to collect rates income, the demand placed on services and possible changes to services required into the future. These impacts are all considered during the Shire's strategic planning processes, which inform the LTFP.

Economic and social drivers

The following economic and social drivers have been used to develop this Plan:

Economic Assumption	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Population - WA ¹	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Population – Shire ³	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Consumer Price Index Perth ¹	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
WALGA Local Government Cost Index – materials and contracts ²	3.1%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
WALGA Local Government Cost Index – utilities ²	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
WALGA Local Government Cost Index – insurance ²	4.1%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
WALGA Local Government Cost Index – other costs ²	3.0%	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest – Public Bank Account earnings ¹	4.2%	4.1%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%

¹ 2022-23 Western Australia Government Mid-year Financial Projections Statement (December 2023)

² WALGA Quarterly Economic Briefing (March 2024)

³ WA Tomorrow population report no. 11

Operating estimates - revenue

Rates

Growth in the number of rateable assessments increases the revenue derived from property rates, with growth being based on population forecasts outlined earlier in this document, and on development forecasts outlined in the Shire's Local Planning Strategy 2036.

In addition to rates from property growth, rates forecasts have been increased by 1% above the Perth CPI as at the start of the financial year to which the rates relate, with Perth CPI being assumed to track closely to the Local Government Cost Index (LGCI) which looks at the change in cost of goods and services relevant to local governments.

This increase is the minimum required to fund the forecast deficit between expenditure and revenue with some expenditure items generally forecast to increase by more than Perth CPI.

Operating Grants, subsidies and contributions

In developing this LTFP, it is anticipated that using Perth CPI as an indicator to forecast operating grants, subsidies and contributions to be a reasonable estimate over the ten-year period.

The Shire will continue to pursue grant funding for strategic operational projects from both the State and Federal Government.

Fees and charges

For the majority, fees and charges have been assumed to escalate in line with increases in Council rates, with the exception of Year One, where the increase in fees and charges has assumed to be 'capped' at 4%. This is due to the statutory nature of some of the Shire's fees and charges, which minimise or prevent any increase in these fees and charges regardless of the cost to provide the related service..

Service charges

No service charge has been included. Previously a service charge of \$333.33 per property was imposed on properties in the main street of Cowaramup to recover the cost of undergrounding of electricity. The charge was imposed for 10 years and ended in 2020-21.

Interest earnings

Interest is earned on the balance of reserves and any surplus cash. The default interest rate for investments has been set at 4.0% for the term of the LTFP.

The Reserve Bank of Australia increased interest rates at a rapid pace between mid-2022 and 2023 in an attempt to curb rising inflation. Rates have stabilised over the past few months however there remains an element of uncertainty around when these rates will change again, and whether the changes will be upwards or downwards. Whilst forecasting in this area is problematic, the Shire's investments are obtaining returns of almost 5% at the present time. The State forecast is that rates will decrease a little before stabilising. Given that current interest returns are higher than the short term State Government forecast for interest rates, 4% is deemed to be a reasonable assumption for the duration of the LTFP.

Other revenue

Other revenue has been escalated in line with the State Government's forecast for Perth CPI.

Operating estimates - expenditure

Employee costs

Estimates for employee costs are based on requirements outlined in the draft Workforce Plan and associated growth drivers. The Shire's average growth in FTE between 2018 and 2022 required to

address these growth drivers was equivalent to 3.5 FTE per year. Growth in FTE has been set at 2 FTE per year for each year of the LTFP. However, the Shire's Workforce Plan is in the process of being reviewed and in reality it is likely that workforce growth will face a non-linear progression, rather than the linear growth assumed in the LTFP.

Workforce growth in the early years of the plan are likely to be higher, driven by population growth, and then reduced in later years as population steadies and the Shire's systems mature to deliver efficiencies. Future iterations of the LTFP will be updated to include changing assumptions around workforce growth.

The Shire's enterprise bargaining agreement (EBA) lapsed on 30 June 2022, and negotiations are currently underway for the replacement agreement. In the absence of a finalised EBA, employee costs have been escalated at a rate of 4.5% in the first year, and then 4.0% in the second and third years of the LTFP before falling in line with Perth CPI for the outlying years.

Materials and Contracts

Various price drivers escalate the cost of materials and contracts in reality on a case-by-case basis. It is not practical for the Shire to forecast at this level of detail however, and so for the sake of the LTFP materials and contracts have been escalated at the overall materials and contracts escalation rate forecast by WALGA in its Economic Briefing (March 2024).

Utilities

Utilities have been escalated at the overall utilities escalation rate forecast by WALGA in its Economic Briefing (March 2024). This rate is 2.5% for the duration of the LTFP. Savings have been realised from investment in solar technology over the past few years, and future iterations of the plans may incorporate further innovations which reduce the escalation in utility costs further.

Insurances

Insurances have been escalated at the insurances escalation rate forecast by WALGA in its Economic Briefing (March 2024). This rate is 8.5% in Year One of the LTFP, 5% in Year Two, and then 3% in Years Three onwards.

Interest expenses

The Shire has a portfolio of debt funding which is secured at a fixed rate of interest for the duration of the loan term. As such, interest costs on current loans are known with certainty and have been included at actual expected cost.

By 2033-34 the plan forecasts that only one of the currently held loans will have a balance outstanding, being the loan drawn in 2021-22 for the refurbishment of the Margaret River Aquatic Centre (to be fully repaid in May 2042).

Debt funding is anticipated to be required for one new project over the course of the LTFP, being the replacement of the Shire's software systems which are more than twenty years old. Money has been placed in reserve for this purpose, and borrowings are likely to be needed to fund the shortfall in reserves.

Whilst there are a number of other projects which may be considered for debt funding, none of these projects have yet been endorsed as part of Council's project prioritisation process. As such, neither the cost nor funding for these projects have been included in the LTFP.

Depreciation

The allocation of depreciation is based on historical asset values that are revalued for fair value purposes, and also increased to include capital expenditure projections. The rate of depreciation is the average rate of depreciation for each asset class. Due to this methodology, depreciation is at risk of being misstated.

Other expenses

Generally, other expenses have been escalated at the escalation rate forecast by WALGA for other expenses in its Economic Briefing (March 2024). This rate is 3.% in Year One of the LTFP, 2.8% in Year Two and then 2.5% in subsequent years. This category of expenditure includes grant funding and elected member sitting fees, as well as elected member donations and projects.

Risk assessment

With the LTFP using assumptions as the basis for expenditure and revenue forecasts in a time of economic volatility, there is a high level of risk the outcomes forecast by the model will not be achieved. Specific areas of risk include but are not limited to the following:

Risk	Likelihood	Consequence	Risk Rating
Inflation – base rate of 3% in Year One and 2.5% in outlying years is too low as a forecast	Medium	Medium	Medium
Employee costs – currently escalated at a rate of 4.50% in Year One followed by 4% in Years Two and Three. The Shire's Industrial Agreement is still in the process of negotiation, so a risk exists that negotiations will result in higher escalation of employee expenses	Medium	High	High
Escalation rates – risk that assumptions used as the basis for forecast revenue and expenditure escalation rates may result in these escalation rates being misstated, therefore compromising the legitimacy of the LTFP as a planning document	Medium	Medium	Medium
State Government decisions – possibility the State Government do not provide grants such as Regional Roads Group grants. As these grants have been provided for many years it is unlikely they will be discontinued and the risk is very low.	Low	High	Low
State Government cost shifting – impact of State Government financial decisions which shift costs to local government	High	Low	Low
Property growth – risk that growth rates will not reach that projected, impacting upon the Shire's revenue generation ability	Medium	Medium	Medium
Capital works forecasts – risk that capital works forecasts have been underestimated, given that Asset Management Plan is three years old, and inflation has affected costs	High	High	High
Unbudgeted expenditure – risk that expenditure is required to be incurred which was not considered in the LTFP. Risk mitigated in part through development of reserves	High	Low	Low
LTFP balancing target – to balance the LTFP a 'savings or additional funding required' line has been added into the plan. There is a risk that these savings or additional funds may not be able to be source	Medium	High	High

Financial reports

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

Statement of Comprehensive Income by Nature/Type

Identifies the inputs by nature/type of the revenue or expense. Descriptions are defined by Regulation under the *Local Government Act 1995*.

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

Statement of Financial Position (Balance Sheet)

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

The Statement discloses transactions as current and non-current assets, current and no-current liabilities and equity.

Statement of Funding / Statement of Financial Activity (Rate Setting Statement)

This statement summarises the operating, capital, debt and reserve transactions. It utilises the same reporting procedures required in formulating the Shire's annual budget under the Local Government Act 1995. The plan identifies the funds necessary to balance the budget in each financial year through the collection of Council rates.

Statement of Cashflows

This statement indicates the cash inflows and outflows, and therefore the net cash impact, of the Shire's forecast operating, financing and investing activity over the next ten years.

Statement of Changes in Equity

This statement reports the changes in equity over a financial year. The LTFP uses this to show the changes in accumulated funds and reserves over the next ten years.

Shire of Augusta Margaret River

Forecast Statement of Comprehensive Income - *by Nature or Type*

For the period 2024 - 2039

Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Rates	29,117,786	30,551,336	31,964,232	33,366,839	34,718,990	36,102,393	37,431,852	38,796,274	40,198,143	41,639,078
Grants, subsidies and contributions	3,342,048	3,425,598	3,511,239	3,599,020	3,688,996	3,781,220	3,875,747	3,972,641	4,071,959	4,173,760
Fees and charges	12,370,227	12,719,833	13,054,297	13,399,392	13,754,925	14,121,502	14,380,556	14,840,673	15,313,660	15,802,148
Service charges	0	0	0	0	0	0	0	0	0	0
Interest revenue	1,251,072	1,235,690	1,101,080	1,007,517	921,637	908,016	958,261	1,008,734	1,063,531	1,107,574
Other revenue	91,245	84,674	86,797	88,995	67,270	69,624	72,061	74,583	77,193	79,895
	46,172,378	48,017,131	49,717,645	51,461,763	53,151,818	54,982,755	56,718,477	58,692,905	60,724,486	62,802,455
Expenses										
Employee costs	(20,573,052)	(21,661,906)	(22,730,337)	(23,505,978)	(24,306,211)	(25,131,774)	(25,983,440)	(26,862,006)	(27,768,274)	(28,703,082)
Materials and contracts	(12,894,439)	(11,486,688)	(11,990,930)	(12,463,968)	(13,747,846)	(16,300,067)	(14,488,688)	(16,233,447)	(17,466,012)	(14,413,271)
Utility charges	(1,229,552)	(1,260,292)	(1,291,802)	(1,324,097)	(1,357,198)	(1,391,128)	(1,425,906)	(1,461,552)	(1,498,090)	(1,535,541)
Depreciation	(10,734,087)	(11,109,157)	(11,453,118)	(11,578,358)	(11,540,126)	(11,540,655)	(11,593,375)	(11,623,340)	(11,725,593)	(11,842,247)
Finance costs	(548,881)	(540,586)	(560,648)	(542,104)	(494,819)	(444,488)	(391,914)	(337,819)	(301,012)	(275,640)
Insurance	(1,001,254)	(1,051,317)	(1,100,307)	(1,151,641)	(1,205,430)	(1,261,795)	(1,320,861)	(1,382,760)	(1,447,629)	(1,515,614)
Other expenditure	(1,442,857)	(1,477,057)	(1,498,984)	(1,531,460)	(1,554,745)	(1,588,612)	(1,613,326)	(1,648,658)	(1,674,876)	(1,711,748)
	(48,424,122)	(48,587,003)	(50,626,126)	(52,097,606)	(54,206,375)	(57,658,519)	(56,817,510)	(59,549,582)	(61,881,486)	(59,997,143)
	(2,251,744)	(569,872)	(908,481)	(635,843)	(1,054,557)	(2,675,764)	(99,033)	(856,677)	(1,157,000)	2,805,312
Capital grants, subsidies and contributions	4,477,664	6,816,104	5,168,376	3,868,029	1,783,539	8,752,166	871,275	1,551,926	2,284,386	669,877
Profit on asset disposals	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	0	0	0	0	0	0	0	0	0	0
NET RESULT	2,225,920	6,246,232	4,259,895	3,232,186	728,982	6,076,402	772,242	695,249	1,127,386	3,475,189
Other comprehensive income	0	0	0	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	2,225,920	6,246,232	4,259,895	3,232,186	728,982	6,076,402	772,242	695,249	1,127,386	3,475,189

Shire of Augusta Margaret River
Forecast Statement of Financial Position
For the period 2024 - 2039
Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS										
Unrestricted cash and cash equivalents	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748	5,456,748
Restricted cash and cash equivalent	19,443,334	15,852,244	13,275,003	10,876,617	10,270,689	11,246,786	12,212,976	13,270,671	14,042,170	16,420,099
Financial assets	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489	2,746,489
Inventories	96,045	96,045	96,045	96,045	96,045	96,045	96,045	96,045	96,045	96,045
Other assets	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	27,742,616	24,151,526	21,574,285	19,175,899	18,569,971	19,546,068	20,512,258	21,569,953	22,341,452	24,719,381
NON-CURRENT ASSETS										
Financial assets	101,862	101,862	101,862	101,862	101,862	101,862	101,862	101,862	101,862	101,862
Other receivables	0	0	0	0	0	0	0	0	0	0
Property plant and equipment	93,481,691	97,190,449	100,489,570	101,493,053	102,088,613	101,801,590	101,718,397	101,013,533	102,470,874	103,388,432
Infrastructure	389,739,773	395,680,820	399,459,371	403,175,148	402,749,802	406,943,532	405,588,895	404,868,257	403,112,497	402,728,233
TOTAL NON-CURRENT ASSETS	483,323,326	492,973,131	500,050,803	504,770,063	504,940,277	508,846,984	507,409,154	505,983,652	505,685,233	506,218,527
TOTAL ASSETS	511,065,942	517,124,657	521,625,088	523,945,962	523,510,248	528,393,052	527,921,412	527,553,605	528,026,685	530,937,908
CURRENT LIABILITIES										
Trade and other payables	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282	8,299,282
Contract liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	85,559	87,978	90,399	27,985	6,754	4,559	5,347	6,505	6,604	6,704
Current portion of long-term liabilities	1,101,958	1,171,486	1,220,913	1,136,711	1,186,844	1,239,323	1,057,709	647,801	557,362	559,256
Provisions	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577	3,783,577
TOTAL CURRENT LIABILITIES	13,270,376	13,342,323	13,394,171	13,247,555	13,276,457	13,326,741	13,145,915	12,737,165	12,646,825	12,648,819
NON-CURRENT LIABILITIES										
Contract liabilities	0	0	0	0	0	0	0	0	0	0
Lease liabilities	184,566	96,588	6,189	(21,796)	(28,550)	(33,109)	(38,456)	(44,961)	(51,565)	(58,269)
Long-term borrowings	11,358,111	11,186,625	11,465,712	10,729,001	9,542,157	8,302,834	7,245,125	6,597,324	6,039,962	5,480,706
Provisions	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120	4,942,120
TOTAL NON-CURRENT LIABILITIES	16,484,797	16,225,333	16,414,021	15,649,325	14,455,727	13,211,845	12,148,789	11,494,483	10,930,517	10,364,557
TOTAL LIABILITIES	29,755,173	29,567,656	29,808,192	28,896,880	27,732,184	26,538,586	25,294,704	24,231,648	23,577,342	23,013,376
NET ASSETS	481,310,769	487,557,001	491,816,896	495,049,082	495,778,064	501,854,466	502,626,708	503,321,957	504,449,343	507,924,532
EQUITY										
Retained surplus	228,585,671	238,422,993	245,260,129	250,890,701	252,225,611	257,325,916	257,131,968	256,769,522	257,125,409	258,222,669
Reserve accounts	19,443,334	15,852,244	13,275,003	10,876,617	10,270,689	11,246,786	12,212,976	13,270,671	14,042,170	16,420,099
Asset revaluation surplus	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764
TOTAL EQUITY	481,310,769	487,557,001	491,816,896	495,049,082	495,778,064	501,854,466	502,626,708	503,321,957	504,449,343	507,924,532

Shire of Augusta Margaret River

Forecast Statement of Financial Activity - for the period 2024 - 2039

Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES										
Revenues										
Rates	29,117,786	30,551,336	31,964,232	33,366,839	34,718,990	36,102,393	37,431,852	38,796,274	40,198,143	41,639,078
Grants, subsidies and contributions	3,342,048	3,425,598	3,511,239	3,599,020	3,688,996	3,781,220	3,875,747	3,972,641	4,071,959	4,173,760
Fees and charges	12,370,227	12,719,833	13,054,297	13,399,392	13,754,925	14,121,502	14,380,556	14,840,673	15,313,660	15,802,148
Interest revenue	1,251,072	1,235,690	1,101,080	1,007,517	921,637	908,016	958,261	1,008,734	1,063,531	1,107,574
Other revenue	91,245	84,674	86,797	88,995	67,270	69,624	72,061	74,583	77,193	79,895
	46,172,378	48,017,131	49,717,645	51,461,763	53,151,818	54,982,755	56,718,477	58,692,905	60,724,486	62,802,455
Expenses										
Employee costs	(20,573,052)	(21,661,906)	(22,730,337)	(23,505,978)	(24,306,211)	(25,131,774)	(25,983,440)	(26,862,006)	(27,768,274)	(28,703,082)
Materials and contracts	(12,894,439)	(11,486,688)	(11,990,930)	(12,463,968)	(13,747,846)	(16,300,067)	(14,488,688)	(16,233,447)	(17,466,012)	(14,413,271)
Utility charges (electricity, gas, water etc.)	(1,229,552)	(1,260,292)	(1,291,802)	(1,324,097)	(1,357,198)	(1,391,128)	(1,425,906)	(1,461,552)	(1,498,090)	(1,535,541)
Depreciation	(10,734,087)	(11,109,157)	(11,453,118)	(11,578,358)	(11,540,126)	(11,540,655)	(11,593,375)	(11,623,340)	(11,725,593)	(11,842,247)
Finance costs	(548,881)	(540,586)	(560,648)	(542,104)	(494,819)	(444,488)	(391,914)	(337,819)	(301,012)	(275,640)
Insurance	(1,001,254)	(1,051,317)	(1,100,307)	(1,151,641)	(1,205,430)	(1,261,795)	(1,320,861)	(1,382,760)	(1,447,629)	(1,515,614)
Other expenditure	(1,442,857)	(1,477,057)	(1,498,984)	(1,531,460)	(1,554,745)	(1,588,612)	(1,613,326)	(1,648,658)	(1,674,876)	(1,711,748)
	(48,424,122)	(48,587,003)	(50,626,126)	(52,097,606)	(54,206,375)	(57,658,519)	(56,817,510)	(59,549,582)	(61,881,486)	(59,997,143)
	(2,251,744)	(569,872)	(908,481)	(635,843)	(1,054,557)	(2,675,764)	(99,033)	(856,677)	(1,157,000)	2,805,312
Funding position adjustments										
Depreciation	10,734,087	11,109,157	11,453,118	11,578,358	11,540,126	11,540,655	11,593,375	11,623,340	11,725,593	11,842,247
Net funding from operational activities	8,482,343	10,539,285	10,544,637	10,942,515	10,485,569	8,864,891	11,494,342	10,766,663	10,568,593	14,647,559
FUNDING FROM CAPITAL ACTIVITIES										
Inflows										
Proceeds on disposal	296,737	543,462	430,434	620,935	546,213	301,113	371,321	302,164	590,338	700,460
Capital grants, subsidies and contributions	4,477,664	6,816,104	5,168,376	3,868,029	1,783,539	8,752,166	871,275	1,551,926	2,284,386	669,877
Outflows										
Purchase of property plant and equipment	(3,081,447)	(7,174,286)	(6,898,822)	(4,796,357)	(4,296,883)	(3,152,277)	(3,468,945)	(2,784,916)	(5,320,336)	(4,949,598)
Purchase of infrastructure	(9,642,536)	(14,128,138)	(12,062,402)	(12,122,196)	(7,959,670)	(12,596,198)	(7,057,921)	(7,715,086)	(6,697,176)	(8,126,403)
Net funding from capital activities	(7,949,582)	(13,942,858)	(13,362,414)	(12,429,589)	(9,926,801)	(6,695,196)	(9,284,270)	(8,645,912)	(9,142,788)	(11,705,664)
FUNDING FROM FINANCING ACTIVITIES										
Inflows										
Transfer from reserves	4,400,597	8,073,644	6,906,201	6,694,431	4,486,234	2,958,695	2,988,855	2,205,566	3,410,076	2,281,234
New borrowings	0	1,000,000	1,500,000	400,000	0	0	0	0	0	0
Outflows										
Transfer to reserves	(3,802,024)	(4,482,554)	(4,328,960)	(4,296,045)	(3,880,306)	(3,934,792)	(3,955,045)	(3,263,261)	(4,181,574)	(4,659,163)
Repayment of past borrowings	(1,036,333)	(1,101,958)	(1,171,486)	(1,220,913)	(1,136,711)	(1,186,844)	(1,239,323)	(1,057,709)	(647,801)	(557,362)
Principal elements of finance lease payments	(95,001)	(85,559)	(87,978)	(90,399)	(27,985)	(6,754)	(4,559)	(5,347)	(6,505)	(6,604)
Net funding from financing activities	(532,761)	3,403,573	2,817,777	1,487,074	(558,768)	(2,169,695)	(2,210,072)	(2,120,751)	(1,425,804)	(2,941,895)
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0

Shire of Augusta Margaret River

Forecast Statement of Cashflows - for the period 2024 - 2039

Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities										
Receipts										
Rates	29,117,786	30,551,336	31,964,232	33,366,839	34,718,990	36,102,393	37,431,852	38,796,274	40,198,143	41,639,078
Grants, subsidies and contributions	3,342,048	3,425,598	3,511,239	3,599,020	3,688,996	3,781,220	3,875,747	3,972,641	4,071,959	4,173,760
Fees and charges	12,370,227	12,719,833	13,054,297	13,399,392	13,754,925	14,121,502	14,380,556	14,840,673	15,313,660	15,802,148
Interest revenue	1,251,072	1,235,690	1,101,080	1,007,517	921,637	908,016	958,261	1,008,734	1,063,531	1,107,574
Other revenue	91,245	84,674	86,797	88,995	67,270	69,624	72,061	74,583	77,193	79,895
	46,172,378	48,017,131	49,717,645	51,461,763	53,151,818	54,982,755	56,718,477	58,692,905	60,724,486	62,802,455
Payments										
Employee costs	(20,573,052)	(21,661,906)	(22,730,337)	(23,505,978)	(24,306,211)	(25,131,774)	(25,983,440)	(26,862,006)	(27,768,274)	(28,703,082)
Materials and contracts	(12,894,439)	(11,486,688)	(11,990,930)	(12,463,968)	(13,747,846)	(16,300,067)	(14,488,688)	(16,233,447)	(17,466,012)	(14,413,271)
Utility charges	(1,229,552)	(1,260,292)	(1,291,802)	(1,324,097)	(1,357,198)	(1,391,128)	(1,425,906)	(1,461,552)	(1,498,090)	(1,535,541)
Finance costs	(548,881)	(540,586)	(560,648)	(542,104)	(494,819)	(444,488)	(391,914)	(337,819)	(301,012)	(275,640)
Insurance	(1,001,254)	(1,051,317)	(1,100,307)	(1,151,641)	(1,205,430)	(1,261,795)	(1,320,861)	(1,382,760)	(1,447,629)	(1,515,614)
Other expenditure	(1,442,857)	(1,477,057)	(1,498,984)	(1,531,460)	(1,554,745)	(1,588,612)	(1,613,326)	(1,648,658)	(1,674,876)	(1,711,748)
	(37,690,035)	(37,477,846)	(39,173,008)	(40,519,248)	(42,666,249)	(46,117,864)	(45,224,135)	(47,926,242)	(50,155,893)	(48,154,896)
Net cash provided by (used in) operating activities	8,482,343	10,539,285	10,544,637	10,942,515	10,485,569	8,864,891	11,494,342	10,766,663	10,568,593	14,647,559
Cash flows from investing activities										
Payments for purchase of property, plant & equipment	(3,081,447)	(7,174,286)	(6,898,822)	(4,796,357)	(4,296,883)	(3,152,277)	(3,468,945)	(2,784,916)	(5,320,336)	(4,949,598)
Payments for construction of infrastructure	(9,642,536)	(14,128,138)	(12,062,402)	(12,122,196)	(7,959,670)	(12,596,198)	(7,057,921)	(7,715,086)	(6,697,176)	(8,126,403)
Proceeds from capital grants, subsidies and contributions	4,477,664	6,816,104	5,168,376	3,868,029	1,783,539	8,752,166	871,275	1,551,926	2,284,386	669,877
Proceeds from sale of plant & equipment	296,737	543,462	430,434	620,935	546,213	301,113	371,321	302,164	590,338	700,460
Net cash provided by (used in) investing activities	(7,949,582)	(13,942,858)	(13,362,414)	(12,429,589)	(9,926,801)	(6,695,196)	(9,284,270)	(8,645,912)	(9,142,788)	(11,705,664)
Cash flows from financing activities										
Repayment of debentures	(1,036,333)	(1,101,958)	(1,171,486)	(1,220,913)	(1,136,711)	(1,186,844)	(1,239,323)	(1,057,709)	(647,801)	(557,362)
Repayment of leases	(95,001)	(85,559)	(87,978)	(90,399)	(27,985)	(6,754)	(4,559)	(5,347)	(6,505)	(6,604)
Proceeds from new debentures	0	1,000,000	1,500,000	400,000	0	0	0	0	0	0
Net cash provided by (used in) financing activities	(1,131,334)	(187,517)	240,536	(911,312)	(1,164,696)	(1,193,598)	(1,243,882)	(1,063,056)	(654,306)	(563,966)
Net increase (decrease) in cash held	(598,573)	(3,591,090)	(2,577,241)	(2,398,386)	(605,928)	976,097	966,190	1,057,695	771,499	2,377,929
Cash at beginning of year	25,498,655	24,900,082	21,308,992	18,731,751	16,333,365	15,727,437	16,703,534	17,669,724	18,727,419	19,498,918
Cash and cash equivalents at the end of year	24,900,082	21,308,992	18,731,751	16,333,365	15,727,437	16,703,534	17,669,724	18,727,419	19,498,918	21,876,847

Reconciliation of net cash provided by operating activities to net result

Net result	2,225,920	6,246,232	4,259,895	3,232,186	728,982	6,076,402	772,242	695,249	1,127,386	3,475,189
Depreciation	10,734,087	11,109,157	11,453,118	11,578,358	11,540,126	11,540,655	11,593,375	11,623,340	11,725,593	11,842,247
Grants/contributions for the development of assets	(4,477,664)	(6,816,104)	(5,168,376)	(3,868,029)	(1,783,539)	(8,752,166)	(871,275)	(1,551,926)	(2,284,386)	(669,877)
Net cash from operating activities	8,482,343	10,539,285	10,544,637	10,942,515	10,485,569	8,864,891	11,494,342	10,766,663	10,568,593	14,647,559

Shire of Augusta Margaret River

Forecast Statement of Changes in Equity

For the period 2024 - 2039

Draft Base Scenario - Version 1

	1	2	3	4	5	6	7	8	9	10
	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS										
Opening balance	225,761,178	228,585,671	238,422,993	245,260,129	250,890,701	252,225,611	257,325,916	257,131,968	256,769,522	257,125,409
Net result	2,225,920	6,246,232	4,259,895	3,232,186	728,982	6,076,402	772,242	695,249	1,127,386	3,475,189
Amount transferred (to)/(from) reserves	598,573	3,591,090	2,577,241	2,398,386	605,928	(976,097)	(966,190)	(1,057,695)	(771,499)	(2,377,929)
Closing balance	228,585,671	238,422,993	245,260,129	250,890,701	252,225,611	257,325,916	257,131,968	256,769,522	257,125,409	258,222,669
RESERVE ACCOUNTS										
Opening balance	20,041,907	19,443,334	15,852,244	13,275,003	10,876,617	10,270,689	11,246,786	12,212,976	13,270,671	14,042,170
Amount transferred to/(from) retained surplus	(598,573)	(3,591,090)	(2,577,241)	(2,398,386)	(605,928)	976,097	966,190	1,057,695	771,499	2,377,929
Closing balance	19,443,334	15,852,244	13,275,003	10,876,617	10,270,689	11,246,786	12,212,976	13,270,671	14,042,170	16,420,099
ASSET REVALUATION SURPLUS										
Opening balance	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764
Total other comprehensive income	0	0	0	0	0	0	0	0	0	0
Closing balance	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764	233,281,764
TOTAL EQUITY	481,310,769	487,557,001	491,816,896	495,049,082	495,778,064	501,854,466	502,626,708	503,321,957	504,449,343	507,924,532

Summary

The LTFP presents a balanced position for each financial year, as shown in the Statement of Funding (page 21).

The LTFP aims to address the Shire's operating and capital requirements from 2024-25 to 2033-34 based on economic and social drivers, strategic priorities and other information known at the current time. However the LTFP will be continuously reviewed to reflect the prevailing economic conditions and evolving community demands.

A key objective of the Shire is to increase its financial sustainability, and this will be achieved through a range of initiatives including:

- ✓ focussing on delivering excellence in service through employment of efficient processes and contemporary technology;
- ✓ continually reviewing service offerings and service levels to ensure they are appropriate and valued by the community;
- ✓ working towards better understanding the Shire's financial requirements to maintain and renew its current asset base, including through review of the Asset Management Plan in 2024;
- ✓ ensuring a clear and well-understood prioritisation process is put in place for projects which fully considers resourcing requirements;
- ✓ reviewing own-source revenue sources to maximise grant funding opportunities, ensure discretionary fees and charges are set at appropriate levels and to develop alternative revenue streams wherever possible; and
- ✓ benchmark against, and collaborate with, other local governments who demonstrate best practice.



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