

# Long Term Financial Plan

2024-2035



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# 1 Our Long Term Financial Plan

The City of Karratha is committed to transparent, responsible and accountable financial management. To achieve this, in 2009 the City implemented the Integrated Planning and Reporting Framework introduced by the Department of Local Government, which requires all Western Australian local governments to prepare a long term financial plan linked to a Strategic Community Plan and a Corporate Business Plan.

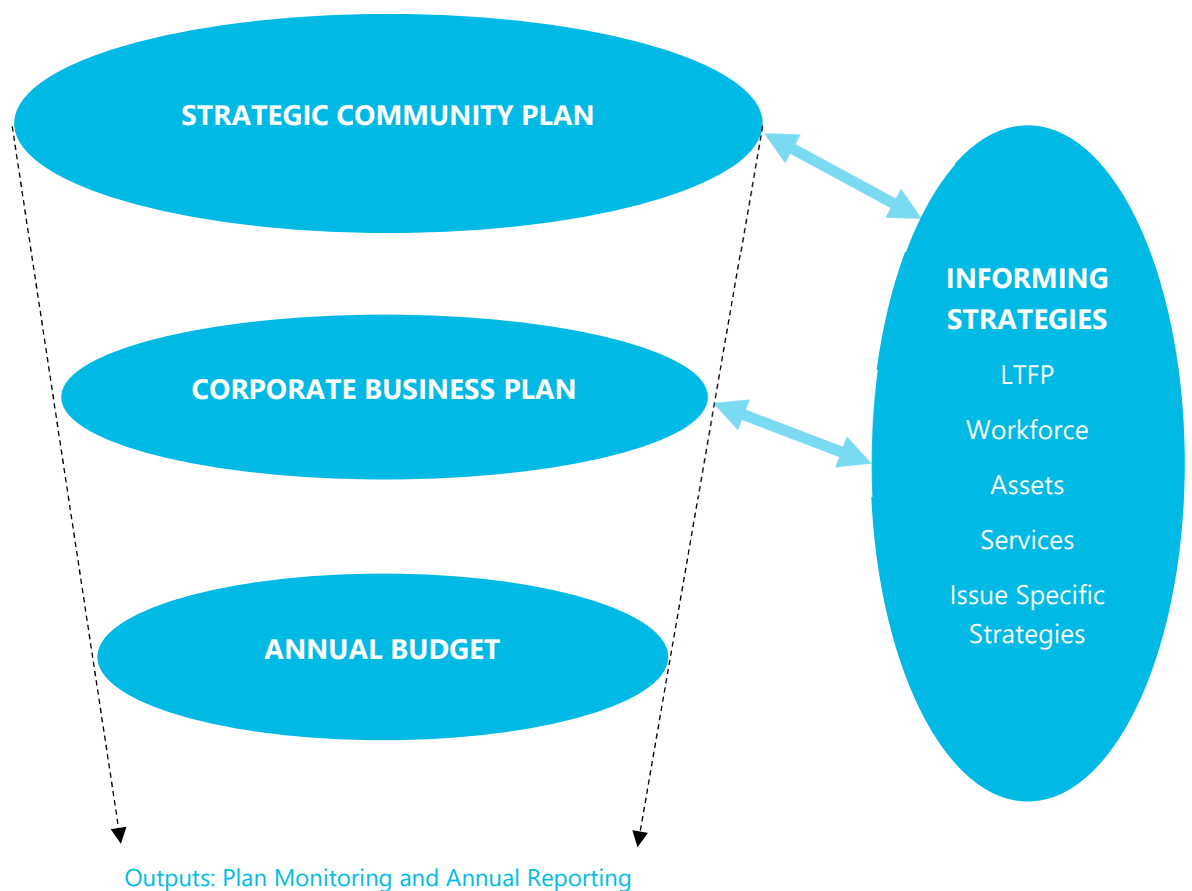
The City of Karratha's Long Term Financial Plan (LTFP) is a key resource that facilitates the delivery of the identified priorities made in our Strategic Community Plan. It enables the City to set priorities based on its financial resources.

As such, the LTFP is a critical document that underpins and influences the direction of the City's spending and investment now and going forward.

The LTFP, along with information contained in other strategic plans including the Strategic Asset Management Plan and Workforce Planning Strategy, form the basis for preparation of the City's Annual Budgets. The LTFP is reviewed annually, updating the current forecasts out to 2035.

The following plan provides an overview of the City's LTFP including our current financial position, approach to financial planning, revenue sources and the long-term projects we are working to deliver to benefit our community over the next 10 years to ensure the City's long term sustainability.

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



## 2 Message from the CEO

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At the City of Karratha, our goal is to become Australia's most liveable regional city, and this vision is supported by our Long Term Financial Plan.

We have made significant progress over the years, delivering essential upgrades to our infrastructure and facilities while enhancing service delivery.

Our Strategic Community Plan provides the framework for our vision, supported by the Long Term Financial Plan, which outlines how we will allocate resources over the next decade, details major infrastructure projects, and presents our financial position and projections.

Despite the progress we've made, it remains crucial to continue addressing the barriers to livability in Karratha. The city is facing a unique and unpredictable housing market.

Addressing the shortage of residential properties and finding ways to strengthen the local construction industry is a priority, particularly given the billions in infrastructure investment and anticipated population growth in the coming years.

To achieve this, we are advancing several projects aimed at improving the livability of our region. These include Project Dorothy and the Walgu Development to increase available housing, as well as key infrastructure initiatives like the Kevin Richards Memorial Oval Redevelopment, the Roebourne Streetscape Masterplan, and place plans for all our towns.

One of the main challenges for the Council in the coming years will be to remain prominent in the minds of key decision-makers and funding partners, ensuring that the improvements we have made continue rather than become the only changes we see in the City.

The City of Karratha is in a strong financial position, with a solid framework in place. However, responding to changing circumstances through prudent financial management remains essential.

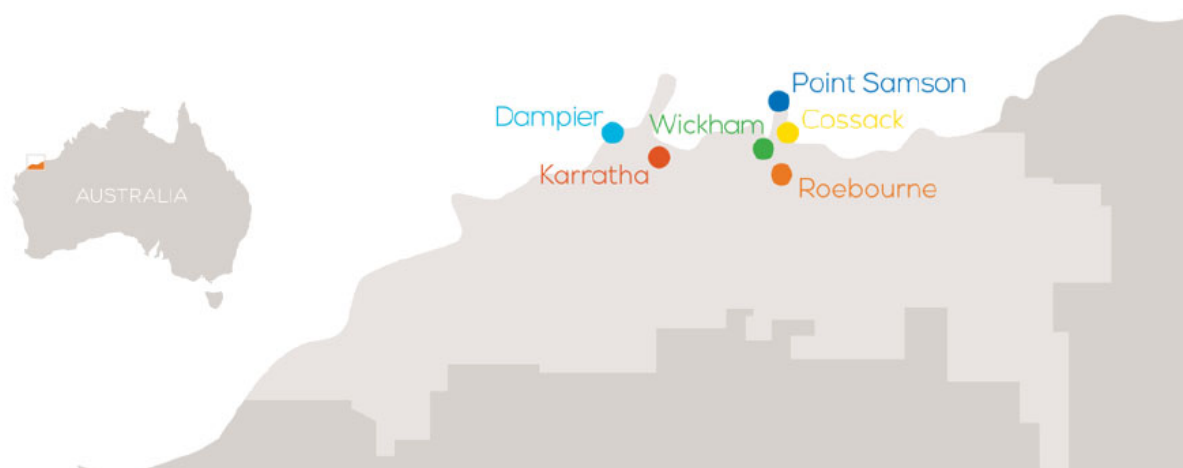
Virginia Miltrup

CEO, City of Karratha

## 3 City Profile

### 3.1 Our Region

The City of Karratha (the City) is located approximately 1,535km north of Perth in the dynamic Pilbara region of Western Australia. The City encompasses a total land area of 15,882 square kilometres and is home to approximately 24,237 residents across the five town sites of Karratha, Dampier, Roebourne, Wickham and Point Samson, plus the historic village of Cossack.



The northwest Australian coastline between Broome and Exmouth is the most cyclone-prone region of the Australian coastline and has the highest frequency of coastal crossings, according to the Bureau of Meteorology. The Australian cyclone season extends from November 1 to April 30. On average, five tropical cyclones occur during each season over waters off the northwest coast. Due to the City's location within the cyclone zone, it is critical for the City to be able to swiftly respond to damage sustained by severe impacts.

The City of Karratha is a growing regional centre within the Pilbara, with residents enjoying a myriad of outdoor activities, festivals and community events year-round, as they make the most of the warm weather and coastal location.

Over the past 40 years the City of Karratha has been a powerhouse of economic growth for Western Australia and the nation. The City of Karratha has a robust economy that includes contributions to Australia's world leading exports of both iron ore and liquefied natural gas (LNG).

Future levels of population growth in the City of Karratha are largely dependent on the performance of the mining sector, new projects and the size of the Fly In Fly Out workforce.

### 3.2 Key Statistics

Key General Statistics		Key Financial Statistics (2023/2024)	
Distance from Perth	1,535km	Rates revenue	54,861,525
Area	15,882km	Fees and charges	62,297,368
Estimated residential population	27,608	Operating revenue	140,081,648
Employed residents	14,910	Operating expenditure	121,843,674
Number of City employees (FTE)	376	Net assets	868,939,846
Rateable properties	10,247	Cash backed reserves	115,590,640

## 4 Integrated Strategic Planning

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### 4.1 Background

The Integrated Planning and Reporting Framework outlines the method to achieve a sustainable local government through adopting a holistic approach to planning and reporting.

It involves improving integration of various statutory planning and reporting processes undertaken by the local government through streamlining business and reporting processes with the involvement of the community.

A key element of the Integrated Planning and Reporting Framework is the Long Term Financial Plan. It enables the City to set priorities, based on resourcing capabilities for short, medium and long term delivery of the community's requirements.

### 4.2 Strategic Directions

*Our Vision: Australia's most liveable regional city*

The principal guidelines for the Long Term Financial Plan are provided by the City of Karratha Strategic Community Plan.

The Strategic Community Plan 2020-2030 outlines the future of the City of Karratha over a 10-year period, focusing on the development and support of our local community, the growth of our economy and building a sustainable, attractive and exciting place to live, work and play.

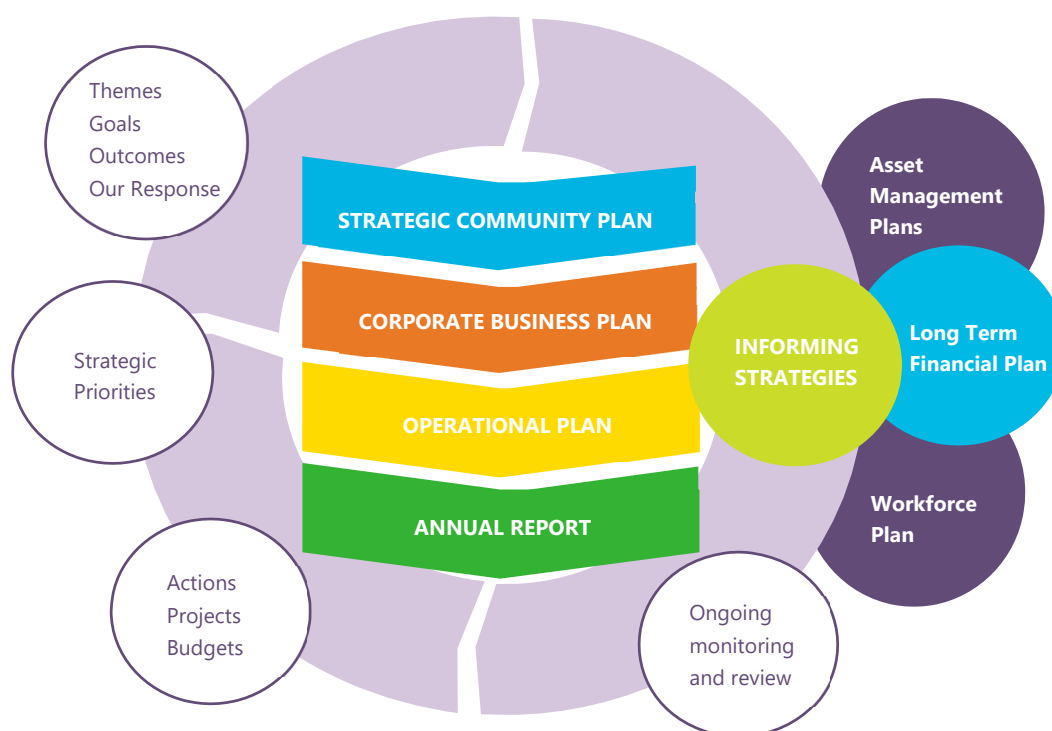
The objective of a Strategic Community Plan is to engage the community in planning for the future of the local government area. It involves setting priorities with the community for the future through aligning the community's vision with a clear strategic direction for the City.

The Strategic Community Plan comprises four key strategic pillars. These themes form the basis of the identified priorities and include our:

- Community – *inclusive and engaged*
- Economy – *well managed and diversified*
- Environment – *thriving and sustainable*
- Leadership – *proactive and accountable*

The Long Term Financial Plan is an informing strategy to assist with recognising financial resources required for achieving the vision of being *Australia's most liveable regional city*.





## 5 Our Services

### 5.1 Service Programs

The City of Karratha is responsible for providing a range of infrastructure and services to the community which fall into the following programs prescribed under Regulation 3 of the *Local Government Regulations 1996*.

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established on an overall basis, reflected by the City's Community Vision, by Directorate, and for each of its broad activities/programs and business units.

Estimates of expenditure and income have been calculated for each of these programs in the Long Term Financial Plan, and allocated across the various business units that make up the City.

Program	Explanation
<b>Governance</b>	<p><b>Objective:</b> To provide a decision making process for the efficient allocation of scarce resources.</p> <p><b>Activities:</b> Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.</p>
<b>General Purpose Funding</b>	<p><b>Objective:</b> To collect revenue to allow for the provision of services.</p> <p><b>Activities:</b> Rates (including ex-gratia contributions), general purpose government grants and interest and investment revenue.</p>
<b>Law, Order, Public Safety</b>	<p><b>Objective:</b> To provide services to help ensure a safer and environmentally conscious community.</p> <p><b>Activities:</b> Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>

Program	Explanation
<b>Health</b>	<p><b>Objective:</b> To provide an operational framework for environmental and community health.</p> <p><b>Activities:</b> Inspection of food outlets and their control, provision of meat inspection services, noise control, mosquito control and waste disposal compliance.</p>
<b>Education and Welfare</b>	<p><b>Objective:</b> To provide services to disadvantaged persons, the elderly, children and youth.</p> <p><b>Activities:</b> Maintenance of childminding centres, playgroup centres, senior citizen centres and aged care centres.</p>
<b>Housing</b>	<p><b>Objective:</b> To provide and maintain staff housing.</p> <p><b>Activities:</b> Maintenance and operational expenses associated with the provision of staff housing.</p>
<b>Community Amenities</b>	<p><b>Objective:</b> To provide services required by the community.</p> <p><b>Activities:</b> Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of storm water drainage, protection of the environment and administration of town planning schemes, cemeteries and public toilets.</p>
<b>Recreation and Culture</b>	<p><b>Objective:</b> To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p> <p><b>Activities:</b> Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres and various sporting facilities.</p>
<b>Transport</b>	<p><b>Objective:</b> To provide safe, effective and efficient transport services to the community.</p> <p><b>Activities:</b> Construction and maintenance of roads, streets, footpaths and cycleways, drainage, depots, parking facilities and traffic control. Includes operation and maintenance of the Karratha and Roebourne Airports.</p>
<b>Economic Services</b>	<p><b>Objective:</b> To help promote the local government and its economic wellbeing.</p> <p><b>Activities:</b> Tourism and area promotion including the maintenance and operation of visitor services and camping grounds.</p>
<b>Other Property and Services</b>	<p><b>Objective:</b> To monitor and control operating accounts.</p> <p><b>Activities:</b> Private works operations on properties and services not under the care, control and management of the City. Plant operations, technical services and unclassified works.</p>

## 5.2 Service Levels

The City has produced major projects to greatly improve the level of service and amenities across our town. While there have been significant improvements to our service levels, it is proposed that service levels will continue to grow.

Significant projects on the horizon to greatly improve the level of service and amenity across our towns include:

### Facilities:

- Upgrades and enhancements to Karratha Airport
- Upgrades and improvements to sporting facilities, in particular Kevin Richards Memorial Oval
- Foreshore and streetscape developments throughout the district, such as:
  - Roebourne Streetscape Masterplan
  - Dampier Townsite enhancement
  - Point Samson Masterplan
- Facility refurbishments and enhancements.



- Roebourne Recreation Precinct
- Wickham Recreation Precinct
- Windy Ridge Sporting Precinct
- Karratha Country Club Redevelopment
- Karratha Leisureplex
- Red Earth Arts Precinct

#### **Services:**

- Ensuring we continuously improve the level and quality of our 'core services' to all of our communities.
- Construction of Cell III at 7 Mile Waste Facility

#### **Growth:**

- Supporting industry growth in multiple sectors.
- Actively engaging in initiatives that diversify our economic base.
- Advocating for initiatives that reduce the cost of living in our district (examples include airfares, insurance, reasonable house, land and rental prices)
- Providing quality, timely approvals and advice to businesses and developers.

#### **Housing**

- Improving housing availability and affordability.
- Aiming to ensure sufficient land and housing available to meet community and business demand.
  - Implementation of 'Project Dorothy' to relieve the housing burden and promote residential housing growth

#### **Infrastructure**

- New and upgraded footpaths and cycleways
- New and ungraded bus shelters
- New and upgraded lighting
- Upgrades and improvements to existing roads
- Conzinc Bay Road (Murujuga National Park Entry Road)

#### **Community Infrastructure Plan**

The 10-year Community Infrastructure Plan includes further upgrades, expansions and new projects. This plan is already underway and includes key components such as:

- Dampier Land Transfer
- Place Planning

## **5.3 Managing Our Assets**

Review of services is a continual process that is undertaken along with the associated impact to the annual budget and Long Term Financial Plan.

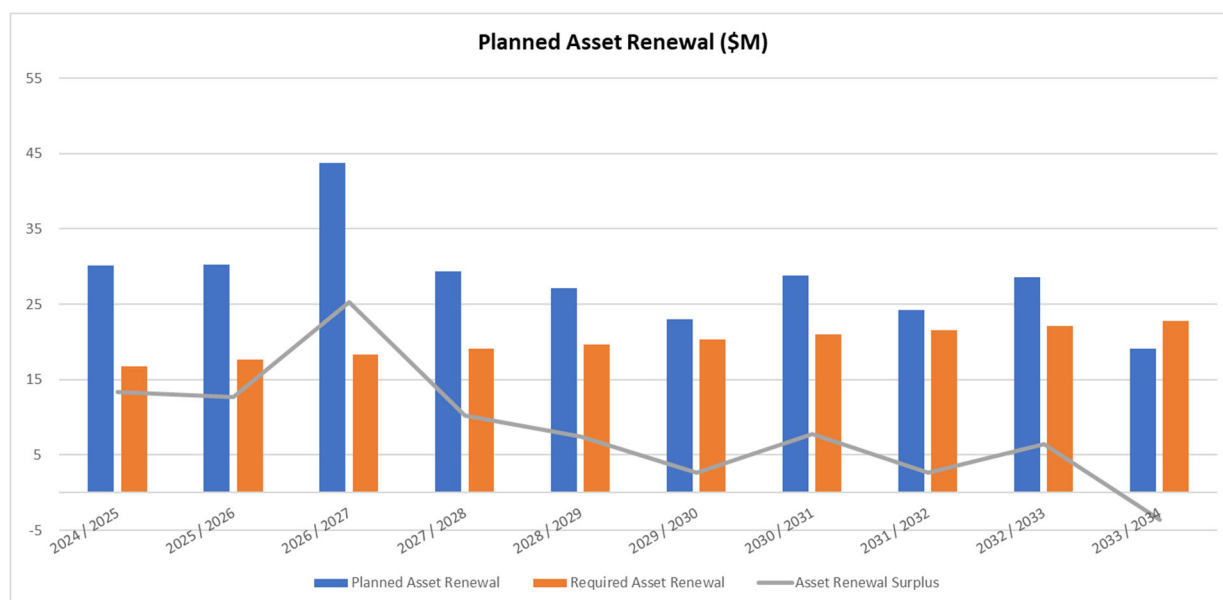
The City has developed a strategic approach to manage local government assets to ensure they meet the community's current and future requirements and expectations. The Strategic Asset Management framework consists of several documents, systems and processes that address an organisation's asset management responsibilities. These documents, systems and processes are coordinated to translate the organisation's strategic goals, as identified in the Strategic Community Plan, into day-to-day activities.

Resilient and sustainable infrastructure assets act as a platform for economic development and meet the social and recreational needs of our local community, allowing us to deliver key services such as:

- Airport and other transport infrastructure
- Community and recreational facilities
- Waste and storm water management
- Council administration buildings

Long term maintenance and renewal of the City's infrastructure and community assets remains a significant challenge, with increasing community expectations. The Asset Management Plan will assist the City in predicting infrastructure consumption and asset renewal needs and identify costs required to renew, upgrade or maintain the asset.

The difference between what the City spends on renewing its assets and what it needs to spend to maintain the current average condition and service level of its assets is called the renewal gap. In 2023/24 to 2024/25, planned asset renewal exceeds required asset renewal. The renewal gap is addressed in the LTFP and will be the focus of future annual budgets.



The continued funding allocated towards the renewal of assets as well as asset maintenance and upgrades, will result in a positive investment for the community in the future and ensure long term sustainability. New assets and capital works projects are funded from cash reserves, rates, airport and waste revenue, or Government grants such as Roads to Recovery.

## 6 Key Financial Strategies and Policies

The City of Karratha's Long Term Financial Plan is informed by a number of financial policies to ensure an accurate prediction of our financial position and our resourcing capability, to deliver on identified priorities made in our Strategic Community Plan.

Key financial strategies are detailed below.

## 6.1 Rating Income Strategy

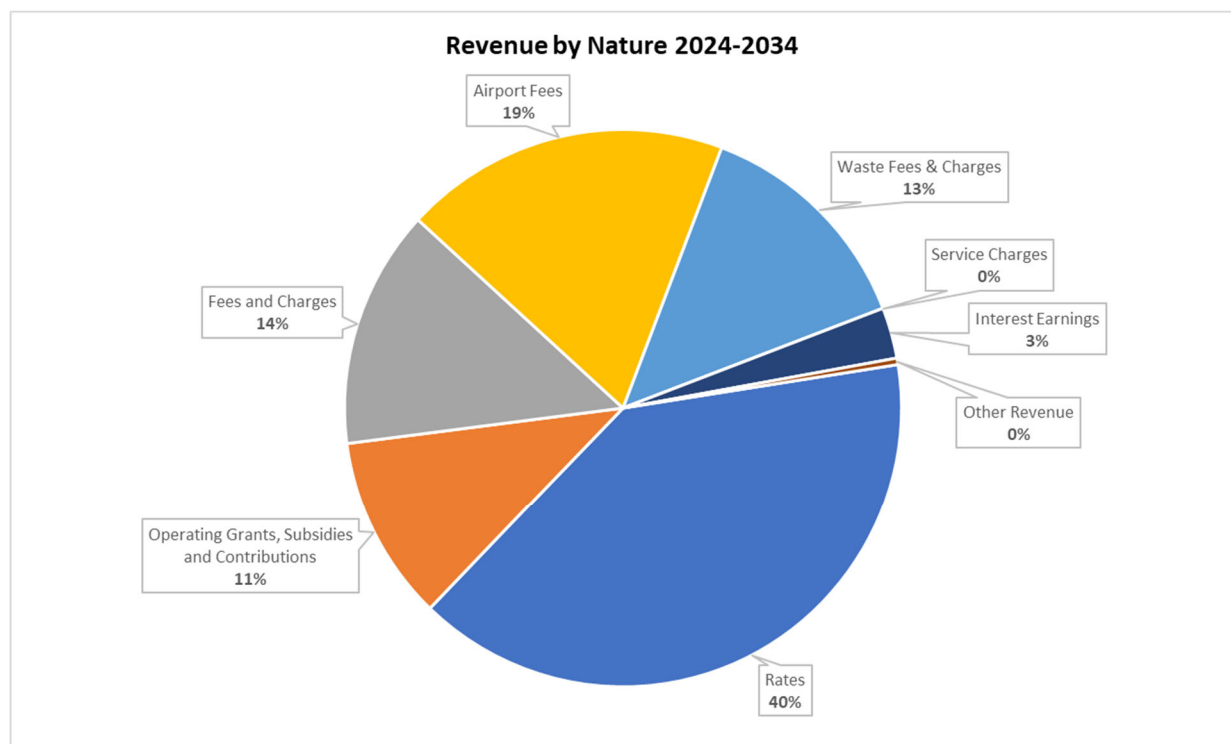
The City provides services to a diverse region consisting of residential, commercial, industrial, pastoral, mining and workforce accommodation. The City utilises differential rating on all properties within the City, based on the zoning of the property under the Town Planning Scheme. Differential rates in the dollar are set for different rating categories.

Based on the City's rating strategy, the City applies for Ministerial Approval annually, in order to impose differential rating for all Gross Rental Value (GRV) properties and Unimproved Value (UV) properties.

The LTFP reflects a rate increase of 3.5% for 2024/25, 3.2% for 2025/26, 3.0% for 2026/2, and decreases to 2.75% for 2027/28 onwards. The rate forecast is derived from the forecasted Consumer Price Index (CPI). It is supplemented by additional rates revenue from residential land releases in Madigan, Baynton West and Bulgarra, Transient Workforce Accommodation (TWA) rates growth including Bechtel, Civeo and Perdaman camps and the increase in UV rates for the Woodside Interconnector Development.

As per the LTFP, the City will receive approximately 39.7% of its total funding from rates., The Department of Local Government, Sport and Culture (DLGSC) uses ratios to determine a local governments sustainability. One of these ratios, the Rates Coverage Ratio, specifies that 40% of a local governments expenditure each year should be met by rates revenue. For 2024/25, this ratio is 41.9% for the City of Karratha.

Going forward, a key challenge identified in the LTFP is to reduce Council's reliance on projected rate increases, and the continued rapid expansion of its rate base as revenue. Any decrease in rates revenue significantly impacts the City's ability to deliver the required level of services and infrastructure.



## 6.2 Cash Reserves

The establishment and funding of cash reserves is a financial management strategy to ensure sufficient funds exist for future expenditure that cannot otherwise be financed during a single year, without having a material impact on the budget.

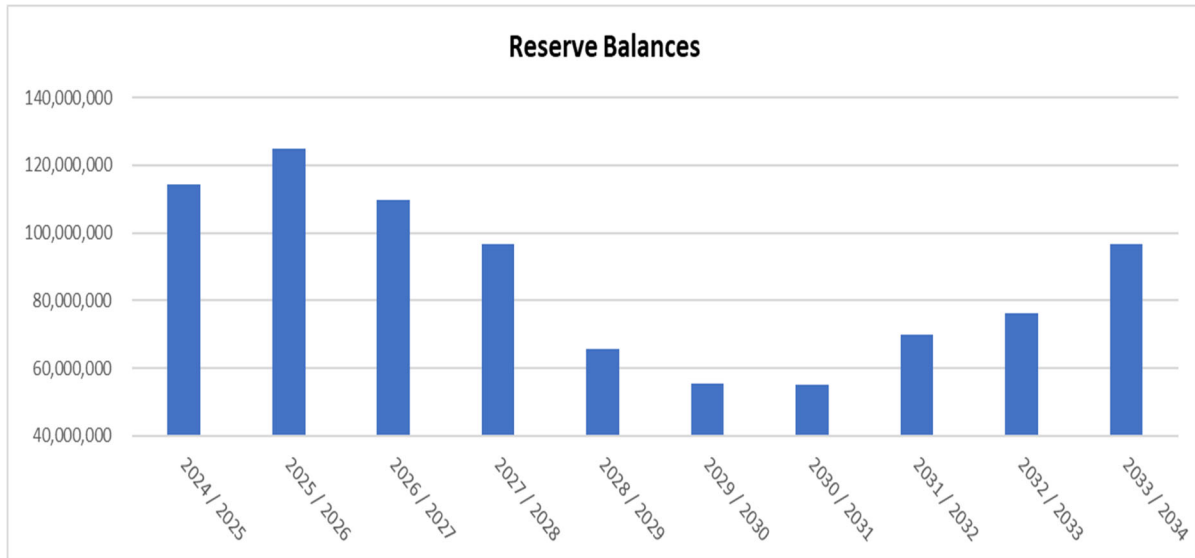
The table below outlines the various reserves Council has established and their respective purpose.

Name of Reserve	Purpose of the reserve
Aerodrome Reserve	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
Community Development Reserve	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
Dampier Drainage Reserve	This reserve is maintained as part of an agreement between the Council and Rio Tinto (formerly Hamersley Iron). The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Rio Tinto pay to the City each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
Economic Development Reserve	To fund economic development activities within the City, including destination marketing, business attraction, property development and tourism.
Employee Entitlement Reserve	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of annual leave for periods greater than 4 weeks duration, thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
Infrastructure Reserve	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City but must be carried out for the benefit of the City of Karratha.
Medical Services Assistance Package Reserve	The purpose of this reserve is to fund future assistance to Medical Services in accordance with Council's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to general practitioners and allied health providers in accordance with the Medical Services Incentive Scheme.
Mosquito Control Reserve	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
Partnership Reserve	This reserve is maintained as part of the Community Partnership Agreement (the Partnership) and the related funding agreements between the City and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the partnership and restrict the funds for the purpose of each funding agreement.
Public Open Space Reserve	The purpose of this reserve is to fund future developments of public open space funded by contributions received in line with the <i>Planning and Development Act 2005</i> . Public open space is identified as land set aside for the purpose of public enjoyment and protection of unique environmental, social and cultural values for existing and future generations.
Restricted Funds Reserve	This reserve is for the purpose of holding unexpended or prepaid grants (other than Royalties for Regions) and capital contributions provided for specific purposes.
Waste Management Reserve	The purpose of this reserve is to fund development, rehabilitation, operation and maintenance of the City's waste management facilities inclusive of repayments of borrowings and the funding of employee entitlements.

#### Workers Compensation Reserve

The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the reserve that become surplus to requirements will be transferred to the City's Employee Entitlements Reserve via way of the City's Annual Budget.

Over the life of the Long Term Financial Plan, cash reserves are projected to decrease from \$115.6 million at the end of 2023/24 to \$96.7 million in 2033/34. Reserve funds provide funding capacity for future asset developments and renewal requirements.



### 6.3 Balancing the Budget

Generating sufficient revenue to balance the annual budget is a constant challenge, with continual improvement to the Council's long-term financial position reliant on growth in its rates base and airport revenue.

The income gap is addressed through productivity gains and efficiency savings, pursuing grants, working collaboratively with neighbouring councils and carefully managing income and expenditure through sound financial reporting systems and regular budgetary monitoring.

The LTFP reflects this approach, however further cost efficiencies and alternative revenue sources are regularly being investigated to reduce the City of Karratha's long-term reliance on projected rate increases and the continued rapid expansion of its rate base. The Quarter investment property and the expansion of the Airport are areas where alternative revenue is already being derived.

### 6.4 Cost Recovery of Services

The adoption of a fee or charge for services and facilities is a means to recover the cost of the service provided and maintain infrastructure in a fit-for-purpose state.

The fees and charges which the City can charge fall into two categories:

- Regulatory fees - determined by State Government legislation and primarily relate to building, development, or compliance activities. Council has no control over the calculation, and any annual increases in these fees and charges.
- Discretionary fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

The general principles by which Council sets its fees and charges are that:

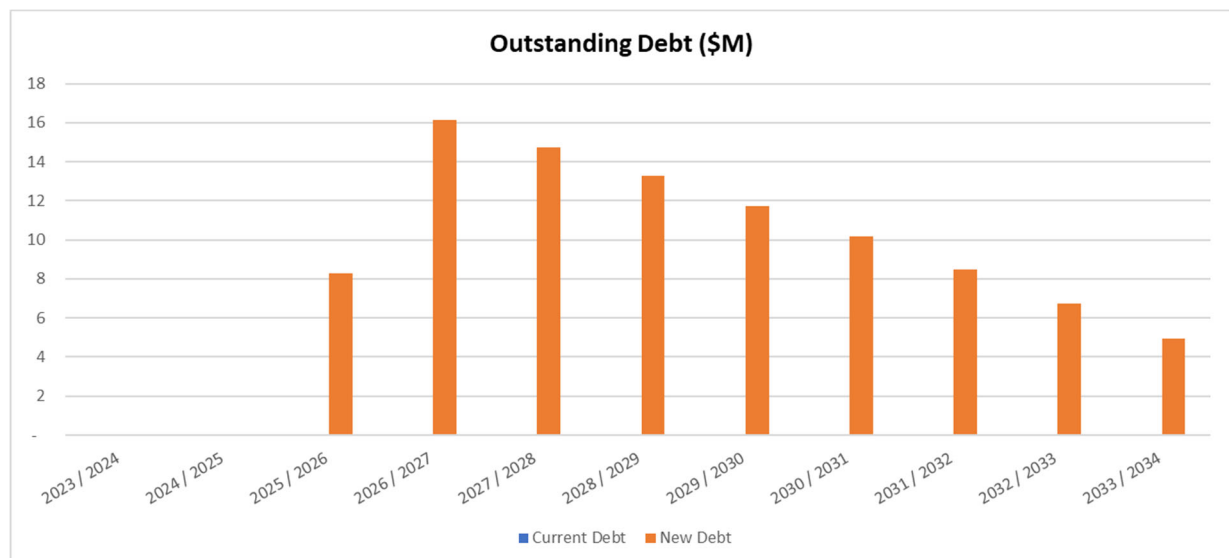
- Council does not intend to 'profit' from the setting of fees and charges;
- Fees recover the cost of services provided; and
- Fees maintain community infrastructure in a fit-for-purpose state wherein they are able to achieve expected service delivery standards.

## 6.5 Prudent Investment and Use of Debt Finance

The City of Karratha's objective around borrowing is the use of debt if appropriate to fund the cost of major new community assets or to ease the cost of major asset renewals.

Borrowings are proposed in the LTFP of \$17 million for airport projects including airport terminal and carpark upgrades and the strengthening of the runway. As further capital projects commence, the option is available to the City to utilise additional borrowings to limit the reliance on Reserve funding.

Irrespective of projected and potential borrowings, our debt service coverage ratio remains high and we will have a strong capacity to repay debt within thirteen years.



## 7 Workforce Planning Strategy

Our Workforce Planning Strategy identifies workforce requirements and strategies for current and future operations. It is an essential component supporting the delivery of our Corporate Business Plan.

Our Workforce Plan, through recruitment, attraction and retention, succession planning, process mapping, training and housing strategies, will enable the City to plan and address, rather than just react to, business, sustainability and environmental challenges.

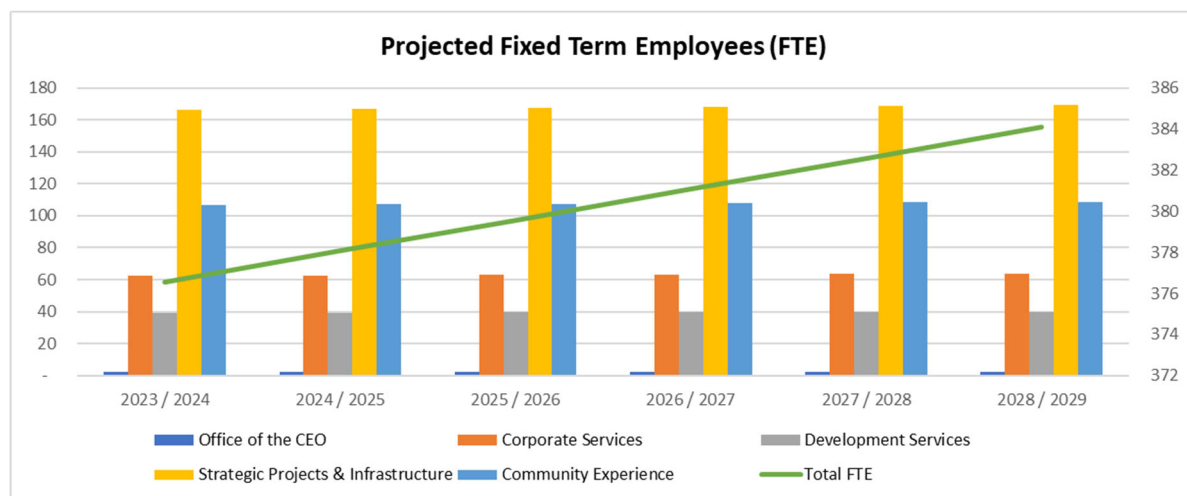


At 30 June 2024, the City of Karratha employed 376 full time equivalent (FTE) employees.

FTE increased in 2023/24 due to the continuing expansion of the Enterprise Resource Planning (ERP) project team implementing a new IT system. The ERP project team is on a fixed term contract for the life of the project (originally estimated until 2023/2024), however with the delayed rollout of modules this term has been increased to at least 2026/27 with the planned release of the rating, compliance and performance planning modules in CiAnywhere.

All new positions are subject to a business case review and the organisational structure is reviewed annually prior to adoption of each annual budget.

The below graph illustrates the projected staff until 2028-29. (Numbers are FTE only and do not take into consideration the number of casual employees or services the City of Karratha outsources to external contractors/organisations).

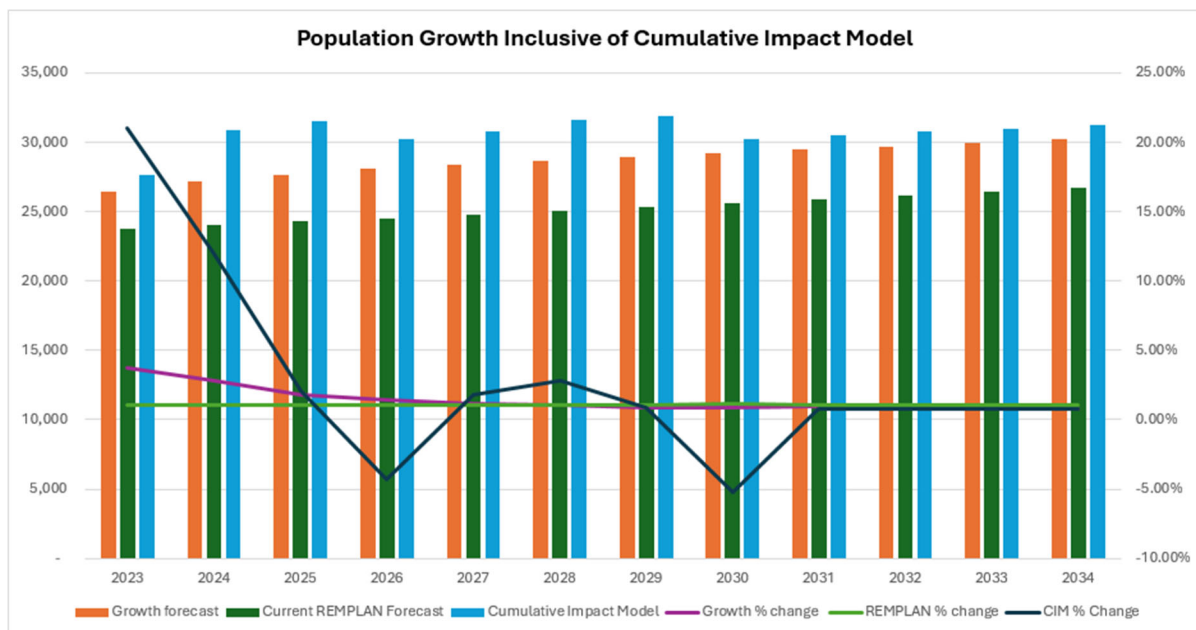


## 8 Scenario Modelling and Sensitivity Analysis

Scenario modelling has been undertaken to determine the level of flexibility in the LTFP, to enable alternative considerations when meeting community expectations should variations occur in a range of factors or assumptions.

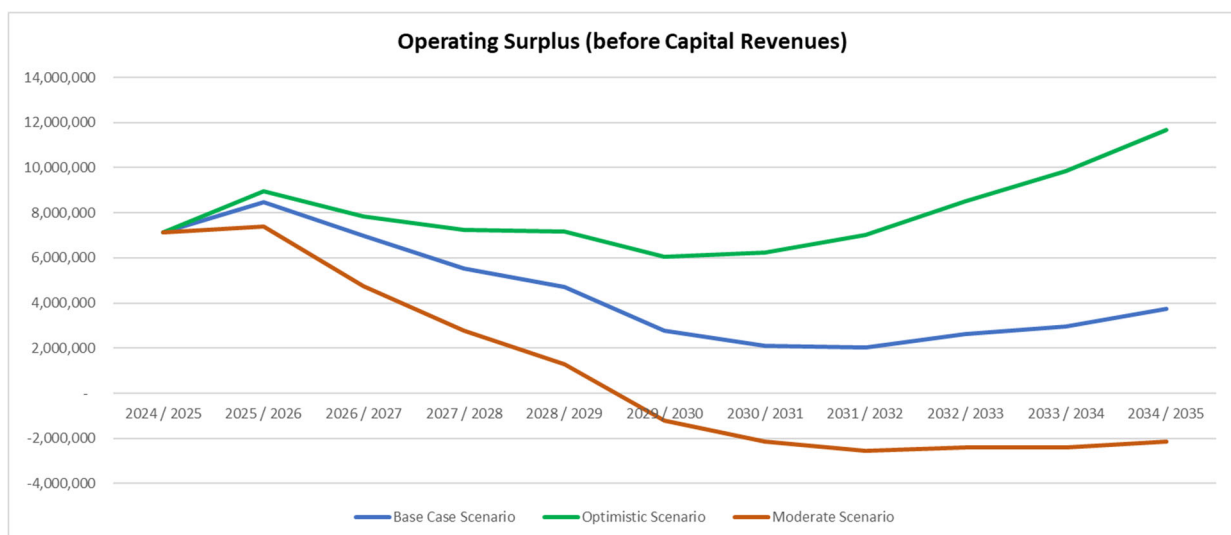
Three growth scenarios based on population growth were tested on each assumption to determine the City of Karratha's capacity to deliver services and assets to the community in line with strategies outlined in the City's Strategic Community Plan and Corporate Business Plan.

The base case scenario being a business as usual approach is based on an assessment of demand created by known resource projects, housing initiatives and expected population growth. The moderate growth scenario is based on nominal average population growth of 1.05% (Current REMPLAN Forecast) and higher than expected CPI, the result of increased costs for goods and services causing increased demand. The optimistic scenario reflects increased expectations around major project employment and lower than expected CPI, caused by decreased consumer spending, lowering the cost of goods and services through decreased demand. The optimistic scenario is aspirational and assumes all local operational employees of new resources projects will require a residential property.



The base case scenario results in a positive operating surplus, sound capacity to meet short-term financial obligations, an improving trend in rates coverage and ability to generate sufficient cash to cover debt payments.

Higher growth will allow for additional rates and airport revenues while the increasing demand will put pressure on facilities and services to meet the rapid population increase. Lower growth will allow for slower implementation of services and upgrades of facilities however will result in less revenue to expand.



As per the graph, illustrating the operating surplus, by adopting the base case scenario as the foundation for our LTFP, we are able to make financially sustainable decisions, while continuing to seek additional revenue sources, to improve the standard of infrastructure and services available to the community.

The most sensitive criterion in the adopted model is a variation in the level of proposed rate increases. A 1% decrease in the proposed rate assumptions over the ten years of the LTFP results in \$29.7 million movement in revenue. Current ratio calculations would be less than the target of 1 from 2028/2029 which measures the City's ability to meet its short-term financial obligations. The cash short fall would result in additional borrowings required to fund the construction or acquisition of assets used to deliver services to the community.

Airport fees and charges are a significant and a complimentary revenue source to rates revenue. Should council wish to alter its growth assumption, for every 1% variation the likely impact is approximately \$15 million in the 10 year plan.

In 2017, Council purchased The Quarter HQ, an investment property operated on a commercial basis to supplement and support the City's revenue sources. For a change in the assumptions of 1% occur, the resulting impact is approximately \$5 million over the ten year period of the long term financial plan.

## 9 Measuring Sustainability

The City of Karratha's financial sustainability is measured by its ability to fund ongoing service delivery and the renewal and replacement of assets without imposing excessive debt or rate increases on future generations.

The following Key Performance Indicators (KPI) have been prescribed in the *Local Government (Financial Management) Regulations 1996* to measure the financial sustainability of local governments. The City's LTFP 2024-34 has been assessed against these KPI's and are outlined below.

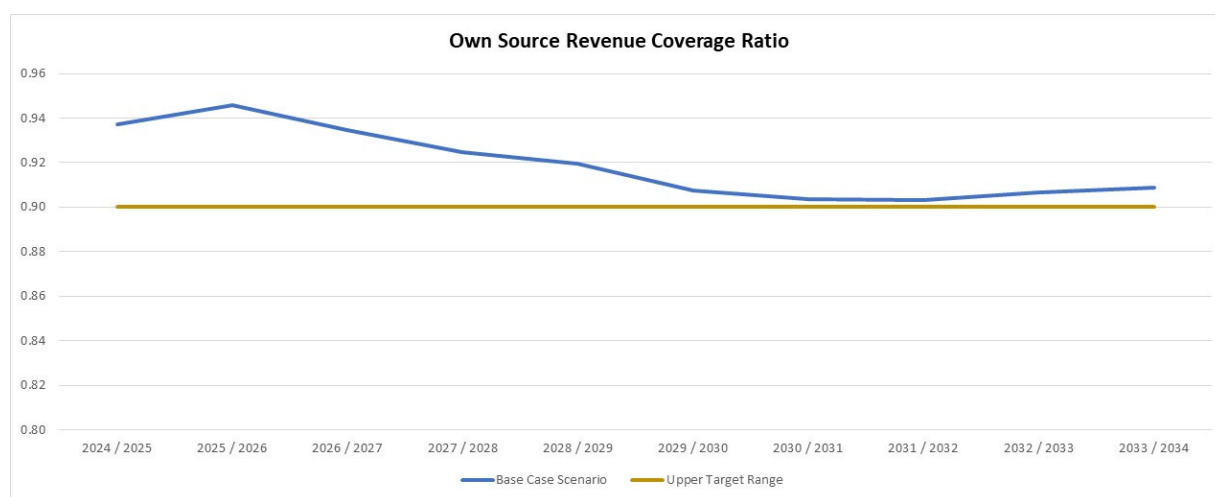
### 9.1 Key Performance Indicators

#### Own Source Revenue Coverage Ratio

Indication - A measure of a local government's ability to cover its costs through its own revenue efforts.

Target - Intermediate 60% - 90%, Advanced >90%

Commentary - The advanced target of greater than 90% is achieved over the 10 year period. Revenue derived from the City's operations can cover the City's operational costs.

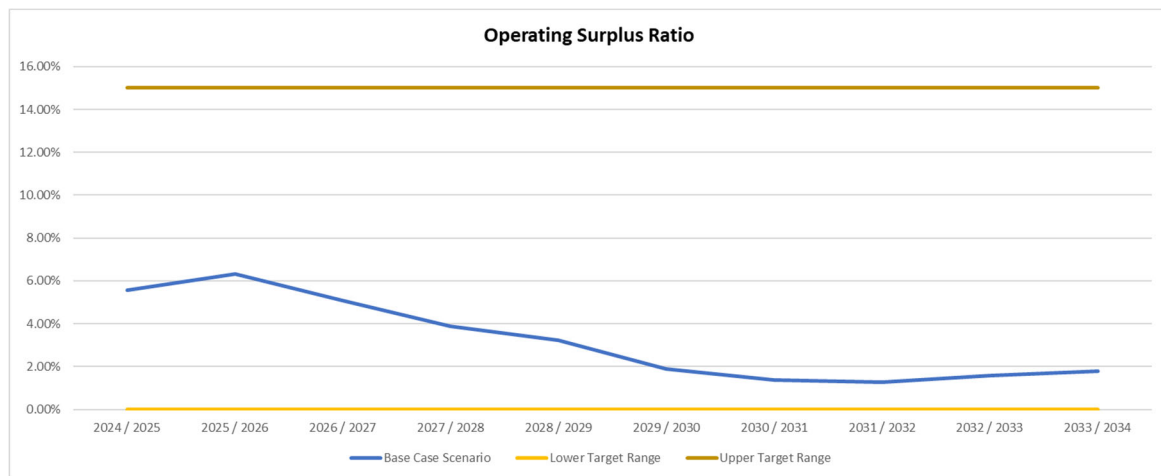


#### Operating Surplus Ratio

Indication - An indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding.

Target – Between 0% and 15%

Commentary - The target of an operating surplus is achieved each year of the LTFP. This indicates that surplus operational funds are available for capital works.

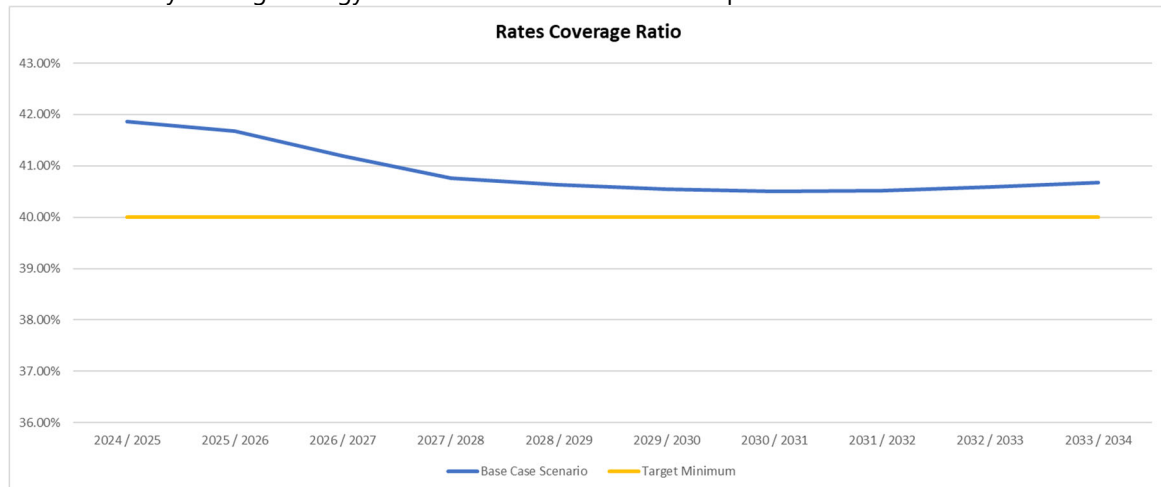


## Rates Coverage

Indication - An indicator of a local government's ability to cover its costs through its own revenue efforts.

Target – Greater than or equal to 40%

Commentary - Trend shows the rates coverage ratio being maintained between 40.7% and 41.6%. This indicates the City's rating strategy allows the town to raise an acceptable level of funds from its rates base.

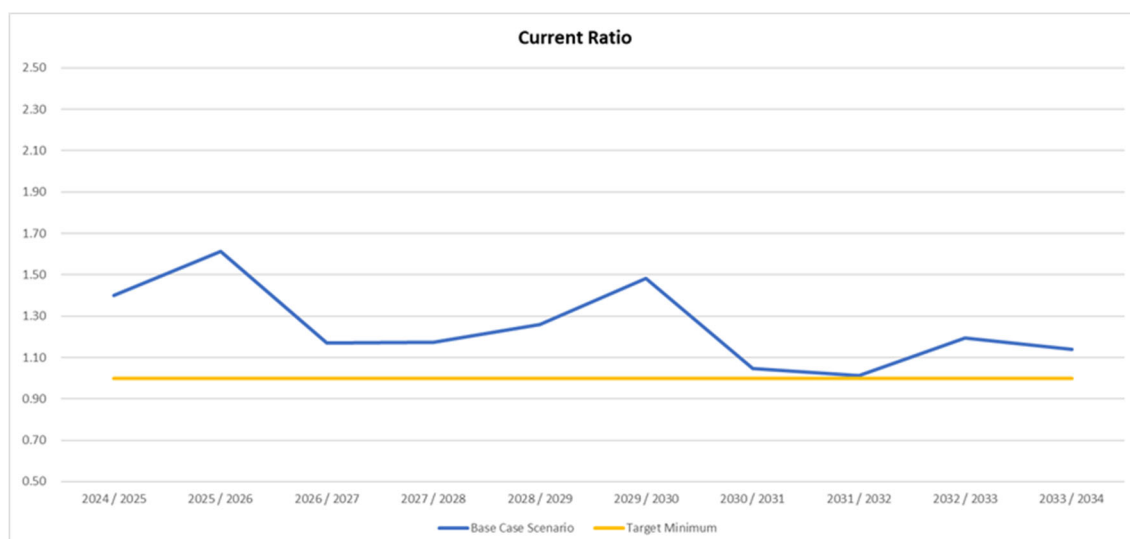


## Current Ratio

Indication - A measure of a local government's liquidity and its ability to meet its short term financial obligations from unrestricted current assets.

Target – Great than or equal to 1

Commentary - The target of greater than 1 is maintained throughout the Long Term Financial Plan.

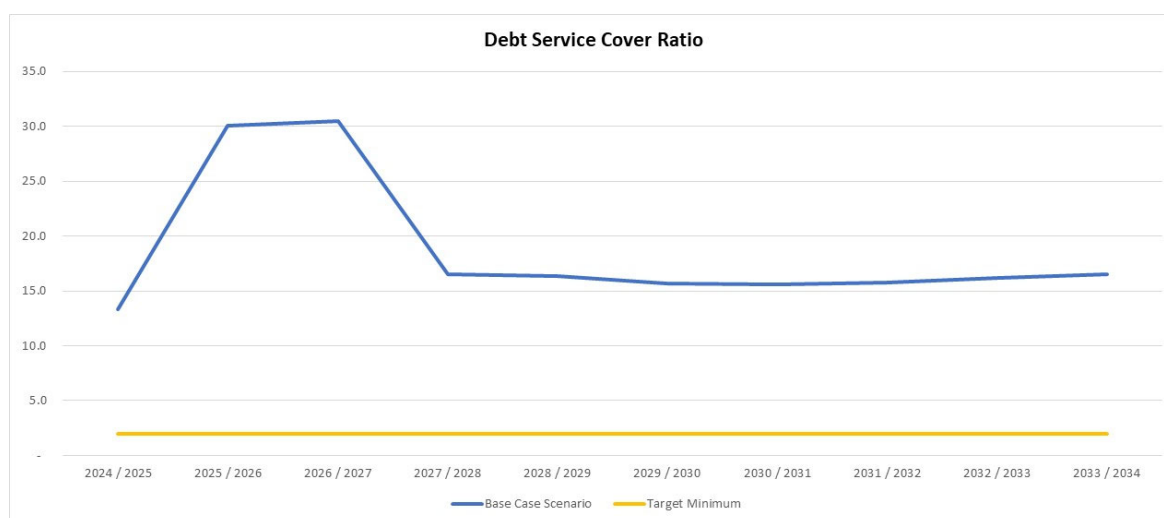


## Debt Service Cover Ratio

Indication - An indicator of a local government's ability to generate sufficient cash to cover its debt payment.

Target – Greater than or equal to 2

Commentary - The City's debt ratio being higher than 2 indicates the ability to fund the proposed levels of debt and in 2034/35 is anticipated to have outstanding debt of \$3 million.



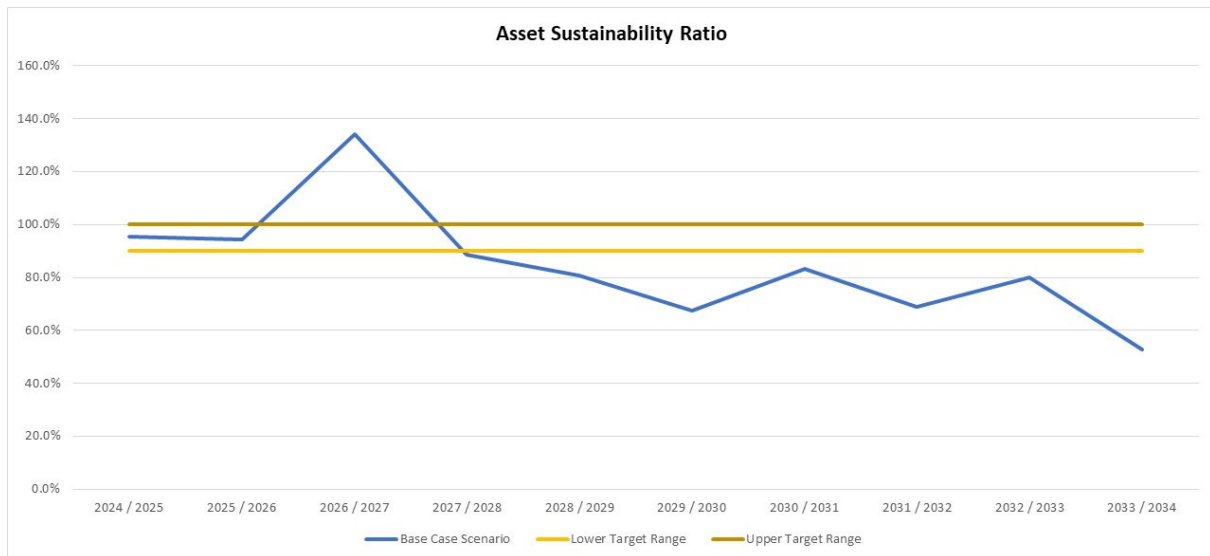
## Asset Sustainability Ratio

Indication - An indicator of the extent to which assets managed by a local government are being renewed or replaced as they reach the end of their useful lives.

Target – Between 90% and 100%

Commentary - The City does not expect to achieve a ratio within the target range in 28/29, due to the increase in new asset spend which includes the Roebourne Recreation Precinct., the Windy Ridge Sporting Precinct and Dampier Masterplan, and the Karratha Airport runway upgrade. The ratio begins the return back to asset renewals thereafter, moving downwards again in 2031/32 due to additional new asset spend for the Karratha Airport taxiway extension. It is anticipated that future revisions of the LTFP will identify further asset renewal

requirements, which will alleviate the downward trend as new capital works are planned and approved in the future.

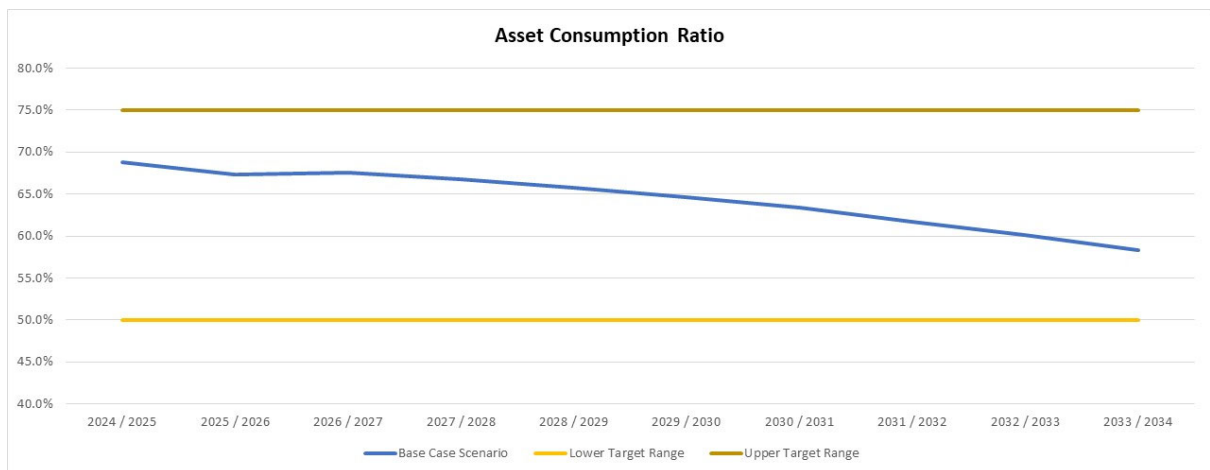


## Asset Consumption Ratio

Indication - Highlights the aged condition of a local government's physical assets.

Target – Between 50% and 75%

Commentary - This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement value. The City's ratio is achieved and maintained within the target band over the life of the LTFP.



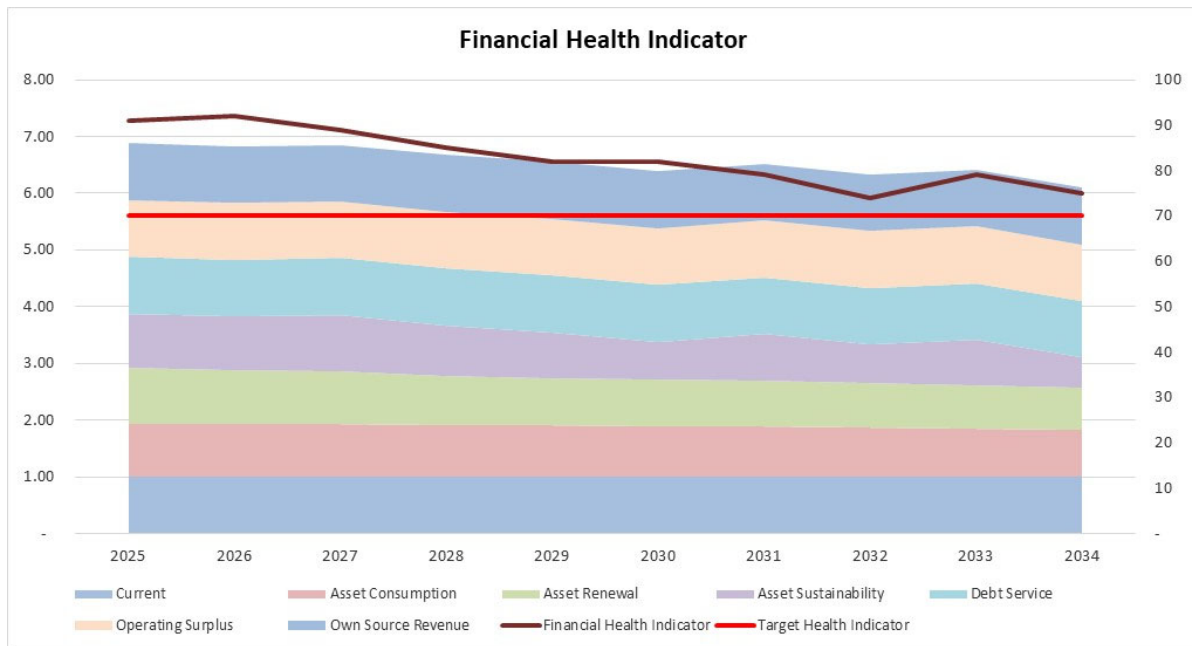
## Financial Health Indicator (FHI)

Indication - The Financial Health Indicator is a measurement of a local government's overall financial health.

Target – Greater than or equal to 70

Commentary - The City is forecast to be in good financial health.





## 10 Key Assumptions underpinning our LTFP

### 10.1 Operational Revenue and Expenditure

The City's Long Term Financial Plan projections are based on a number of assumptions regarding the City's operational revenue and expenditure. The first five years of our LTFP contains a high level of accuracy, however, the capacity to accurately predict the City's financial position for the remaining period is diminished and includes reasonable estimates only.

The key assumptions are detailed in the table below.

Base Case Key Assumptions	
Rates revenue	The LTFP is based on a residential increase of 3.17% over ten years rates incorporating Madigan, Baynton West, Gregory and Hancock Way, supplemented by additional rates revenue from commercial, plus an annual increase of 2.5%-5.5% based on Consumer Price Index forecast. Conservative estimates for property growth have been utilised pending resource and industry project announcements.
Other fees and charges	2.5%-5.5% increase per year to reflect projected Consumer Price Index (CPI).
Airport fees and charges	Recovery from COVID-19 has been quick. Current projects and construction activity in Karratha will drive higher revenues between 2024 - 2028 with a tapering off effect after that. Passenger numbers will also rise with the additional activity increasing revenue.
Grants and contributions	CPI used as an indicator to forecast Operating Grants and Contributions. Roads to Recovery is funded on a five-year funding plan, which will continue into 2028-29.
Employee costs	Slight increase in staff levels in 2024/25 as per the Workforce Plan and forecasted growth. 4% growth rate as per the City of Karratha Industrial Agreement 2023 in effect August 2023 with (10%) vacancy rate and 0.5% skill step movement.

Materials and contracts	CPI increase for maintenance and operation of existing services and infrastructure. Rawlinsons Building Price Index (BPI) for the Pilbara region has been included to recognize the increased cost of goods and services in the area.
% of OPEX on new capital	Assumption that 7.5% of major and 2.5% of minor cost of new infrastructure will be incurred in maintenance and operating costs.
Insurance	2.5%-5.5% increase per year to reflect projected CPI.

## 10.2 Economic Assumptions

The following economic drivers have been used to develop this plan:

Economic Assumptions	
Consumer Price Index Australia (CPI) <i>RBA, Forecast table - June 2025</i>	2.50% - 5.20%
Western Australian Treasury Corporation (WATC) fixed rate semi-annual interest rate <i>WATC Indicative Local Government Interest Rates, August 2024</i>	4.06% - 4.93%
Term Deposit interest rates	3.95% - 5.31%
Western Australia Local Government (WALGA) Local Government Cost Index <i>WALGA Economic Briefing, June 2024</i>	2.80% - 4.40%
Rawlinsons Regional Indices Western Australia <i>Rawlinsons 2023 Edition 41</i>	55.0%
Regional Price Index (RPI) <i>Department of Primary Industries and Regional Development 2023</i>	11.1%

## 10.3 Capital Works Program

Delivering major infrastructure projects to provide long-term benefits to our community for generations to come is the key focus for the City of Karratha as we continue our transformation into Australia's most liveable regional city. The creation of new assets and renewal or upgrade of existing infrastructure have been included in developing the LTFP.

This plan outlines a capital works program of \$575 million over the 10-year period, which will require borrowings of \$16 million to achieve this program.

### Capital Works by Program and Schedule

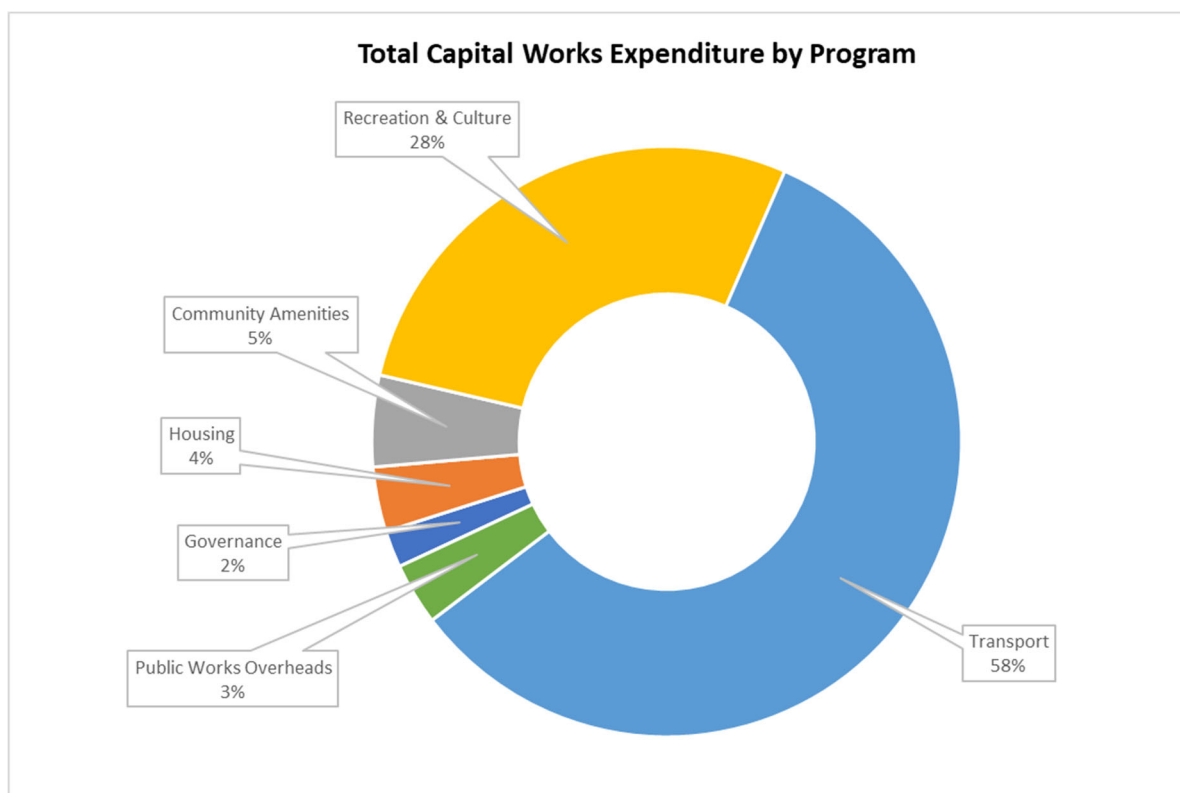
The following graph illustrates capital expenditure by program for the period of the LTFP 2024-2035. The table outlines the capital expenditure by Schedule, the method developed by the City to categorise its Capital Works.

Due to the remote location and large geographical size of the City, transport is a key priority which is demonstrated at 58% of total capital expenditure. Contained within the transport program, Karratha Airport is the City's largest asset and provides a significant revenue stream. It is essential to the City's capital portfolio accounting for \$76 million in the 10 year Capital Program. Roads, footpaths and kerbing infrastructure are another priority with \$50 million of capital expenditure.

Recreation and Culture and Community Amenities are the next greatest capital expenditures, representing a combined 33% of the capital works expenditure over the next ten years. Community feedback resulted in improved sporting and recreation facilities and townscape aesthetics.

As per the 2023 Community Survey, the results, also highlighted housing affordability and availability were regarded as high importance when living in the City of Karratha. Therefore, the City recognises the value of significant expenditure dedicated to new housing initiatives, expected to be \$21 million over the next ten

years. This estimate does not include the anticipated expenditure likely to arise from 'Project Dorothy', as the initiative is still passing through the formal expression of interest process at the time of adopting this iteration of the LTFP.



Total Capital Works Expenditure by Schedule	
Airport	76,057,419
Townsite Aesthetics	24,911,400
Community Facilities	25,127,144
City Offices and Admin Buildings	7,925,000
City Owned Housing	25,279,265
Fleet, Plant & Equipment Replacement	30,302,166
ICT Asset Replacement Program	10,210,612
Investments	14,546,755
Karratha Leisureplex	23,205,592
Campgrounds, Foreshores, Jetties, Parks & Public Toilets	20,615,379
Red Earth Arts Precinct	10,605,947
Drainage & Reuse Schemes	7,985,000
Roads, Footpaths and Kerbing	50,315,404
Sporting & Recreation	78,367,609
Waste Facility	15,608,426
<b>Total Capex by Schedule</b>	<b>421,063,118</b>

## 10.4 Housing Initiatives

The City is currently experiencing a shortage of properties to buy and/or rent and future resource sector growth is expected to intensify this issue. Without a rapid development of additional dwelling stock, it is likely that there will be a spike in house and rental prices. Given this situation, the City is proposing a Housing Investment Program to alleviate this problem.

The housing program, referred to as Project Dorothy, includes the following initiatives:

- Service Worker Accommodation (SWA)
- Hancock Way Development
- Warriar Street Refurbishment
- Agreements with external parties to develop and expand housing
- Walgu Housing Development

## 10.5 Exclusions

Prospective projects and facilities that are not sufficiently detailed at this stage, have not been included in the plan. They will be incorporated into future plans once transparency around timing, revenue, expenditure and capital are known.

At this time of economic uncertainty, costs will continue to change. Therefore, it is necessary to effectively draw a line in the sand when preparing the capital program for the LTFP. The values disclosed in this plan represent estimated future prices and costs and will be reviewed regularly.

# 11 Key Risks to Long Term Sustainability

The LTFP has identified the below key risks that present substantial challenges for the City of Karratha's long term sustainability given the current and future demands anticipated for facilities and services.

Key risks	Challenge
Population uncertainty	Population growth forecasts vary significantly, making it difficult to calculate market demand for facilities and services in our long term financial planning.
Dispersed population	Population spread across five distinct towns, requires duplication of facilities and services in each town, creating financial pressure.
Resource expansion	Resource projects' State Agreements create inequity in our rating process across business and industry and severely limit our ability to source additional capital and operational funding to offset Fly-In, Fly-Out (FIFO) impacts on community facilities and services.
Cost pressure increase	Local government costs continually increase at a higher rate than CPI, with additional costs associated with the remoteness of the Pilbara compounding the issue.
Reduction in State and Federal Government grants	Grants and contributions are received from State and Federal Governments based on their population and capacity to generate rates and revenues. As the City progresses, it is anticipated that grants and contributions from Governments will decrease.

Cost shifting from other levels of government	The City's service delivery requirements are beyond typical local government responsibility due to our remote location. These services include a range of community, health, environmental and planning services, tourism, heritage, entertainment and so forth, with funding that does not always account for substantial distances to service localities and higher costs associated with being in the Pilbara.
Organisational capacity	Attracting and retaining staff with requisite skills is a constant challenge due to remoteness, cost of living, housing affordability and salary competition from the resource sector.
Asset management planning	The ability to accurately quantify the financial risks over a long period is difficult as the Asset Management Plan is a five year plan.

To address these risks, the Long Term Financial Plan is reviewed and updated regularly.

## 12 Financial Projections

Our financial projections for the LTFP conform to the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

We have followed a format within our LTFP that allows our projections to feed into the statutory format of our Annual Budgets, as well as allowing the key performance measures outlined in our LTFP to be compared with our Annual Budgets and Annual Reports.

### 12.1 Financial Statements

The financial statements as per Appendix A, have been prepared for the 10 years covered in the LTFP. These estimates have been prepared on the basis of the assumptions shown previously in the document.

Our statutory statements include:

- Statement of Comprehensive Income by Nature
- Statement of Cash Flows
- Statement of Financial Activity
- Statement of Financial Position
- Statement of Changes in Equity

#### Statement of Comprehensive Income by Nature

Identifies the cost of goods and services provided, and the extent to which costs are recovered from revenues. A surplus is estimated for each year of the LTFP.

#### Statement of Cash Flows

The purpose of this statement is to show how changes in balance sheet accounts and income affect cash and cash equivalents, breaking the analysis down to operating, investing and financing activities. Net cash provided by operating activities illustrates how much cash is expected to remain after funding the services provided to the community. This can be used to fund other activities such as infrastructure and capital works. Information provided by the Statement of Cash Flows can assist in recognising the ability to generate cash and meet financial commitments, including repayments of debt.

#### Statement of Financial Activities

This statement, formerly known as the Rate Setting Statement, summarises the operating, capital, debt and reserve transactions. The plan identifies the funds necessary to balance the budget in each financial year through the collection of rates. The format of the Statement of Financial Activity in the LTFP varies from the Annual Budget. The Annual Budgets bottom line represents the amount required from rates. In the LTFP, rates are assessed in accordance with relevant assumptions to the plan. If a surplus results, this can be used to fund other services however, where a shortfall results this indicates that the Council is unable to fund the services proposed at the planned rating levels. The LTFP shows a budget deficit, however the new borrowings included in the plan will cover the cost of planned service requirements within the LTFP.

### **Statement of Financial Position**

This statement summarises the expected financial position of the City at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The statement discloses transactions as current and non-current assets, and current and non-current liabilities (net assets) and equity.

### **Statement of Equity**

The purpose of this statement is to report the changes in equity over an accounting period. The LTFP uses this to show the changes in accumulated funds and reserves over the next 10 years.

These statements are supported by our following schedules:

- Ten Year Capital Works Program
- Loan Repayment Schedule
- Cash Reserves
- Sustainability Ratios

## **13 Implementation and Review of the Long Term Financial Plan**

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Council considers the content of our long term financial plans when preparing the City of Karratha's Annual Budget.

Since the creation of our first long term financial plan in 2012, adopted Annual Budgets have been aligned with the proposals made in the plan and the underlying assumptions.

We have conducted internal reviews of the LTFP each year as part of our Operational Plan and Annual Budget development to account for performance information and any changing circumstances.

The City is confident the modelling in the LTFP provides clear guidance on the financial impacts of various activities, initiatives, service levels and programs, allowing the City to set priorities within its resourcing capabilities, to sustainably deliver the infrastructure and services our community needs.



## 14 Appendices

### 14.1 Appendix A - Financial Statements

#### Statement of Comprehensive Income by Nature

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE										
Rates	56,999	58,999	60,769	62,619	64,530	66,505	68,523	70,603	72,735	74,930
Operating Grants, Subsidies and Contributions	15,643	16,144	16,628	17,085	17,512	17,950	18,399	18,859	19,330	19,814
Fees and Charges	20,369	21,039	21,688	22,304	22,259	22,835	23,425	24,031	24,653	25,290
Airport Fees	25,558	27,347	28,988	30,437	31,655	32,604	33,582	34,590	35,628	36,696
Waste Fees & Charges	18,994	19,716	20,425	21,110	21,764	22,439	23,134	23,851	24,591	25,353
Service Charges	-	-	-	-	-	-	-	-	-	-
Interest Earnings	5,256	6,296	5,518	5,130	4,807	3,957	3,716	3,740	4,244	4,520
Other Revenue	457	472	486	499	1,012	525	538	551	565	579
	143,276	150,012	154,502	159,184	163,538	166,813	171,317	176,225	181,745	187,183
EXPENSES										
Employee Costs	47,401	49,933	52,097	54,222	56,297	58,449	60,681	62,998	65,401	67,894
Materials and Contracts	43,831	45,791	48,312	51,075	53,394	55,617	57,730	59,602	61,284	62,966
Utility Charges	6,700	6,923	7,141	7,347	7,541	7,740	7,945	8,154	8,370	8,591
Depreciation	31,637	32,111	32,593	33,082	33,578	34,082	34,593	35,112	35,639	36,173
Interest Expenses	272	272	648	1,011	947	880	810	738	661	582
Insurance Expenses	3,703	3,822	3,936	4,045	4,146	4,249	4,356	4,465	4,576	4,691
Other Expenditure	2,619	2,703	2,784	2,860	2,932	3,005	3,080	3,157	3,236	3,317
	136,163	141,555	147,511	153,642	158,834	164,023	169,196	174,225	179,168	184,214
Surplus (Deficit) before Capital Funding	7,114	8,457	6,991	5,541	4,704	2,791	2,121	2,000	2,577	2,969
Non-Operating Grants, Subsidies and Contributions	6,223	14,354	36,719	19,959	6,801	4,852	5,573	3,286	2,124	2,180
Profit on Asset Disposals	-	-	-	-	-	-	-	-	-	-
Loss on Asset Disposals	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
NET RESULT	13,337	22,811	43,710	25,500	11,505	7,643	7,695	5,286	4,701	5,149
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	13,337	22,811	43,710	25,500	11,505	7,643	7,695	5,286	4,701	5,149

## Statement of Cash Flows

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>										
<b>Receipts</b>										
Rates	58,571	58,970	60,739	62,587	64,497	66,471	68,489	70,568	72,698	74,893
Operating Grants, Subsidies and Contributions	15,204	15,643	16,144	16,628	17,085	17,512	17,950	18,399	18,859	19,330
Fees and Charges	20,161	20,799	21,465	22,102	22,680	23,259	23,852	24,450	25,053	25,661
Airport Fees	25,558	27,347	28,988	30,437	31,655	32,804	33,982	35,190	36,428	37,696
Waste Fees & Charges	18,554	19,716	20,425	21,110	21,764	22,439	23,134	23,851	24,591	25,353
Service Charges	-	-	-	-	-	-	-	-	-	-
Interest Earnings	5,889	6,929	8,151	9,783	11,440	13,249	15,199	17,293	19,531	21,913
Goods and Services Tax	-	-	-	-	-	-	-	-	-	-
Other Revenue	457	472	486	499	1,012	525	538	551	565	579
	<b>143,234</b>	<b>149,875</b>	<b>154,397</b>	<b>159,126</b>	<b>163,533</b>	<b>166,799</b>	<b>171,294</b>	<b>176,192</b>	<b>181,702</b>	<b>187,129</b>
<b>Payments</b>										
Employee Costs	47,175	49,682	51,887	54,019	56,100	58,245	60,472	62,781	65,177	67,662
Materials & Contracts	43,758	45,652	47,733	49,923	52,140	54,391	56,671	58,982	61,323	63,695
Utility Charges	6,700	6,923	7,141	7,347	7,541	7,740	7,945	8,154	8,370	8,591
Insurance Expenses	3,703	3,822	3,936	4,045	4,148	4,249	4,356	4,465	4,576	4,681
Interest expenses	272	272	648	1,011	947	880	810	738	661	582
Goods and Services Tax	-	-	-	-	-	-	-	-	-	-
Other Expenditure	3,037	2,703	2,784	2,880	2,932	3,005	3,080	3,157	3,236	3,317
	<b>104,685</b>	<b>109,053</b>	<b>110,129</b>	<b>120,605</b>	<b>127,806</b>	<b>129,641</b>	<b>134,254</b>	<b>134,787</b>	<b>143,453</b>	<b>147,887</b>
<b>Net Cash from Operating Activities</b>	<b>38,549</b>	<b>40,822</b>	<b>44,268</b>	<b>38,521</b>	<b>35,727</b>	<b>37,158</b>	<b>37,040</b>	<b>41,405</b>	<b>38,249</b>	<b>39,242</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts</b>										
Non-operating Grants, Subsidies & Contributions	6,223	14,354	36,719	19,959	6,801	4,852	5,573	3,286	2,124	2,180
Proceeds from sale of property, plant & equipment	1,854	1,913	1,970	2,025	2,075	2,127	2,180	2,235	2,291	2,348
Proceeds from financial assets	(23)	-	-	-	-	-	4,100	-	-	-
	<b>8,054</b>	<b>16,267</b>	<b>38,689</b>	<b>21,984</b>	<b>8,877</b>	<b>6,979</b>	<b>11,854</b>	<b>5,521</b>	<b>4,414</b>	<b>4,528</b>
<b>Payments</b>										
Payments for property, plant and equipment	15,480	8,649	11,736	14,960	12,039	11,834	9,193	6,855	10,126	9,193
Payments for construction of infrastructure	36,181	42,398	97,569	57,010	49,244	41,638	40,532	24,294	20,695	13,419
Payments for financial assets	300	-	-	-	11,258	-	-	-	-	-
Payments for investment property	-	-	-	-	-	-	-	-	-	-
	<b>51,961</b>	<b>51,048</b>	<b>109,305</b>	<b>71,970</b>	<b>72,540</b>	<b>53,473</b>	<b>49,725</b>	<b>31,149</b>	<b>30,820</b>	<b>22,612</b>
<b>Non-Cash Exclusions</b>	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided by (or used in) Investing Activities</b>	<b>(43,907)</b>	<b>(34,780)</b>	<b>(70,616)</b>	<b>(49,986)</b>	<b>(63,663)</b>	<b>(46,493)</b>	<b>(37,872)</b>	<b>(25,628)</b>	<b>(26,406)</b>	<b>(18,084)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts</b>										
Proceeds from Self Supporting Loans	-	-	-	-	-	-	-	-	-	-
Proceeds from Local Group Loans	-	-	-	-	-	-	-	-	-	-
Proceeds from new borrowings	-	8,287	8,527	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowings	21	-	671	1,392	1,456	1,523	1,592	1,665	1,741	1,821
Payments for principal portion of lease liabilities	133	127	134	140	148	155	163	0	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(155)</b>	<b>8,160</b>	<b>7,722</b>	<b>(1,533)</b>	<b>(1,604)</b>	<b>(1,678)</b>	<b>(1,696)</b>	<b>(1,665)</b>	<b>(1,741)</b>	<b>(1,821)</b>
<b>Net Increase (Decrease) in cash held</b>	<b>(5,513)</b>	<b>14,182</b>	<b>(18,626)</b>	<b>(12,997)</b>	<b>(29,540)</b>	<b>(11,013)</b>	<b>(2,527)</b>	<b>14,112</b>	<b>10,101</b>	<b>19,337</b>
<b>Cash at the beginning of reporting period</b>	<b>121,016</b>	<b>115,503</b>	<b>129,685</b>	<b>111,059</b>	<b>98,061</b>	<b>68,522</b>	<b>57,509</b>	<b>54,982</b>	<b>69,093</b>	<b>79,195</b>
<b>Cash at the end of reporting period</b>	<b>115,503</b>	<b>129,685</b>	<b>111,059</b>	<b>98,061</b>	<b>68,522</b>	<b>57,509</b>	<b>54,982</b>	<b>69,093</b>	<b>79,195</b>	<b>98,532</b>

## Statement of Financial Activity

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>										
Office of the CEO	174	179	185	190	194	199	204	209	215	220
Corporate Services	15,204	16,572	16,112	16,027	15,866	14,790	14,830	15,143	15,944	16,525
Development Services	1,433	1,478	1,523	1,565	1,604	1,644	1,685	1,727	1,770	1,814
Strategic Projects & Infrastructure	51,423	54,161	56,733	59,076	61,144	62,970	64,851	66,788	68,783	70,838
Community Experience	18,045	18,622	19,181	19,708	20,201	20,706	21,224	21,754	22,298	22,855
<b>EXPENSES</b>										
Office of the CEO	7,639	8,001	8,319	8,629	8,929	9,240	9,561	9,894	10,238	10,595
Corporate Services	7,940	8,404	8,739	9,094	9,423	9,734	10,045	10,362	10,691	11,031
Development Services	7,100	7,441	7,740	8,031	8,313	8,605	8,908	9,222	9,546	9,882
Strategic Projects & Infrastructure	79,212	82,023	85,590	89,281	92,176	95,163	98,115	100,956	103,659	106,413
Community Experience	34,271	35,685	37,123	38,608	39,992	41,281	42,567	43,792	45,024	46,293
<b>Net Operating Result Excluding Rates</b>	<b>(49,885)</b>	<b>(50,543)</b>	<b>(53,778)</b>	<b>(57,078)</b>	<b>(59,826)</b>	<b>(63,714)</b>	<b>(66,402)</b>	<b>(68,604)</b>	<b>(70,157)</b>	<b>(71,961)</b>
<b>Adjustments for Cash Budget Requirements:</b>										
<b>Non-Cash Expenditure and Revenue</b>										
(Profit)/Loss on asset disposals	-	-	-	-	-	-	-	-	-	-
Depreciation on assets	31,637	32,111	32,593	33,082	33,578	34,082	34,593	35,112	35,639	36,173
Movement in employee benefit provisions	13	14	11	11	11	11	11	12	12	13
Movement in investment property	-	-	-	-	-	-	-	-	-	-
Movement in Accruals	376	352	370	394	419	421	423	425	427	429
Contributions of Gifted Assets	-	-	-	-	-	-	-	-	-	-
Adjustments to fixed assets	-	-	-	-	-	-	-	-	-	-
Amounts Set Aside to Provisions	(385)	(349)	4,104	(699)	(3,171)	(339)	(307)	3,651	(619)	(561)
<b>Amount attributable to Operating Activities</b>	<b>(18,245)</b>	<b>(18,415)</b>	<b>(16,699)</b>	<b>(24,290)</b>	<b>(28,989)</b>	<b>(29,538)</b>	<b>(31,681)</b>	<b>(29,403)</b>	<b>(34,698)</b>	<b>(35,907)</b>
<b>Capital Expenditure and Revenue</b>										
<b>Investing Activities</b>										
Non-operating grants & subsidies	6,223	14,354	36,719	19,859	6,801	4,852	5,573	3,286	2,124	2,180
Purchase property, plant & equipment	(15,480)	(8,649)	(11,736)	(14,960)	(12,039)	(11,834)	(9,193)	(6,855)	(10,126)	(9,193)
Purchase infrastructure assets	(36,181)	(42,398)	(97,569)	(57,010)	(49,244)	(41,638)	(40,532)	(24,294)	(20,695)	(13,419)
Payments for investment property	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of assets	1,854	1,913	1,970	2,025	2,075	2,127	2,180	2,235	2,291	2,348
Proceeds from financial asset	23	-	-	-	-	-	4,100	-	-	-
Advances to community groups	(300)	-	-	-	(11,256)	-	4,862	-	-	-
Non-cash amounts excluded from investing activities	-	-	-	-	-	-	-	-	-	-
<b>Amount attributable to Investing Activities</b>	<b>(43,861)</b>	<b>(34,780)</b>	<b>(70,616)</b>	<b>(49,986)</b>	<b>(63,663)</b>	<b>(46,493)</b>	<b>(33,010)</b>	<b>(25,628)</b>	<b>(26,406)</b>	<b>(18,084)</b>
<b>Financing Activities</b>										
Repayment of borrowings	(21)	-	(671)	(1,392)	(1,456)	(1,523)	(1,592)	(1,665)	(1,741)	(1,821)
Proceeds from new borrowings	-	8,267	8,527	-	-	-	-	-	-	-
Other loan principal income	-	-	-	-	-	-	-	-	-	-
Payment for principal portion of lease liabilities	(133)	(127)	(134)	(140)	(148)	(155)	(103)	(0)	-	-
Transfers to reserves (restricted assets)	(40,552)	(35,984)	(35,492)	(36,935)	(27,144)	(27,483)	(30,805)	(37,290)	(31,942)	(35,649)
Transfers from reserves (restricted assets)	41,876	25,515	50,568	49,862	58,025	37,769	32,175	22,446	24,905	15,130
<b>Amount attributable to Financing Activities</b>	<b>1,169</b>	<b>(2,328)</b>	<b>22,799</b>	<b>11,397</b>	<b>29,278</b>	<b>8,609</b>	<b>(326)</b>	<b>(16,510)</b>	<b>(8,779)</b>	<b>(22,340)</b>
<b>Amount required to be raised from rates</b>	<b>(56,984)</b>	<b>(55,508)</b>	<b>(61,026)</b>	<b>(63,136)</b>	<b>(63,890)</b>	<b>(66,784)</b>	<b>(65,296)</b>	<b>(68,314)</b>	<b>(67,594)</b>	<b>(71,190)</b>
<b>Budgeted Surplus/(Deficit) after imposition of general rates</b>	<b>15</b>	<b>3,491</b>	<b>(257)</b>	<b>(517)</b>	<b>639</b>	<b>(279)</b>	<b>3,227</b>	<b>2,289</b>	<b>5,141</b>	<b>3,741</b>

## Statement of Financial Position

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>										
Cash & Cash Equivalents	6,986	11,223	6,920	6,206	6,003	4,763	3,537	3,546	6,962	6,806
Cash Backed Reserves	108,554	118,499	104,176	91,892	62,555	52,783	51,482	65,584	72,270	91,762
Trade and other receivables	8,414	8,457	8,471	8,443	8,367	8,298	8,236	8,181	8,134	8,096
Other financial assets	6,637	6,637	6,637	6,637	6,637	10,737	6,637	6,637	6,637	6,637
Inventories	2,794	2,887	2,978	3,064	3,145	3,228	3,313	3,400	3,490	3,582
<b>Total Current Assets</b>	<b>133,385</b>	<b>147,703</b>	<b>129,182</b>	<b>116,242</b>	<b>86,707</b>	<b>79,808</b>	<b>73,204</b>	<b>87,349</b>	<b>97,493</b>	<b>116,884</b>
<b>NON-CURRENT ASSETS</b>										
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	4,246	4,246	4,246	4,246	15,502	11,402	11,402	11,402	11,402	11,402
Inventories	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	295,756	287,532	282,112	279,633	273,948	267,770	258,565	246,677	237,757	227,595
Infrastructure	428,054	453,438	533,738	573,219	604,672	628,252	650,455	656,146	657,957	652,210
Investment Property	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350
Right of Use Assets	736	598	480	322	184	46	(1)	(1)	(1)	(1)
<b>Total Non-Current Assets</b>	<b>775,141</b>	<b>792,164</b>	<b>866,906</b>	<b>903,769</b>	<b>940,656</b>	<b>953,819</b>	<b>966,771</b>	<b>960,574</b>	<b>953,465</b>	<b>937,556</b>
<b>Total Assets</b>	<b>908,525</b>	<b>939,867</b>	<b>996,088</b>	<b>1,020,011</b>	<b>1,027,363</b>	<b>1,033,628</b>	<b>1,039,976</b>	<b>1,047,923</b>	<b>1,050,958</b>	<b>1,054,440</b>
<b>CURRENT LIABILITIES</b>										
Trade and other payables	14,636	15,124	15,599	16,050	16,474	16,909	17,355	17,813	18,284	18,767
Contract and lease liabilities	127	134	140	148	155	103	0	-	-	-
Borrowings	-	671	1,392	1,456	1,523	1,592	1,665	1,741	1,821	1,905
Provisions	4,847	5,084	5,282	5,475	5,660	5,852	6,051	6,256	6,467	6,686
<b>Total current liabilities</b>	<b>19,609</b>	<b>21,013</b>	<b>22,414</b>	<b>23,128</b>	<b>23,812</b>	<b>24,456</b>	<b>25,071</b>	<b>25,810</b>	<b>26,572</b>	<b>27,357</b>
<b>NON-CURRENT LIABILITIES</b>										
Lease Liabilities	680	547	406	258	103	0	-	-	-	-
Borrowings	(0)	7,596	14,731	13,275	11,752	10,160	8,495	6,753	4,932	3,028
Provisions	5,960	5,624	9,739	9,051	5,892	5,564	5,269	8,932	8,326	7,777
<b>Total Non-Current Liabilities</b>	<b>6,640</b>	<b>13,766</b>	<b>24,876</b>	<b>22,585</b>	<b>17,747</b>	<b>15,724</b>	<b>13,763</b>	<b>15,685</b>	<b>13,258</b>	<b>10,805</b>
<b>Total Liabilities</b>	<b>26,249</b>	<b>34,780</b>	<b>47,290</b>	<b>45,713</b>	<b>41,559</b>	<b>40,181</b>	<b>38,834</b>	<b>41,496</b>	<b>39,830</b>	<b>38,162</b>
<b>NET ASSETS</b>	<b>882,277</b>	<b>905,088</b>	<b>948,798</b>	<b>974,298</b>	<b>985,804</b>	<b>993,447</b>	<b>1,001,141</b>	<b>1,006,427</b>	<b>1,011,128</b>	<b>1,016,277</b>
<b>EQUITY</b>										
Retained Surplus	481,757	494,100	552,886	591,317	633,704	651,633	660,698	651,139	648,802	633,433
Reserves - Cash Backed	114,267	124,735	109,659	96,729	65,847	55,561	54,191	69,036	76,073	96,592
Reserves - Asset Revaluation	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253
<b>TOTAL EQUITY</b>	<b>882,277</b>	<b>905,088</b>	<b>948,798</b>	<b>974,298</b>	<b>985,804</b>	<b>993,447</b>	<b>1,001,141</b>	<b>1,006,427</b>	<b>1,011,128</b>	<b>1,016,277</b>



## Statement of Changes in Equity

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>RETAINED SURPLUS</b>										
Balance at beginning of year (1 July)	467,097	481,757	494,100	552,886	591,317	633,704	651,633	660,698	651,139	648,802
Net Surplus (deficit) for the year	13,337	22,811	43,710	25,500	11,505	7,643	7,695	5,286	4,701	5,149
Transfers from (to) Cash Backed Reserves	1,324	(10,468)	15,077	12,930	30,881	10,286	1,370	(14,845)	(7,037)	(20,518)
Transfers from (to) Asset Revaluation Reserves	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year (30 June)</b>	<b>481,757</b>	<b>494,100</b>	<b>552,886</b>	<b>591,317</b>	<b>633,704</b>	<b>651,633</b>	<b>660,698</b>	<b>651,139</b>	<b>648,802</b>	<b>633,433</b>
<b>RESERVE S - CASH BACKED</b>										
Balance at beginning of year (1 July)	115,591	114,267	124,735	109,659	96,729	65,847	55,561	54,191	69,036	76,073
Transfers from (to) Retained Surplus	(1,324)	10,468	(15,077)	(12,930)	(30,881)	(10,286)	(1,370)	14,845	7,037	20,518
<b>Balance at end of year (30 June)</b>	<b>114,267</b>	<b>124,735</b>	<b>109,659</b>	<b>96,729</b>	<b>65,847</b>	<b>55,561</b>	<b>54,191</b>	<b>69,036</b>	<b>76,073</b>	<b>96,592</b>
<b>RESERVE S - ASSET REVALUATION</b>										
Balance at beginning of year (1 July)	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253	286,253
Transfers from (to) Retained Surplus	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year (30 June)</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>	<b>286,253</b>

## 14.2 Appendix B – Supporting Schedules

### Ten Year Capital Works Program

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EXPENDITURE</b>										
<b>Capital Funding</b>										
Capital Grants & Subsidies	6,223	14,354	36,719	19,959	6,801	4,852	5,573	3,286	2,124	2,180
Proceeds from Asset Sales	1,854	1,913	1,970	2,025	2,075	2,127	2,180	2,235	2,291	2,348
Funded Depreciation	-	-	-	-	-	-	-	-	-	-
Developer Contributions - Cash	-	-	-	-	-	-	-	-	-	-
Transfer from Reserve	-	-	-	-	-	-	-	-	-	-
Aerodrome Reserve	797	0	0	9,417	14,842	0	0	0	0	0
Plant Replacement Reserve	-	-	-	-	-	-	-	-	-	-
Workers Compensation Reserve	-	-	-	-	-	-	-	-	-	-
Damper Drainage	10	10	10	10	10	10	10	10	10	10
Infrastructure Reserve	33,771	10,792	40,001	30,325	29,938	24,387	20,822	15,322	16,155	13,290
Public Open Space Reserve	-	-	-	-	-	-	-	-	-	-
Mosquito Control Reserve	-	-	-	-	-	-	-	-	-	-
Employee Entitlements Reserve	-	-	1,206	-	-	-	1,430	-	-	-
Waste Management Reserve	-	8,816	3,366	1,000	-	-	4,900	1,957	6,957	-
Housing Reserve	-	-	-	-	-	-	-	-	-	-
Walkington Theatre Reserve	-	-	-	-	-	-	-	-	-	-
Junior Sport Reserve	-	-	-	-	-	-	-	-	-	-
Community Development Reserve	-	-	-	-	-	-	-	-	-	-
Carry Forward Reserve	-	-	-	-	-	-	-	-	-	-
Medical Services Reserve	83	39	-	-	-	-	-	-	-	-
Economic Development Reserve	-	-	-	-	-	-	-	-	-	-
Partnership Reserve	7,215	5,858	5,985	9,110	13,236	13,372	5,012	5,156	1,783	1,830
Pilbara Underground Power Reserve	-	-	-	-	-	-	-	-	-	-
Restricted Funds Reserve	-	-	-	-	-	-	-	-	-	-
Loans - Borrowing	-	8,267	8,527	-	-	-	-	-	-	-
Loans - Community/Other Groups	-	-	-	-	-	-	4,100	-	-	-
<b>Total Capital funding</b>	<b>49,952</b>	<b>50,050</b>	<b>97,784</b>	<b>71,846</b>	<b>66,902</b>	<b>44,748</b>	<b>44,028</b>	<b>27,967</b>	<b>29,319</b>	<b>19,658</b>
<b>Capital Expenditure</b>										
<b>Infrastructure</b>										
Renewals	20,718	22,746	35,163	21,565	15,937	12,189	19,673	17,430	18,521	10,034
New Assets	7,390	16,655	57,876	28,316	18,674	20,785	16,056	1,996	1,924	2,103
New Assets - Airport	525	2,997	3,944	6,251	2,814	-	4,743	4,869	250	1,282
Asset Expansion/Upgrade	6,548	-	59	-	-	-	59	-	-	-
Asset Expansion/Upgrade - Airport	1,000	-	533	877	11,819	8,665	-	-	-	-
<b>Property Plant and Equipment</b>										
Renewals	9,438	7,523	8,528	7,733	11,150	10,806	9,087	6,745	10,013	9,077
New Assets - Major Community	-	-	-	-	-	-	-	-	-	-
New Assets - Minor Community	6,042	1,126	2,675	7,227	889	1,028	107	110	112	115
Asset Expansion/Upgrade - Major	-	-	-	-	-	-	-	-	-	-
Asset Expansion/Upgrade - Minor	-	-	533	-	-	-	-	-	-	-
Loan to Property Groups	300	-	-	-	11,256	-	4,862	-	-	-
Loan Repayments	21	-	671	1,392	1,456	1,523	1,592	1,669	1,741	1,821
<b>Total Capital Expenditure</b>	<b>51,982</b>	<b>51,048</b>	<b>109,977</b>	<b>73,362</b>	<b>73,995</b>	<b>54,995</b>	<b>46,456</b>	<b>32,815</b>	<b>32,562</b>	<b>24,433</b>
<b>Surplus (Shortfall) in Capital</b>	<b>- 2,030</b>	<b>- 998</b>	<b>- 12,192</b>	<b>- 1,516</b>	<b>- 7,094</b>	<b>- 10,247</b>	<b>- 2,427</b>	<b>- 4,848</b>	<b>- 3,243</b>	<b>- 4,775</b>



## Loan Repayment Schedule

	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Debt General Funds</b>											
<b>Total Debt Funds</b>											
Opening Balance	43,951	21,285	-	8,267,231	16,122,870	14,730,754	13,274,882	11,752,335	10,160,059	8,494,860	6,753,399
Less Repayments	(22,666)	(21,285)	-	(671,214)	(1,392,116)	(1,455,871)	(1,522,547)	(1,592,276)	(1,665,199)	(1,741,461)	(1,821,217)
Add New Loans	-	-	8,267,231	8,526,853	-	-	-	-	-	-	-
Closing Balance	21,285	-	8,267,231	16,122,870	14,730,754	13,274,882	11,752,335	10,160,059	8,494,860	6,753,399	4,932,182

## Cash reserves

	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	2029 / 2030	2030 / 2031	2031 / 2032	2032 / 2033	2033 / 2034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Reserves Balances (End of Year)</b>										
Infrastructure Reserve	48,084,738	57,389,290	35,642,739	23,507,702	13,404,483	8,944,009	12,807,371	25,000,683	35,951,477	50,322,609
Aerodrome Reserve	17,806,255	18,509,601	26,523,673	17,889,342	3,575,387	4,429,357	4,560,022	4,694,542	5,219,032	6,394,692
Waste Management Reserve	22,692,967	16,196,859	15,207,777	26,174,550	26,946,699	27,741,627	23,660,005	25,482,478	21,766,178	26,005,653
Damper Drainage Reserve	-	-	-	-	-	-	-	-	-	-
Workers Compensation Reserve	379,887	394,893	406,542	418,535	430,882	443,593	456,679	470,151	484,021	498,299
Public Open Space Reserve	147,734	153,569	158,099	162,763	167,565	172,508	177,597	182,836	188,230	193,783
Mosquito Control Reserve	2,349	2,441	2,513	2,587	2,664	2,742	2,823	2,907	2,992	3,081
Economic Development Reserve	1,524,174	1,584,379	1,631,118	1,679,236	1,728,773	1,779,772	1,832,275	1,886,327	1,941,974	1,999,262
Medical Service Assistance Package Reserve	38,664	995	1,024	1,055	1,086	1,118	1,151	1,185	1,220	1,256
Employee Entitlements Reserve	5,846,732	6,627,658	5,617,038	6,354,144	7,132,378	7,953,600	6,757,939	7,588,816	8,465,587	9,390,321
Community Development Reserve	654,316	680,162	700,226	720,883	742,149	764,042	786,582	809,786	833,675	858,268
Restricted Funds Reserve	23,024	23,024	23,024	23,024	23,024	23,024	23,024	23,024	23,024	23,024
Partnership Reserve	17,066,187	23,172,516	23,744,965	19,795,034	11,692,318	3,305,747	3,125,756	2,893,216	1,195,925	901,495
	<b>114,267,026</b>	<b>124,735,387</b>	<b>109,658,740</b>	<b>96,728,856</b>	<b>65,847,408</b>	<b>55,561,139</b>	<b>54,191,224</b>	<b>69,035,950</b>	<b>76,073,335</b>	<b>96,591,742</b>

## Sustainability Ratios

Ratio	Description of Ratio	Budget 2024 / 2025	Projected 2025 / 2026	Projected 2026 / 2027	Projected 2027 / 2028	Projected 2028 / 2029	Projected 2029 / 2030	Projected 2030 / 2031	Projected 2031 / 2032	Projected 2032 / 2033	Projected 2033 / 2034
<b>Coverage Ratio</b>											
Own Source Revenue Coverage Ratio	A measure of a local government's ability to cover its costs through its own revenue efforts Own Source Operating Revenue/Operating Expense  Intermediate is between 60% and 90% Advanced is above 90%	93.74%	94.57%	93.47%	92.49%	91.94%	90.76%	90.38%	90.32%	90.65%	90.86%
<b>Financial Performance Ratio</b>											
Operating Surplus Ratio	An indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding Operating Surplus/Own Source Revenue Advanced Standard >15% Target between 0% and 15%	5.57%	6.32%	5.07%	3.90%	3.22%	1.87%	1.39%	1.27%	1.59%	1.77%
Rates Coverage	An indicator of a local government's ability to cover its costs through its own tax revenue efforts Rates Revenue/Total Expenses Target - Greater than or equal to 40%	41.86%	41.68%	41.20%	40.76%	40.63%	40.55%	40.50%	40.52%	40.60%	40.68%
<b>Liquidity Ratio</b>											
Current Ratio	A measure of a local government's liquidity and its ability to meet its short term financial obligations from unrestricted current assets Current Assets less Restricted Assets/Current Liabilities less liabilities associated with Restricted assets Target - greater than or equal to 1	1.39	1.59	1.16	1.16	1.25	1.47	1.04	1.00	1.18	1.13
<b>Debt Ratios</b>											
Debt Service Cover Ratio	An indicator of a local government's ability to generate sufficient cash to cover its debt payments Operating revenue less Operating expenses except interest expense and depreciation/Principal and Interest Expense Target - more than 2 - The higher the better	133.10	150.20	30.50	16.50	16.33	15.71	15.62	15.75	16.18	16.53
<b>Asset Management Ratios</b>											
Asset Sustainability Ratio	An indicator of the extent to which assets managed by a local government are being renewed or replaced as they reach the end of their useful lives. Capital Renewal Expenditure/Depreciation Expense Target - between 90% and 100%	95%	94%	134%	89%	81%	67%	83%	69%	80%	53%
Asset Consumption Ratio	Highlights the aged condition of a local government's physical assets Depreciated Replacement Cost of Assets/Current Replacement Cost Target between 50% and 75%	69%	67%	68%	67%	66%	65%	63%	62%	60%	58%
Asset Renewal Funding Ratio	Indicates whether the local government has the financial capacity to fund asset renewal at existing revenue and service levels Net present value of planned renewal expenditure/net present value of Asset Management Plan projections Target - between 95% and 100%	94%	91%	88%	82%	79%	77%	75%	73%	71%	69%

### 14.3 Appendix C - Important Documents and Policies

This document should be read in conjunction with the following City documents:

- Council Policy CF-03 Investment Policy
- Council Policy CF-10 Rating Equity Policy
- Council Policy CF-13 Asset Management Policy
- Council Policy CF-14 Reserve Funding Policy
- Council Policy CF-16 Budget Review Policy
- Council Policy CG-01 Risk Management Policy
- Strategic Community Plan
- Corporate Business Plan
- Asset Management Plan
- Annual Budget
- Workforce Plan
- Integrated Strategic Plan

## 14.4 Appendix D - Glossary

Term	Definition
Annual Budget	A statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.
Annual operating surplus	Operating revenue minus net operating expense before interest and depreciation.
Asset Management Plans	Plans that guide the use, acquisition and disposal of assets to make the most beneficial use of their services delivery potential and to manage related risks and costs over their entire life.
Asset consumption ratio (ACR)	The Asset Consumption Ratio seeks to highlight the aged condition of a local government's stock of physical assets. The ratio can be calculated by dividing the depreciated replacement cost of assets by the current replacement cost. Standard is met if the ratio can be measured and is 50% or greater, the standard is improving if the ratio is between 60% and 75%.
Asset renewal funding ratio	Means the ratio determined by depreciated replacement cost of assets divided by current replacement cost of depreciable assets.
Asset sustainability ratio	Means the ratio determined by capital renewal and replacement expenditure divided by depreciation expense.
Capital funding	Funding available to pay for capital expenditure.
Capital grants/contributions	Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.
Capital new expenditure	Capital expenditure that creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.
Capital renewal expenditure	Capital expenditure on an existing asset that returns the service potential or the life of the asset, up to, that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project costs need to be allocated accordingly.
Capital upgrade expenditure	Expenditure, which enhances an existing asset to provide a higher level of service, and expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project costs need to be allocated accordingly.
Corporate Business Plan	A local government's internal business planning tool that translates Council priorities into operations, within the resources available. The Corporate Business Plan details the services, operations and projects a local government will deliver over a defined period.
Current ratio	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions. (Current Assets MINUS Restricted Assets) divided by (Current Liabilities MINUS Liabilities Associated with Restricted Assets)
Depreciation/amortisation	The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Term	Definition
Infrastructure assets	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and shared paths. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and often have no market value.
Integrated Planning and Reporting	A framework for establishing community priorities and linking these to different areas of a local government's functions.
Level of service	The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.
Liquidity ratio	Liquidity refers to how quickly and cheaply an asset can be converted into cash. A local government's liquidity is measured by the 'Current Ratio'. This ratio provides information on the ability of a local government to meet its short-term financial obligations out of unrestricted current assets.
Loans / borrowings	Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).
Operating expenditure	Recurrent expenditure continuously required to enable the asset to operate excluding maintenance and depreciation, e.g. electricity, water and fuel. It relates to operations and not the condition of the asset.
Operating revenue	Means the revenue that is operating revenue for the purposes of the Australian Accounting Standards, excluding grants and contributions for the development or acquisition of assets.
Risk management	The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.
Scenario modelling	Preparation of forecast or estimates in the LTFP on optimistic, conservative and worse case scenarios to understand the impact of variations in factors or assumptions.
Sensitivity analysis	Determines those factors or assumptions that if varied have greater impacts on the LTFP.
Strategic Community Plan	The strategy and planning document that reflects the longer term (10+ years) community and local government aspirations and priorities.
Workforce Plan	A coordinated plan that addresses the human resourcing requirements to deliver local government operations.