

Long Term Financial Plan

2019/20-2028/29



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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 10-year long term financial plan linked to a strategic community plan and a corporate business plan.

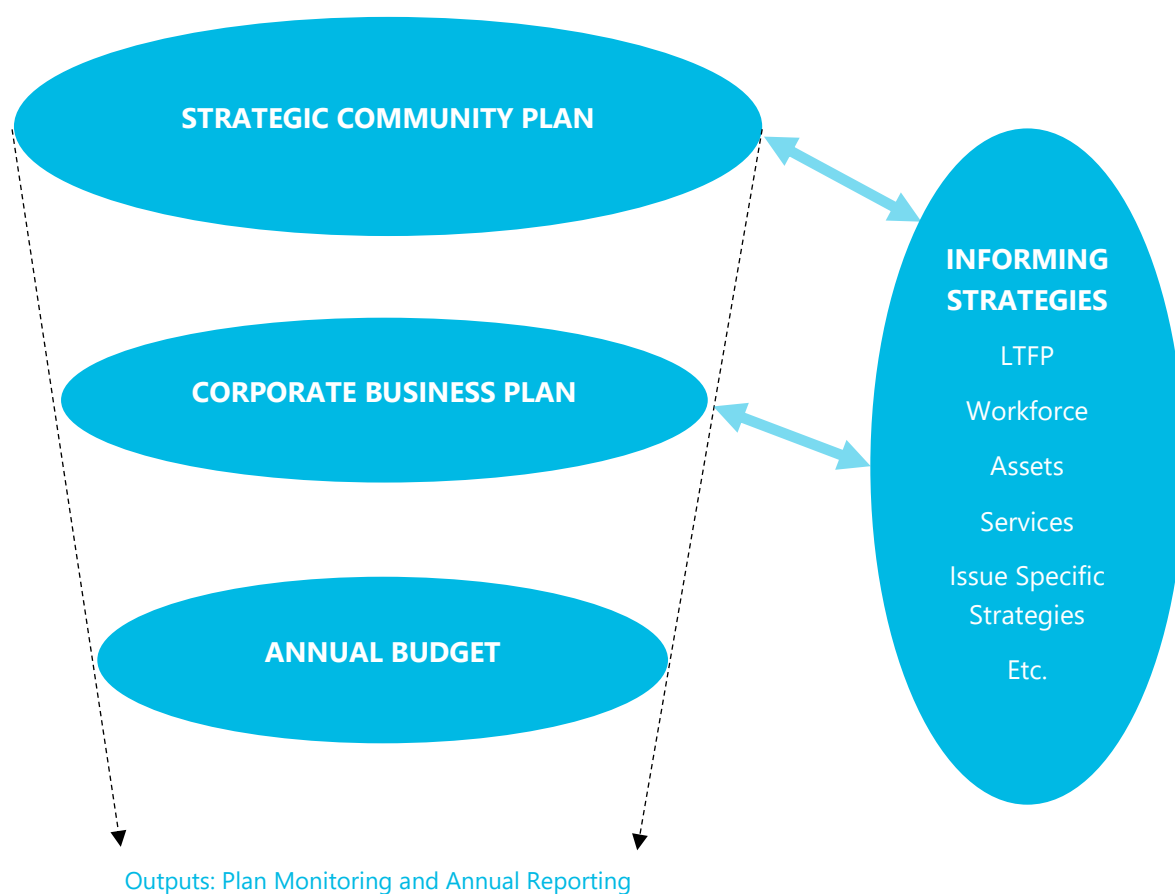
The City of Karratha's Long Term Financial Plan 2019-2029 (LTFP 2019-2029) is a key resource that facilitates the delivery of the commitments made in our Strategic Community Plan. It enables the City to set priorities based on its financial resources.

As such, the LTFP 2019-2029 is a critical document that underpins and influences the direction of the City's spending and investment now and going forward.

The LTFP 2019-2029, along with information contained in other strategic plans including the Asset Management Plan and Workforce Plan, form the basis for preparation of the City's Annual Budgets. The LTFP is reviewed annually with a major review this year, updating the current LTFP forecasts out to 2029.

The City's LTFP 2019-2029 provides an overview of 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 Introduction

There are challenging yet exciting times ahead for the City of Karratha as we strive to achieve our vision to become Australia's most liveable regional city. We have made great progress towards this goal over the past few years, delivering significant upgrades to infrastructure and facilities and increasing service delivery, which has greatly enhanced the vibrancy and liveability of our City.

Our Strategic Community Plan provides the framework to achieving our bold vision, underpinned by our Long Term Financial Plan 2019-2029, which outlines in detail how we will resource our future plans.

Our Long Term Financial Plan 2019-2029 is designed to provide you with an overview of where we're headed over the next decade, the major infrastructure projects we have planned to benefit the community, as well as our financial position and projections.

Needless to say, strong fiscal management is an essential component of our long term financial planning and underpins everything we do at the City of Karratha.

This means any and all work the City undertakes is in line with our overarching vision for the future, costed out, budgeted for in our long-range and annual budgets, communicated and shared openly with the local community and reported to Council.

In short, we hold ourselves accountable for the responsible financial management of our projects and ongoing operations, and strive to be as transparent as possible.

The past five years have marked a substantial period of growth, with the delivery of several significant infrastructure projects, the transformation and activation of our city centre, and numerous upgrades to community services.

While substantial progress has been made, we need to keep our foot on the accelerator to keep things moving within the City.

There is still a sizable amount of investment required in new capital projects across all of our towns, government services do not yet meet community expectations and, while there are signs of it, the economy is still yet to diversify substantially.

A number of barriers to further increasing our liveability still exist, specifically around the cost of living and availability and affordability of housing. The City has a unique and volatile housing market and solutions to the undersupply of residential properties and ways to stimulate the local construction industry will be a priority with infrastructure in the billions and anticipated population growth over the next few years.

One of the key challenges for the Council over the coming years will be to ensure we stay front of mind with key decision makers and funding partners so the progress we have made over the last five or so years doesn't become the only substantial change we see in the district.

The City of Karratha's in a strong financial position, with a robust framework in place, however responding to changing environments through sound financial management has never been more important.

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 22,414 residents across the five town sites of Karratha, Dampier, Roebourne, Wickham, Point Samson and the historic village of Cossack.



The City of Karratha is a growing regional centre within the Pilbara region 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.

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 FIFO workforce.

3.2 Key Statistics

Key General Statistics		Key Financial Statistics	
Distance from Perth	1,535km	Rates revenue	40,488,172
Area	15,882km	Fees and charges	38,548,526
Estimated residential population	22,414	Operating revenue	96,328,944
Median age	32 years	Operating expenditure	89,178,764
Number of City employees (FTE)	293	Net assets	736,662,061
Rateable properties	10,130	Cash backed reserves	66,847,807

4 Integrated Strategic Planning

4.1 Background

The Strategic Planning 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

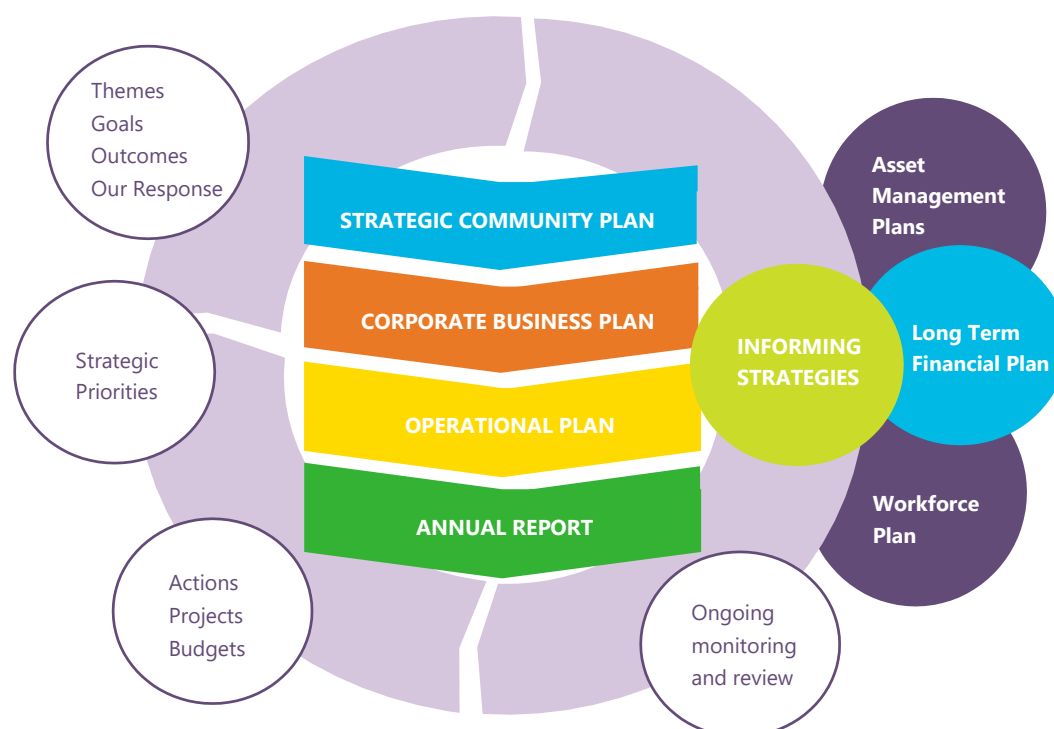
Our Vision: Australia's most liveable regional city

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

The Strategic Community Plan outlines the future of the City of Karratha for the next 10 years, 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 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 the *Local Government Regulations 1996*.

Estimates of expenditure and income have been calculated for each of these programs in the LTFP;

Program	Explanation
Governance	Objective: Functions relating to the Councilors and the running of Council. Expenditure includes the running of elections, payments of expenses to Councilors and non-statutory donations. Activities: To provide a decision making process for the efficient allocation of scarce resources.
General Purpose Funding	Objective: To collect revenue to allow for the provision of services. Activities: Rating (including ex-gratia contributions), interest revenues, property investment revenues, commercial investment revenues (including Quarter and prosed hotel) and general purpose government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.
Law, Order, Public Safety	Objective: To provide services to help ensure a safer and environmentally conscious community. Activities: Supervision of various by-laws, fire and emergency services, and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.
Health	Objective: To provide an operational framework for environmental and community health. Activities: Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.
Education and Welfare	Objective: To provide services to disadvantaged persons, the elderly, children and youth. Activities: Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.
Housing	Objective: To provide and maintain staff housing. Activities: Maintenance and operational expenses associated with the provision of staff housing.
Community Amenities	Objective: To provide services required by the community. Activities: Rubbish collection services, operation of tip, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with maintaining and cleaning of public toilets.
Recreation and Culture	Objective: To establish and effectively manage infrastructure and resources which enhance the social wellbeing of the community. Activities: Maintenance of halls, swimming pool, recreation centres, various reserves and operation of libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct and other pavilions, ovals and parks maintenance, Roebourne Swimming Pool, coastal rehabilitation, and libraries. Expenses relating to the historical town of Cossack and ABC Triple J radio re-broadcasting are included in this function.

Program	Explanation
Transport	Objective: To provide safe, effective and efficient transport services to the community. Activities: Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodrome. It includes expenditure for the construction and maintenance of the roads, footpaths and the expenditure relating to parking control and the operation of the Karratha Airport.
Economic Services	Objective: To help promote the local government and its economic wellbeing. Activities: Tourism and administration of building controls. Expenditure includes operation of visitor services and the costs associated with camping grounds.
Other Property and Services	Objective: To monitor and control operating accounts. Activities: Private works and other unclassified works. It includes expenditure relating to plant operations and the Technical Services division however these costs are then reallocated to the other functions. The costs associated with financing and administration are allocated direct to the relevant functions.

5.2 Service Levels

In the last few years, the City has delivered 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:

- Dampier Marina.
- Completing the redevelopment of the Karratha CBD – hotel and vacant lots.
- Foreshore developments throughout the district.
- Facility refurbishments and enhancements.

Services

- Ensuring we continuously improve the level and quality of our 'core services' to all of our communities.

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 (airfares, insurance, reasonable house, land and rental prices etc.)
- Providing quality, timely approvals and advice to businesses and developers.

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

5.3 Managing Our Assets

The City has developed a strategic approach to managing local government assets in order to ensure they meet the community's current and future requirements and expectations. The Strategic Asset Management framework consists of a number of 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.

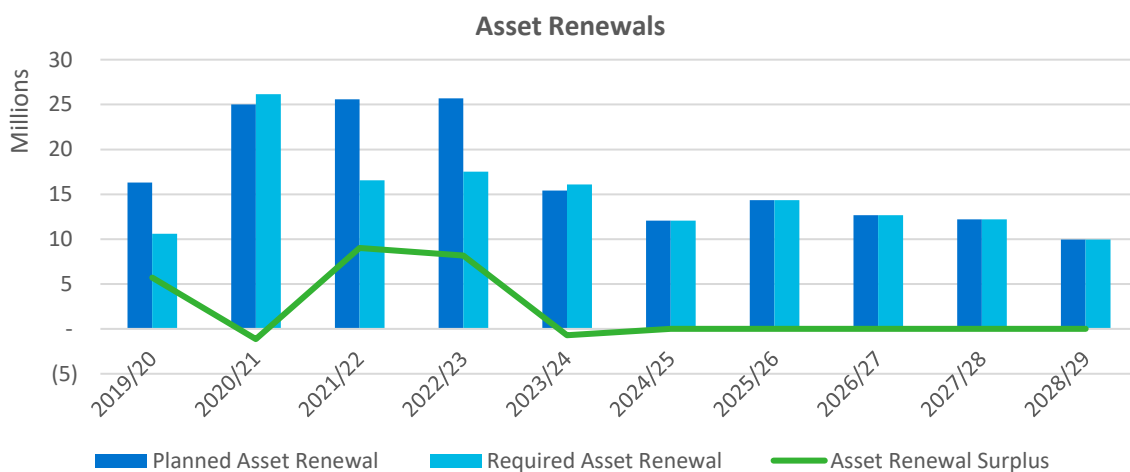
Resilient and sustainable infrastructure assets act as a platform for economic development and meet the social and recreational needs of our local community, allowing us to deliver key services such as:

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

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 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 2020/21 there is an anticipated renewal gap, however in 2021/22 planned asset renewal exceeds required asset renewal. The renewal gap is addressed in the LTFP and will be the focus of future annual budgets.

Total asset renewals of \$87m are estimated to be required over the 5 year period of the asset management plan. \$113m is estimated to be planned as per the first 5 years of the LTFP, resulting in sufficient financial coverage.



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 LTFP 2019-2029 is informed by a number of financial policies to ensure an accurate prediction of our financial position and our resourcing capability, to deliver on commitments made in our Strategic Community Plan.

Key financial strategies are detailed below.

6.1 Rating Strategy

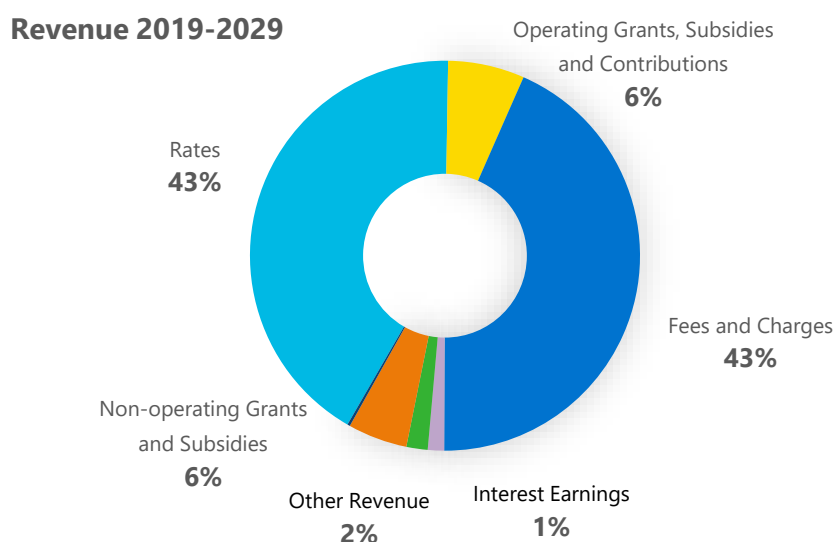
The City provides services to a diverse region consisting of residential, commercial, industrial, pastoral, mining and workforce accommodation. The City utilises differential rating on all properties within the City, based on the zoning of the property under the Town Planning Scheme. Differential rates 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 2019-2029 forecasts an average annual rate increase of 1.8% which is derived from the Local Government Cost index anticipated for 2020/21. It is supplemented by additional rates revenue from residential land releases in Madigan and Mulataga Estates, Commercial Property Growth such as Tambrey Shopping Precinct and the PMG dealership, TWA rates growth including Peninsula Palms, Bay Village, Civeo and Kingfisher and the increase in UV rates for the Woodside Interconnector Development.

As per the LTFP, the City will receive approximately 43% of its total funding from rates. To be sustainable, 40% of the City of Karratha's expenditure each year should be met by rates revenue.

Going forward, a key challenge identified in the LTFP 2019-2029 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

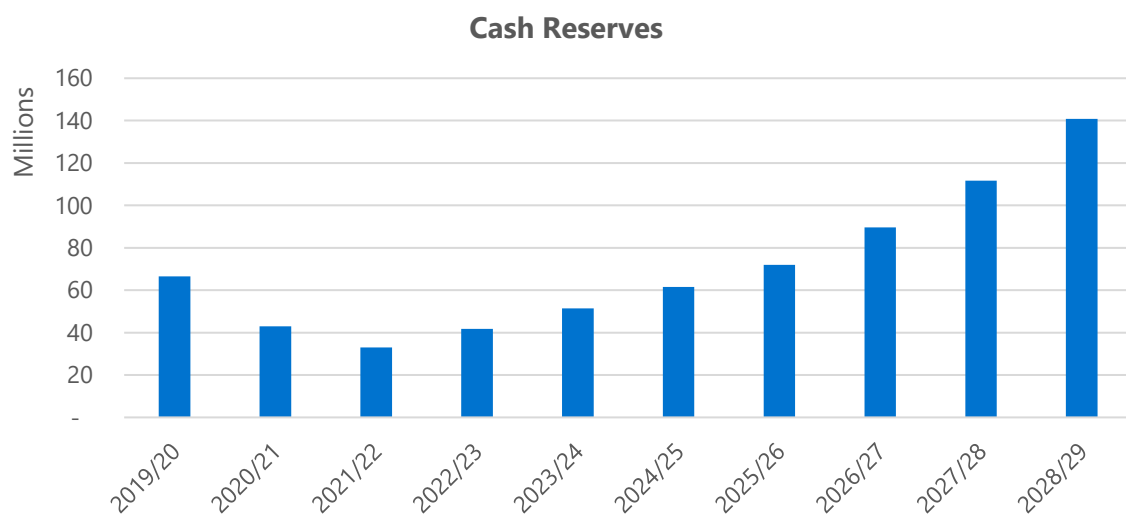
The establishment and funding of cash reserves is a financial management strategy to ensure sufficient funds exist to fund future expenditure that cannot otherwise be financed during a single year, without having a material impact on the budget.

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.
Carry Forward Budget Reserve	This reserve is for the purpose of preserving projects funds carried over.
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. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Rio Tinto pay to the Council 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 of Karratha 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 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 Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the Council 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 agreements.
Plant Replacement Reserve	The purposes of this reserve is to fund the capital purchase of plant and equipment.
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 Council'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 Council's Employee Entitlements Reserve via way of Council's Annual Budget.

Over the life of the LTFP 2019-2029, cash reserves are projected to increase from \$66.6 million at the end of 2019/20 to \$140.8 million in 2028/29. Reserve funds provide funding capacity for future asset renewal requirements.



6.3 Balancing the Budget

Generating sufficient revenue to balance the annual budget is a constant challenge, with continual improvement to the City'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 local governments and carefully managing income and expenditure through sound financial reporting systems and regular budgetary monitoring.

The LTFP 2019-2029 reflects this approach, however further cost efficiencies or alternative revenue sources are required to reduce the City's long-term reliance on projected rate increases and the continued rapid expansion of its rate base.

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 of 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:

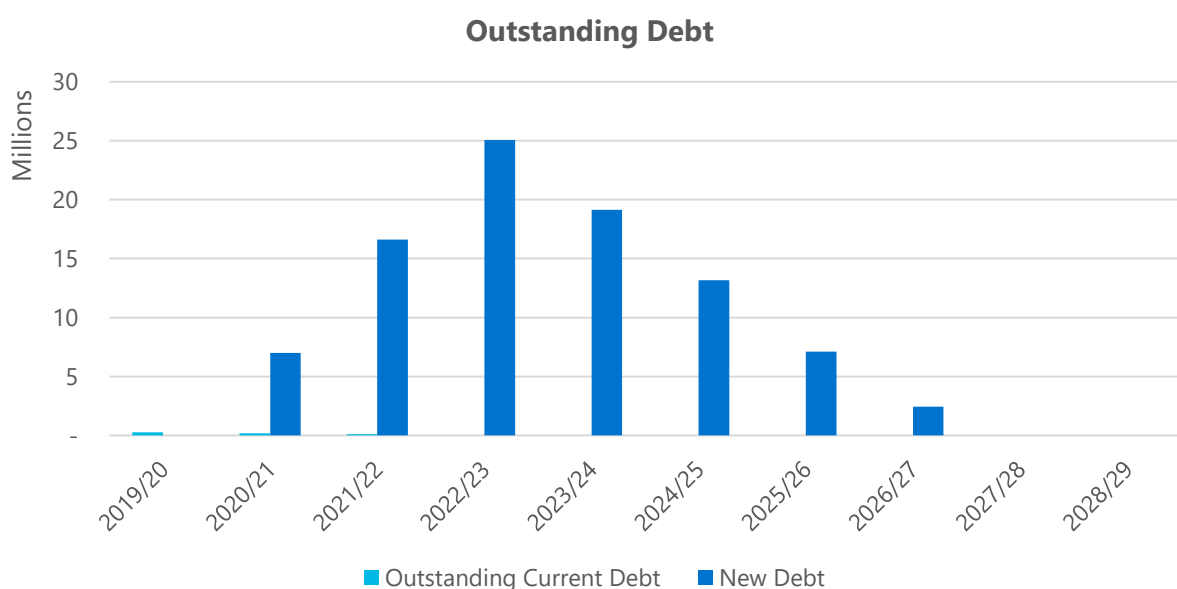
- Council does not intend to 'profit' from the setting of fees and charges;
- Fees recover the cost of services provided; and
- Fees maintain community infrastructure in a fit for purpose state wherein they are able to achieve expected service delivery standards.

6.5 Prudent Investment and Use of Debt Finance

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

The City currently has debt of \$346k. Additional borrowings are proposed in the LTFP 2019-2029 of \$30m for airport projects including airport terminal and carpark upgrades and the strengthening of the runway.

Irrespective of the projected borrowing, our debt to revenue ratio will remain low and we will have a strong capacity to repay debt within five years.



7 Workforce Plan

Our Workforce Plan identifies workforce requirement and strategies for current and future operations until 2024. 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 strategy, will enable the City to plan and address, rather than just react to, business and environmental changes.

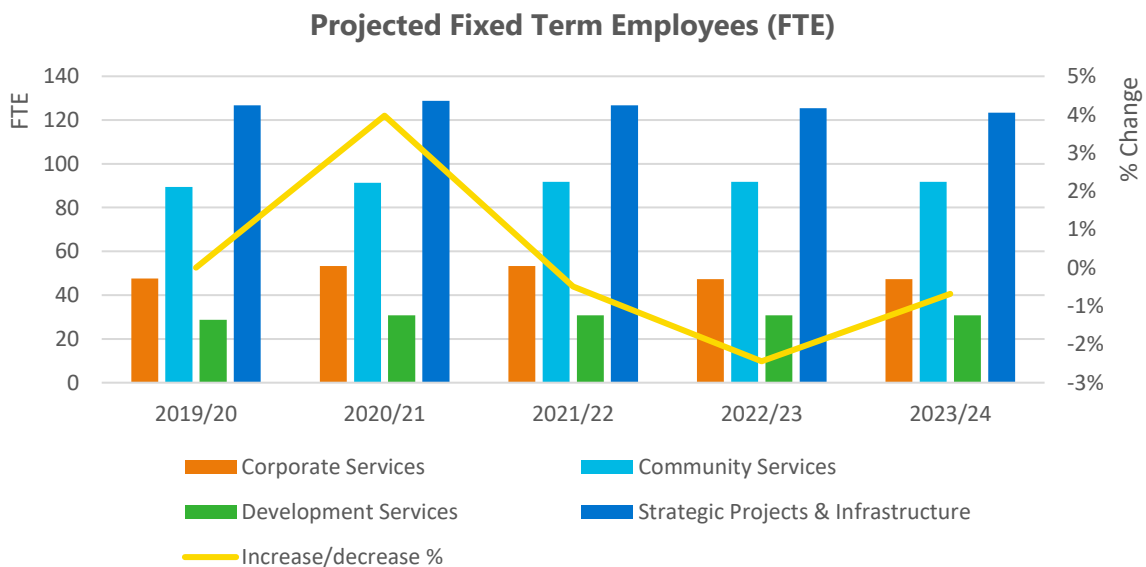
At 30 June 2019, the City of Karratha employed 293 full time equivalent (FTE) employees.

FTE is forecast to increase from 2019/20 to 2020/21 by 3.97% due to the recruitment of a project team to implement a new IT system, pending Council approval. The IT project team would be on a fixed term contract for the life of the project until 2022/2023.

FTE is anticipated to decrease each year from 2021/22 in relation to Strategic Projects & Infrastructure as services are reviewed. The Strategic Projects team will also decrease as large Council projects are delivered.

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 2023-24. (Numbers are FTE only and do not take into consideration the number of casual employees or services the City outsources to external contractors / organisations).



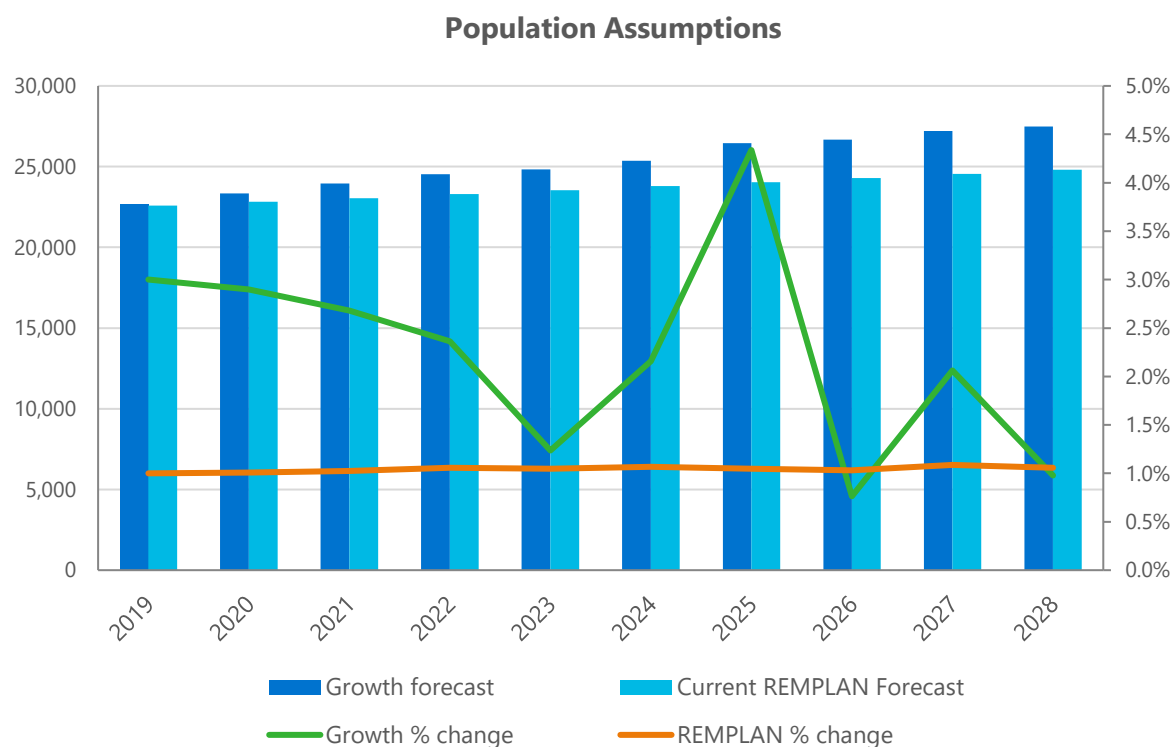
8 Scenario Modelling and Sensitivity Analysis

In developing the City's LTFP 2019-2029, the City developed and defined the rationale behind a range of assumptions. Three growth scenarios 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.

Base case – a business as usual approach based on an assessment of demand created by known resource projects and related population growth.

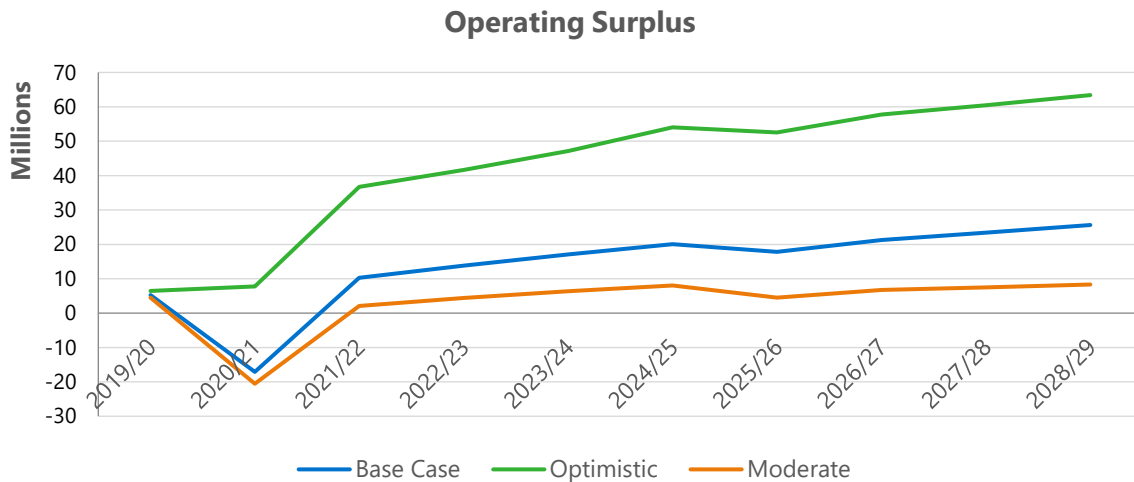
Moderate growth – based on rates revenue received from land developments as at 2018/19, with nominal average population growth of 1% as per current REMPLAN (population analytical tool) data, which has no consideration to any specific location related assumptions.

High growth – based on growth forecast of 27,480 people by 2028 as outlined in City of Karratha Population Growth Forecast. It assumes all local operational employees (1,085) of new resource 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 above graph illustrating the operating surplus, by adopting the base case scenario as the foundation for our LTFP 2019-2029, 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 life of the LTFP results in \$23m movement in revenue. Current ratio calculations would be less than target of 1 from 2020/21 which measures the City's ability to meet its short term financial obligations. The cash short fall would result in additional borrowings required to deliver services and assets to the community.

Airport fees and charges are a significant and complimentary revenue source to rates revenue. Should Council wish to alter its growth assumption, for every 1% variation the likely impact is approximately \$14.9m.

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 1995* to measure the financial sustainability of local governments. The City's LTFP 2019-29 has been assessed against these KPI's and are outlined below.

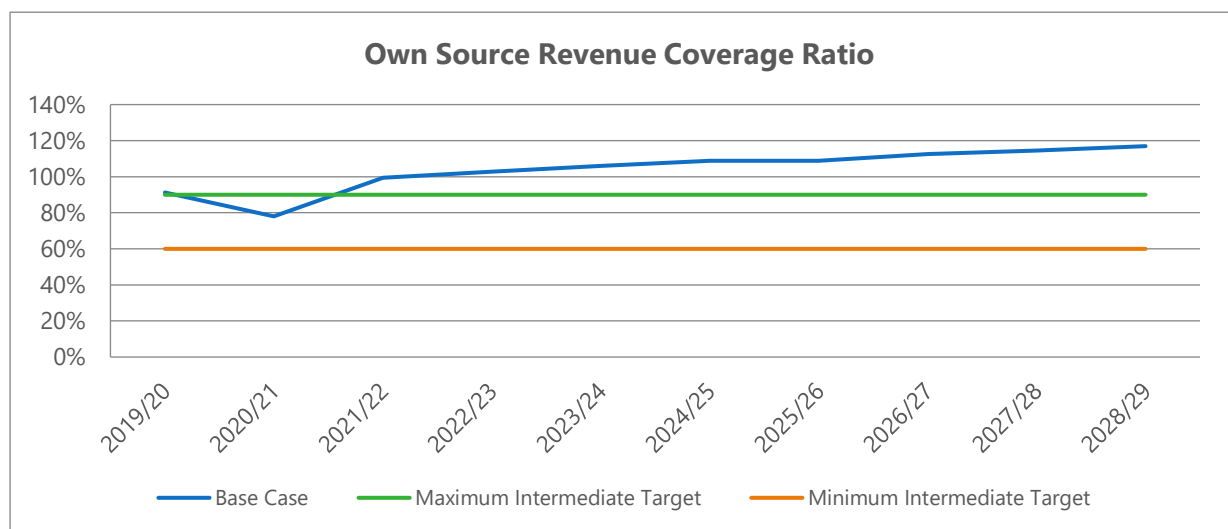
9.1 Key Performance Indicators

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 with the exception of 2020/21. The \$10m contribution towards the construction of the Quarter Hotel decreases the projected ratio to 78% which is within the intermediate range.

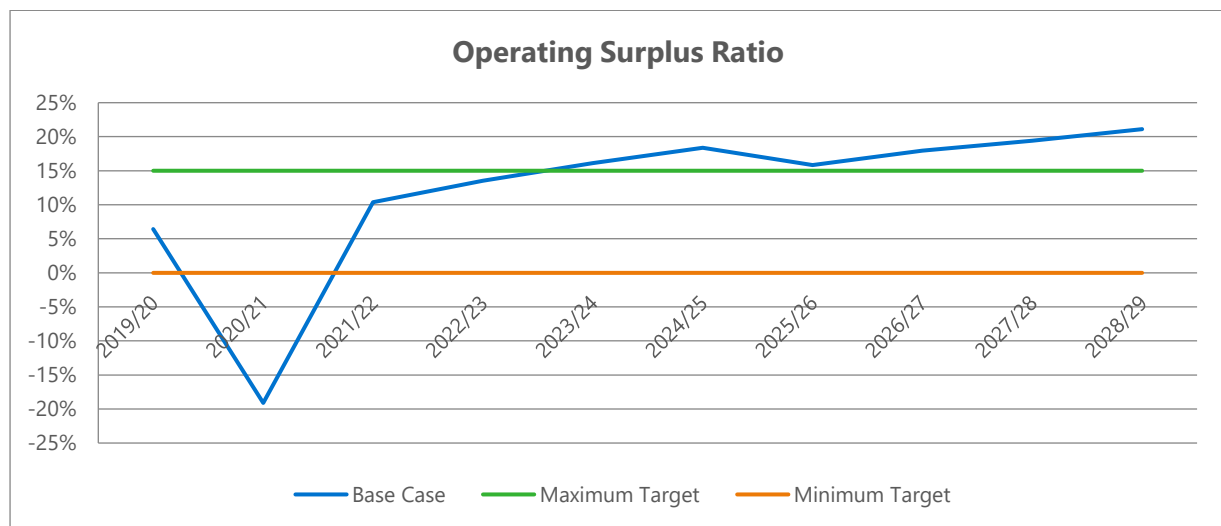


Operating Surplus Ratio

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 with the exception of 2020/21. This indicates that surplus operational funds are available for capital works except for 2020/21 due to the purchase of the Quarter Hotel. Reserve funds are intended to be utilised for this development.

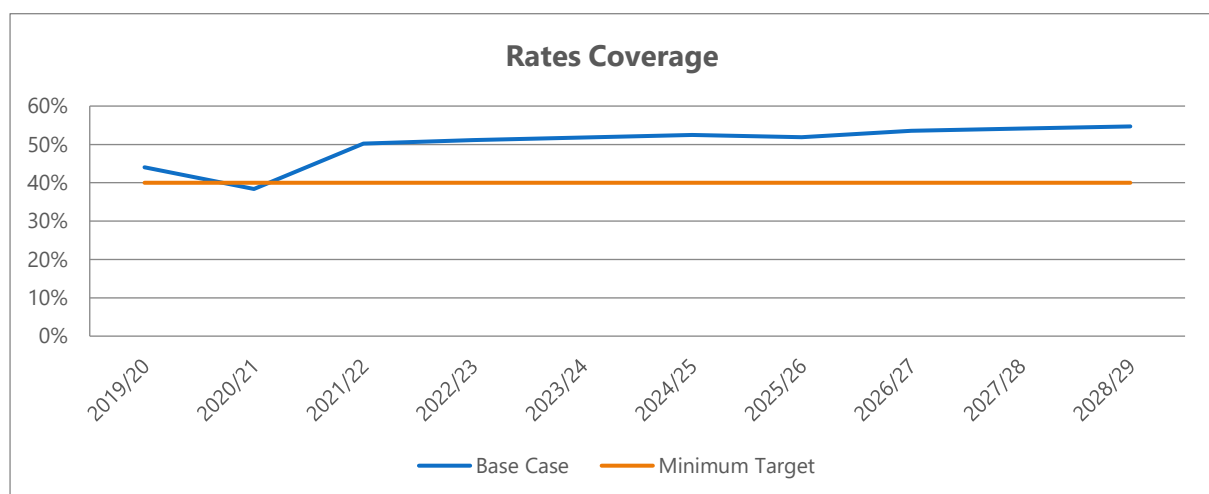


Rates Coverage

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 increasing from 40% to 55%. This indicates the City's rating strategy allows the town to raise an acceptable level of funds from its rates base.

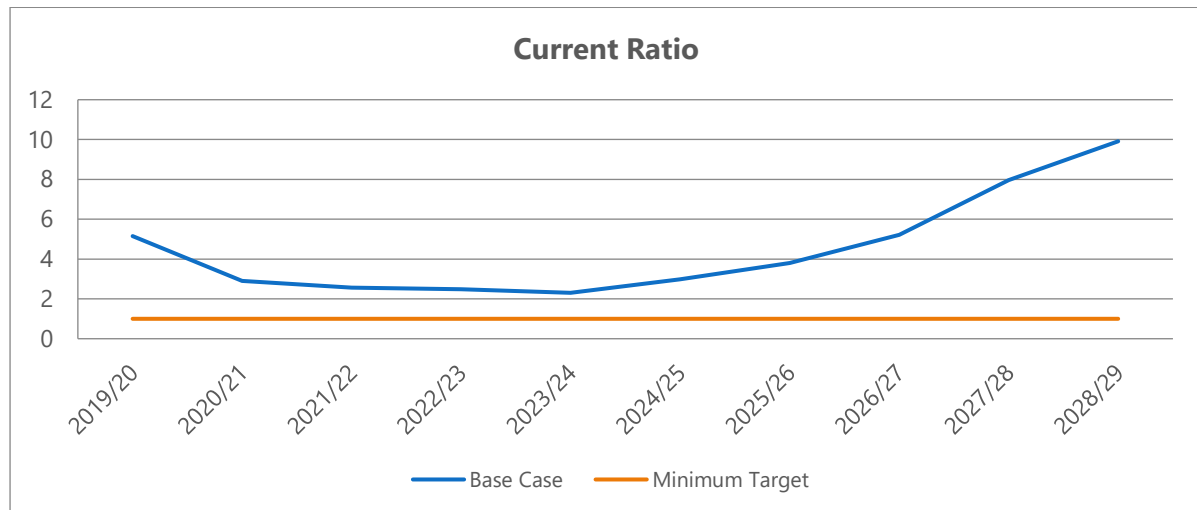


Current Ratio

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.

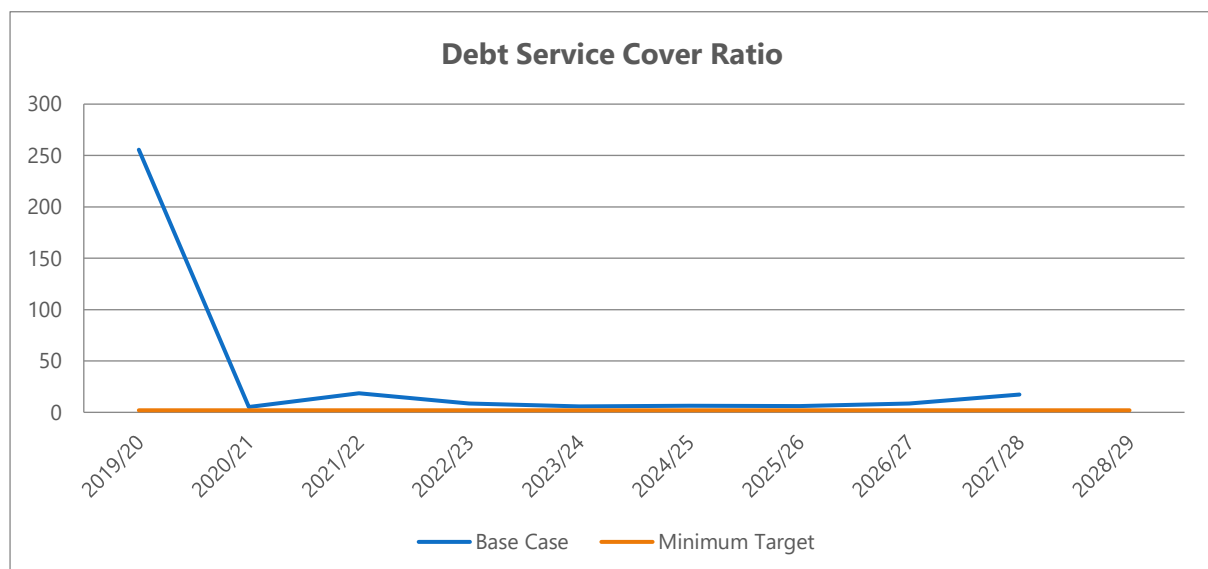


Debt Service Cover Ratio

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

Target – Great than or equal to 2

Commentary - The City's debt ratio being higher than 5 indicates the ability to fund higher levels of debt if required and in 2028/29 is anticipated to have no outstanding debt.

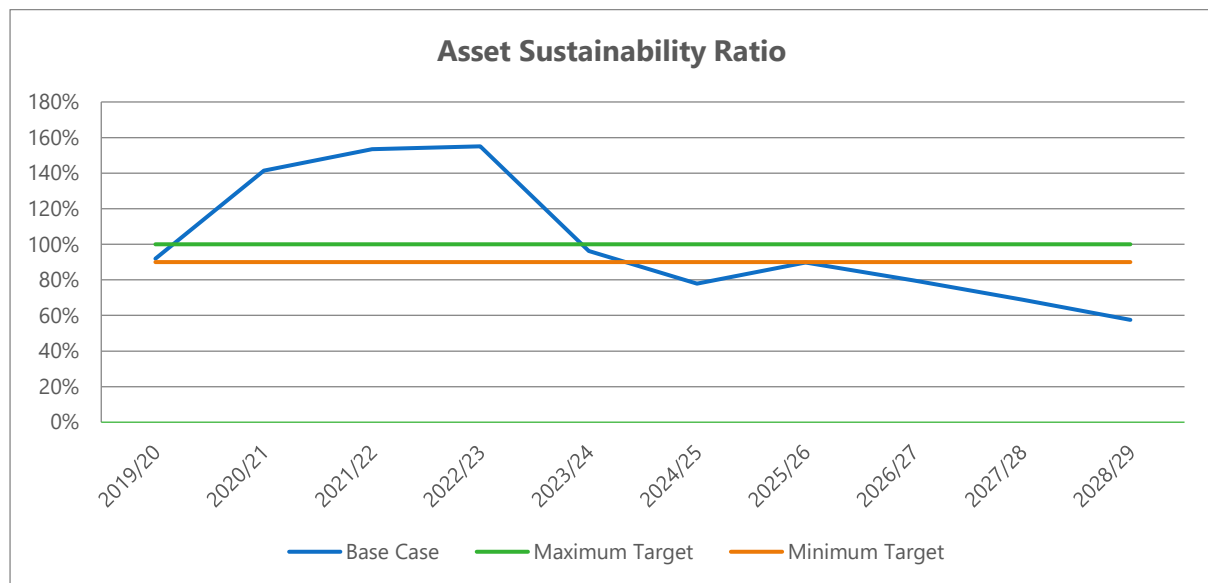


Asset Sustainability Ratio

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 - For the first years of the LTFP, the City achieves a ratio within the target range or in excess of the range. This has occurred as the Asset Management Plan is over a five year period, providing comprehensive information on asset renewals until 2024. For the remaining years of the LTFP it is anticipated that future revisions of the LTFP will identify further asset renewal requirements.

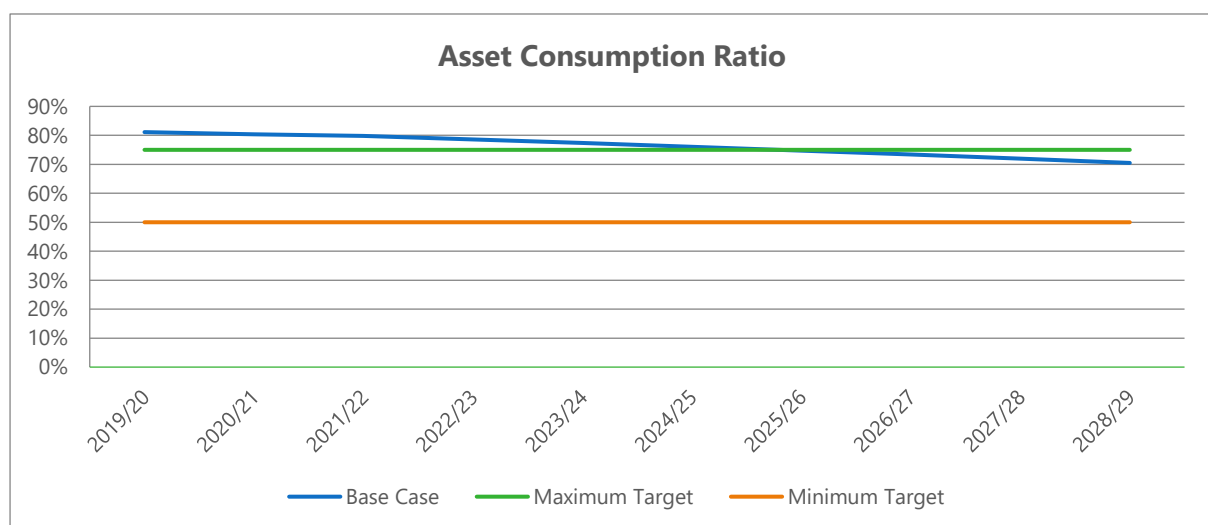


Asset Consumption Ratio

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 at the upper end or over the target band, over the life of the LTFP.

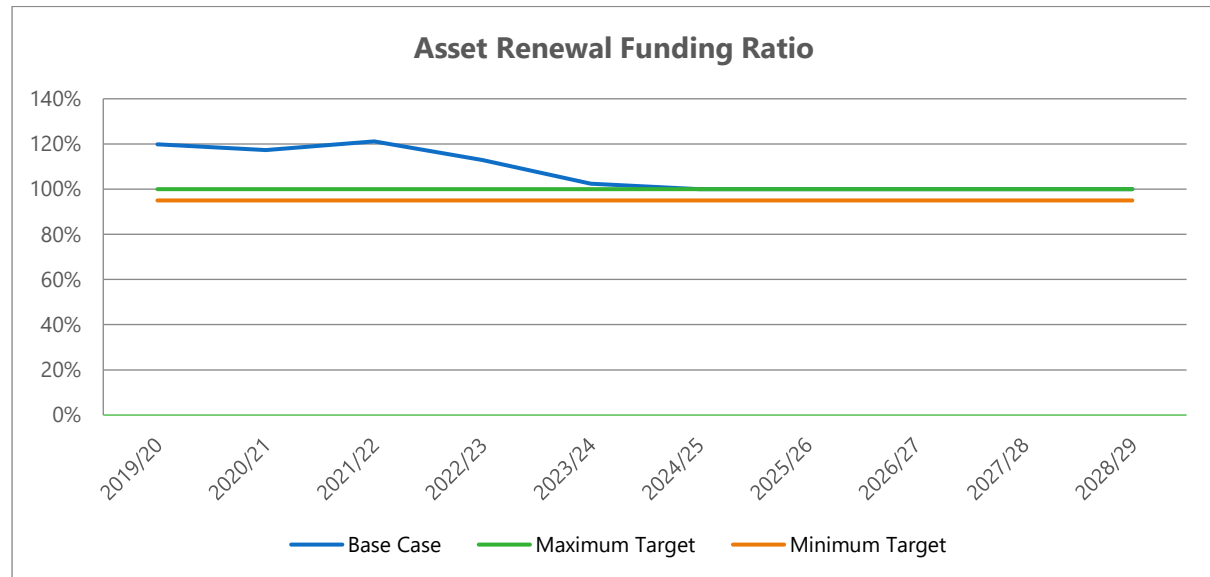


Asset Renewal Funding Ratio

Indication - Indicates whether the local government has the financial capacity to fund asset renewal at existing revenue and service levels.

Target – Between 95% and 100%

Commentary - The target range has been exceeded or met, illustrating the City's ability to fund its renewal program as outlined in the Capital Program.



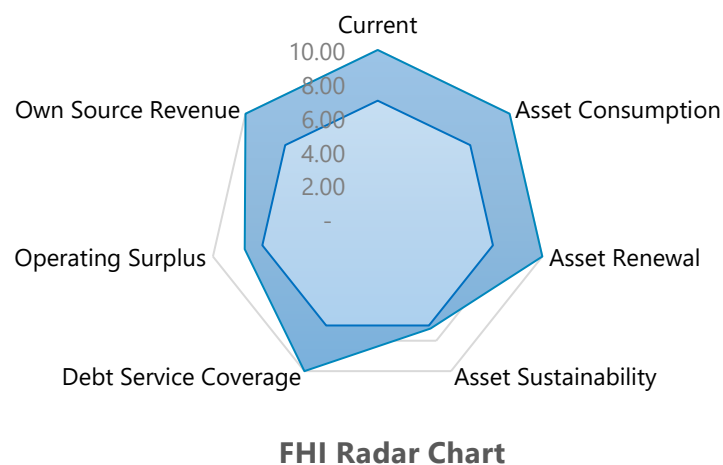
Financial Health Indicator (FHI)

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

Target – Greater than or equal to 70

Commentary - As illustrated in the FHI ratios below, the City is forecast to be in good financial health over the 10 year period of the LTFP.

Indicator	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
FHI	93	78	98	100	96	91	91	91	90	88



10 Key Assumptions underpinning our LTFP

10.1 Operational Revenue and Expenditure

The City's LTFP 2019-2029 projections are based on a number of assumptions regarding the City's operational revenue and expenditure. The first five years of our LTFP 2019-2029 contain 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 2019-2029 is based on a residential increase of 1% over five years rates incorporating Mulataga and Madigan Estates, supplemented by additional rates revenue from commercial, plus an annual increase of 1.8% based on the WA Local Government Index. Conservative estimates for property growth have been utilised pending resource and industry project announcements.
Other fees and charges	1.8% increase per year to reflect projected Consumer Price Index (CPI).
Airport fees and charges	Increase in passenger numbers therefore increase in revenue which is aligned with planned construction and activity in 2021/22 with tapering off from 2025/26.
Grants and contributions	CPI used as an indicator to forecast Operating Grants and Contributions over the 10 year period. Roads to Recovery funding will continue until 2023-24.
Employee costs	Reduction in staff levels in 2020/21 as per the Workforce Plan. 2% growth rate as per the City of Karratha Enterprise Agreement 2019 approved by Fair Work Commission in February 2020 with (4%) vacancy rate and 0.5% skill step movement.
Materials and contracts	CPI increase for maintenance and operation of existing services and infrastructure.
% 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	1.8% 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>CPI, Australia, Dec 2019</i>	1.8%
Western Australian Treasury Corporation (WATC) fixed rate semi-annual interest rate <i>WATC Indicative Local Government Interest Rates, Feb 2020</i>	0.94% - 1.22%
3 Month bank term deposit interest rate	1.70%
Western Australia Local Government (WALGA) Local Government Cost Index <i>WALGA Economic Briefing, Feb 2020</i>	1.8%

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 2019-2029.

This plan outlines a capital works program of \$321m over the 10 year period, which will require borrowings of \$30m to achieve this program.

Capital by Program

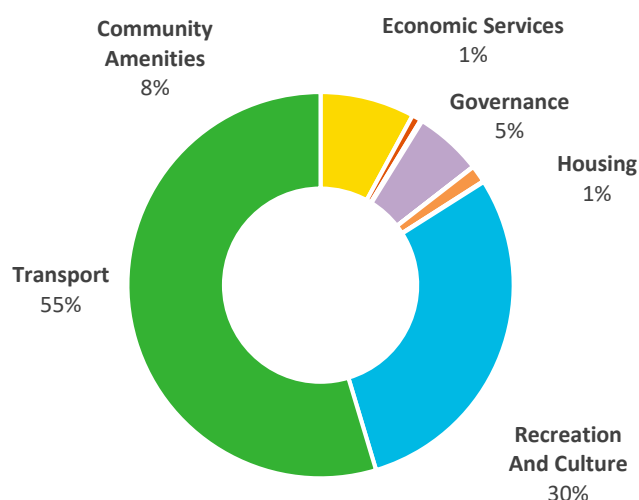
The following graph illustrates capital expenditure by program for the period of the LTFP 2019-2029.

Due to the remote location and large geographical size of the City, transport is a key priority which is demonstrated at 55% of total capital expenditure. 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 \$69m in the 10 year Capital Program. Roads and Streets infrastructure also being a major priority with \$55m of capital expenditure.

As per the 2019 Community Survey results, leisure recreation and entertainment were the 'best things about living in the City of Karratha'. Therefore the City recognises the importance of significant expenditure dedicated to recreation and culture with 30% capital outlay.

Total Capital Works Expenditure by Program

Community Amenities	24,508,886
Economic Services	2,408,666
Education & Welfare	451,422
Governance	17,414,191
Health	98,994
Housing	4,523,293
Other Property Services	202,121
Recreation & Culture	94,611,568
Transport	176,321,223
Total	320,540,366



10.4 Exclusions

Prospective projects and facilities that are not sufficiently detailed at this stage, have not been included in the plan.

Housing Investment Program

The City is currently experiencing a shortage of properties to buy and or/rent and future resource sector growth is likely 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. While the City has indicated that it may invest up to \$35m, it

is yet to commit funds at this stage. Once transparency around timing, expenditure, revenue, and capital is known, it will be incorporated into future plans.

Impact of COVID-19 on LTFP

Restrictions imposed by the Federal and State Governments due to COVID-19, will have a significant impact on the City's Long Term Financial Plan. The closure of facilities and cancellation of events and programs will see a drop in revenues across a number of areas. As the effect of Covid-19 is not yet known in its entirety, its impact will be incorporated in subsequent updates to the Long Term Financial Plan.

11 Key risks to Long Term Sustainability

The LTFP 2019-2029 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	
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	State Agreements limit the City's ability to fully rate resource projects and impact our ability to source additional capital and operational funding.
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.

12 Financial Projections

Financial projections for the LTFP 2019-2029 conform to the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

We have followed a format within the LTFP 2019-2029 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 2019-2029 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 2019-29. These estimates have been prepared on the basis of the assumptions shown previously in the document.

Our statutory statements include:

- Statement of Comprehensive Income
- Cash Flow Statement
- Statement of Financial Position (Balance Sheet)
- Equity Statement
- Rate Setting Statement

Statement of Comprehensive Income by Nature and Type

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 analysis down to operating, investing and financing activities. Net cash provided by operating activities illustrates how much cash is expected to remain after funding services provided to the community. This can be used to fund other activities such as infrastructure and capital works. Information provided by the Cash Flow Statement can assist in recognising the ability to generate cash and meet financial commitments, including repayments of debt.

Statement of Rate Setting Statement

This statement summarises the operating, capital, debt and reserves transactions. The plan identifies the funds necessary to balance the budget in each financial year through the collection of rates. The format of the Rate Setting Statement 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 there are 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 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:

- 10 Year Capital Works Program
- Loan Repayments Schedule
- Cash Reserves
- Sustainability Ratios.

13 Implementation and review of the LTFP

Council considers the content of the LTFP when preparing the City of Karratha's Annual Budget.

Since the creation of the 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 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 2019-2029 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

14.1.1 Statement of Comprehensive Income by Nature and Type

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Rates	42,341,706	44,892,794	49,426,966	50,464,932	51,474,231	52,503,716	53,448,782	54,410,860	55,390,256	56,387,281
Operating Grants, Subsidies and Contributions	12,084,467	6,296,311	8,744,456	8,833,431	8,924,009	9,016,216	6,529,087	5,578,186	5,628,169	5,678,507
Fees and Charges	20,620,072	20,991,233	21,369,075	21,753,719	22,145,286	22,543,901	22,949,691	23,362,786	23,783,316	24,211,415
Airport Fees	22,245,219	23,802,384	25,706,575	28,020,167	30,261,780	32,380,105	33,999,110	35,359,074	36,419,847	37,512,442
Interest Earnings	2,002,782	1,870,114	1,467,498	1,258,950	1,406,505	1,570,335	1,741,272	1,918,082	2,219,801	2,592,285
Other Revenue	1,983,637	2,019,342	2,055,691	2,092,693	2,130,362	2,168,708	2,207,745	2,247,484	2,287,939	2,329,122
	101,277,883	99,872,179	108,770,261	112,423,893	116,342,172	120,182,981	120,875,688	122,876,473	125,729,327	128,711,051
EXPENSES										
Employee Costs	35,085,194	35,952,442	35,235,863	33,847,034	33,110,082	32,613,431	32,124,230	31,642,366	31,167,731	30,700,215
Materials and Contracts	31,776,549	42,134,126	33,681,570	34,636,271	35,481,955	36,346,861	39,353,536	37,881,094	38,628,611	39,368,750
Utility Charges	6,335,794	6,449,838	6,565,935	6,684,122	6,804,436	6,926,916	7,051,601	7,178,530	7,307,743	7,439,282
Depreciation	17,740,354	18,006,459	18,276,556	18,550,705	18,828,965	19,111,400	19,398,071	19,689,042	19,984,377	20,284,143
Interest Expenses	8,076	5,994	64,061	150,139	230,870	176,622	121,878	66,632	23,233	-
Insurance Expenses	1,792,715	1,825,056	1,857,907	1,891,349	1,925,394	1,960,051	1,995,332	2,031,248	2,067,810	2,105,031
Other Expenditure	3,329,595	12,593,165	2,819,842	2,870,599	2,922,270	2,974,871	3,028,418	3,082,930	3,138,423	3,194,914
	96,068,277	116,967,081	98,501,735	98,630,220	99,303,973	100,110,152	103,073,065	101,571,841	102,317,928	103,092,335
Surplus (Deficit) before Capital Funding	5,209,606	(17,094,902)	10,268,525	13,793,672	17,038,199	20,072,829	17,802,623	21,304,632	23,411,399	25,618,716
Non-Operating Grants, Subsidies and Contributions	7,587,343	22,205,589	22,584,044	2,555,636	2,601,638	2,648,467	2,696,140	2,744,670	1,582,998	1,611,492
Profit on Asset Disposals	676,099	221,993	221,993	221,993	221,993	221,993	221,993	221,993	221,993	221,993
Loss on Asset Disposals	(240,952)	(663,653)	(318,526)	(270,021)	(260,252)	(210,752)	(206,753)	(809,626)	(747,752)	(312,021)
NET RESULT	13,232,096	4,669,028	32,756,036	16,301,281	19,601,578	22,732,537	20,514,003	23,461,669	24,468,638	27,140,180
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	13,232,096	4,669,028	32,756,036	16,301,281	19,601,578	22,732,537	20,514,003	23,461,669	24,468,638	27,140,180

14.1.2 Statement of Cash Flows

	Projected 2019 / 2020	Projected 2020 / 2021	Projected 2021 / 2022	Projected 2022 / 2023	Projected 2023 / 2024	Projected 2024 / 2025	Projected 2025 / 2026	Projected 2026 / 2027	Projected 2027 / 2028	Projected 2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts										
Rates	42,320,535	44,870,347	49,402,252	50,439,700	51,448,494	52,477,464	53,422,058	54,383,655	55,362,561	56,359,087
Operating Grants, Subsidies and Contributions	15,084,467	8,296,311	6,744,456	8,833,431	11,924,009	7,016,216	4,529,087	3,578,186	5,628,169	5,678,507
Fees and Charges	20,938,217	21,362,066	21,774,911	22,121,398	22,510,099	22,959,797	23,327,538	23,701,899	24,082,998	24,506,957
Airport Fees	22,245,219	23,802,384	25,706,575	28,020,167	30,261,780	32,380,105	33,999,110	35,359,074	36,419,847	37,512,442
Interest Earnings	1,473,055	1,340,387	937,771	729,223	876,778	1,040,608	1,211,545	1,388,355	1,690,074	2,062,558
Other Revenue	1,983,637	2,019,342	2,055,691	2,092,693	2,130,362	2,168,708	2,207,745	2,247,484	2,287,939	2,329,122
	104,045,130	101,690,838	106,621,655	112,236,612	119,151,520	118,042,898	118,697,083	120,658,654	125,471,587	128,448,672
Payments										
Employee Costs	34,845,953	35,830,321	35,336,768	34,042,602	33,213,856	32,683,367	32,193,117	31,710,220	31,234,567	30,766,048
Materials & Contracts	31,589,568	41,943,779	33,487,797	34,439,010	35,281,143	36,142,435	39,145,430	37,669,242	38,412,946	39,149,203
Utility Charges	6,335,794	6,449,838	6,565,935	6,684,122	6,804,436	6,926,916	7,051,601	7,178,530	7,307,743	7,439,282
Insurance Expenses	1,792,715	1,825,056	1,857,907	1,891,349	1,925,394	1,960,051	1,995,332	2,031,248	2,067,810	2,105,031
Interest expenses	8,076	5,994	64,061	150,139	230,870	176,622	121,878	66,632	23,233	-
Other Expenditure	3,329,595	12,593,165	2,819,842	2,870,599	2,922,270	2,974,871	3,028,418	3,082,930	3,138,423	3,194,914
	77,901,701	98,648,153	80,132,311	80,077,822	80,377,970	80,864,262	83,535,775	81,738,801	82,184,722	82,654,478
Net Cash provided by (or used in)	26,143,428	3,042,685	26,489,344	32,158,790	38,773,551	37,178,636	35,161,308	38,919,853	43,286,866	45,794,194
Operating Activities										
Cash Flows from Investing Activities										
Receipts										
Non-operating Grants, Subsidies and Contributions used for the Development of Assets	7,587,343	22,205,589	22,584,044	2,555,636	2,601,638	2,648,467	2,696,140	2,744,670	1,582,998	1,611,492
Proceeds from sale of plant and equipment	387,027	393,994	401,086	408,305	415,655	423,137	430,753	438,507	446,400	454,435
	7,974,370	22,599,583	22,985,130	2,963,942	3,017,293	3,071,604	3,126,893	3,183,177	2,029,398	2,065,927
Payments										
Payments for property, plant and equipment	8,818,041	10,719,297	7,350,576	3,638,551	4,646,416	4,207,314	5,276,246	6,267,484	7,577,590	4,602,842
Payments for Construction of Infrastructure	25,781,774	47,569,168	57,979,386	31,494,322	24,888,472	17,277,312	15,620,967	13,418,250	8,044,681	8,961,785
	34,599,815	58,288,464	65,329,961	35,132,873	29,534,888	21,484,627	20,897,213	19,685,734	15,622,271	13,564,627
Net Cash provided by (or used in)	(26,625,445)	(35,688,881)	(42,344,831)	(32,168,932)	(26,517,595)	(18,413,023)	(17,770,320)	(16,502,558)	(13,592,874)	(11,498,700)
Investing Activities										
Cash Flows from Financing Activities										
Receipts										
Proceeds from Self Supporting Loans	88,979	-	-	-	-	-	-	-	-	-
Proceeds from New Debentures	-	7,000,000	11,000,000	12,000,000	-	-	-	-	-	-
Payments										
Repayment of Debentures	83,439	85,520	1,463,780	3,638,124	5,934,710	5,988,958	6,043,702	4,662,622	2,445,598	-
Advances to Community Groups										
Net Cash provided by (or used in)	5,540	6,914,480	9,536,220	8,361,876	(5,934,710)	(5,988,958)	(6,043,702)	(4,662,622)	(2,445,598)	-
Financing Activities										
Net Increase (Decrease) in cash held	(476,476)	(25,731,717)	(6,319,267)	8,351,734	6,321,246	12,776,655	11,347,286	17,754,673	27,248,394	34,295,493
Cash at the beginning of reporting period	69,852,717	69,376,241	43,644,524	37,325,257	45,676,991	51,998,237	64,774,892	76,122,177	93,876,850	121,125,244
Cash at the end of reporting period	69,376,241	43,644,524	37,325,257	45,676,991	51,998,237	64,774,892	76,122,177	93,876,850	121,125,244	155,420,737

14.1.3 Rate Setting Statement

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Governance	1,215,191	774,592	788,341	802,339	816,588	831,094	845,860	860,893	876,196	891,775
General Purpose Funding	5,681,311	5,594,921	5,239,414	5,078,825	5,275,201	5,488,732	5,710,264	5,938,580	6,292,731	6,718,592
Law, Order, Public Safety	816,764	825,517	834,427	843,498	852,731	862,131	871,701	881,442	891,359	901,455
Health	157,250	160,081	162,962	165,895	168,881	171,921	175,016	178,166	181,373	184,362
Education and Welfare	58,008	59,052	60,115	61,197	62,299	63,420	64,562	65,724	66,907	68,111
Housing	1,005,970	1,020,109	1,034,502	1,049,154	1,064,070	1,079,254	1,094,712	1,110,448	1,126,467	1,142,774
Community Amenities	12,316,278	12,410,721	12,634,114	12,861,528	13,093,036	13,328,710	13,568,627	13,812,862	14,061,494	14,314,601
Recreation and Culture	17,297,225	25,327,280	24,796,233	11,489,151	11,657,254	11,828,383	9,421,596	8,552,483	8,685,726	8,821,097
Transport	27,499,839	30,062,182	35,405,603	31,169,897	33,464,534	35,636,837	37,310,791	38,726,694	38,633,336	39,762,102
Economic Services	692,979	705,453	718,151	731,077	744,237	757,633	771,271	785,153	799,286	813,673
Other Property and Services	458,804	467,062	475,470	484,028	492,741	501,610	510,639	519,830	529,187	538,713
	67,199,619	77,406,968	82,149,332	64,736,590	67,691,572	70,549,725	70,345,038	71,432,276	72,144,062	74,157,256
EXPENSES										
Governance	3,982,586	3,460,818	3,165,832	2,693,354	2,389,092	2,145,544	1,901,873	1,658,012	1,413,894	1,169,452
General Purpose Funding	1,844,337	11,870,514	2,083,735	2,120,790	2,158,623	2,197,478	2,237,033	2,277,299	2,318,291	2,360,020
Law, Order, Public Safety	1,600,349	1,636,538	1,620,187	1,581,611	1,564,844	1,556,202	1,547,944	1,540,069	1,532,576	1,525,463
Health	1,226,100	1,253,738	1,243,176	1,216,471	1,205,658	1,200,783	1,196,215	1,191,953	1,187,996	1,184,345
Education and Welfare	342,681	348,505	354,429	360,454	366,582	372,815	379,155	385,603	392,162	398,833
Housing	903,508	919,471	931,856	942,862	955,683	969,333	983,253	997,450	1,011,925	1,026,685
Community Amenities	18,175,770	28,492,020	18,724,089	18,655,349	18,730,778	18,774,671	21,082,306	19,549,104	19,582,895	19,248,137
Recreation and Culture	40,472,614	41,215,588	41,456,002	41,382,545	41,563,819	41,851,825	42,151,539	42,463,068	42,786,523	43,122,020
Transport	25,450,639	26,119,789	26,685,712	27,047,501	27,467,093	27,860,323	28,190,714	28,489,802	28,789,465	29,097,013
Economic Services	2,437,547	2,486,802	2,498,996	2,495,766	2,521,957	2,554,875	2,575,106	2,596,081	2,617,809	2,640,296
Other Property and Services	(126,902)	(173,050)	56,248	403,538	640,095	837,055	1,034,681	1,233,026	1,432,145	1,632,092
	96,309,229	117,630,734	98,820,261	98,900,241	99,564,225	100,320,904	103,279,818	102,381,467	103,065,680	103,404,356
Net Operating Result Excluding Rates	(29,109,610)	(40,223,766)	(16,670,930)	(34,163,651)	(31,872,653)	(29,771,178)	(32,934,780)	(30,949,191)	(30,921,618)	(29,247,100)
Adjustments for Cash Budget Requirements:										
Non-Cash Expenditure and Revenue										
(Profit)/Loss on Asset Disposals	(435,147)	441,660	96,533	48,028	38,259	(11,241)	(15,240)	587,633	525,759	90,028
Depreciation on Assets	17,740,354	18,006,459	18,276,556	18,550,705	18,828,965	19,111,400	19,398,071	19,689,042	19,984,377	20,284,143
Capital Expenditure and Revenue										
Purchase Property Plant & Equipment	(8,818,041)	(10,719,297)	(7,350,576)	(3,638,551)	(4,646,416)	(4,207,314)	(5,276,246)	(6,267,484)	(7,577,590)	(4,602,842)
Purchase Infrastructure Assets	(25,781,774)	(47,569,168)	(57,979,386)	(31,494,322)	(24,888,472)	(17,277,312)	(15,620,967)	(13,418,250)	(8,044,681)	(8,961,785)
Proceeds from Disposal of Assets	387,027	393,994	401,086	408,305	415,655	423,137	430,753	438,507	446,400	454,435
Repayment of Debentures	(83,439)	(85,520)	(1,463,780)	(3,638,124)	(5,934,710)	(5,988,958)	(6,043,702)	(4,662,622)	(2,445,598)	-
Proceeds from New Debentures	-	7,000,000	11,000,000	12,000,000	-	-	-	-	-	-
Transfers to Reserves (Restricted Assets)	(20,202,155)	(14,477,858)	(4,553,640)	(17,516,800)	(14,547,765)	(13,953,643)	(17,253,977)	(20,113,506)	(25,564,400)	(31,622,359)
Transfers from Reserves (Restricted Assets)	20,470,732	38,161,178	14,474,624	8,797,245	4,870,119	3,857,243	6,811,449	2,322,674	3,610,161	2,477,493
	(45,832,053)	(49,072,318)	(43,769,512)	(50,647,166)	(57,737,018)	(47,817,868)	(50,504,640)	(52,373,198)	(49,987,190)	(51,127,988)
Amount Required to be Raised from Rates										
Rates as per Statement of Income	42,341,706	44,892,794	49,426,966	50,464,932	51,474,231	52,503,716	53,448,782	54,410,860	55,390,256	56,387,281
Budget (Deficit)/Surplus	(3,490,347)	(4,179,524)	5,657,454	(182,234)	(6,262,787)	4,685,847	2,944,143	2,037,662	5,403,066	5,259,292

14.1.4 Statement of Financial Position

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS										
Cash & Cash Equivalents	2,797,016	748,619	4,350,336	3,982,515	626,115	3,306,369	4,211,127	4,174,968	9,469,123	14,619,750
Cash Backed Reserves	66,579,225	42,895,905	32,974,921	41,694,476	51,372,122	61,468,522	71,911,051	89,701,883	111,656,121	140,800,988
Trade and other receivables	10,074,510	8,255,851	10,404,457	10,591,737	7,782,388	9,922,471	12,101,076	14,318,895	14,576,635	14,839,015
Inventories	411,358	411,358	411,358	411,358	411,358	411,358	411,358	411,358	411,358	411,358
Total Current Assets	79,862,109	52,311,733	48,141,072	56,680,086	60,191,983	75,108,721	88,634,611	108,607,104	136,113,238	170,671,110
NON-CURRENT ASSETS										
Other Receivables	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811	1,162,811
Inventories	524,251	524,251	524,251	524,251	524,251	524,251	524,251	524,251	524,251	524,251
Property, plant and equipment	280,162,798	283,055,495	282,812,641	278,792,611	275,674,832	272,050,315	269,379,813	266,976,954	265,823,519	262,006,649
Infrastructure	426,942,989	463,496,644	510,295,284	530,441,149	543,810,938	549,396,786	553,150,917	554,524,329	550,343,499	546,896,391
Total Non-Current Assets	708,792,849	748,239,200	794,794,987	810,920,823	821,172,831	823,134,163	824,217,792	823,188,345	817,854,081	810,590,103
Total Assets	788,654,958	800,550,934	842,936,058	867,600,909	881,364,814	898,242,884	912,852,403	931,795,449	953,967,318	981,261,213
CURRENT LIABILITIES										
Trade and other payables	10,574,817	10,765,164	10,958,937	11,156,198	11,357,009	11,561,435	11,769,541	11,981,393	12,197,058	12,416,605
Long Term Borrowings	85,520	1,463,780	3,638,124	5,934,710	5,988,958	6,043,702	4,662,622	2,445,598	-	-
Provisions	4,332,801	4,439,900	4,351,408	4,179,896	4,088,887	4,027,554	3,967,140	3,907,633	3,849,019	3,791,283
Total current liabilities	14,993,138	16,668,844	18,948,468	21,270,804	21,434,854	21,632,691	20,399,303	18,334,624	16,046,077	16,207,888
NON-CURRENT LIABILITIES										
Long Term Borrowings	177,494	5,713,714	13,075,590	19,140,880	13,151,922	7,108,220	2,445,598	-	-	-
Provisions	607,713	622,735	610,323	586,267	573,502	564,900	556,426	548,080	539,858	531,761
Total Non-Current Liabilities	785,207	6,336,449	13,685,913	19,727,147	13,725,424	7,673,119	3,002,024	548,080	539,858	531,761
Total Liabilities	15,778,345	23,005,293	32,634,381	40,997,950	35,160,278	29,305,811	23,401,327	18,882,704	16,585,935	16,739,649
NET ASSETS	772,876,613	777,545,641	810,301,677	826,602,958	846,204,536	868,937,073	889,451,076	912,912,745	937,381,383	964,521,564
EQUITY										
Retained Surplus	463,283,959	491,636,307	534,313,327	541,895,053	551,818,985	564,455,122	574,526,596	580,197,434	582,711,833	580,707,147
Reserves - Cash Backed	66,579,225	42,895,905	32,974,921	41,694,476	51,372,122	61,468,522	71,911,051	89,701,883	111,656,121	140,800,988
Reserves - Asset Revaluation	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429	243,013,429
TOTAL EQUITY	772,876,613	777,545,641	810,301,677	826,602,958	846,204,536	868,937,073	889,451,076	912,912,745	937,381,383	964,521,564

14.1.5 Statement of Equity

	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS										
Balance at beginning of year (1 July)	448,643,288	463,283,959	491,636,307	534,313,327	541,895,053	551,818,985	564,455,122	574,526,596	580,197,434	582,711,833
Net Surplus (deficit) for the year	13,232,096	4,669,028	32,756,036	16,301,281	19,601,578	22,732,537	20,514,003	23,461,669	24,468,638	27,140,180
Transfers from (to) Cash Backed Reserves	268,577	23,683,320	9,920,984	(8,719,555)	(9,677,646)	(10,096,400)	(10,442,528)	(17,790,832)	(21,954,239)	(29,144,866)
Transfers from (to) Asset Revaluation Reserves	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment										
Balance at end of year (30 June)	462,143,961	491,636,307	534,313,327	541,895,053	551,818,985	564,455,122	574,526,596	580,197,434	582,711,833	580,707,147
RESERVES - CASH BACKED										
Balance at beginning of year (1 July)	66,847,802	66,579,225	42,895,905	32,974,921	41,694,476	51,372,122	61,468,522	71,911,051	89,701,883	111,656,121
Transfers from (to) Retained Surplus	(268,577)	(23,683,320)	(9,920,984)	8,719,555	9,677,646	10,096,400	10,442,528	17,790,832	21,954,239	29,144,866
Balance at end of year (30 June)	66,579,225	42,895,905	32,974,921	41,694,476	51,372,122	61,468,522	71,911,051	89,701,883	111,656,121	140,800,988
RESERVES - ASSET REVALUATION										
Balance at beginning of year (1 July)	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966
Transfers from (to) Retained Surplus	-	-	-	-	-	-	-	-	-	-
Balance at end of year (30 June)	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966	243,170,966

14.2 Appendix B – Supporting Schedules

14.2.1 Ten Year Capital Works Program

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Capital Funding										
Capital Grants & Subsidies	7,587,343	22,205,589	22,584,044	2,555,636	2,601,638	2,648,467	2,696,140	2,744,670	1,582,998	1,611,492
Proceeds from Asset Sales	387,027	393,994	401,086	408,305	415,655	423,137	430,753	438,507	446,400	454,435
Transfer from Reserve										
Aerodrome Reserve	-	1,038,453	-	-	-	-	-	-	-	-
Plant Replacement Reserve	746,000	-	-	-	-	-	-	-	-	-
Workers Compensation Reserve	-	-	-	-	-	-	-	-	-	-
Infrastructure Reserve	13,464,684	23,370,201	13,231,036	8,797,245	4,870,119	2,099,134	6,032,342	2,322,674	3,610,161	2,477,493
Employee Entitlements Reserve	-	-	-	-	-	-	-	-	-	-
Waste Management Reserve	627,726	10,844,880	-	-	-	1,758,109	779,107	-	-	-
Community Development Reserve	-	-	-	-	-	-	-	-	-	-
Carry Forward Reserve	177,393	-	-	-	-	-	-	-	-	-
Medical Services Reserve	-	-	-	-	-	-	-	-	-	-
Economic Development Reserve	-	-	-	-	-	-	-	-	-	-
Partnership Reserve	5,304,929	2,907,644	1,243,589	-	-	-	-	-	-	-
Restricted Funds Reserve	150,000	-	-	-	-	-	-	-	-	-
Loans	-	7,000,000	11,000,000	12,000,000	-	-	-	-	-	-
Total Capital funding	28,445,102	67,760,761	48,459,754	23,761,186	7,887,412	6,928,846	9,938,341	5,505,851	5,639,558	4,543,420
Capital Expenditure										
Infrastructure										
Renewals	8,789,418	16,297,226	20,790,899	25,146,521	13,593,556	10,698,933	12,263,112	9,999,954	6,294,964	7,180,574
New Assets	16,897,356	22,243,300	30,934,271	4,536,405	9,450,913	5,247,834	333,893	339,904	346,022	352,250
Asset Expansion/Upgrade	20,000	2,411,642	5,787,870	1,283,908	1,307,018	1,330,545	1,354,495	1,378,875	1,403,695	1,428,962
Asset Expansion/Upgrade - Airport	75,000	6,617,000	466,346	527,489	536,984	-	1,669,467	1,699,518	-	-
Property Plant and Equipment										
Renewals	7,531,560	9,166,847	7,246,943	3,617,451	4,539,019	4,185,448	5,164,948	5,678,318	7,462,250	4,485,425
New Assets - Major Community	-	-	-	-	-	-	-	-	-	-
New Assets - Minor Community	1,196,481	15,270	10,363	10,550	10,740	10,933	11,130	577,836	11,534	11,742
Asset Expansion/Upgrade - Major	-	-	-	-	-	-	-	-	-	-
Asset Expansion/Upgrade - Minor	90,000	1,537,180	93,269	10,550	96,657	10,933	100,168	11,330	103,807	105,675
	-	-	-	-	-	-	-	-	-	-
Other Asset Purchases										
Land Purchases	-	-	-	-	-	-	-	-	-	-
Loan Repayments	83,439	85,520	1,463,780	3,638,124	5,934,710	5,988,958	6,043,702	4,662,622	2,445,598	-
Total Capital Expenditure	34,683,254	58,373,985	66,793,741	38,770,997	35,469,598	27,473,585	26,940,915	24,348,356	18,067,869	13,564,627
Surplus (Shortfall) in Capital	(6,238,151)	9,386,776	(18,333,987)	(15,009,811)	(27,582,186)	(20,544,738)	(17,002,574)	(18,842,505)	(12,428,311)	(9,021,207)

14.2.2 New Capital Projects – Indexed Values

		2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities												
Cemetery Upgrade	Infrastructure	18,105	305,400	-	1,054,978	1,073,967	-	-	-	-	-	2,452,450
Ecohub	Infrastructure	-	-	5,181,620	1,054,978	-	-	-	-	-	-	6,236,598
Effluent Reuse Scheme	Infrastructure	-	-	-	2,109,956	-	-	-	-	-	-	2,109,956
Pond 3 Liner	Infrastructure	123,000	-	-	-	-	-	-	-	-	-	123,000
Wickham Transfer Station	Infrastructure	20,000	-	-	-	-	-	-	-	-	-	20,000
Total		161,105	305,400	5,181,620	4,219,911	1,073,967	-	-	-	-	-	10,942,004
Economic Services												
Karratha Caravan Park - Development - Searipple	Infrastructure	-	-	-	-	1,073,967	-	-	-	-	-	1,073,967
Total		-	-	-	-	1,073,967	-	-	-	-	-	1,073,967
Governance												
Red Earth Arts Precinct	PPE	205,703	-	-	-	-	-	-	-	-	-	205,703
Total		205,703	-	-	-	-	-	-	-	-	-	205,703
Recreation and Culture												
Andover Park Redevelopment	Infrastructure	-	967,100	984,508	-	-	-	-	-	-	-	1,951,608
Artwork - Karratha Water Tanks	PPE	200,000	-	-	-	-	-	-	-	-	-	200,000
Bus Shelters Program	Infrastructure	-	50,900	51,816	52,749	53,698	54,665	55,649	56,651	57,670	58,708	492,507
Cbd Bus Shelters	Infrastructure	60,000	-	-	-	-	-	-	-	-	-	60,000
Dampier Marina Project	Infrastructure	-	15,270,000	15,544,860	-	-	-	-	-	-	-	30,814,860
Dampier Palms And Hampton Oval Redevelopment Project	Infrastructure	11,289,765	-	-	-	-	-	-	-	-	-	11,289,765
Energy Efficiency Plan Implementation	Infrastructure	-	203,600	207,265	210,996	214,793	218,660	222,596	226,602	230,681	234,833	1,970,026
Hearson Cove Foreshore Management Plan Implementation	Infrastructure	-	305,400	518,162	-	-	-	-	-	-	-	823,562
Leisure projects artwork (incl Dampier Skatepark Artwork)	Infrastructure	33,000	-	-	-	-	-	-	-	-	-	33,000
New Rex Webb Park	Infrastructure	-	509,000	-	-	-	-	-	-	-	-	509,000
Shade Shelter Kshs/Leisureplex Carpark	Infrastructure	84,619	-	-	-	-	-	-	-	-	-	84,619
Walgu Park (Welcome Park)	Infrastructure	1,025,656	-	-	-	-	-	-	-	-	-	1,025,656
Walgu Park (Welcome Park) Public Art	PPE	292,804	-	-	-	-	-	-	-	-	-	292,804
Wickham Community Hub	PPE	246,894	-	-	-	-	-	-	-	-	-	246,894
Wickham Community Hub - Furniture and Equipment	PPE	251,080	15,270	10,363	10,550	10,740	10,933	11,130	11,330	11,534	11,742	354,671
Total		13,483,818	17,321,270	17,316,974	274,294	279,232	284,258	289,374	294,583	299,886	305,284	50,148,972
Transport												
Airport - Babcock Hangar	Infrastructure	3,550,000	-	-	-	-	-	-	-	-	-	3,550,000
Airport - Bayley Avenue	Infrastructure	175,000	-	-	-	-	-	-	-	-	-	175,000
Airport - La31 Hangar Project	Infrastructure	15,000	-	-	-	-	-	-	-	-	-	15,000
Airport - Runway Extension Incl. RESAs	Infrastructure	-	407,200	-	-	-	-	-	-	-	-	407,200
Airport - Twy F Extensn Incl. Twy P Con to Existing Rwy 26	Infrastructure	-	-	-	-	4,295,870	4,373,195	-	-	-	-	8,669,065
Airport - Twy K Extension to Connect to Western Apron end	Infrastructure	-	-	-	-	2,684,919	-	-	-	-	-	2,684,919
Airport Additional Screening Point	PPE	-	-	-	-	-	-	-	566,506	-	-	566,506
Airport Check In Expansion	Infrastructure	-	-	-	-	-	546,649	-	-	-	-	546,649
Airport GA Apron Expansion	Infrastructure	-	-	2,072,648	-	-	-	-	-	-	-	2,072,648
Conzinc Bay Road	Infrastructure	274,352	2,036,000	5,181,620	-	-	-	-	-	-	-	7,491,972
Dampier Highway Streetscape Master Plan Implementation	Infrastructure	-	50,900	51,816	52,749	53,698	54,665	55,649	56,651	57,670	58,708	492,507
Long Parking Bay at Walgu Park	Infrastructure	78,859	-	-	-	-	-	-	-	-	-	78,859
Point Samson Beautification	Infrastructure	-	-	1,036,324	-	-	-	-	-	-	-	1,036,324
Point Samson Viewing Platform/Jetty	Infrastructure	150,000	2,036,000	-	-	-	-	-	-	-	-	2,186,000
Wickham Beautification	Infrastructure	-	101,800	103,632	-	-	-	-	-	-	-	205,432
Total		4,243,211	4,631,900	8,446,041	52,749	7,034,487	4,974,510	55,649	623,157	57,670	58,708	30,178,081
Total New Capital Projects		18,093,837	22,258,570	30,944,635	4,546,954	9,461,653	5,258,767	345,023	917,740	357,556	363,992	92,548,727

14.2.3 Renewal Capital Projects – Indexed Values

		2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities												
Wickham Transfer Station- Capital Equipment	Infrastructure	20,000	25,450	26,556	27,710	28,914	30,170	31,481	32,849	34,276	35,765	293,170
7 Mile Tip - Road Work Extension	Infrastructure	341,250	-	-	-	-	109,330	-	-	-	-	450,580
7 Mile Transfer Station - Reseal Internal Roads	Infrastructure	-	-	-	-	-	273,325	-	-	-	-	273,325
Class 3 and 4 Cell Construction	Infrastructure	-	-	-	-	-	2,614,431	-	-	-	-	2,614,431
Plant and Fleet Replacement Program (Waste)	PPE	1,432,550	1,108,570	293,977	179,867	158,625	35,204	25,453	1,619,723	1,482,357	315,256	6,651,583
Landfill Operations - Equipment Purchase	PPE	271,000	30,540	31,712	32,928	34,191	35,503	36,865	38,279	39,747	41,272	592,035
Public Toilet refurbishment	PPE	209,880	-	518,162	-	536,984	-	556,489	-	576,703	293,542	2,691,760
Total		2,274,680	1,164,560	870,406	240,504	758,713	3,097,962	650,287	1,690,850	2,133,083	685,835	13,566,883
Economic Services												
40 Mile Camping Grounds renewal	Infrastructure	55,000	-	-	6,330	1,073,967	-	-	-	-	-	1,135,297
Cleaverville Foreshore Structures	Infrastructure	30,000	-	-	-	-	-	-	-	-	-	30,000
Karratha Visitors Centre - Infrastructure	Infrastructure	-	-	-	-	-	21,866	-	22,660	-	23,483	68,010
Karratha Visitors Centre	PPE	-	16,543	16,840	-	-	21,866	-	22,660	-	23,483	101,392
Total		85,000	16,543	16,840	6,330	1,073,967	43,732	-	45,320	-	46,967	1,334,699
Education & Welfare												
Daycare Refurbishments	PPE	55,000	16,288	82,906	-	85,917	-	89,038	-	92,272	-	421,422
Daycare Refurbishments - Infrastructure	Infrastructure	30,000	-	-	-	-	-	-	-	-	-	30,000
Total		85,000	16,288	82,906	-	85,917	-	89,038	-	92,272	-	451,422
Governance												
Admin and Annexe Office	PPE	86,561	167,970	414,530	210,996	10,740	10,933	11,130	11,330	11,534	11,742	947,464
Roebourne Old Shire Office	PPE	-	86,530	-	-	-	-	-	-	-	-	86,530
Information Technology - Hardware Refresh	PPE	238,900	444,479	403,026	476,148	298,155	373,799	265,890	569,967	448,560	451,937	3,970,862
Information Technology - Software & Hardware Initiatives	PPE	1,057,500	2,233,299	2,610,815	652,033	616,805	506,169	515,280	524,555	533,997	543,609	9,794,062
The Quarter		250,000	-	-	-	-	-	-	-	-	-	250,000
Total		1,632,961	2,932,278	3,428,371	1,339,177	925,700	890,901	792,300	1,105,852	994,091	1,007,288	15,048,919
Health												
Millars Well Health Clinic Building	PPE	11,460	-	20,726	-	21,479	-	22,260	-	23,068	-	98,994
Total		11,460	-	20,726	-	21,479	-	22,260	-	23,068	-	98,994
Housing												
Staff Housing Renewals	PPE	400,000	590,440	414,530	421,991	429,587	437,320	445,191	453,205	461,362	469,667	4,523,293
Total		400,000	590,440	414,530	421,991	429,587	437,320	445,191	453,205	461,362	469,667	4,523,293
Other Property and Services												
Purchase Equipment-Sanitation (Cleaners)	PPE	71,000	12,216	12,747	13,301	13,879	14,482	15,111	15,767	16,452	17,167	202,121
Total		71,000	12,216	12,747	13,301	13,879	14,482	15,111	15,767	16,452	17,167	202,121
Recreation and Culture												
40 Mile Foreshore Works	Infrastructure	-	101,800	-	-	-	-	-	-	-	-	101,800
Bulgarra Oval Changerooms	Infrastructure	-	-	-	-	27,923	-	-	-	-	-	27,923
Catrrall Park Refurbishment	Infrastructure	20,000	101,800	-	-	-	-	-	-	-	-	121,800
Cleaverville Foreshore Works	Infrastructure	-	152,700	103,632	-	-	-	-	-	-	-	256,332
Community Facility Asset Renewals (General)	PPE	100,000	-	829,059	-	859,174	-	890,383	-	922,725	-	3,601,341
Cossack - Wharf Structure & Wall	Infrastructure	-	152,700	-	-	-	-	-	-	-	-	152,700
Cossack - Furniture and Equipment replacement	PPE	-	509,000	518,162	527,489	-	-	-	-	-	-	1,554,651

Dalgely House - Renewal	PPE	-	32,576	20,726	-	-	-	-	-	-	-	53,302
Dampier Boat Ramp Renewal	Infrastructure	150,000	-	-	-	-	-	-	-	-	-	150,000
Dampier Community Hub - New dehumidification units	PPE	378,478	-	-	-	-	-	-	-	-	-	378,478
Dampier Rio Tinto Handover (Rio Tinto Funded)	Infrastructure	-	1,221,600	1,243,589	1,265,973	1,288,761	1,311,959	-	-	-	-	6,331,882
Dampier Townsite Foreshore Enhancement Plan	Infrastructure	-	-	155,449	1,054,978	161,095	163,995	166,947	1,133,012	173,011	176,125	3,184,611
Jarman Island Lighthouse	PPE	-	-	207,265	-	-	-	-	-	-	-	207,265
Johns Creek Boat Ramp	Infrastructure	976,299	-	-	-	-	-	-	-	-	-	976,299
Karratha Foreshore Management Plan	Infrastructure	-	101,800	1,036,324	105,498	107,397	109,330	111,298	113,301	115,341	117,417	1,917,705
Karratha Golf Course Redevelopment	Infrastructure	-	458,100	-	474,740	-	491,984	-	509,855	-	528,375	2,463,055
Karratha Leisureplex - PPE	PPE	115,000	1,138,124	191,720	321,768	575,647	655,979	667,787	679,807	692,044	704,500	5,742,376
Karratha Leisureplex - Infrastructure	Infrastructure	340,000	-	-	-	-	-	-	-	-	-	340,000
Karratha Off Road Vehicle Area	Infrastructure	-	-	103,632	52,749	-	-	-	-	-	-	156,381
Millars Well Oval (Kmo) Redevelopment	Infrastructure	-	890,750	-	-	-	-	-	-	-	-	890,750
Ovals - General Equipment	PPE	79,000	50,900	20,726	21,100	21,479	21,866	22,260	22,660	23,068	23,483	306,543
Pam Buchanan Family Centre	Infrastructure	65,420	-	-	-	-	-	-	-	-	-	65,420
Pegs Creek Pavilion	PPE	24,709	15,270	20,726	10,550	10,740	10,933	11,130	11,330	11,534	11,742	138,664
Playground Equipment Replacement	Infrastructure	100,000	183,240	259,081	84,398	225,533	207,727	233,725	362,564	484,431	328,767	2,469,466
Red Earth Arts Precinct - Furniture & Equipment Renewals	PPE	85,278	203,600	103,632	105,498	107,397	109,330	445,191	113,301	115,341	117,417	1,505,985
Red Earth Arts Precinct - Infrastructure	Infrastructure	-	-	-	527,489	-	-	556,489	-	-	587,084	1,671,062
Replacement Park Furniture/Fencing	Infrastructure	30,000	152,700	155,449	158,247	53,698	54,665	55,649	56,651	57,670	58,708	833,437
Softfall Replacement	Infrastructure	-	203,600	207,265	52,749	53,698	54,665	55,649	56,651	57,670	58,708	800,655
Sports Field Lighting Renewal	Infrastructure	640,000	1,785,314	589,310	578,968	406,710	-	222,596	-	230,681	-	4,453,579
Tambrey Pavilion Building Renewals	PPE	-	20,360	-	-	-	-	-	-	-	-	20,360
Wickham Boat Ramp and Surrounds (Carpark and Beach Access)	Infrastructure	90,000	-	424,893	527,489	-	-	-	-	-	-	1,042,382
Youth Shed - Building renewal	PPE	-	-	31,090	5,275	-	-	-	-	-	-	36,365
Total		3,194,184	7,475,934	6,221,731	5,874,956	3,899,252	3,192,433	3,439,103	3,059,132	2,883,515	2,712,327	41,952,567
Transport												
Karratha Depot - Building ImprovementS	PPE	26,744	33,594	25,908	27,429	30,071	-	-	-	-	-	143,747
Karratha Depot - Extension of storage bunkers	PPE	35,000	91,620	-	-	-	-	-	-	-	-	126,620
Stormwater Drainage Renewal	Infrastructure	250,000	445,927	345,614	1,036,030	727,237	273,325	278,245	283,253	-	-	3,639,631
Swale Drainage Rehabilitation	Infrastructure	-	50,900	51,816	52,749	53,698	54,665	55,649	56,651	57,670	58,708	492,507
Footpaths - Footpaths/Cycleways	Infrastructure	1,866,295	1,246,581	1,272,471	1,287,516	1,287,469	1,384,116	1,409,030	1,434,393	1,460,212	1,486,496	14,134,580
Airport - Airside Roads	Infrastructure	-	264,680	-	-	-	-	333,893	-	-	-	598,573
Airport - Fencing Replacement	Infrastructure	-	-	207,265	210,996	-	218,660	222,596	-	230,681	234,833	1,325,030
Airport - Bayley Avenue	Infrastructure	-	2,443,200	2,399,090	-	-	-	-	-	-	-	4,842,290
Airport - Furniture and Equipment	PPE	45,000	-	-	-	-	-	-	-	-	-	45,000
Airport - Road Maintenance	Infrastructure	-	254,500	-	-	-	-	-	-	403,692	-	658,192
Airport - Road renewals	Infrastructure	-	763,500	-	791,233	-	-	-	-	-	-	1,554,733
Airport - Runway Strengthening & Upgrade Twy F, E, B, L to C	Infrastructure	-	-	7,772,430	7,912,334	-	-	-	-	-	-	15,684,764
Airport - Apron Reseal Works	Infrastructure	260,000	-	-	2,109,956	1,073,967	-	-	566,506	-	-	4,010,429
Airport - Chiller Upgrade	PPE	-	356,300	-	-	-	-	-	-	576,703	-	933,003
Airport - Miscellaneous Works to Increase RPT Apron Capacity	Infrastructure	-	-	-	316,493	3,221,902	-	-	-	-	-	3,538,396
Airport - Precinct A - General Car Park Improvements	Infrastructure	-	-	-	-	-	-	556,489	-	-	-	556,489
Airport - Roof Replacement	Infrastructure	40,000	-	-	-	-	-	-	-	-	352,250	392,250
Airport - Screening Equipment Replacement	PPE	650,000	101,800	-	-	-	-	-	-	-	-	751,800
Plant and Fleet Replacement Program (Airport)	PPE	35,000	244,320	34,100	19,710	59,068	69,424	150,252	26,059	230,681	234,833	1,103,449
Primary Circuit Cable Upgrade	Infrastructure	-	-	777,243	791,233	-	-	556,489	566,506	-	-	2,691,471
Carpark Constructions and Renewal	Infrastructure	-	30,540	31,090	31,649	32,219	32,799	33,389	33,990	34,602	35,225	295,504
Cossack Road Reconstruction	Infrastructure	-	-	179,954	-	-	-	-	-	-	-	179,954
Cyclone Veronica Road Renewal	Infrastructure	982,133	-	-	-	-	-	-	-	-	-	982,133
Kerb Renewal (New Initiative)	Infrastructure	120,000	509,000	207,265	210,996	214,793	218,660	222,596	226,602	230,681	234,833	2,395,426
Road Resheeting	Infrastructure	278,060	569,062	478,782	589,733	496,173	611,154	514,196	633,354	532,874	656,360	5,359,746
Road Resheeting - Regional Road Group - 40 Mile Beach	Infrastructure	108,735	-	1,629,101	1,658,425	1,688,277	-	-	-	-	-	5,084,538
Road Resheeting - Regional Road Group - Cleaverville	Infrastructure	88,012	-	178,248	-	184,722	1,718,666	1,749,602	1,781,095	-	-	5,700,344
Roads - Regional Road Group - Moolgunn road	Infrastructure	937,483	-	-	-	-	-	-	-	-	-	937,483
Roads - Reseals	Infrastructure	956,390	930,181	748,087	908,910	970,607	1,093,299	1,112,978	1,133,012	1,153,406	1,174,167	10,181,037
Roundabouts and Median Strip Enhancements	Infrastructure	14,341	203,600	207,265	210,996	214,793	218,660	222,596	226,602	230,681	234,833	1,984,367
Karratha Revitalisation Strategy	Infrastructure	-	4,072,000	1,036,324	3,164,933	1,073,967	546,649	3,338,935	566,506	576,703	587,084	14,963,102
Town Entry Statements / Visitor Information Bays	Infrastructure	-	203,600	207,265	210,996	214,793	218,660	222,596	226,602	230,681	234,833	1,970,026
Plant and Fleet Replacement Program	PPE	1,873,500	1,662,508	423,857	591,369	669,082	1,882,641	995,240	1,569,673	1,204,101	1,225,774	12,097,744
Total		8,566,693	14,477,413	18,213,174	22,133,686	12,212,841	8,541,378	11,974,770	9,330,805	7,153,369	6,750,232	119,354,359
Total Renewal Capital Projects		16,320,978	26,685,672	29,281,431	30,029,946	19,421,336	16,218,206	17,428,060	15,700,932	13,757,214	11,689,482	196,533,256

14.2.4 Upgrade Capital Projects – Indexed Values

		2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance												
Information Technology - Hardware Refresh	PPE	-	1,527,000	-	-	-	-	-	-	-	-	1,527,000
Information Technology - Software & Hardware Initiatives	PPE	90,000	10,180	93,269	10,550	96,657	10,933	100,168	11,330	103,807	105,675	632,569
Total		90,000	1,537,180	93,269	10,550	96,657	10,933	100,168	11,330	103,807	105,675	2,159,569
Recreation and Culture												
Karratha Bowling Club - Green & Shade Upgrade	Infrastructure	20,000	-	-	-	-	-	-	-	-	-	20,000
Roebourne Recreation Precinct	Infrastructure	-	-	621,794	-	-	-	-	-	-	-	621,794
Wickham Aquatic Upgrade	Infrastructure	-	2,360,742	-	-	-	-	-	-	-	-	2,360,742
Total		20,000	2,360,742	621,794	-	-	-	-	-	-	-	3,002,536
Transport												
City Centre Drainage Corridor Green Infrastructure	Infrastructure	-	50,900	103,632	-	-	-	-	-	-	-	154,532
Airport - WWTP Upgrade	Infrastructure	-	-	466,346	-	-	-	-	-	-	-	466,346
Airport - Runway Strip Upgrade (MOS)	Infrastructure	-	-	-	527,489	536,984	-	-	-	-	-	1,064,473
Airport - International Terminal Compliance Works	Infrastructure	75,000	2,036,000	-	-	-	-	-	-	-	-	2,111,000
Airport - Terminal Forecourt Works	Infrastructure	-	509,000	-	-	-	-	-	-	-	-	509,000
Airport - Baggage handling System Upgrade	Infrastructure	-	1,527,000	-	-	-	-	-	-	-	-	1,527,000
Airport - Carpark System Upgrade	Infrastructure	-	2,545,000	-	-	-	-	-	-	-	-	2,545,000
Airport - Western Apron Extension	Infrastructure	-	-	-	-	-	-	1,669,467	1,699,518	-	-	3,368,985
Coolwanyah Road Reconstruction	Infrastructure	-	-	2,526,558	-	-	-	-	-	-	-	2,526,558
Coolawanyah/Dewitt Entry	Infrastructure	-	-	1,274,679	-	-	-	-	-	-	-	1,274,679
Roads - Regional Road Group	Infrastructure	-	-	1,261,206	1,283,908	1,307,018	1,330,545	1,354,495	1,378,875	1,403,695	1,428,962	10,748,704
Total		75,000	6,667,900	5,632,421	1,811,397	1,844,002	1,330,545	3,023,962	3,078,393	1,403,695	1,428,962	26,296,276
Total Upgrade Capital Projects		185,000	10,565,822	6,347,485	1,821,947	1,940,659	1,341,478	3,124,130	3,089,723	1,507,502	1,534,637	31,458,382

14.2.5 Loan Repayment Schedule

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt General Funds										
Opening Balance	346,453	263,014	7,177,494	16,713,714	25,075,590	19,140,880	13,151,922	7,108,220	2,445,598	-
Less Repayments	(83,439)	(85,520)	(1,463,780)	(3,638,124)	(5,934,710)	(5,988,958)	(6,043,702)	(4,662,622)	(2,445,598)	-
Add New Loans	-	7,000,000	11,000,000	12,000,000	-	-	-	-	-	-
Closing Balance	263,014	7,177,494	16,713,714	25,075,590	19,140,880	13,151,922	7,108,220	2,445,598	-	-

14.2.6 Cash reserves

	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	2026 / 2027	2027 / 2028	2028 / 2029
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves Balances (End of Year)										
Infrastructure Reserve	25,991,593	16,438,905	6,416,364	11,096,686	19,411,563	29,702,780	35,767,851	45,188,414	52,763,433	60,984,720
Aerodrome Reserve	4,312,921	3,347,788	4,287,818	7,441,341	7,567,844	8,746,105	13,540,979	21,556,656	35,575,255	54,490,367
Waste Management Reserve	19,884,433	9,377,588	9,578,912	10,278,506	11,325,493	9,759,917	9,146,729	9,302,224	9,460,361	11,262,904
Plant Replacement Reserve	129,034	131,227	133,458	135,727	138,034	140,381	142,767	145,194	147,663	150,173
Walkington Theatre Reserve	33,290	33,856	34,432	35,017	35,613	36,218	36,834	37,460	38,097	38,744
Dampier Drainage Reserve	10,972	11,159	11,349	11,542	11,738	11,937	12,140	12,347	12,557	12,770
Workers Compensation reserve	392,359	399,029	405,812	412,711	419,727	426,863	434,119	441,499	449,005	456,638
Mosquito Control reserve	10,036	10,207	10,380	10,557	10,736	10,919	11,104	11,293	11,485	11,680
Economic Development reserve	1,322,063	1,344,538	1,367,395	1,390,640	1,414,281	1,438,324	1,462,776	1,487,643	1,512,933	1,538,653
Medical Service Assistance Package reserve	404,236	411,108	418,096	425,204	432,433	439,784	447,260	454,864	462,596	470,461
Employee Entitlements Reserve	5,102,830	5,189,578	5,277,801	5,367,523	5,458,771	5,551,570	5,645,947	5,741,928	5,839,541	5,938,813
Community Development reserve	911,498	926,993	942,752	958,779	975,078	991,654	1,008,512	1,025,657	1,043,093	1,060,826
Restricted Funds Reserve	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835	1,743,835
Partnership Reserve	6,330,126	3,530,094	2,346,517	2,386,408	2,426,977	2,468,235	2,510,195	2,552,869	2,596,268	2,640,404
	66,579,225	42,895,905	32,974,921	41,694,476	51,372,122	61,468,522	71,911,051	89,701,883	111,656,121	140,800,988

14.2.7 Sustainability Ratios

Ratio	Description of Ratio	Projected 2019 / 2020	Projected 2020 / 2021	Projected 2021 / 2022	Projected 2022 / 2023	Projected 2023 / 2024	Projected 2024 / 2025	Projected 2025 / 2026	Projected 2026 / 2027	Projected 2027 / 2028	Projected 2028 / 2029
Coverage											
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	91.25%	78.03%	99.37%	102.86%	105.98%	108.88%	108.80%	112.60%	114.53%	116.95%
	Intermediate is between 60% and 90%										
	Advanced is above 90%										
Operating Sustainability											
Operating Surplus Ratio	An indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding	6.42%	-19.11%	10.36%	13.51%	16.11%	18.39%	15.86%	17.97%	19.39%	21.11%
	Operating Surplus/Own Source Revenue										
	Target between 0% and 15%										
Rates Coverage	An indicator of a local government's ability to cover its costs through its own tax revenue efforts	44.07%	38.38%	50.18%	51.17%	51.84%	52.45%	51.86%	53.57%	54.14%	54.70%
	Rates Revenue/Total Expenses										
	Target - Greater than or equal to 40%										
Liquidity Ratios											
Current Ratio	A measure of a local government's liquidity and its ability to meet its short term financial obligations from unrestricted current assets	5.15	2.91	2.57	2.48	2.30	2.98	3.80	5.21	7.96	9.91
	Current Assets less Restricted Assets/Current Liabilities less liabilities associated with Restricted assets										
	Target - greater than or equal to 1										
Debt Ratios											
Debt Service Cover Ratio	An indicator of a local government's ability to generate sufficient cash to cover its debt payments	255.62	5.20	18.66	8.57	5.85	6.39	6.06	8.56	17.37	0.00
	Operating revenue less Operating expenses except interest expense and depreciation/Principal and interest Expense										
	Target - more than 2 - The higher the better										

Asset Ratios											
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.	92%	146%	155%	153%	96%	78%	81%	70%	60%	49%
	Capital Renewal Expenditure/Depreciation Expense										
	Target - between 90% and 100%										
Asset Consumption Ratio	Highlights the aged condition of a local government's physical assets	81%	80%	80%	79%	77%	76%	75%	73%	72%	70%
	Depreciated Replacement Cost of Assets/Current Replacement Cost										
	Target between 50% and 75%										
Asset Renewal Funding Ratio	Indicates whether the local government has the financial capacity to fund asset renewal at existing revenue and service levels	120%	117%	121%	113%	102%	100%	100%	100%	100%	100%
	Net present value of planned renewal expenditure/net present value of Asset Management Plan projections										
	Target - between 95% and 100%										

14.3 Appendix B - Important Documents and Policies

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

- Council Policy CF-01 Local Government Accounting Directions
- 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 C - 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 needs 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 needs to be allocated accordingly.

Term	Definition
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.
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 AAS, 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 worst 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.