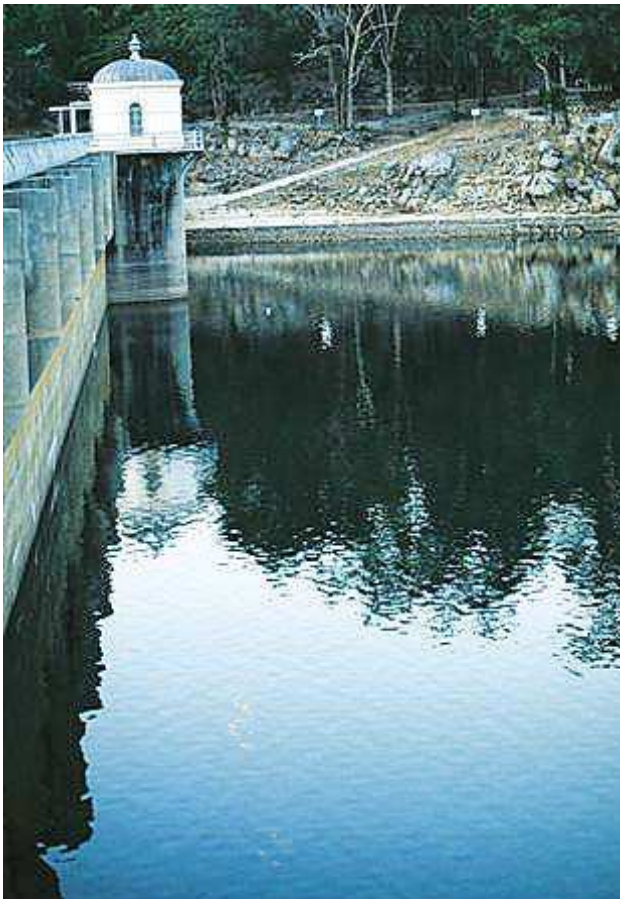




# SHIRE of MUNDARING

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## Long Term Financial Plan



2010 to 2019

# Message from the President



The Strategic Plan which provided the Strategic Directions document titled “The Shire of Mundaring - Strategic Directions - A Plan for the Future 2008 – 2012 (As reviewed November 2008)” set as a strategic objective -

## “Strategic Objective 3

Secure financial sustainability and effective asset management

### Outcome

- Responsible and effective management of finances and assets to respond to the needs of current and future generations
- The Shire maximises income opportunities through grants, land and property investments, financial investments and partnership approaches

*Develop, adopt and annually review a long term financial plan which includes a major capital expenditure program”*

This long term plan addresses this objective.

It is important to note that this plan was formulated in recognition of the financial position of the Shire, and as such the strategies identified were framed within the context of using and accessing available resources. We are confident that the strategies and action plans within the Strategic Plan and this long term financial plan can and will be achieved.

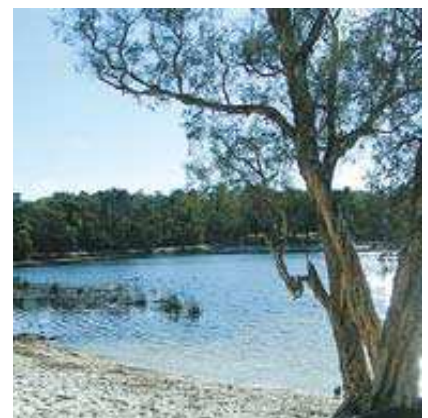
This plan is a ‘living’ document, subject to ongoing review, with outcomes and achievements that will be reported to the community. Many of the identified actions will involve consultation with the community, whether or not this is specified in the Plan. The plan will be reviewed annually as part of the budget process.

We thank all participants and contributors to the development of this plan and encourage your continued participation and review of this document. Further comments and input continue to be welcomed from all residents.

Kind Regards,

Helen Dullard

Shire President



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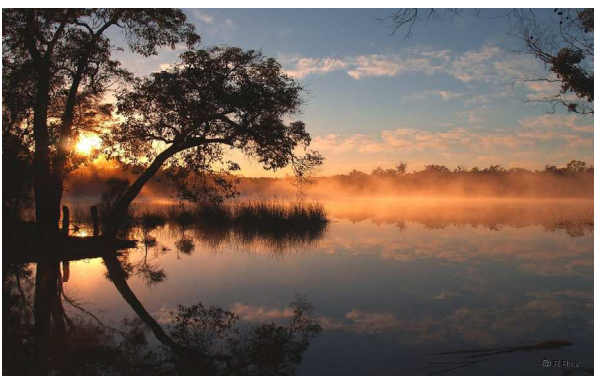
## Introduction

The original inhabitants of the Mundaring area were the Nyungar Aboriginal people. The name 'Mundaring' is thought to come from an Aboriginal word meaning "a high place on a high place" or "the place of the grass tree leaves".

European settlement dates from the 1840's with the land initially being used mainly for timber-cutting, quarrying, vineyards, orcharding and poultry farming. Population was minimal until the 1880's, with villages established mainly along the railway line and the Great Eastern Highway.



Growth took place during the late 1800's and into the early 1900's, aided by the construction of the Mundaring Weir, improved access and tourism, the most significant development occurring in the post-war years, particularly during the 1970's and 1980's. The population grew from approximately 9,000 in 1966 to 26,000 in 1986. Growth began to slow from the early 1990's, with the population increasing from 29,000 in 1991 to 34,000 in 2006. Whilst the bulk of the population live in the townships, for many people the natural hills environment provides opportunities for larger rural blocks affording greater privacy and peace.



## **Purpose**

The purpose of the Shire of Mundaring defines our reason for being. Our purpose is:

***To provide leadership and services for our community***

## **Our Challenges**

Based on an assessment of the current and emerging environment, the challenges for our community include:

### **Sustaining our natural environment**

At a time where there is an accelerating world wide appreciation of the need to maintain the natural environment in the face of threats from indiscriminate development and climate change, the Shire has a responsibility to be diligent and creative in its efforts to protect the unique natural environment within its borders. While this does not mean that the development of housing, commercial premises and supportive infrastructure cannot happen, the Shire is confronted with real challenges in encouraging appropriate development. It needs to demonstrate a developed sensitivity to protecting the natural environment of this hills region at the same time as it encourages sustainable development.

### **Ageing population and Changing Demographic**

The Shire needs to plan for an increasing number of retirees and ageing community members. This will have an impact particularly in relation to the additional infrastructure, smaller block sizes and services required to provide for this segment of the community. The ageing of the 'baby boomers' will also impact on the Shire's own workforce as the boomers retire and the Shire attempts to recruit staff from a shrinking labour market. Another demographic change that the Shire needs to respond to is the tendency for young people to leave the district because they cannot find suitable employment within the Shire. The Shire needs to play a role in facilitating an increase in the number of jobs offered to youth.

### **Structural review**

Local government in Western Australia has undertaken a Systemic Sustainability Study (2006) whilst at a National and State level increased recognition is being given to the impact of cost shifting between the three tiers of government. The Shire needs to continue to monitor the potential impact of such structural reviews and be proactive in its stance in relation to structural change.

### **Increasing governance and accountability**

Local government continues to experience increasing demands from the State and National governments as well as a greater level of scrutiny from the community. This means that the Shire will need to be even more accountable and transparent in the way that it undertakes its business. It also needs to ensure that it assesses and manages risk appropriately in the way that it operates.

### **Urban-rural differences in resources**

Mundaring's urban-rural nature means that its population density is far from uniform. The distance between villages means that there is a potential to duplicate facilities for each population centre which can easily become unsustainable financially. The Shire will need to prioritise the use of

## *Shire of Mundaring*

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resources and take into account the population that is being served as well as the needs of those in less populated areas. It will also need to utilise the resources within the community such as volunteers.

### **Financial sustainability**

Although the Shire is not faced with immediate financial difficulty, the management of its building and infrastructure assets is becoming more critical as the assets are ageing to the point where decisions regarding their replacement are required in the near future. The Shire needs to begin to plan over a longer time horizon so that the costs of upgrading and replacing facilities is factored into its planning and budgeting.

## **Vision**

The Shire has established the following vision for the community that it would like to help create:

### ***A vibrant community enjoying a rich mix of lifestyles***

For the Shire to play a significant role in assisting the community to achieve this vision, it will be:

### ***A professional organisation where people enjoy working together with the community***

## **Values**

Upholding the following values is seen to be fundamental to the Shire being able to implement its Vision and achieve its Strategic Objectives:

### **Driving Values**

- Excellence in Customer Service  
*Building the relationship by aiming to meet the needs of internal and external customers*
- Innovation and Continuous Improvement  
*Willing to listen and try new ideas to do things better*

### **Core Values**

- Integrity, Respect and Team Spirit  
*Working with the community and each other in a fair, honest and respectful manner*

## **The Key Strategic Objectives**

The following key strategic objectives address the future challenges over the next four years. The first four objectives focus on meeting community needs while the last objective focuses on improving the organisation's capacity to meet those needs.

### **1. Promote and support sustainable development**

The Shire is not about promoting growth at any cost but wishes to manage the development of Mundaring in ways that actively contribute to what is unique to its character. The arts, the natural hills environment, its rich heritage and village identity are some of the key attributes of Mundaring that

must be both sustained and augmented. The Shire is aware of the risks that are associated with change and development. At the same time some development is needed to sustain the level of facilities and services that the community desires and to provide an economic base for the development of the community. The Shire will employ land-use planning to ensure that the development of Mundaring also meets the community's social and economic needs. The Shire will actively promote business, employment and tourism initiatives in a planned way so that this development is integrated with its desire to preserve and enhance the natural environment.

### **2. Protect, manage and enhance the natural environment**

The Shire is aware that the community is becoming increasingly sensitised to the need to take significant steps to change the way that we all interact with the environment. The extent to which we are already experiencing the effects of climate change in our own region underlines the need to take stock of the ways in which we are contributing to the degradation of the environment and the acceleration of climate change. The Shire will participate in an EMRC project to future proof the Eastern Region and develop its own plan to adapt to climate change. It will also seek to reduce waste and to increase the use of alternative renewable energy, and lead the community to do likewise. It will ensure that its management of the environment and bio-diversity within the district is in accord with environmental best practice.

### **3. Increase community engagement and well-being through the provision of quality services that are accessible to all**

A major focus of the Shire is to address the social needs of its community. The Shire now has plans in place to address the needs of key groups within the community such as seniors, youth and people with disabilities and needs to implement and review these plans periodically. Other areas, such as families, community well-being, culture, recreation and leisure, require further planning for the Shire to put in place a strategic response and appropriate programs. The Shire will formulate a plan for communicating and engaging with the community so that people in the community become involved in working with the Shire on issues that are capable of being effectively addressed. It intends to inform the community regarding the limits as well as the possibilities that the Shire and community are facing. It will encourage and value members of the community who contribute their time, expertise and energy to the many volunteer organisations that make such a difference to the community.

### **4. Secure financial sustainability and effective asset management**

Much of the planning in local government has taken place by assessing the needs of the community over a three to five year period. Planning over this timescale often misses the expenditure that will be needed to upgrade and replace infrastructure over a fifteen to twenty year period. This means that over time the Shire runs the risk of underestimating the expenditure needed to maintain infrastructure and services that are progressively provided. The Shire will develop financial models to inform it of its longer-term commitments and the income it needs to generate to ensure financial sustainability. It intends to develop an asset management plan which will enable it to effectively plan for, construct, renew and dispose of the assets for which it is responsible.

### **5. Develop and continually improve corporate governance and human resource capability**

Corporate governance is the system by which organisations are directed and managed. It influences how the organisation's objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised (ASX Corporate Governance Council, 2003). The Shire will continue building on the foundations for best practice corporate governance by encouraging and supporting its councillors and staff to understand their respective roles and gain the knowledge

## Shire of Mundaring

and skills to carry out their responsibilities. The Shire will review its Strategic Plan on a regular basis to ensure that it remains relevant to the current and emerging situations in the district. Part of developing its best practice corporate governance involves ensuring that it meets its corporate reporting requirements and takes a proactive stance in dealing with risk management. The Shire will also work to enhance the capability of its staff by maintaining a comprehensive and up-to-date approach to attracting, retaining and developing its people. It will continue to create a culture which provides positive and constructive feedback to staff. It will work with staff to provide opportunities for them to develop their talents and capabilities further and to develop their leadership skills through the work that they do and the coaching and mentoring that they receive. At the same time the Shire will create a culture which encourages staff to look after their own and others' well being as they work to respond to the needs of the community.

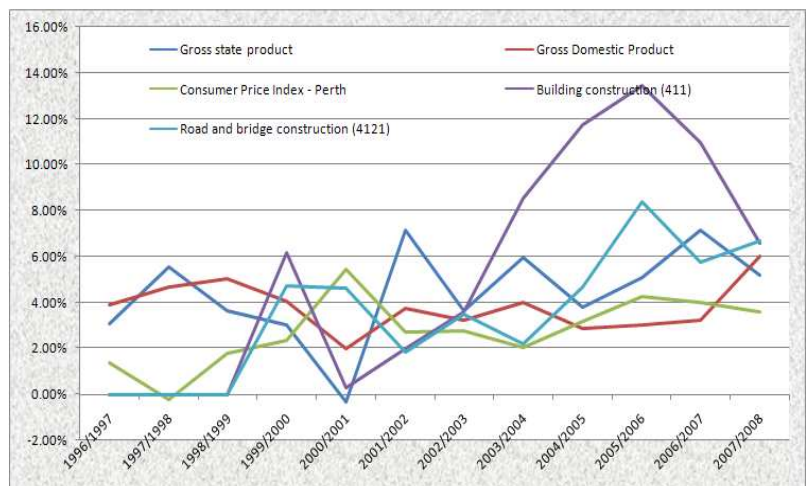
Shire of Mundaring Strategic Directions - A Plan for the Future 2008 – 2012 (As reviewed November 2008)

### Financial Objectives

The mining boom in Western Australia has provided selected benefits to parts the Community and widespread dis-benefits to the local government sector. The major impact for the Shire has been in the accelerated cost drivers for employee, construction and consumables. Escalating fuel costs also directly affect maintenance operations and road construction. Supply in trades and professions are strongly influencing the labour market.

The economic boom generated by the mining industry impacted on prices across all sectors of the Western Australian economy. Demand was seriously impacted on the supply side of material, skills and services forcing up prices. Industries such as local governments generally do not have a direct benefit from such a resources boom; however it is susceptible to costs escalation on the materials and supply side. In addition the industry is experiencing a skills and labour shortage along with substantial costs associated with petroleum based products.

The rapid change in the current economic climate has the potential to provide local government with opportunistic benefits that will enable it to advance some of its strategic projects. In a very short time there has been a complete reversal of the effects of the mining boom on local government operations. In the immediate future there will be a very competitive market in the building and labour markets.

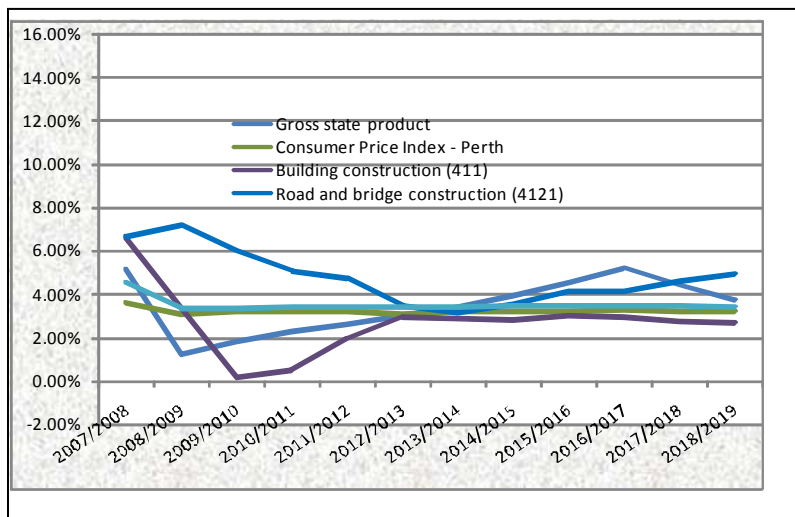


This will provide price competitive opportunities for local government to undertake the development and refurbishment of community facilities.

In conjunction with this economic downturn a number of State and Federal economic packages will enable the Shire to advance and develop a number of community facilities in the region. This however will need to be undertaken at a time when considerable pressure will be placed on rate revenue to maintain these facilities in future years.

### Economic Assumptions

A number of economic assumptions have been made in formulating this long term financial plan. The forecast used expect a downturn in the economic climate and therefore a cost reduction in terms of consumer price index, building construction costs and road construction as a result of the downturn in the States gross state product. Road base material is not expected to reduce in cost to the same extent as other price drivers. The cost of petroleum products will continue to rise for some time in the future and will be a large cost burden on the Shire.



The combination of price drivers and volume drivers has been used in forecasting both operating and capital works programs. All tables and estimates have been expressed in future dollars to reflect the impact on the Shire's financial resources into the future. Whilst this plan shows the financial impact for a 10 year period all estimates have been collated for a 25 year period to 2034. This allows the Shire the ability to consider long life assets and their need for replacement and refurbishment on regular cycles for an extended period of time.

### Summary of Financial Plan

#### Commentary

This draft financial plan has been based on the following --

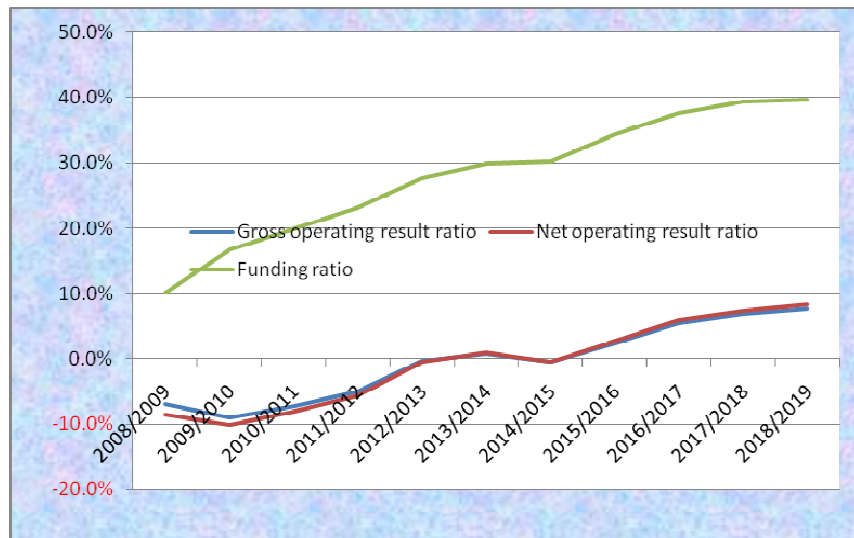
- The utilisation of the proceeds from property transactions (Property Strategy) to establish a reserve account that will generate revenues that will enable the accumulation of funds to enable community infrastructure to be undertaken.
  - Land lease is estimated to generate \$4.5m over the ten year period,
  - Net \$16.49m for land sales
  - Investment returns (interest) of \$6.05m.
- Rate rises equal to the WALGA local government index with the exception of the period 2010 to 2012 in which an additional 2.5% will be required,
- Operating expenditure reduction of approximately 3.0% in 2010 that will be maintained in future years,
- Use of debt in 2010 and 2011 totalling \$2.52m,
- Operating revenues have been forecast based on existing operating procedures/facilities. It is forecast that the Shire will see a reduction in its general purpose grant from the WALGGC until it reaches a per capita grants (same as other metropolitan local governments),
- utilisation of Federal government initiatives to advance programs if and when they become available,
- reserves where possible are to be maintained to allow for the orderly replacement of critical assets,
- Replacement of road plant and equipment is to be undertaken when economically viable and funded from reserves.

# Shire of Mundaring

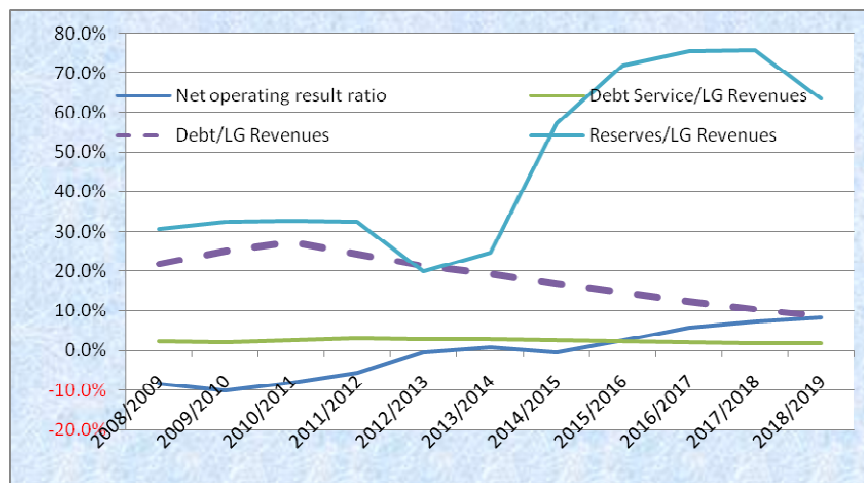
## Outcomes

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

The graph below shows the improvement of the Funding Ratio (Level of general rates and WALGGC untied grants available for capital/debt reduction/reserve accumulation after offsetting net operating needs.) This arises from the stronger performance of the operating result disclosed in the Income Statement. The plan enables the Shire to reach the benchmark of 40% applicable to metropolitan local governments. The operating result shows a strong growth in the latter half of the 10 year period which is directly affected by the revenue and expenditure structures established in 2010.



The graph below shows the other key financial indicators that directly measure the Shire's long term sustainability. The operating result is discussed above. The debt management indicators are very strong (these include proposal borrowings in 2010 and 2011). The debt to revenue is substantially below the 60% benchmark and the debt service to revenue is also below the 10% benchmark.



The strong positioning of the reserve indicators reflect the advantages gained by the positive result arising from the property strategy and the accumulation of reserve funds.

## **CAPITAL WORKS**

The key components of the plan are as follows --

### **Administration/Governance –**

- refurbishment of administration centre in 2021 (\$1.76m),
- Information technology upgrade in 2016.

### **Community Buildings/Facilities**

- Outlays of \$3.0m over ten years for preventative maintenance of community buildings,
- In addition to the \$.400m programmed for 2008/09 an allocation of \$1.461m will be made over the next 10 year period. This program will continue into the following 10 year cycle.
- Upgrade of public toilets will conclude with the allocation of \$.116m in 2011 and 2013.
- Mundaring Community Centre – incorporating a community centre, senior citizens facilities and Cultural/Art Centre. The project is programmed to commence in 2018 and conclude in 2019 at a cost of \$8.905m.

### **Recreation Facilities**

- Major upgrade of the Bilgoman pool in 2018 and 2019 at a cost of \$3.1m,
- Upgrade at the Mt Helena Pool in 2011 at a cost of \$.342m,
- Improvements in 2019 to Brown Park at \$1.88m,
- Improvements to the Brown Park youth centre of \$.566m in 2010 and 2011,
- Lake Leschenaultia camp ground extension of \$.317m in 2013,
- Upgrade of ovals - Mt Helena Oval (\$2.010m) in 2017,
- Katharine Susannah Pritchard Library Greenmount – Upgrade (\$3.010m) in 2013 and 2014,
- Albert Facey Memorial Library, Mundaring – Upgrade (\$3.4m) in 2016 to 2018.

### **Roads and Road Reserve**

- Improvements/renewal of road network over the ten years will be \$30.139m,
- Other road reserve improvements of \$8.8m for the ten year period.

### **Plant replacement**

- Replacement of plant and equipment of \$17.4m over the ten year period.

### **Property Development Strategy**

- Development works/costs of \$5.982m for the period 2013 to 2017,
- Disposal proceeds of \$22.2m.

These capital works are funded from general revenues of about \$4.40m per year and reserve funds. Funds generated from the property strategy are critical to fund community infrastructure over the next ten years.

**Source and Application of Funds**

future dollars	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
<b>REVENUES</b>											
Rate Revenue	16,183,587	17,313,761	18,525,796	19,846,030	20,758,726	21,715,866	22,719,748	23,770,827	25,223,172	26,746,384	28,345,701
Grants, Subsidies, Contributions - opera	4,578,804	4,630,728	4,712,005	4,924,019	5,155,069	5,400,659	5,657,298	5,928,229	6,215,003	6,515,942	6,830,349
Contributions Reimbursements, Donati	851,819	572,766	588,940	604,966	622,271	640,321	658,709	677,693	697,346	717,557	738,207
Fees and Charges	4,143,987	4,318,660	4,465,527	4,616,402	5,375,283	5,562,779	5,755,269	5,954,776	6,212,550	6,481,061	6,759,452
Interest Earnings	1,179,000	940,876	1,184,788	1,394,453	1,578,915	1,631,736	1,945,032	2,860,322	3,685,175	4,466,362	4,222,899
Other Revenue	694,105	441,447	454,117	466,674	480,232	494,370	508,775	523,643	539,039	554,872	571,049
Revenues	27,631,302	28,218,238	29,931,173	31,852,544	33,970,496	35,445,731	37,244,831	39,715,490	42,572,285	45,482,178	47,467,657
Employee Costs	(11,159,888)	(11,712,572)	(12,048,863)	(12,382,094)	(12,741,977)	(13,117,309)	(13,499,665)	(13,894,380)	(14,303,030)	(14,723,279)	(15,152,704)
Materials and Contracts	(12,229,929)	(10,841,697)	(11,231,286)	(11,673,025)	(12,065,846)	(12,240,222)	(13,191,115)	(13,702,550)	(14,588,597)	(15,856,242)	(16,538,047)
Utilities (gas, electricity, water)	(288,616)	(412,090)	(423,922)	(435,646)	(448,309)	(461,513)	(474,967)	(488,853)	(503,232)	(518,017)	(533,126)
Interest Expenses	(396,450)	(373,645)	(423,137)	(482,292)	(458,603)	(433,399)	(406,583)	(378,050)	(348,486)	(317,293)	(284,090)
Insurance	(683,634)	(702,868)	(721,201)	(740,013)	(759,316)	(779,122)	(799,445)	(820,298)	(841,694)	(863,649)	(886,177)
Other Expenditure	(930,444)	(770,605)	(789,443)	(808,109)	(828,269)	(849,295)	(870,711)	(892,823)	(915,715)	(939,256)	(963,311)
Expenses	(25,688,961)	(24,813,477)	(25,637,852)	(26,521,179)	(27,302,320)	(27,880,860)	(29,242,486)	(30,176,954)	(31,500,754)	(33,217,736)	(34,357,455)
Net operating funds	1,942,341	3,404,761	4,293,321	5,331,365	6,668,176	7,564,871	8,002,345	9,538,536	11,071,531	12,264,442	13,110,202
<b>Adjustments for Cash Budget Requirements:</b>											
<b>Non-Cash Expenditure and Revenue</b>											
Movement in non current payables	(282,815)										
Non-Cash Expenditure and Revenue	(282,815)	0	0	0	0	0	0	0	0	0	0
Net	1,659,526	3,404,761	4,293,321	5,331,365	6,668,176	7,564,871	8,002,345	9,538,536	11,071,531	12,264,442	13,110,202

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# Shire of Mundaring

## Source and Application of Funds..... Continued

future dollars	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
<b>Net</b>	1,659,526	3,404,761	4,293,321	5,331,365	6,668,176	7,564,871	8,002,345	9,538,536	11,071,531	12,264,442	13,110,202
<b>Capital Expenditure and Revenue</b>											
Land	(15,000)	0	0	(190,400)	(2,843,200)	(2,708,000)	(118,600)	(122,100)	0	0	0
Buildings	(1,660,710)	(984,200)	(411,400)	(319,000)	(1,809,900)	(3,585,000)	(2,174,400)	(2,166,600)	(368,200)	(4,214,800)	(10,720,700)
Plant & Equipment	(2,789,147)	(1,446,600)	(2,013,500)	(1,527,900)	(2,369,400)	(1,340,400)	(1,802,000)	(1,865,300)	(1,434,300)	(1,950,200)	(2,990,000)
Furniture & Equipment	(53,550)	(70,300)	(72,600)	(74,500)	(82,300)	(79,000)	(81,100)	(999,100)	(86,100)	(95,200)	(91,300)
Roads	(5,407,018)	(2,805,700)	(2,983,200)	(3,080,800)	(3,171,000)	(3,263,500)	(3,375,600)	(3,477,500)	(3,581,300)	(3,680,700)	(3,780,600)
Footpaths	0	(318,100)	(330,000)	(341,200)	(351,200)	(361,400)	(371,700)	(382,900)	(394,400)	(405,300)	(416,200)
Drainage	0	(159,000)	(165,000)	(170,600)	(175,600)	(180,700)	(185,800)	(191,400)	(197,200)	(202,600)	(208,100)
Parks and Gardens	(104,897)	(195,400)	(407,500)	(206,600)	(529,600)	(218,900)	(225,400)	(519,900)	(2,249,000)	(245,700)	(253,000)
Other infrastructure	(350,542)	(123,200)	(42,400)	(43,600)	(44,800)	(46,000)	(47,500)	(48,800)	(50,300)	(51,700)	(53,200)
Grants, Subsidies, Contributions - non-c	2,642,848	884,700	912,600	940,100	967,500	995,800	473,700	487,900	502,200	516,500	913,300
Proceeds from Disposal of Assets	600,630	494,100	735,100	577,800	943,400	5,441,400	11,892,900	6,976,200	666,500	772,500	1,099,300
<b>Net Capital</b>	<b>(7,137,386)</b>	<b>(4,723,700)</b>	<b>(4,777,900)</b>	<b>(4,436,700)</b>	<b>(9,466,100)</b>	<b>(5,345,700)</b>	<b>3,984,500</b>	<b>(2,309,500)</b>	<b>(7,192,100)</b>	<b>(9,557,200)</b>	<b>(16,500,500)</b>
<b>Debt Management</b>											
Repayment of Debentures	(272,150)	(164,590)	(259,900)	(376,960)	(400,649)	(425,853)	(452,669)	(472,111)	(492,584)	(523,778)	(556,980)
Proceeds from Self Supporting Loans	0	12,719	13,468	14,260	15,099	15,988	16,929	8,834	0	0	0
Proceeds from New Debentures	0	1,200,000	1,319,800	0	0	0	0	0	0	0	0
<b>Net debt</b>	<b>(272,150)</b>	<b>1,048,129</b>	<b>1,073,368</b>	<b>(362,700)</b>	<b>(385,550)</b>	<b>(409,865)</b>	<b>(435,740)</b>	<b>(463,277)</b>	<b>(492,584)</b>	<b>(523,778)</b>	<b>(556,980)</b>
<b>Reserve Accounts</b>											
Transfers to Reserves	(2,545,000)	(2,179,864)	(2,495,589)	(1,774,865)	(2,973,126)	(9,277,106)	(14,937,205)	(11,683,259)	(7,565,047)	(7,448,164)	(7,175,422)
Transfers from Reserves	2,854,210	1,401,200	1,906,800	1,242,900	6,156,600	7,467,800	3,386,100	4,917,500	4,178,200	5,264,700	11,122,700
<b>Net Reserves</b>	<b>309,210</b>	<b>(778,664)</b>	<b>(588,789)</b>	<b>(531,965)</b>	<b>3,183,474</b>	<b>(1,809,306)</b>	<b>(11,551,105)</b>	<b>(6,765,759)</b>	<b>(3,386,847)</b>	<b>(2,183,464)</b>	<b>3,947,278</b>
<b>Gross funding needs</b>	<b>(5,440,800)</b>	<b>(1,049,474)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Net Current Assets</b>											
Surplus/(Deficit) July 1	6,490,274	1,049,474	0	0	0	0	0	0	0	0	0
<b>LESS</b> Surplus/(Deficit) June 30	<b>1,049,474</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

( ) bracket represents an outflow of funds. This statements is to be read in conjunction with the accompanying notes.

## Shire of Mundaring

### Key financial indicators

Key Financial Indicators	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
<b>Gross operating result ratio</b>	-6.9%	-9%	-7%	-5%	-0%	1%	-0%	2%	5%	7%	8%
<i>Gross operating result (Income Statement prepared under the Australian Accounting Standards) as percentage of total operating revenue.</i>											
<b>Net operating result ratio</b>	-8.5%	-10%	-8%	-6%	-0%	1%	-1%	3%	6%	7%	8%
<i>Operating result (exc capital contributions, extra ordinary items and revaluation adjustments) as a percentage of Local Government Revenue</i>											
<b>Funding ratio</b>	10%	17%	20%	23%	28%	30%	30%	34%	38%	39%	40%
<i>Level of general rates and WALGGC untied grants available for capital/debt reduction/reserve accumulation after offsetting net operating needs.</i>											
<b>Growth in equity</b>	-1.7%	-2%	-2%	-1%	-0%	0%	-0%	1%	2%	3%	3%
<i>The increase in the communities resources (assets net of liabilities) as measured by changes in the accumulated funds (excluding changes from revaluations).</i>											
<b>Capital Outlays compared to Depreci</b>	155.6%	88%	87%	75%	146%	142%	97%	108%	91%	112%	179%
<i>Capital expenditure divided by total depreciation expense.</i>											
<b>Debt Service/LG Revenues</b>	2.2%	2%	3%	3%	3%	3%	3%	2%	2%	2%	2%
<i>Amount of local government revenues (LG Revenues) applied to debenture interest and principal.</i>											
<b>Debt Service/LG Revenues ex SSL</b>	2.2%	2%	2%	3%	3%	3%	2%	2%	2%	2%	2%
<i>Percentage of local government revenue (LG Revenue) applied to debt servicing costs (excluding self supporting loans (SSL)).</i>											
<b>Debt/LG Revenues</b>	21.9%	25%	27%	24%	21%	19%	17%	15%	12%	10%	9%
<i>Total loan debentures outstanding as a percentage of local government revenue (LG Revenue).</i>											
<b>Reserves/LG Revenues</b>	30.6%	32%	33%	32%	20%	25%	57%	72%	76%	76%	63%
<i>Measures the savings capacity through accumulated cash reserves compared to local government revenue</i>											
<b>Ratio of Reserves/Debt</b>	140%	129%	119%	133%	93%	128%	338%	495%	615%	741%	745%
<i>Measures the level of long term debt covered by cash backed reserves.</i>											
<b>Employee costs/LG revenue</b>	45.6%	46%	44%	43%	41%	40%	39%	38%	36%	35%	34%
<i>Percentage of Local Government Revenue (LG Revenue) used to fund employee costs for operations.</i>											
<b>Rates/Gross operating revenue</b>	53.5%	59%	60%	61%	59%	60%	60%	59%	59%	58%	59%
<b>Rates/net operating revenues</b>	58.6%	61%	62%	62%	61%	61%	61%	60%	59%	59%	60%
<b>Rates/LG revenues</b>	66.1%	68%	68%	68%	67%	67%	66%	65%	64%	63%	64%
<b>Revenue(ex grants)/Total Revenue</b>	76.1%	81%	82%	82%	82%	82%	84%	84%	84%	85%	84%

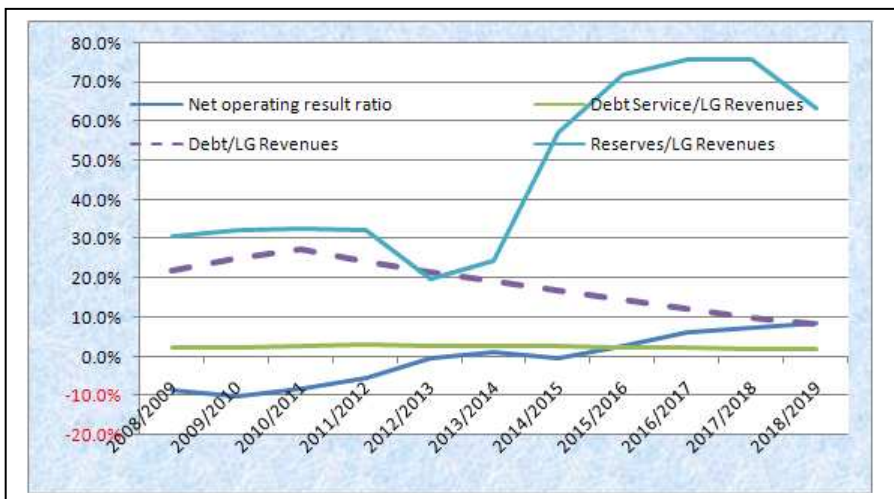
**Commentary**

The plan is built around maintaining services and facilities, meeting capital renewal and the provision of new community assets/facilities whilst ensuring the financial sustainability of the Shire.

This draft plan utilises a financial strategy that encompasses the utilisation of the proceeds from property transactions (Property Strategy), existing rating structures, reduced operating budgets (efficiencies) and the use debt in the early years of the plan. The combination of these actions is the inter-related and forms the platform for the plan.

Whilst some financial indicators show a negative trend in the early years all indicators provide for a strong improvement and result over the 10 year period. There is a steady growth in operating result arising from the proposed operating revenues and expenditures that enables funds to flow to the provision and renewal of community assets. These results enhance the long term financial sustainability of the Shire.

The graph to the right shows the improvement of the Funding Ratio (Level of general rates and WALGGC untied grants available for capital/debt reduction/reserve accumulation after offsetting net operating needs.) This arises from the stronger performance of the operating result disclosed in the Income Statement. The plan enables the Shire to reach the benchmark of 40% applicable to metropolitan local governments. The operating result shows a strong growth in the latter half of the 10 year period which is directly affected by the revenue and expenditure structures established in 2010.



The graph above shows the other key financial indicators that directly measure the Shire's long term sustainability. The operating result is previously discussed show a strong position. The debt management indicators are very strong (these include proposal borrowings in 2010 and 2011). The debt to revenue is substantially below the 60% benchmark and the debt service to revenue is also below the 10% benchmark.

The features of this plan revolve around the following financial structure.

1. The utilisation of the proceeds from property transactions (Property Strategy) to establish a reserve account that will generate revenues that will enable the accumulation of funds to enable community infrastructure to be undertaken.

- o Land lease is estimated to generate \$4.5m over the ten year period,
- o Net \$16.49m for land sales
- o Investment returns (interest) of \$6.05m.

2. Rate rises equal to the WALGA local government index with the exception of the period 2010 to 2012 in which an additional 2.5% will be required,

3. Operating expenditure reduction of approximately 3.0% in 2010 that will be maintained in future years,

4. Use of debt in 2010 and 2011 totalling \$2.52m,

The combination of these features allows for the renewal and new facilities detailed in the capital works program detailed commencing on page 15.

This plan also provides a very strong foundation for subsequent from 2020 onwards.

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## Operating

### Income Statement

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
<b>Revenue</b>											
Rate Revenue	16,183,587	17,313,761	18,525,796	19,846,030	20,758,726	21,715,866	22,719,748	23,770,827	25,223,172	26,746,384	28,345,701
Grants, Subsidies, Contributions - operating	4,578,804	4,630,728	4,712,005	4,924,019	5,155,069	5,400,659	5,657,298	5,928,229	6,215,003	6,515,942	6,830,349
Grants, Subsidies, Contributions - non-operati	2,642,848	884,700	912,600	940,100	967,500	995,800	473,700	487,900	502,200	516,500	913,300
Contributions Reimbursements, Donations	851,819	572,766	588,940	604,966	622,271	640,321	658,709	677,693	697,346	717,557	738,207
Fees and Charges	4,143,987	4,318,660	4,465,527	4,616,402	5,375,283	5,562,779	5,755,269	5,954,776	6,212,550	6,481,061	6,759,452
Interest Earnings	1,179,000	940,876	1,184,788	1,394,453	1,578,915	1,631,736	1,945,032	2,860,322	3,685,175	4,466,362	4,222,899
Other Revenue	694,105	441,447	454,117	466,674	480,232	494,370	508,775	523,643	539,039	554,872	571,049
Revenues from continuing operations	30,274,150	29,102,938	30,843,773	32,792,644	34,937,996	36,441,531	37,718,531	40,203,390	43,074,485	45,998,678	48,380,957
<b>Expenditures</b>											
Employee Costs	11,159,888	11,712,572	12,048,863	12,382,094	12,741,977	13,117,309	13,499,665	13,894,380	14,303,030	14,723,279	15,152,704
Materials and Contracts	12,229,929	10,841,697	11,231,286	11,673,025	12,065,846	12,240,222	13,191,115	13,702,550	14,588,597	15,856,242	16,538,047
Utilities (gas, electricity, water)	288,616	412,090	423,922	435,646	448,309	461,513	474,967	488,853	503,232	518,017	533,126
Depreciation	6,671,480	6,903,131	7,418,372	7,922,047	7,786,213	8,274,466	8,647,341	9,057,536	9,237,565	9,678,205	10,337,620
Interest Expenses	396,450	373,645	423,137	482,292	458,603	433,399	406,583	378,050	348,486	317,293	284,090
Insurance	683,634	702,868	721,201	740,013	759,316	779,122	799,445	820,298	841,694	863,649	886,177
Other Expenditure	930,444	770,605	789,443	808,109	828,269	849,295	870,711	892,823	915,715	939,256	963,311
Expenditures from continuing operations	32,360,441	31,716,608	33,056,224	34,443,226	35,088,533	36,155,326	37,889,827	39,234,490	40,738,319	42,895,941	44,695,075
Net Operating result for the period	(2,086,291)	(2,613,670)	(2,212,451)	(1,650,582)	(150,537)	286,205	(171,296)	968,900	2,336,166	3,102,737	3,685,882

## Commentary

Whilst adverse trends develop from the period 2007/08 to 2010/11 with operating deficits continuing from 2008/09 to 2011/13 there is a good operating trend long term that reverses those outcomes. The consumption of revenues by operating budgets is diminished by the processes included in this plan. The strengthening of the operating result enhances the long term financial sustainability of the Shire.

## Capital Programs

### Details of works programs

Capital works and new initiative outlays (future dollars)

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
<b>GOVERNANCE - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Administration Building - Building refurbishment	0	0	0	0	0	0	0	0	0	0	1,761,400	0
Administration Building - Air-conditioning refurbishment	0	0	0	0	0	0	0	0	194,000	0	0	257,900
Administration Building - Display wall	21,600	0	0	0	0	0	0	0	0	0	0	0
Information Technology - Major upgrade of hardware and software	0	0	0	0	0	0	915,500	0	0	0	0	1,217,600
Administration Centre - Administration - Minor replacement of Information Technology hardware and software	25,700	26,500	27,200	28,000	28,800	29,600	30,500	31,400	32,300	33,300	181,200	209,000
Administration Centre - Administration - Minor Furniture and equipment replacement	20,600	21,200	21,800	22,400	23,000	23,700	24,400	25,100	25,900	26,600	145,100	167,300
<b>LAW, ORDER &amp; PUBLIC SAFETY - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Fire Brigade Buildings - VBFB Stations and Buildings	20,600	21,200	21,800	22,400	23,000	23,700	24,400	25,100	25,900	26,600	145,100	167,300
Shire Dog Pound - Fencing and drainage	10,000	0	0	0	0	0	0	0	0	0	12,900	0
SES Equipment - Equipment replacement	2,600	2,600	2,700	2,800	2,900	3,000	3,100	3,100	3,200	3,300	18,000	20,900
<b>EDUCATION &amp; WELFARE - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Buckingham Heights Toy Library - Upgrade	0	0	0	0	0	0	0	0	0	0	132,900	0
Buckingham Heights Toy Library - Finalise Upgrade	257,200	0	0	0	0	0	0	0	0	0	0	0
Darlington Playgroup - Replace roof	0	0	0	0	0	0	0	0	0	0	0	39,400
Midvale Child Care Centre - Improvements	0	0	0	0	0	0	0	0	0	0	38,600	0
Senior Citizen's Centre - see Mundaring Community Centre	0	0	0	0	0	0	0	0	0	1,252,400	0	0
Hub of the Hills - Upgrade	19,500	0	0	0	0	0	0	0	0	0	0	30,100
Disability Access Works - Modification for disability access	100,200	100,700	102,700	105,700	163,100	167,800	172,800	178,000	182,900	187,900	1,031,800	1,289,800

Continued

Capital works and new initiative outlays (future dollars)....continued

## Shire of Mundaring

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
<b>COMMUNITY AMENITIES - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Cemeteries - General improvements	20,600	21,200	21,800	22,400	23,000	23,700	24,400	25,100	25,900	26,600	145,100	167,300
Public Toilets - Upgrade Glen Forrest	0	115,800	0	0	0	0	0	0	0	0	0	0
Public Toilets - Upgrade Sawyers Valley	0	0	0	116,200	0	0	0	0	0	0	0	0
Street Furniture - Bus shelters, street furniture, bike racks etc	10,300	10,600	10,900	11,200	11,500	11,900	12,200	12,600	12,900	13,300	72,500	83,600
<b>RECREATION &amp; CULTURE - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Preventative Maintenance Program - Buildings	187,600	0	0	0	0	0	0	0	0	0	187,600	0
Preventative Maintenance Program - Buildings	0	236,500	0	0	0	0	0	0	0	0	312,200	0
Preventative Maintenance Program - Buildings	0	0	384,400	0	0	0	0	0	0	0	512,900	0
Preventative Maintenance Program - Buildings	0	0	0	413,700	0	0	0	0	0	0	554,400	0
Preventative Maintenance Program - Buildings	0	0	0	0	264,400	0	0	0	0	0	359,000	0
Preventative Maintenance Program - Buildings	0	0	0	0	0	272,500	0	0	0	0	0	375,500
Preventative Maintenance Program - Buildings	0	0	0	0	0	0	231,500	0	0	0	0	326,000
Preventative Maintenance Program - Buildings	0	0	0	0	0	0	0	273,800	0	0	0	394,000
Preventative Maintenance Program - Buildings	0	0	0	0	0	0	0	0	323,800	0	0	480,800
Preventative Maintenance Program - Buildings	0	0	0	0	0	0	0	0	0	424,300	0	649,700
Public halls, Civic Centre - Upgrades	0	0	27,200	0	0	0	0	0	0	0	0	0
Public halls, Civic Centre - Upgrades	0	0	0	0	43,500	0	0	0	0	0	0	0
Public halls, Civic Centre - Upgrades	0	0	0	0	0	81,600	84,100	86,600	89,000	91,400	0	0
Public halls, Civic Centre - Upgrades	0	0	0	0	0	0	0	0	0	0	2,545,300	3,181,800
Public halls, Civic Centre - Upgrades	0	0	0	0	0	0	0	0	0	0	0	282,000
Mundaring Community Centre - New facility	0	0	0	0	0	0	0	0	2,134,000	2,191,700	0	0
Mundaring Hall - air-conditioning	0	0	0	0	0	71,200	0	0	0	0	0	0
Parkerville Hall - Renovate	0	0	0	0	0	0	0	0	0	0	86,900	0
Bilgoman Pool - Buildings - Redevelopment	0	0	0	0	0	0	0	0	1,524,300	1,565,500	0	0
Bilgoman Pool - Equipment - Boiler replacement	50,100	0	0	0	0	0	0	0	0	0	64,400	0
Mt Helena Aquatic Centre - Upgrade	0	342,400	0	0	0	0	0	0	0	0	451,800	0
Mt Helena Aquatic Centre - Changerooms	0	0	0	0	0	0	0	0	0	0	199,300	0
Reserves - buildings - Minor Improvements	51,400	52,900	54,400	56,000	57,600	59,300	61,000	62,800	64,700	66,600	362,700	418,100
Reserves - furniture/equipment - minor	5,100	5,300	5,400	5,600	5,800	5,900	6,100	6,300	6,500	6,700	36,200	41,800
Reserves - playground equipment - replacement	51,400	52,900	54,400	56,000	57,600	59,300	61,000	62,800	64,700	66,600	362,700	418,100
Reserves - infrastructure - Upgrades	195,400	201,100	206,600	212,600	218,900	225,400	231,900	238,600	245,700	253,000	1,378,000	1,588,200

Continued

Capital works and new initiative outlays (future dollars)....continued

## Shire of Mundaring

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
Boya Oval - Changeroom - Upgrade	0	0	20,500	0	0	0	0	0	0	0	27,400	0
Brown Park - Buildings - Extensions	0	0	0	0	0	0	0	0	0	1,878,600	0	0
Brown Park - Infrastructure - Changerooms	0	0	0	0	27,200	0	0	0	0	0	0	47,900
Brown Park Youth Centre - Refurbishment	465,800	0	0	0	0	0	0	0	0	0	0	716,800
Brown Park Youth Centre - Refurbishment	0	100,700	0	0	0	0	0	0	0	0	0	0
Chidlow Oval - Upgrade	0	0	0	0	0	0	0	0	0	0	0	1,948,100
Chidlow Oval - Upgrade changerooms	0	0	0	0	0	0	288,000	0	0	0	0	0
Darlington Oval - Infrastructure upgrades	0	0	0	0	0	0	0	0	0	0	0	2,063,100
Darlington Oval - Buildings - Changerooms \$20,000	0	20,100	0	0	0	0	0	0	0	0	0	0
Darlington Oval - Buildings - Changerooms \$10,000 Kiosk \$5,000	0	0	0	0	0	0	0	0	0	0	13,700	0
Glen Forrest Oval - Upgrade	0	0	0	0	0	0	0	0	0	0	0	2,004,600
Glen Forrest Oval - Buildings - Changerooms/kiosk	0	0	0	0	0	0	0	0	0	0	32,200	0
Harry Riseborough Oval - Flood lighting	0	0	0	0	0	0	0	0	0	0	237,700	0
Harry Riseborough Oval Pavilion - Changerooms	0	0	0	0	21,800	0	0	0	0	0	0	38,300
Harry Riseborough Oval - Synthetic surface	0	0	0	0	0	0	0	0	0	0	0	5,309,000
Lake Leschenaultia - Camp grounds	0	0	0	317,000	0	0	0	0	0	0	424,900	0
Lake Leschenaultia - Buildings - Lake Leschenaultia Function Centre	0	0	0	0	0	0	0	0	0	0	1,545,100	0
Lake Leschenaultia - grounds - keyway and jetty	0	206,400	0	0	0	0	0	0	0	0	272,400	0
Lake Leschenaultia Infrastructure - Dam Wall	0	0	0	0	0	0	0	0	0	0	472,000	0
Mt Helena Oval - Upgrade	0	0	0	0	0	0	0	2,010,400	0	0	0	0
Mt Helena Oval Buildings - Changerooms/Kiosk	0	0	0	0	0	0	0	0	0	31,300	0	0
Mundaring Tennis Courts - Extensions \$500,000	0	0	0	0	0	0	0	0	0	0	885,800	0
Mundaring Hardcourt Tennis Courts - Extensions	0	0	0	0	0	0	0	0	0	0	0	2,488,300
Mundaring Recreation Centre - infrastructure - Includes oval, carparking, tennis courts	0	0	0	0	0	0	0	0	0	0	1,533,700	0
Mundaring Sporting Club - Replace asbestos roof	0	0	92,400	0	0	0	0	0	0	0	132,900	0
Parkerville Oval - Upgrade	0	0	0	0	0	0	0	0	0	0	2,054,500	0
Parkerville Oval Changeroom - Upgrade	0	0	0	26,400	0	0	0	0	0	0	35,400	0
Sawyers Valley Oval - Upgrade	0	0	0	0	0	0	0	0	0	0	0	2,435,100
Sawyers Valley Oval - Changeroom - Upgrade	20,000	0	0	0	0	0	0	0	0	0	0	30,800

Continued

Capital works and new initiative outlays (future dollars)....continued

## Shire of Mundaring

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
Katharine Susannah Pritchard Library - Rebuild	0	0	0	1,483,200	1,526,900	0	0	0	0	0	0	2,344,800
Katharine Susannah Pritchard Library - air-conditioning upgrade	15,000	0	0	0	0	0	0	0	0	0	19,300	0
Albert Facey Memorial Library - Mundaring Library	0	0	0	0	1,721,900	1,770,800	1,824,300	0	0	0	0	3,036,000
Libraries - Equipment - Minor equipment	5,100	5,300	5,400	5,600	5,800	5,900	6,100	6,300	6,500	6,700	36,200	41,800
Mundaring Stationmaster's House - Building improvements	0	0	0	0	0	0	0	0	0	100,800	0	154,400
Mundaring Stationmaster's House - Building improvements	12,900	0	0	0	0	0	0	15,700	0	0	19,200	0
Cultural Arts Centre - see Mundaring Community Centre	0	0	0	0	0	0	0	0	0	3,327,900	0	0
Art Acquisition Program - Annual program	7,700	7,900	8,200	8,400	8,600	8,900	9,200	9,400	9,700	10,000	54,500	62,700
Swan View Heritage Rail Station - Upgrade	0	0	0	0	0	0	0	0	0	0	88,600	0
Heritage Trails - Upgrade of trails	82,300	10,600	10,900	11,200	11,500	11,900	12,200	12,600	12,900	13,300	72,500	83,600
<b>TRANSPORT - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Roads - Black Spot Program - Annual program	77,200	79,400	81,600	84,000	86,400	88,900	91,500	94,200	97,000	99,800	543,900	627,000
Roads - existing infrastructure - Resurfacing etc	1,250,000	0	0	0	0	0	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	1,374,800	0	0	0	0	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	1,421,600	0	0	0	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	1,463,300	0	0	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	1,505,900	0	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	0	1,548,700	0	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	0	0	1,595,500	0	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	0	0	0	1,643,200	0	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	0	0	0	0	1,688,600	0	0	0
Roads - existing infrastructure - Resurfacing etc	0	0	0	0	0	0	0	0	0	1,734,200	9,525,600	11,907,900
Roads - Metro Road Grants - MRD Projects	418,900	434,400	449,200	462,400	475,900	489,400	504,200	519,200	533,600	548,000	3,010,000	3,763,000
Roads - Seal Gravel Road - Seal existing gravel roads \$50,000 from contributions	263,500	272,900	281,900	290,100	298,600	307,100	316,300	325,700	334,900	344,100	1,886,800	2,323,300
Roads - Reconstruction (R2R) - Federal Government program	478,000	491,700	505,300	520,000	535,300	0	0	0	0	0	0	0
Roads - Reconstruction - Reconstruction post roads to recovery	0	0	0	0	0	569,900	587,100	604,700	621,400	638,200	3,505,500	4,382,100
Roads - General Works - General Road Reserve	53,000	55,000	56,900	58,500	60,200	61,900	63,800	65,700	67,500	69,400	381,000	476,400
Drainage - Improvements	159,000	165,000	170,600	175,600	180,700	185,800	191,400	197,200	202,600	208,100	1,143,100	1,429,100

Continued

Capital works and new initiative outlays (future dollars)....continued

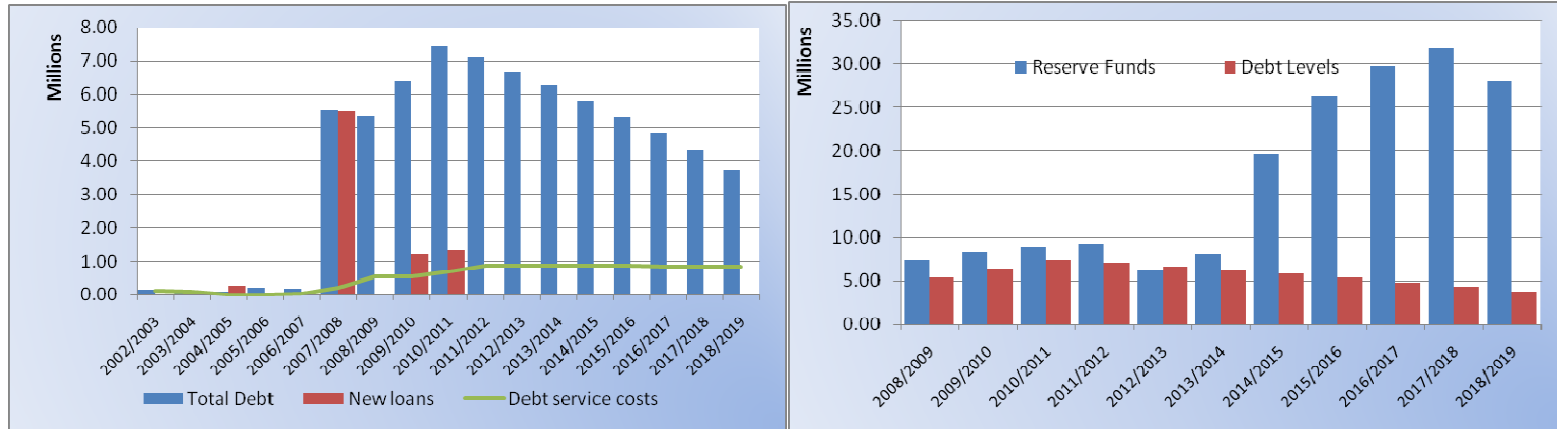
## Shire of Mundaring

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
Footpaths/Cycleways - Footpaths/Dual use footpaths and cycleway Improvements	318,100	330,000	341,200	351,200	361,400	371,700	382,900	394,400	405,300	416,200	2,286,300	2,858,100
Precinct Plans - Road and reserve treatment/signs	265,100	275,000	284,300	292,700	301,200	309,700	319,100	328,600	337,700	346,900	1,905,200	2,381,700
Minor equipment - Communication equipment required for road plant	20,600	21,200	21,800	22,400	23,000	23,700	24,400	25,100	25,900	26,600	145,100	167,300
Depot - Improvements/Upgrade	0	0	0	0	0	0	0	0	0	0	257,500	341,500
<b>ECONOMIC SERVICES - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Tourism support - Wine Information Centre	0	0	0	5,600	0	0	0	0	6,500	0	7,500	8,600
Building control - Replace equipment	1,000	1,100	1,100	1,100	1,200	1,200	1,200	1,300	1,300	1,300	7,200	8,400
<b>OTHER PROPERTY &amp; SERVICES - Outlays</b>	0	0	0	0	0	0	0	0	0	0	0	0
Public works overheads - Engineering Office equipment	5,100	5,300	5,400	5,600	5,800	5,900	6,100	6,300	6,500	6,700	36,200	41,800
Sub Division - Morrison/Farrall Roads - Sub division outlays	0	0	190,400	195,900	0	0	0	0	0	0	0	0
Sub Division - Balfour Rd - Outlays	0	0	0	2,630,500	2,708,000	0	0	0	0	0	0	0
Sub Division - Balfour Rd - Disposal	0	0	0	0	0	118,600	122,100	0	0	0	0	0
Sub Division - Park/Elmsfield Rd - Outlays	0	0	0	16,800	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,968,200</b>	<b>5,067,700</b>	<b>4,890,000</b>	<b>9,502,500</b>	<b>10,790,400</b>	<b>6,938,600</b>	<b>8,228,300</b>	<b>7,291,300</b>	<b>9,313,600</b>	<b>16,043,900</b>	<b>43,696,900</b>	<b>65,327,700</b>
Fees and Charges	0	0	0	596,600	614,200	632,100	650,600	669,700	689,400	709,500		
Disposal of Assets	0	0	0	0	4,897,500	11,088,500	6,225,100	0	0	0		
Grant Funds	884,700	912,600	940,100	967,500	995,800	473,700	487,900	502,200	516,500	620,400		
Transfers from Reserves	884,700	912,600	940,100	1,564,100	6,507,500	12,194,300	7,363,600	1,171,900	1,205,900	1,329,900		
Transfers to Reserves	748,700	676,000	217,600	4,671,400	5,985,600	1,800,400	3,058,300	2,041,800	2,166,300	7,431,500		
Loan funds	0	0	0	(596,600)	(5,511,700)	(11,720,600)	(6,875,700)	(669,700)	(689,400)	(709,500)		
Rate funds required	1,200,000	1,319,800	0	0	0	0	0	0	0	0		
	1,948,700	1,995,800	217,600	4,074,800	473,900	(9,920,200)	(3,817,400)	1,372,100	1,476,900	6,722,000		
	2,134,800	2,159,300	3,732,300	3,863,600	3,809,000	4,664,500	4,682,100	4,747,300	6,630,800	7,992,000		

## Commentary

The capital works program is substantially dependent on the funding generated through the property development strategy. Funds from this project begin flowing into reserves by 2013. Those funds are required in the period 2013 to 2019. Coupled with an enhanced operating result the Shire can place its self in a strong position to meet the renewal needs of its existing built infrastructure assets in the long term.

**Debt Management**



**Capacity analysis**

future dollars	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
<b>Debt Management</b>											
Repayment of Debentures	(272,150)	(164,590)	(259,900)	(376,960)	(400,649)	(425,853)	(452,669)	(472,111)	(492,584)	(523,778)	(556,980)
Proceeds from Self Supporting Loans	0	12,719	13,468	14,260	15,099	15,988	16,929	8,834	0	0	0
Proceeds from New Debentures	0	1,200,000	1,319,800	0	0	0	0	0	0	0	0
<b>Net debt</b>	<b>(272,150)</b>	<b>1,048,129</b>	<b>1,073,368</b>	<b>(362,700)</b>	<b>(385,550)</b>	<b>(409,865)</b>	<b>(435,740)</b>	<b>(463,277)</b>	<b>(492,584)</b>	<b>(523,778)</b>	<b>(556,980)</b>
<b>Key Financial Indicators</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
<b>Debt Service/LG Revenues</b>	2.2%	2%	3%	3%	3%	3%	3%	2%	2%	2%	2%
<i>Amount of local government revenues(LG Revenues) applied to debenture interest and principal.</i>											
<b>Debt Service/LG Revenues ex SSL</b>	2.2%	2%	2%	3%	3%	3%	2%	2%	2%	2%	2%
<i>Percentage of local government revenue(LG Revenue) applied to debt servicing costs (excluding self supporting loans (SSL)).</i>											
<b>Debt/LG Revenues</b>	21.9%	25%	27%	24%	21%	19%	17%	15%	12%	10%	9%
<i>Total loan debentures outstanding as a percentage of local government revenue(LG Revenue).</i>											

## **Commentary**

This long-term plan utilises debt financing for asset construction or refurbishment in the years 2010 and 2012. Inclusive of this borrowing the debt servicing indicators show a strong position with respect of debt for the Shire. This position provides a strong base for future leverage for the development of assets.

## Reserve Accounts

SUMMARY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Opening Balance	8,567,059	7,482,005	8,260,669	8,849,458	9,381,423	6,197,949	8,007,255	19,558,360	26,324,119	29,710,966	31,894,430
Interest Earned During Year	350,000	205,760	276,730	336,280	388,150	280,500	398,120	1,072,850	1,599,320	2,006,800	1,905,280
Transfer From Municipal Fund	2,120,000	1,974,104	2,218,859	1,438,585	2,584,976	8,996,606	14,539,085	10,610,409	5,965,727	5,441,364	5,270,142
Transfer To Municipal Fund	(3,555,054)	(1,401,200)	(1,906,800)	(1,242,900)	(6,156,600)	(7,467,800)	(3,386,100)	(4,917,500)	(4,178,200)	(5,264,700)	(11,122,700)
Closing Balance	7,482,005	8,260,669	8,849,458	9,381,423	6,197,949	8,007,255	19,558,360	26,324,119	29,710,966	31,894,430	27,947,152

## Reserve Account Balances

Reserve Funds	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Insurance	435,182	447,152	462,132	479,692	499,542	522,152	548,112	578,182	613,312	654,742	693,852
Plant Replacement	495,951	600,631	552,361	490,921	14,281	208,071	266,651	215,511	668,881	750,101	476,551
Civic Facilities	167,314	579,478	1,281,322	1,811,097	1,128,503	432,419	489,594	1,097,083	3,276,970	4,909,694	1,123,946
Aged Persons Facilities	717,615	737,345	762,045	791,005	823,735	861,015	903,825	953,405	1,011,325	1,079,635	1,144,125
Family Day Care	0	0	5,055	5,245	5,465	5,715	5,995	6,325	6,705	7,155	7,585
Information Technology	107,228	209,478	333,458	516,558	663,378	772,518	892,408	109,708	202,688	305,218	414,788
Children's Services	748,600	744,190	744,120	747,400	753,320	762,410	775,320	792,850	816,020	846,140	871,690
Gravel Pit Rehabilitation	204,196	209,816	216,846	225,086	234,396	245,006	257,186	271,296	287,776	307,216	325,566
Capital Investment	4,333,696	4,333,696	4,333,696	4,143,296	1,300,096	3,489,596	14,578,096	20,803,196	20,803,196	20,803,196	20,803,196
Capital Income reserve	272,223	398,883	158,423	171,123	775,233	708,353	841,173	1,496,563	2,024,093	2,231,333	2,085,853
Total	7,482,005	8,260,669	8,849,458	9,381,423	6,197,949	8,007,255	19,558,360	26,324,119	29,710,966	31,894,430	27,947,152

## Commentary

The property development strategy dominates funding for reserve accounts. Future capital improvements are dependent on the provision of funds through the Civic Facilities reserve. Property development is funded through the investment and interest reserves. As the interest reserve accumulates the funds are transferred to the civic facilities reserve. Projects are then funded from this reserve.

Annual transfers are made to the plant reserve (\$.700m), civic facilities reserve (\$1.10m), and the information technology (\$0.125m) reserve to maintain the funding needs in future years.

## Glossary

**Adjusted operating ratio** - Operating result excludes capital contributions, reserve interest, extraordinary items and the profit/loss on sale of assets/LG Revenue.

**Building construction index** - Building construction for WA (411) ABS Publication 6427.0 Producer Price Indexes, Australia

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

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

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

### Financial Sustainability

'Financial sustainability' therefore can be taken to address whether we can sustain our current practices in financial or economic terms. For Local Government, financial sustainability poses the question: Can we continue the sort of revenue and expenditure patterns of recent years while maintaining the levels of service expected by the community? LGA South Australia 'Financial Sustainability' Information Paper- June 2007 Re-issued

The financial sustainability of a council is determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures; which is determined by:

- healthy finances in the current period and long term outlook based on continuation of the council's present spending and funding policies and given likely economic and demographic developments, and
- ensuring infrastructure renewals/replacement expenditure matches forward looking asset management plan expenditure needs.

ALGA - National financial sustainability study of local government (PwC Report)

A council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards as prioritised through community engagement and consultation are met without unplanned increases in rates and charges or disruptive cuts to services. LOCAL GOVERNMENT AND PLANNING MINISTERS' COUNCIL Local Government Financial Sustainability Nationally Consistent Frameworks Framework 1 CRITERIA FOR ASSESSING FINANCIAL SUSTAINABILITY March 2007

**General Funds** - As defined in Section 6.21 of the Local Government Act 1995 being: general funds means the revenue or income from - (a) general rates; (b) Government grants which were not given to the local government for a specific purpose; and(c) such other sources as are prescribed.

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

**Gross operating ratio** - Gross operating surplus/LG revenue

**Gross state product** - Table 1. Gross State Product, Chain volume measures and current prices

## *Shire of Mundaring*

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**Income Statement** - General purpose financial statements prepared in accordance with the Australian equivalents to International Financial Reporting Standards, issued by the Australian Accounting Standards Board. Previously referred to as Statement of Financial Performance or Operating Statement or Profit and Loss Statement.

**LG Revenue** - Local Government Revenue - Rates, Grants Commission grants, fees and charges and interest earnings as reported in the income statement.

**Own Source Revenues** - rates and charges, and user fees and charges

**Road/bridge construction index** - Road and bridge construction index for WA. (4121) ABS Publication 6427.0 Producer Price Indexes, Australia

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