



Shire of Murchison Long Term Financial Plan

2012/13 – 2021/22

Adopted by an absolute majority of Council on the 16th August 2013

Part of the Shire of Murchison's Resourcing Strategy



Department of **Local Government and Communities**
Department of **Regional Development**



ROYALTIES
FOR REGIONS

Development of this plan has been supported by the Department of Local Government and Communities and funded from the Royalties for Regions Country Local Government Fund, which is administered by the Department of Regional Development.

Reliance and Disclaimer

Scope

RSM Bird Cameron was engaged solely to prepare the Long Term Financial Plan for the Shire of Murchison in accordance with Integrated Planning and Reporting Framework and Guidelines.

Our engagement was not an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements. Had we undertaken such an audit or review, other matters might have come to our attention that would have been reported to you. Our report is solely for the Shire's information and is not to be used for any other purpose. We do not express any assurance on the balances stated in this report.

Reliance

The professional advice and opinion in this report has been prepared for the exclusive use of the Shire of Murchison and for the purposes specified above. This report is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of Murchison. We accept no responsibility for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the Shire of Murchison.

For information on this report

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This is the first Long Term Financial Plan for the Shire of Murchison, prepared in accordance with Integrated Planning and Reporting (IPR) Framework requirements.

The Long Term Financial Plan was prepared by Consultants RSM Bird Cameron in conjunction with Shire staff. This Plan has been prepared as per the standard DLG template. The following resources have been referenced in the development of this plan:

- Shire of Murchison Strategic Community Plan 2013 – 2023;
- Shire of Murchison Corporate Business Plan 2013 – 2023;
- Shire of Murchison Asset Management Plan 2013 – 2032;
- Shire of Murchison Workforce Plan 2013 – 2017;

This program reflects our intentions at the time of publication. As with any plan or budget, the actual results may vary from that forecast.

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Purpose of the Plan

The Shire of Murchison's (the Shire) Long Term Financial Plan (LTFP) details what the Council proposes to do over the next ten years as a means of ensuring the Shire's financial sustainability. It is aligned to other core planning documents by which Council is accountable to the community including the Strategic Community Plan and the Shire's Corporate Business Plan. Information contained in other strategic plans including the Asset Management Plan and Workforce Plan have informed the LTFP which will be the basis for preparation of the Shire's Annual Budgets.

The LTFP is a dynamic tool which analyses financial trends over a ten year period on a range of assumptions and provides the Shire with information to assess resourcing requirements to achieve its strategic objectives and to assist the Shire to ensure its future financial sustainability.

The LTFP covers the period 2012/13 to 2021/22. There is a high level of accuracy and detail in the first 3 years of the LTFP but this is underpinned by a number of assumptions. The remaining seven years of the LTFP are shown as an overview with reasonable estimates only. The Shire undertakes a broad review of its Strategic Community Plan every two years and a full review is planned every four years. This LTFP will be reviewed in conjunction with Strategic Community Plan reviews. As Annual Budgets are developed from the LTFP there may be some annual variations between both which will be explained in the Annual Budget.

This LTFP has been developed using the Model Long Term Financial Plan from the Department of Local Government website.

Integrated Planning

The Shire of Murchison has prepared a number of plans as part of the Integrated Planning process. These comprise:

- Strategic Community Plan;
- Corporate Business Plan;
- Asset Management Plan; and
- Workforce Plan.

The Long Term Financial Plan is informed by these documents.

Strategic Overview

Vision

Working together to preserve the unique character of the Shire, supporting diverse and sustainable lifestyle and economic opportunities.

Key Statistics

The following table provides a snapshot of the Shire of Murchison at 2011-12:

Distance from Perth (Km)	741
Area (sq km)	49,500
Population (2012)	113
Number of Electors	106
Total Rates Levied	304,192
Total Operating Revenue	14,178,313
Number of Employees	11.9

The Shire's Circumstances

Several statutory key performance indicators (KPIs) have been prescribed in the Local Government (Financial Management) Regulations 1995 to measure the financial sustainability of local governments. The LTFP has been assessed against these KPIs and will be compared with KPIs measured from the Annual Budgets and Annual Financial Statements to provide clear targets for the Shire to report its progress to the community each year.

The Shire of Murchison faces some unique circumstances within the Western Australian Local Government Sector. These include:

- A large geographic area with a significant unsealed road network;
- A small population and limited rate base; and
- Geographic isolation.

Whilst acknowledging the intent of the KPI's is to measure the long term sustainability of the Shire's operations, it is difficult for the Shire to achieve these ratios given these factors.

KPI's where the Shire forecasts it will be able to meet the required benchmarks are:

- Operating Surplus Ratio (2021/22 only);
- Current Ratio (except 2013/14);
- Debt Service Coverage Ratio; and
- Asset Consumption Ratio.

KPI's where the Shire forecasts it will not be able to meet the required benchmarks are:

- Operating Surplus Ratio (except 2021/22);
- Own Source Revenue Ratio;
- Current Ratio (2013/14 only);
- Rates Coverage Ratio;
- Asset Sustainability Ratio; and
- Asset Renewal Funding Ratio.

Whilst these KPI's fall outside the required benchmarks, the Long Term Financial Plan does not forecast any significant deterioration in these ratios. Council considers this to be a reasonable outcome given the circumstances outlined above.

The methodology for calculating these KPI's is discussed later in this document under the heading *Measuring Sustainability* whilst the results of these KPI's are presented under *Key Performance Indicators*.

Our Place

The Shire of Murchison serves 29 stations and a population of 114 (2011 census). The Shire is 49,500 square kilometres in size. Most properties are managed by family units and the main income is from cattle, meat sheep and some fine wool. The Shire is often referred to as the "Shire with no Town" this is because no gazetted townsite exists within the Shire and it is believed to be the only Shire in Australia where this exists.

Our Community

The population of the Shire is estimated to have decreased by 20% from 153 in 2003 to 123 in 2011. The population comprises approximately 49.4% males and 50.6% females. The median age is 38 years.

There are approximately 60 residents at Pia Wadjari, an indigenous community 76kms south east from the Murchison Settlement, 50 people on 26 pastoral stations and 17 residents at the Murchison Settlement.

Much of this population decline has been from the Pia Wadjari Community which has a highly transient population. Municipal services and infrastructure management at Pia Wadjari are primarily administered by the Pia Wadjari Aboriginal Corporation. The population throughout the remainder of the Shire has remained fairly stable.

The Shire is currently expanding accommodation facilities at the Caravan Park in the Murchison Settlement and looking to expand its workforce. These developments have the potential to increase the Shire's population base.

Our Lifestyle

The naming of the Murchison River took place in 1839 following exploration of the area by Lieutenant George Grey. He named the river the Murchison after Roderick Impey Murchison the President of the Geographic Society, London. The crest adopted by the Shire of Murchison is that of the Murchison family.

Pastoralists first settled the Murchison Shire in the 1860's with the production of wool being the major industry.

In 1864 the need for more grazing land for sheep brought settlement to the area. The combination of plentiful feed and good quality water saw many people take up the opportunity to graze their sheep or cattle in the area.

Local Aboriginal people were employed by the settlers as shepherds. Homesteads were built of readily available materials – stone and timber. Some of these buildings still exist today.

The Murchison Roads Board was formed in 1875. Then, as now, the Shire is one of the largest in the state with the fewest ratepayers. Apart from the provision of roads and later phone services the Shire remains an area with few services. The roads board became a Shire Council in 1961 and the area is now known as the Shire of Murchison.

These days the Shire is made up of 29 pastoral leases, which farm sheep, cattle and goats. The Shire of Murchison is known as the "Shire without a town" as there is no designated town site in the Shire, however a settlement was declared at the site of the Shire office in 1988 and the Murchison Settlement provides a hub for the community.

The Murchison Settlement is situated on the Carnarvon-Mullewa Road and consists of:

- The Shire Offices;
- Staff Housing;
- Roadhouse (with Fuel Sales);
- Caravan Park and Budget Accommodation;
- Museum;
- Polocrosse Fields;
- Cricket Pitch;
- Floodlit Tennis Courts;
- Children's Playground;
- Sports Club; and
- Stabling for Horses.

Events at the Murchison Settlement include the annual Polocrosse meet and biennial Astrofest.

The 75 Km's of sealed roads and 1,887.7 Km's of unsealed roads within the district support the pastoral and tourism industry by providing vehicle access around the Shire and into adjoining areas of the Mid West and Gascoyne regions.

Our Services

The Shire of Murchison provides an extensive range of services to the community which fall into the following programs prescribed under the *Local Government (Financial Management) Regulations 1996*.

Governance	Administration and operation of facilities and services to members of council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.
General Purpose Funding	Rates, general purpose government grants and interest revenue.
Law, Order and Public Safety	Supervision of various by-laws, fire prevention and animal control.
Health	Monitor and control health standards within the community, provide support and assistance with airstrips to enable all residents' access to the Royal Flying Doctor for regular and emergency health services. Analytical services.
Housing	Provision and maintenance of staff housing.
Community Amenities	Maintain refuse site, refuse collection and litter control; sewerage system; town planning; cemetery.
Recreation and Culture	Provide a library and museum and operation thereof. Maintain recreation centre, sports field, parks, gardens and other recreation facilities; provision of Vast TV, Foxtel and Internet.
Transport	Construction and maintenance of roads, bridges, drainage works and traffic signs. Maintenance of settlement airstrip.
Economic Services	Provision of power and water supplies. Provision of radio communication. Maintenance of caravan park and Roadhouse. Vermin control and area promotion. Provision of fuel.
Other Property and Services	Private works operations, plant repairs and operations costs.

Service Delivery

It is proposed that existing service levels will be maintained for all operational areas in the short term. The Shire has a road network of 75 Km's of sealed roads and 1,887.7 Km's of unsealed roads within the district to support the pastoral and tourism industry by providing vehicle access around the Shire and into adjoining areas of the Mid West and Gascoyne regions. With the current lack of certainty regarding the Royalties for Regions program, the level of service provision, particularly maintaining and renewing the road network without continuing grant funding will be a challenge.

Service levels will be reviewed from time to time when future reviews of the LTFP are undertaken and the impact of supplying services across the municipality will be monitored and assessed.

Asset Management

The Shire has developed a strategic approach to asset management and developed asset management plans based on the total life cycle of assets. The Asset Management Plan will assist the Council in predicting infrastructure consumption and asset renewal needs and identifies the cost required to renew or preserve the asset (renewal gap). This renewal gap is being addressed in the LTFP and will be the focus of future annual budgets.

Within the constraints of available funding, expenditure on renewal of assets has been increased to ensure sustainability in the longer term. The continued allocation of funding towards the renewal of assets and funding for maintenance and upgrades will result in a positive investment for the community in the future. Asset acquisitions and capital works projects are funded from one or more of the following:

- rate revenue;
- specific cash reserves;
- government grants; or
- external borrowings (only where it can be demonstrated that the cost of servicing the debt can be managed).

Financial Strategies and Principles

Rate increases

The Shire has a very small Rates base. Historically, only a small proportion of operating income for the Shire has been generated through rates. Rate increases have been modelled at 3% p.a. for the life of the plan.

Cost recovery of services

Discretionary fees and charges have also been modelled to increase by 3% p.a. for the life of the plan. In any event, this represents a minimal element of income of the Shire.

Prudent use of debt finance

The Shire has low levels of debt and is conscious that with its small rates income base and limited opportunities to generate income from offering other services, any borrowings must be proved to be for projects that are going to generate sufficient income to meet associated debt obligations.

It is anticipated that \$150,000 will be borrowed from the Western Australian Treasury Corporation during the 2013/14 financial year to fund the construction of further staff housing. Repayment of the loan has been modelled over a 20 year period with a 6.50% p.a. interest rate.

Cash reserves

Cash Reserves are also maintained by the Shire to ease the impact of future capital expenditures in any one year. The principal capital purpose cash reserves are:

- Plant Reserve;
- Building Reserve;
- Transaction Centre Reserve;

- Airport Resealing Reserve;
- Ballinyoo Bridge Reserve;
- Bitumen Reseal Reserve;
- Grid Reserve; and
- CBD Development Reserve.

Other cash reserves are maintained for employee accrued leave. Over the life of the LTFP cash reserves are projected to increase from \$1,410,000 to \$2,126,000.

The Shire will continue to pursue grant funding for strategic capital works from the State and Federal Government

Workforce Planning Strategies

The Workforce Plan considers that the Shire is facing a number of challenges in relation to:

- Succession planning;
- Cost of employment;
- Retention;
- Ageing workforce;
- Provision of training;
- Changes in the National Employment Standards (NES) and Awards;
- Changing community expectations; and
- Possible amalgamation in relation to Shires.

Net staff levels are forecast to increase with the addition of the following positions in response to strategies to address these challenges:

Position Title	Year Commencing
Customer Service Officer	2013/14
Community Development Officer	2014/15

Staff costs have been modelled to increase by 3% p.a. over the life of the LTFP.

Scenario Modelling and Sensitivity Analysis

The options available to a small remote country Shire are limited by a small rate base and limited opportunities for income earning activity.

The LTFP has been structured such that closing funds in the Rate Setting statement are nil or remain positive.

Key Assumptions Underpinning the Long Term Financial Plan

The estimates in the LTFP are based on a number of assumptions and Council strategies. The base point for the modelling is the 2012-13 unaudited financial statements and assumptions have been applied to the model. The assumptions are:

- Existing service levels will be maintained with a view to improvement in the longer term;
- Net staff levels will increase with the addition of positions as outlined under “Workforce Planning Strategies”.
- Staff costs will increase by 3% per annum over the life of the LTFP;
- CPI will be approximately 3% per annum over the life of the LTFP;
- Annual rate increases of 3% are planned over the life of the LTFP;
- Discretionary fees and charges will increase by 3% over the life of the LTFP;
- Interest rates for new borrowings have been forecast at 6.5%;
- Interest rates for invested funds will be 3% over the life of the LTFP;
- The current Roads to Recovery program (R2R) concludes in 2013/14. The Shire understands that there will be a new program after that date, and that the budgeted expenditure will be about the same as is currently the case. R2R grants are therefore assumed to continue for the life of the LTFP but have not been indexed over subsequent years;
- Royalties for Regions funding will continue until 2013-14. There is no assumption that the program will continue beyond that date;
- Other government grants will increase by CPI;
- Materials and contracts will increase by 3% per annum;
- Materials and contracts have been reduced by \$211,000 from the 2013/14 year as a result of non-recurring expenditure being incurred in the 2013/14 year in relation to the town planning scheme, strategic planning and tree pruning.
- Property, Plant and Equipment and Infrastructure Assets have been recorded at Fair Value at 30 June 2013;
- The Shire’s expenditure on renewal of road infrastructure will increase from \$342,000 in 2012/13 to \$1,032,000 in 2021/22;
- The Shire’s expenditure on new construction of sealed roads is forecast at \$798,000 p.a. in line with the average over recent years, reduced for an allowance for forecast increased building maintenance;
- The Shire’s expenditure on renewal and replacement of buildings is forecast at \$100,000 p.a. This has been increased from the \$21,795 forecast in the Asset Management Plan as Council plans to increase expenditure as a result of the ageing housing stock which will require further works than has occurred in recent years;
- Cash reserves will continue to be maintained to fund future commitments; and
- Capital expenditure on roads and other major infrastructure will be dependent upon available funding.

Measuring Sustainability

Please refer to *The Shire's Circumstances* above for further commentary regarding the Shire's ability to meet these KPI's.

Several statutory key performance indicators (KPIs) have been prescribed in the *Local Government (Financial Management) Regulations 1995* to measure the financial sustainability of local governments. The LTFP has been assessed against these KPIs and will be compared with KPIs measured from the Annual Budgets and Annual Financial Statements to provide clear targets for the Shire to report its progress to the community each year.

The results of the below ratios are outlined latter in this plan under *Key Performance Indicators*.

Current Ratio

This is a measurement of the Shire's liquidity and its ability to meet its short term financial obligations out of unrestricted current assets.

The Current Ratio is a measure of short term (unrestricted) liquidity – that is, the ability for the Shire to meet its liabilities (obligations) as, and when, they fall due. Provided Restricted Assets are excluded correctly, it is a very useful indicator of the "true" financial position of the Shire, particularly in the short-term (12 months).

As a general rule, when the Current Ratio of a local government is calculated at less than 1 (100%), it indicates a short-term funding issue. However, it also needs to be considered in the context of the overall financial position.

The current ratio is calculated as:

$$\frac{\text{Current Assets less Restricted Assets}}{\text{Current Liabilities less Current Liabilities associated with Restricted Assets}}$$

The target for this ratio is greater than or equal to 1:1.

Operating Surplus Ratio

This is an indicator of the extent to which operating revenues raised are sufficient to cover all operational expenses only or are available for capital funding purposes or other purposes.

The operational surplus ratio is the operating surplus (deficit) expressed as a percentage of total operating revenue. A positive ratio indicates that surplus revenue is available which may be used to support the funding of capital expenditure or used to offset past or future operational deficits. If the surplus is not required for this purpose in a particular year, it can be held to support future capital expenditure funding as a financial asset, used to offset past deficit funding, or where possible, used to reduce current debt levels.

The operating surplus ratio is calculated as:

$$\frac{\text{Operating Revenue less Operating Expenditure}}{\text{Own Source Revenue}}$$

The target for this ratio is between 0% and 15%.

Own Source Revenue Coverage Ratio

This is an indicator of the Shire's ability to cover its costs through its own revenue efforts.

The Own Source Revenue Coverage Ratio is a ratio to assess the degree of dependence upon revenues from rates and other sources excluding external grants.

The higher the ratio, the higher the dependency on own source revenue (controllable) and the less dependency on government grants (uncontrollable). Local Governments with a higher own source revenue coverage ratio find it easier to cope with unforeseen funding requirements and have more flexible budget options. This is because they have greater control over their own revenue.

A basic result for this ratio is between 40% and 60%, an intermediate result is between 60% and 90% and an advanced result is greater than 90%. The challenge every local government faces is how to continue to improve this ratio in the face of ever decreasing alternative funding sources (e.g. Financial Assistance Grants). If this ratio slips it may indicate that the local government is becoming more reliant on external funding sources, which are becoming less reliable, although large grants or contributions of a once-off nature will affect this ratio.

The own source revenue coverage ratio is calculated as:

$$\frac{\text{Rates, fees \& charges, reimbursements \& recoveries and interest}}{\text{Total operating expenses}}$$

The target for this ratio is greater than 40%.

Debt Service Ratio

This is an indicator of the Shire's ability to produce enough cash to cover its debt payments from uncommitted or general purpose funds available for operations.

Local governments with a higher proportion of revenues from rates (rate coverage ratio) can also effectively operate at higher Debt Service Ratios as they are more able to generate revenue (via rates increases) to cope with the debt burden.

Consequently, the effect of any borrowing increases in any particular year should be considered when formulating funding options for future years as the longer term, cumulative effect of repayments are often ignored.

The debt service ratio is calculated as:

$$\frac{\text{Operating Revenue less Operating Expenditure except Interest expense and Depreciation}}{\text{Principal and Interest Expense}}$$

The target for this ratio is greater than or equal to 2

Asset Sustainability Ratio

This is an indicator for the extent to which assets managed by the Shire are being replaced as these reach the end of their useful lives.

This ratio indicates whether the Shire is renewing or replacing existing physical assets at the same rate at which they are wearing out. On occasions, the Shire will accelerate or reduce asset expenditures over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

If capital expenditure on renewing or replacing assets is at least equal to depreciation on average over time, then the Shire is ensuring the value of its existing stock of physical assets is maintained. If capital expenditure on existing assets is less than depreciation then, unless the Shire's overall asset stock is relatively new, it is likely that it is under spending on renewal or replacement. This is likely to result in additional maintenance costs for assets that have exceeded their useful life that exceed the costs of renewal and replacement. This situation could progressively undermine a local government's financial sustainability as it is confronted with failed assets and significant renewal and replacement costs that cannot be accommodated without sudden large rate increases.

The ratio expresses net capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. This measure assists in identifying the potential decline or improvement in asset condition and standards. A percentage of less than 100 on an ongoing basis indicates that capital expenditure levels are not being optimised so as to minimise whole of life cycle costs of assets or that assets may be deteriorating at a greater rate than spending on their renewal or replacement.

Local governments should be replacing or renewing assets at the appropriate times. Achievement of the asset sustainability ratio target means that the Shire is reasonably preserving the stock of existing assets because renewal or replacement activity approximately matches the consumption of its asset stock for the period.

A ratio of greater than 110% indicates that the Shire may be over investing in renewal and replacement of its asset base. A ratio of less than 90% indicates that the Shire may be under investing in renewal and replacement of its asset base.

The Asset Sustainability Ratio is calculated as:

$$\frac{\text{Capital Renewal Expenditure}}{\text{Depreciation Expense}}$$

The target for this ratio is between 90% and 100%.

Asset Consumption Ratio

This ratio highlights the aged condition of the Shire's physical assets.

The Asset Consumption Ratio expresses the total carrying value of depreciable assets as a percentage of the total reported value of depreciable assets before accumulated depreciation. This ratio shows the written down current value of the Shire's depreciable assets relative to their 'as new' value in up to date prices. This ratio seeks to highlight the aged condition of the Shire's stock of physical assets. If a local government is responsibly maintaining, renewing and replacing its assets in accordance with its Asset Management Plan, then the fact that its Asset Consumption Ratio may be relatively low and/or declining should not be a cause for concern – providing it is operating sustainably.

The asset consumption ratio is calculated as:

$$\frac{\text{Depreciated Replacement Cost of Assets (Written Down Value)}}{\text{Current Replacement Cost}}$$

The target for this ratio is between 50% and 75%.

Asset Renewal Funding Ratio

This is a measurement of the Shire's liquidity and its ability to meet its short term financial obligations out of unrestricted current assets.

The ratio is a measure of the ability of the Shire to fund its projected asset renewals and replacements in the future. The LTFP makes annual provisions to renew assets where their condition has degraded beyond an objective threshold. This requirement will vary from year to year, potentially creating different short term and long term renewal funding needs.

A ratio of between 95% and 105% indicates that the Shire's LTFP makes adequate provision to maintain existing levels of service and renew or replace assets. The 95% to 105% measurement in a suitable target of the Asset Sustainability Ratio falls within the 90% to 100% target and the Asset Consumption Ratio falls within the target range of 50% to 75%. A ratio between 50% and 75% indicates that the Shire may not be making adequate provision for the future renewal or replacement of its asset base.

The Asset Renewal Funding Ratio is calculated as:

$$\frac{\text{Net Present Value of Planned Renewal Expenditure}}{\text{Net Present Value of Asset Management Plan Projections}}$$

The target for this ratio is between 95% and 105%.

Risk Assessment

The Asset Management Plan identifies assets that are critical to the Shire’s operations and outlines risk management strategies for these.

The primary risk to the Long Term Financial Plan is the continuity of income, especially from grants. Changes in the world economy, particularly as they affect Royalties received by the WA State Government could have a major impact on the ability of the Shire to deliver major new infrastructure. Two items identified in the Forward Capital Works Plan are additional housing to accommodate anticipated staff increases and replacement of Ballinyoo Bridge. These projects will not be possible without grant funding.

With the current lack of certainty with regard to the Royalties for Regions program, the level of service provision particularly with regard to maintaining a road network of 75 Km’s of sealed roads and 1,887 Km’s of unsealed roads within the Shire, supporting the pastoral and tourism industry by providing vehicle access around the Shire, will be a challenge. This extensive road system under the Shire’s control requires constant vigilance, renewal and maintenance. If grants for this work are no longer available, the level of service will decrease.

Another risk associated with maintaining, replacing and improving assets is the challenge of employing staff in a remote area, or alternatively brining in contractors to ensure that works are completed.

Interest rates available for invested funds are currently declining and may impact the income for the Shire from this source. The Shire will continue to invest its funds in Australian banks to ensure retention of capital.

Risk Area	Mitigation
Maintenance of grant funding	<ul style="list-style-type: none"> Lobbying through WALGA for sufficient funding to assist with meeting the Shires obligations with regard to maintaining the road network and to deliver major new infrastructure.
Employing and retaining staff in a remote area	<ul style="list-style-type: none"> Provision of housing (but funding will be required to achieve this in future – see above).
Interest income and capital retention	<ul style="list-style-type: none"> Invest funds in Australian Banks. Capital retention is more important than chasing high interest rates.

Financial Projections

The financial projections in this LTFP have been developed in a format that conforms to the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. This format has been chosen as it allows projections to feed into the statutory format of the Annual Budget and key performance measures in the LTFP to be compared with Annual Budgets and Annual Financial Reports. The Statutory schedules include:

- Statement of Financial Position (Balance Sheet) and Equity Statement;
- Statement of Comprehensive Income*;
- Statement of Cash Flows; and
- Rate Setting Statement.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities.

The Statement of Financial Position is a snap-shot of the expected financial position of the Shire 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 bottom line “Net Assets” represents the net worth of the Council. The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months.

The Statement of Cash Flows shows what is expected to happen during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. This can be used to fund other activities such as capital works and infrastructure. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments.

The format of the Rate Setting Statement varies from the format of the statement prepared in Annual Budgets. In Annual Budgets, the bottom line of the statement is the amount to be made up from rates. In the LTFP, rates assessed in accordance with relevant assumptions have been shown as a revenue stream with all other sources of revenue, so that if a surplus results, this can be used to fund other services. However, where a shortfall results, this indicates that the Council is unable to fund the services proposed at the planned rating levels and may need to defer works or services, increase debt or increase rates even further to cover the cost of planned service provision. In the LTFP the Rate Setting Statement shows the accumulated surplus carried forward at the end of each year.

The Statements are supported by schedules of:

- Capital works;
- Cash reserves;
- Loan borrowings and repayments;
- Depreciation calculations;
- Assumptions used in the LTFP; and
- Calculations and measurement of KPI's.

Conclusion – Implementation and Review of the LTFP

The Council will consider the content of the LTFP when preparing the Annual Budget for 2013-14 and subsequent years and it is expected that adopted budgets will be closely aligned with the proposals in the LTFP and assumptions underpinning this.

Some minor review of the LTFP will occur each year as budgets are prepared to account for performance information and changing circumstances. However, a detailed desktop review is planned for 2014-15 and a full review will be undertaken in 2016-17 in conjunction with formal reviews of the Strategic Community Plan.

The Council is confident that the LTFP will allow the Shire to set priorities within its resourcing capabilities to sustainably deliver the assets and services required by the community.

Shire of Murchison
Long Term Financial Plan
Statements and Supporting Schedules

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Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Comprehensive Income by Nature and Type

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
INCOME: REVENUES FROM ORDINARY ACTIVITIES										
EXCLUDING PROFIT ON ASSET DISPOSAL, NON-OPERATING GRANTS, SUBSIDIES & CONTRIBUTIONS										
Rates	297,654	300,578	309,595	318,883	328,450	338,303	348,452	358,906	369,673	380,763
Rates Growth	-	-	-	-	-	-	-	-	-	-
Operating Grants, Subsidies & Contributions	4,278,447	2,646,815	4,093,599	4,301,954	4,388,284	4,545,494	4,706,071	4,876,449	5,053,418	5,230,551
Fees & Charges	296,214	261,200	269,036	277,107	285,420	293,983	302,802	311,886	321,243	330,880
Service Charges	-	-	-	-	-	-	-	-	-	-
Interest Earnings	112,385	77,953	80,292	82,700	85,181	87,737	90,369	93,080	95,872	98,749
Other Revenue	559,349	119,924	123,522	127,227	131,044	134,976	139,025	143,196	147,491	151,916
Total Revenue	5,544,049	3,406,470	4,876,043	5,107,872	5,218,380	5,400,492	5,586,719	5,783,517	5,987,698	6,192,859
EXPENDITURE: EXPENSES FROM ORDINARY ACTIVITIES										
EXCLUDING LOSS ON ASSET DISPOSAL										
Employee Costs	(930,998)	(1,299,511)	(1,423,496)	(1,466,201)	(1,510,187)	(1,555,493)	(1,602,158)	(1,650,222)	(1,699,729)	(1,750,721)
Materials & Contracts	(1,614,748)	(1,184,784)	(1,009,328)	(1,039,607)	(1,070,796)	(1,102,919)	(1,136,007)	(1,170,087)	(1,205,190)	(1,241,346)
Utilities	(4,299)	-	-	-	-	-	-	-	-	-
Depreciation	(1,696,468)	(2,070,392)	(2,347,627)	(2,439,992)	(2,601,414)	(2,542,482)	(2,551,303)	(2,720,014)	(2,663,268)	(2,613,751)
Interest Expenses	(3)	(9,639)	(9,252)	(8,973)	(8,676)	(8,358)	(8,019)	(7,657)	(7,271)	(6,859)
Insurance	(175,979)	(195,262)	(201,120)	(207,153)	(213,368)	(219,769)	(226,362)	(233,153)	(240,148)	(247,352)
Other Expenditure	(220,970)	(207,176)	(213,391)	(219,793)	(226,387)	(233,178)	(240,174)	(247,379)	(254,800)	(262,444)
Total Expenditure	(4,643,465)	(4,966,764)	(5,204,214)	(5,381,720)	(5,630,828)	(5,662,199)	(5,764,023)	(6,028,513)	(6,070,406)	(6,122,473)
Sub-total	900,584	(1,560,294)	(328,171)	(273,847)	(412,448)	(261,707)	(177,304)	(244,996)	(82,708)	70,387
Non-Operating Grants, Subsidies & Contributions	-	3,344,601	2,699,498	-	-	-	-	-	-	-
Profit on Asset Disposals	-	106,377	-	-	-	-	-	-	-	-
Loss on Asset Disposals	(2,637)	-	-	-	-	-	-	-	-	-
Sub-total	(2,637)	3,450,978	2,699,498	-	-	-	-	-	-	-
NET RESULT	897,947	1,890,684	2,371,327	(273,847)	(412,448)	(261,707)	(177,304)	(244,996)	(82,708)	70,387
Other Comprehensive Income										
Changes in Valuation of non-current assets	9,049,564	-	-	2,756,319	-	-	3,377,126	-	-	3,884,865
Total Other Comprehensive Income	9,049,564	-	-	2,756,319	-	-	3,377,126	-	-	3,884,865
TOTAL COMPREHENSIVE INCOME	9,947,511	1,890,684	2,371,327	2,482,471	(412,448)	(261,707)	3,199,822	(244,996)	(82,708)	3,955,252

Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Cash Flows

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
CASH FLOWS FROM OPERATING ACTIVITIES										
RECEIPTS										
Rates	297,654	300,578	309,595	318,883	328,450	338,303	348,452	358,906	369,673	380,763
Operating Grants, Subsidies & Contributions	4,278,447	2,646,815	4,093,599	4,301,954	4,388,284	4,545,494	4,706,071	4,876,449	5,053,418	5,230,551
Fees & Charges	296,214	261,200	269,036	277,107	285,420	293,983	302,802	311,886	321,243	330,880
Service Charges	-	-	-	-	-	-	-	-	-	-
Interest Earnings	112,385	77,953	80,292	82,700	85,181	87,737	90,369	93,080	95,872	98,749
Goods and Services Tax	69,442	-	-	-	-	-	-	-	-	-
Other Revenue	559,349	119,924	123,522	127,227	131,044	134,976	139,025	143,196	147,491	151,916
Sub-total	5,613,491	3,406,470	4,876,043	5,107,872	5,218,380	5,400,492	5,586,719	5,783,517	5,987,698	6,192,859
PAYMENTS										
Employee Costs (Operating Only)	(930,998)	(1,299,511)	(1,423,496)	(1,466,201)	(1,510,187)	(1,555,493)	(1,602,158)	(1,650,222)	(1,699,729)	(1,750,721)
Materials & Contracts	(1,614,748)	(1,184,784)	(1,009,328)	(1,039,607)	(1,070,796)	(1,102,919)	(1,136,007)	(1,170,087)	(1,205,190)	(1,241,346)
Utilities (gas, electricity, water, etc.)	(4,299)	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	(9,639)	(9,252)	(8,973)	(8,676)	(8,358)	(8,019)	(7,657)	(7,271)
Insurance	(175,979)	(195,262)	(201,120)	(207,153)	(213,368)	(219,769)	(226,362)	(233,153)	(240,148)	(247,352)
Goods and Services Tax	-	-	-	-	-	-	-	-	-	-
Other Expenditure	(220,970)	(207,176)	(213,391)	(219,793)	(226,387)	(233,178)	(240,174)	(247,379)	(254,800)	(262,444)
Sub-total	(2,946,994)	(2,886,733)	(2,856,974)	(2,942,007)	(3,029,711)	(3,120,036)	(3,213,059)	(3,308,861)	(3,407,524)	(3,509,134)
Net Cash Provided by (Used in) Operating Activities	2,666,497	519,737	2,019,069	2,165,865	2,188,669	2,280,456	2,373,660	2,474,656	2,580,174	2,683,726
CASH FLOWS FROM INVESTING ACTIVITIES										
Payments for Development of Land Held for Resale	-	-	-	-	-	-	-	-	-	-
Payments for Purchase of Property, Plant & Equipment	(619,359)	(1,541,601)	(783,795)	(933,000)	(700,000)	(482,000)	(965,000)	(450,000)	(272,000)	(744,000)
Payments for Construction of Infrastructure	(2,864,056)	(5,344,737)	(4,044,356)	(1,502,784)	(1,495,271)	(1,586,720)	(1,679,564)	(1,780,177)	(2,035,284)	(1,838,398)
Advances to Community Groups	-	-	-	-	-	-	-	-	-	-
Proceeds from Advances	-	-	-	-	-	-	-	-	-	-
Grants / Contributions for the Development of Assets	-	3,344,601	2,699,498	-	-	-	-	-	-	-
Proceeds from Sales (excluding Land)	51,818	146,363	225,000	170,000	195,000	25,000	265,000	60,000	225,000	5,000
Proceeds from Sale of Land	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(3,431,597)	(3,395,374)	(1,903,653)	(2,265,784)	(2,000,271)	(2,043,720)	(2,379,564)	(2,170,177)	(2,082,284)	(2,577,398)

Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Cash Flows

	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
CASH FLOWS FROM FINANCING ACTIVITIES										
Repayment of Debentures	-	(3,782)	(4,168)	(4,447)	(4,745)	(5,063)	(5,402)	(5,763)	(6,149)	(6,561)
Proceeds from Self Supporting Loans	-	-	-	-	-	-	-	-	-	-
Proceeds from New Debentures	-	150,000	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	-	146,218	(4,168)	(4,447)	(4,745)	(5,063)	(5,402)	(5,763)	(6,149)	(6,561)
NET INCREASE (DECREASE) IN CASH HELD	(765,100)	(2,729,419)	111,248	(104,366)	183,653	231,673	(11,306)	298,716	491,741	99,767
Cash at Beginning of Year	4,245,686	3,480,586	751,167	862,415	758,049	941,702	1,173,375	1,162,069	1,460,785	1,952,526
Cash at the End of Year	3,480,586	751,167	862,415	758,049	941,702	1,173,375	1,162,069	1,460,785	1,952,526	2,052,293

Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Financial Postition

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	3,480,586	751,167	862,415	758,049	941,702	1,173,375	1,162,069	1,460,785	1,952,526	2,052,293	
Receivables	31,427	244,109	244,109	244,109	244,109	244,109	244,109	244,109	244,109	244,109	
Inventories	128,888	76,977	76,977	76,977	76,977	76,977	76,977	76,977	76,977	76,977	
Inventories - Land Held for Resale	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	3,640,901	1,072,253	1,183,501	1,079,135	1,262,788	1,494,461	1,483,155	1,781,871	2,273,612	2,373,379	
	351,734										
NON-CURRENT ASSETS											
Receivables	-	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	-	
Property, Plant and Equipment	7,953,791	8,838,607	8,717,111	9,344,975	9,117,499	8,879,109	9,533,524	9,208,086	8,589,818	9,448,875	
Infrastructure	19,298,004	23,189,148	25,566,169	27,520,416	27,146,748	26,886,377	29,437,349	29,212,950	29,250,234	32,239,689	
Total Non-Current Assets	27,251,795	32,027,755	34,283,280	36,865,391	36,264,248	35,765,486	38,970,873	38,421,037	37,840,052	41,688,564	
TOTAL ASSETS	30,892,696	33,100,008	35,466,781	37,944,526	37,527,036	37,259,947	40,454,028	40,202,908	40,113,664	44,061,943	
LIABILITIES											
CURRENT LIABILITIES											
Payables	(6,877)	241,033	241,033	241,033	241,033	241,033	241,033	241,033	241,033	241,033	
Current Portion of Long Term Borrowings	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561	
Provisions	79,279	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	72,402	244,815	245,201	245,480	245,778	246,096	246,435	246,796	247,182	247,594	
NON-CURRENT LIABILITIES											
Long Term Borrowings	-	152,075	147,134	142,129	136,789	131,090	125,010	118,524	111,603	104,218	
Provisions	38,512	30,652	30,652	30,652	30,652	30,652	30,652	30,652	30,652	30,652	
Total Non-Current Liabilities	38,512	182,727	177,786	172,781	167,441	161,742	155,662	149,176	142,255	134,870	
TOTAL LIABILITIES	110,914	427,542	422,987	418,261	413,219	407,838	402,097	395,972	389,437	382,464	
NET ASSETS	30,781,782	32,672,466	35,043,794	37,526,265	37,113,817	36,852,109	40,051,931	39,806,936	39,724,227	43,679,479	
NET CURRENT ASSETS											
	2011/12	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22

Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Financial Position

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
CURRENT ASSETS											
Cash and Cash Equivalents	4,143,344	3,480,586	751,167	862,415	758,049	941,702	1,173,375	1,162,069	1,460,785	1,952,526	2,052,293
Receivables	957,928	31,427	244,109	244,109	244,109	244,109	244,109	244,109	244,109	244,109	244,109
Inventories	76,976	128,888	76,977	76,977	76,977	76,977	76,977	76,977	76,977	76,977	76,977
Inventories - Land Held for Resale	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	5,178,248	3,640,901	1,072,253	1,183,501	1,079,135	1,262,788	1,494,461	1,483,155	1,781,871	2,273,612	2,373,379
CURRENT LIABILITIES											
Payables	695,927	(6,877)	241,033	241,033	241,033	241,033	241,033	241,033	241,033	241,033	241,033
Current Portion of Long Term Borrowings	-	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561
Provisions	79,279	79,279	-	-	-	-	-	-	-	-	-
Total Current Liabilities	775,206	72,402	244,815	245,201	245,480	245,778	246,096	246,435	246,796	247,182	247,594
NET CURRENT ASSETS	4,403,042	3,568,499	827,438	938,300	833,655	1,017,010	1,248,365	1,236,720	1,535,075	2,026,430	2,125,785
LESS: Restricted Reserves	(1,307,648)	(1,409,991)	(886,944)	(938,299)	(833,654)	(1,017,009)	(1,248,364)	(1,236,719)	(1,535,074)	(2,026,429)	(2,125,784)
LESS: Restricted Muni	-	-	-	-	-	-	-	-	-	-	-
ADD: Current Long Term Borrowings	-	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561
ADD: Cash-backed Leave Reserve	55,723	57,503	55,724	55,723	55,723	55,723	55,723	55,723	55,723	55,723	55,723
OPENING/CLOSING FUNDS	3,180,148	2,216,011	-	59,892	60,171	60,469	60,787	61,126	61,487	61,873	62,285

Shire of Murchison Long Term Financial Plan 2012 - 2022
Statement of Changes in Equity

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
EQUITY										
RETAINED SURPLUS										
Balance 1 July	15,420,123	16,215,727	18,629,458	20,949,431	20,780,228	20,184,425	19,691,363	19,525,704	18,982,353	18,408,290
Transfer from / (to) Reserve	(102,343)	523,047	(51,355)	104,645	(183,355)	(231,355)	11,645	(298,355)	(491,355)	(99,355)
Net Result	897,947	1,890,684	2,371,327	(273,847)	(412,448)	(261,707)	(177,304)	(244,996)	(82,708)	70,387
Balance 30 June	16,215,727	18,629,458	20,949,431	20,780,228	20,184,425	19,691,363	19,525,704	18,982,353	18,408,290	18,379,322
CASH BACKED RESERVES										
Balance 1 July	1,307,648	1,409,991	886,944	938,299	833,654	1,017,009	1,248,364	1,236,719	1,535,074	2,026,429
Transfer (from) / to Reserve	102,343	(523,047)	51,355	(104,645)	183,355	231,355	(11,645)	298,355	491,355	99,355
Balance 30 June	1,409,991	886,944	938,299	833,654	1,017,009	1,248,364	1,236,719	1,535,074	2,026,429	2,125,784
ASSET REVALUATION RESERVE										
Balance 1 July	4,106,500	13,156,064	13,156,064	13,156,064	15,912,383	15,912,383	15,912,383	19,289,508	19,289,508	19,289,508
Total Other Comprehensive Income	9,049,564	-	-	2,756,319	-	-	3,377,126	-	-	3,884,865
Balance 30 June	13,156,064	13,156,064	13,156,064	15,912,383	15,912,383	15,912,383	19,289,508	19,289,508	19,289,508	23,174,374
TOTAL EQUITY										
Balance 30 June	30,781,782	32,672,466	35,043,794	37,526,265	37,113,817	36,852,109	40,051,931	39,806,936	39,724,227	43,679,479
Net Assets as Balance Sheet	30,781,782	32,672,466	35,043,794	37,526,265	37,113,817	36,852,109	40,051,931	39,806,936	39,724,227	43,679,479

Shire of Murchison Long Term Financial Plan 2012 - 2022 Rate Setting Statement

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
REVENUES										
Rate Levies (Under adopted assumptions)	297,654	300,578	309,595	318,883	328,450	338,303	348,452	358,906	369,673	380,763
Other Revenue	5,243,758	6,556,870	7,265,946	4,788,989	4,889,930	5,062,189	5,238,267	5,424,611	5,618,025	5,812,096
Revenues Sub-total	5,541,412	6,857,448	7,575,541	5,107,872	5,218,380	5,400,492	5,586,719	5,783,517	5,987,698	6,192,859
EXPENSES										
All Operating Expenses	(4,643,465)	(4,966,764)	(5,194,962)	(5,372,747)	(5,622,152)	(5,653,841)	(5,756,004)	(6,020,856)	(6,063,135)	(6,115,614)
Net Operating Profit/(Loss)	897,947	1,890,684	2,380,579	(264,874)	(403,772)	(253,349)	(169,285)	(237,339)	(75,437)	77,246
NON CASH ITEMS										
(Profit)/Loss on Asset Disposals	2,637	(106,378)	-	-	-	-	-	-	-	-
Movements in Provisions and Accruals	(27,249)	1	(1)	-	-	-	-	-	-	-
Movement in Non Current Debtors	-	-	-	-	-	-	-	-	-	-
Depreciation on Assets	1,696,468	2,070,392	2,347,627	2,439,992	2,601,414	2,542,482	2,551,303	2,720,014	2,663,268	2,613,751
Sub-total	1,671,856	1,964,015	2,347,626	2,439,992	2,601,414	2,542,482	2,551,303	2,720,014	2,663,268	2,613,751
CAPITAL EXPENDITURE AND REVENUE										
Development of Land Held for Resale	-	-	-	-	-	-	-	-	-	-
Purchase Land and Buildings	(77,224)	(848,351)	(21,795)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Infrastructure Assets - Roads	(2,864,056)	(5,292,147)	(4,036,679)	(1,495,107)	(1,487,594)	(1,579,043)	(1,671,887)	(1,772,500)	(2,027,607)	(1,830,721)
Infrastructure Assets - Other	-	(52,590)	(7,677)	(7,677)	(7,677)	(7,677)	(7,677)	(7,677)	(7,677)	(7,677)
Purchase Plant and Equipment	(534,319)	(655,250)	(762,000)	(833,000)	(600,000)	(382,000)	(865,000)	(350,000)	(172,000)	(644,000)
Purchase Furniture and Equipment	(7,816)	(38,000)	-	-	-	-	-	-	-	-
Proceeds Disposal of Assets	51,818	146,363	225,000	170,000	195,000	25,000	265,000	60,000	225,000	5,000
Repayment of Debentures	-	(3,782)	(13,807)	(13,699)	(13,718)	(13,739)	(13,760)	(13,782)	(13,806)	(13,832)
Proceeds from New Debentures	-	150,000	-	-	-	-	-	-	-	-
Self-supporting Loan Principal	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves	(102,343)	(92,953)	(588,355)	(588,355)	(588,355)	(588,355)	(588,355)	(588,355)	(588,355)	(588,355)
Transfers from Reserves	-	616,000	537,000	693,000	405,000	357,000	600,000	290,000	97,000	489,000
Net Cash From Investing Activities	(3,533,940)	(6,070,710)	(4,668,313)	(2,174,838)	(2,197,344)	(2,288,814)	(2,381,679)	(2,482,314)	(2,587,445)	(2,690,585)
ESTIMATED SURPLUS/(DEFICIT) JULY 1 B/FWD	3,180,148	2,216,011	-	59,892	60,171	60,469	60,787	61,126	61,487	61,873
ESTIMATED SURPLUS/(DEFICIT) JUNE 30 C/FWD	2,216,011	-	59,892	60,171	60,469	60,787	61,126	61,487	61,873	62,285
CONTROL = 0	-	0	(0)	0	0	-	(0)	-	-	-

Shire of Murchison Long Term Financial Plan 2012 - 2022
Ten Year Capital Works Program

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
CAPITAL WORKS TOTAL (Infra & Build)	2,941,280	6,193,088	4,066,151	1,602,784	1,595,271	1,686,720	1,779,564	1,880,177	2,135,284	1,938,398
Total Renewal (Infra & Buildings)	418,093	3,201,428	2,284,840	804,388	796,875	888,324	981,168	1,081,781	1,336,888	1,140,002
TOTAL PROCEEDS OF SALE	51,818	146,363	225,000	170,000	195,000	25,000	265,000	60,000	225,000	5,000
TOTAL BOOK VALE ASSETS SOLD	54,455	39,986	225,000	170,000	195,000	25,000	265,000	60,000	225,000	5,000
TOTAL PROFIT ON SALE	-	106,377	-	-	-	-	-	-	-	-
TOTAL (LOSS) ON SALE	(2,637)	-	-	-	-	-	-	-	-	-
 NPV RATE 5% (BELOW) 0.05										
NPV OF CAPITAL WORKS	10,215,853	10,308,552	7,622,552	5,718,839	5,200,393	4,663,537	4,008,390	3,227,641	2,307,242	1,085,716

Shire of Murchison Long Term Financial Plan 2012 - 2022
Loan Repayment Schedule (compiled from amortisation schedules)

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
LOAN INTEREST REPAYMENTS										
<i>Council Loans</i>										
Housing										
Loan L	-	9,639	9,252	8,973	8,676	8,358	8,019	7,657	7,271	6,859
Loan M	-	-	-	-	-	-	-	-	-	-
Total Interest on Council Loans	-	9,639	9,252	8,973	8,676	8,358	8,019	7,657	7,271	6,859
Total Interest	-	9,639	9,252	8,973	8,676	8,358	8,019	7,657	7,271	6,859

Check to reassure all figures are in the total

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LOAN PRINCIPAL REPAYMENTS										
<i>Housing</i>										
Loan L	-	150,000								
Principal Paid	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561
Principal Outstanding	-	146,218	142,050	137,603	132,858	127,795	122,393	116,630	110,481	103,920
Total New Council Loans	-	150,000	-	-	-	-	-	-	-	-
Principal Paid	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561
Principal Outstanding	-	146,218	142,050	137,603	132,858	127,795	122,393	116,630	110,481	103,920
Total All New Loans	-	150,000	-	-	-	-	-	-	-	-
Principal Paid	-	3,782	4,168	4,447	4,745	5,063	5,402	5,763	6,149	6,561
Principal Outstanding	-	146,218	142,050	137,603	132,858	127,795	122,393	116,630	110,481	103,920

Shire of Murchison Long Term Financial Plan 2012 - 2022 Depreciation Schedule

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
LAND AND BUILDINGS										
Dep'n Rate:	3.70%									
Land Purchased for Resale	-									
Book Value of Land	-									
Land Acquisition	-	-	-	-	-	-	-	-	-	-
Land Disposed	-	-	-	-	-	-	-	-	-	-
Total Land	-	-	-	-	-	-	-	-	-	-
Book Value of Buildings	1,464,531									
Buildings Acquired	77,224	848,351	21,795	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Buildings Disposed	-	-	-	-	-	-	-	-	-	-
Total Buildings	1,541,755	7,064,378	6,840,486	6,687,791	7,106,915	6,945,809	6,790,664	7,314,196	7,145,420	6,982,890
Depreciation	(98,973)	(245,687)	(252,695)	(245,598)	(261,106)	(255,145)	(249,405)	(268,775)	(262,531)	(256,517)
Fair Value Adjustment	4,773,245			564,722			672,936			740,016
Book Value of Buildings	6,216,027	6,818,691	6,587,791	7,006,915	6,845,809	6,690,664	7,214,196	7,045,420	6,882,890	7,466,389
MOTOR VEHICLES										
Dep'n Rate:	18%									
Existing Fleet	-									
Vehicle Acquisition	-	-	-	-	-	-	-	-	-	-
Vehicle Disposal	-	-	-	-	-	-	-	-	-	-
PLANT AND EQUIPMENT										
Existing Heavy Plant	1,574,507									
Plant & Equipment Acquisition	534,319	655,250	762,000	833,000	600,000	382,000	865,000	350,000	172,000	644,000
Plant & Equipment Disposal	(54,455)	(39,986)	(225,000)	(170,000)	(195,000)	(25,000)	(265,000)	(60,000)	(225,000)	(5,000)
Total Plant & Equipment	2,054,371	2,295,066	2,470,729	2,717,078	2,677,374	2,571,347	2,738,384	2,565,625	2,071,513	2,312,620
Depreciation	(374,569)	(361,337)	(416,651)	(444,704)	(463,027)	(432,962)	(462,759)	(441,113)	(397,892)	(359,212)
Book Value of Motor Vehicles, Plant & Equipment	1,679,802	1,933,729	2,054,078	2,272,374	2,214,347	2,138,384	2,275,625	2,124,513	1,673,620	1,953,409

Shire of Murchison Long Term Financial Plan 2012 - 2022 Depreciation Schedule

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
FURNITURE AND EQUIPMENT										
Dep'n Rate:	12.7%									
Existing Furniture & Equipment	58,595									
Furniture and Equipment Acquired	7,816	38,000	-	-	-	-	-	-	-	-
Furniture and Equipment Disposed	-	-	-	-	-	-	-	-	-	-
Total Furniture & Equipment	66,411	95,962	86,188	75,242	65,686	57,344	50,061	43,704	38,153	33,308
Depreciation	(8,449)	(9,774)	(10,946)	(9,556)	(8,342)	(7,283)	(6,358)	(5,550)	(4,845)	(4,230)
Book Value of Furniture & Equipment	57,962	86,188	75,242	65,686	57,344	50,061	43,704	38,153	33,308	29,078
TOTAL PROPERTY PLANT AND EQUIPMENT										
New Property Plant and Equipment	564,904	1,501,615	558,795	763,000	505,000	457,000	700,000	390,000	47,000	739,000
Total	3,662,537	9,455,406	9,397,402	9,480,111	9,849,975	9,574,499	9,579,109	9,923,524	9,255,086	9,328,818
Depreciation	(481,991)	(616,799)	(680,292)	(699,858)	(732,475)	(695,390)	(718,522)	(715,438)	(665,268)	(619,959)
Fair Value Adjustment	4,773,245	-	-	564,722	-	-	672,936	-	-	740,016
Book Value of Total Property Plant and Equipment	7,953,791	8,838,607	8,717,111	9,344,975	9,117,499	8,879,109	9,533,524	9,208,086	8,589,818	9,448,875
INFRASTRUCTURE (ROADS)										
Dep'n Rate:	6.60%									
Existing Infrastructure	12,753,898									
New Roads Developed	2,864,056	5,292,147	4,036,679	1,495,107	1,487,594	1,579,043	1,671,887	1,772,500	2,027,607	1,830,721
Total Roads	15,617,954	23,194,151	25,874,664	25,795,254	27,712,770	27,511,861	27,420,074	30,027,734	30,132,003	30,040,922
Depreciation	(1,194,275)	(1,356,166)	(1,574,517)	(1,653,148)	(1,779,952)	(1,763,674)	(1,754,553)	(1,923,338)	(1,921,801)	(1,922,287)
Fair Value Adjustment	3,478,325	-	-	2,083,070	-	-	2,589,712	-	-	3,033,030
Book Value of Roads	17,902,004	21,837,985	24,300,147	26,225,176	25,932,818	25,748,187	28,255,233	28,104,396	28,210,201	31,151,664
Ballinyoo Bridge Project										
INFRASTRUCTURE (Other)										
Dep'n Rate:	6.85%									
Existing Infrastructure	618,208									
New Other Infrastructure Developed	-	52,590	7,677	7,677	7,677	7,677	7,677	7,677	7,677	7,677
Total Other Infrastructure	618,208	1,448,590	1,358,840	1,273,699	1,302,917	1,221,607	1,145,867	1,189,793	1,116,232	1,047,710
Depreciation	(20,202)	(97,427)	(92,818)	(86,985)	(88,987)	(83,417)	(78,229)	(81,238)	(76,199)	(71,505)
Fair Value Adjustment	797,994	-	-	108,527	-	-	114,477	-	-	111,819
Book Value of Other Infrastructure	1,396,000	1,351,163	1,266,022	1,295,240	1,213,930	1,138,190	1,182,116	1,108,555	1,040,033	1,088,024

Shire of Murchison Long Term Financial Plan 2012 - 2022
Depreciation Schedule

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
INFRASTRUCTURE (ALL)										
New Infrastructure Developed	2,864,056	5,344,737	4,044,356	1,502,784	1,495,271	1,586,720	1,679,564	1,780,177	2,035,284	1,838,398
Total Infrastructure	16,236,162	24,642,741	27,233,504	27,068,953	29,015,687	28,733,468	28,565,941	31,217,526	31,248,234	31,088,632
Depreciation	(1,214,477)	(1,453,593)	(1,667,335)	(1,740,134)	(1,868,939)	(1,847,092)	(1,832,782)	(2,004,576)	(1,998,000)	(1,993,792)
Fair Value Adjustment	4,276,319	-	-	2,191,597	-	-	2,704,189	-	-	3,144,849
Book Value Infrastructure	19,298,004	23,189,148	25,566,169	27,520,416	27,146,748	26,886,377	29,437,349	29,212,950	29,250,234	32,239,689
Total Assets	27,251,795	32,027,755	34,283,280	36,865,391	36,264,248	35,765,486	38,970,873	38,421,037	37,840,052	41,688,564
Total Infra & Build	25,514,031	30,007,838	32,153,960	34,527,331	33,992,557	33,577,041	36,651,545	36,258,371	36,133,124	39,706,078
Total Depreciation	(1,696,468)	(2,070,392)	(2,347,627)	(2,439,992)	(2,601,414)	(2,542,482)	(2,551,303)	(2,720,014)	(2,663,268)	(2,613,751)
Depreciation on New Assets		(1,458,490)	(1,096,118)	(350,007)	(371,129)	(419,449)	(398,074)	(478,751)	(570,532)	(466,235)

Shire of Murchison Long Term Financial Plan 2012 - 2022

Key Performance Indicators

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
OPERATING SURPLUS RATIO										
Operating Revenue	5,544,049	3,406,470	4,876,043	5,107,872	5,218,380	5,400,492	5,586,719	5,783,517	5,987,698	6,192,859
Less Operating Exp incl interest & depreciation	(4,643,465)	(4,966,764)	(5,204,214)	(5,381,720)	(5,630,828)	(5,662,199)	(5,764,023)	(6,028,513)	(6,070,406)	(6,122,473)
= Net Operating Surplus	900,584	1,560,294	328,171	273,847	412,448	261,707	177,304	244,996	82,708	70,387
Divided by Own Source Revenue (excludes grants and c	1,265,602	759,655	782,445	805,918	830,096	854,998	880,648	907,068	934,280	962,308
Ratio Target - (+ve) Between 0% and 15%	71.16%	-205.40%	-41.94%	-33.98%	-49.69%	-30.61%	-20.13%	-27.01%	-8.85%	7.31%
OWN SOURCE REVENUE RATIO										
Own Source Operating Revenue (excludes grants and c	1,265,602	759,655	782,445	805,918	830,096	854,998	880,648	907,068	934,280	962,308
Operating Expense	4,643,465	4,966,764	5,204,214	5,381,720	5,630,828	5,662,199	5,764,023	6,028,513	6,070,406	6,122,473
Ratio Target Between 40% and 60%	27.26%	15.29%	15.03%	14.98%	14.74%	15.10%	15.28%	15.05%	15.39%	15.72%
CURRENT RATIO										
Current Assets	3,640,901	1,072,253	1,183,501	1,079,135	1,262,788	1,494,461	1,483,155	1,781,871	2,273,612	2,373,379
Less Restricted Assets	(1,409,991)	(886,944)	(938,299)	(833,654)	(1,017,009)	(1,248,364)	(1,236,719)	(1,535,074)	(2,026,429)	(2,125,784)
= Net Current Assets	2,230,910	185,309	245,202	245,481	245,779	246,097	246,436	246,797	247,183	247,595
Divided by Current Liabilities less	72,402	244,815	245,201	245,480	245,778	246,096	246,435	246,796	247,182	247,594
Current Liabilities ass'd with Restricted Assets	-	-	-	-	-	-	-	-	-	-
= Net Current Liabilities	72,402	244,815	245,201	245,480	245,778	246,096	246,435	246,796	247,182	247,594
Ratio Target > or = to 1:1	30.81	0.76	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assume Provision same as Leave Cash Reserve	-	-	-	-	-	-	-	-	-	-
RATES COVERAGE RATIO										
Total Rates Revenue	297,654	300,578	309,595	318,883	328,450	338,303	348,452	358,906	369,673	380,763
Divided by Total Expenses	4,643,465	4,966,764	5,204,214	5,381,720	5,630,828	5,662,199	5,764,023	6,028,513	6,070,406	6,122,473
Ratio Target > or = to 40%	6.4%	6.1%	5.9%	5.9%	5.8%	6.0%	6.0%	6.0%	6.1%	6.2%

Shire of Murchison Long Term Financial Plan 2012 - 2022

Key Performance Indicators

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
DEBT SERVICE COVERAGE RATIO										
Operating Surplus before Interest & Depreciation										
= Operating Revenue	5,544,049	3,406,470	4,876,043	5,107,872	5,218,380	5,400,492	5,586,719	5,783,517	5,987,698	6,192,859
Less Operating Expenses	(4,643,465)	(4,966,764)	(5,204,214)	(5,381,720)	(5,630,828)	(5,662,199)	(5,764,023)	(6,028,513)	(6,070,406)	(6,122,473)
Except Interest Expense and Depreciation	1,696,471	2,080,031	2,356,879	2,448,965	2,610,090	2,550,840	2,559,322	2,727,671	2,670,539	2,620,610
= OSBID	2,597,055	519,737	2,028,708	2,175,117	2,197,642	2,289,132	2,382,018	2,482,675	2,587,831	2,690,997
Divided by Principal and Interest	3	3,782	13,807	13,699	13,718	13,739	13,760	13,782	13,806	13,832
Ratio Target > or = 2	865685	137	147	159	160	167	173	180	187	195
ASSET SUSTAINABILITY RATIO										
Capital Renewal Expenditure	837,062	3,678,978	2,934,840	1,574,388	1,396,875	1,098,324	1,846,168	1,431,781	1,506,888	1,780,002
Divided by Depreciation Expense	1,696,468	2,070,392	2,347,627	2,439,992	2,601,414	2,542,482	2,551,303	2,720,014	2,663,268	2,613,751
Ratio Target 90% to 100%	49.3%	177.7%	125.0%	64.5%	53.7%	43.2%	72.4%	52.6%	56.6%	68.1%
ASSET CONSUMPTION RATIO										
Deprec'd Replace't Cost Assets (Written Down Value)	27,251,795	32,027,755	34,283,280	36,865,391	36,264,248	35,765,486	38,970,873	38,421,037	37,840,052	41,688,564
Divided by Current Replacement Cost	40,454,534	45,189,132	48,159,165	52,168,260	53,392,403	54,659,674	59,816,364	61,217,790	62,782,542	68,139,569
Ratio Target 50% to 75%	67.4%	70.9%	71.2%	70.7%	67.9%	65.4%	65.2%	62.8%	60.3%	61.2%
Assumed Current Replacement Cost	40,454,534									
New Assets Acquired at Cost	-	6,193,088	4,066,151	1,602,784	1,595,271	1,686,720	1,779,564	1,880,177	2,135,284	1,938,398
Depreciation on New Assets		(1,458,490)	(1,096,118)	(350,007)	(371,129)	(419,449)		(478,751)	(570,532)	(466,235)
Fair Value Revaluation (6% - 3-yearly)	9,049,564			2,756,319			3,377,126			3,884,865
New Current Replacement Cost	40,454,534	45,189,132	48,159,165	52,168,260	53,392,403	54,659,674	59,816,364	61,217,790	62,782,542	68,139,569
Ballinyoo Bridge Project			13,180,327	6,348,551	5,993,860	5,624,435	5,216,539	3,770,247	1,394,642	697,255
ASSET RENEWAL FUNDING RATIO										
Net Present Value of Planned Renewal Expenditure	10,215,853	10,308,552	7,622,552	5,718,839	5,200,393	4,663,537	4,008,390	3,227,641	2,307,242	1,085,716
Divided by NPV of Asset Mgmt Plan Projections	15,767,977	14,373,514	13,180,327	6,348,551	5,993,860	5,624,435	5,216,539	3,770,247	1,394,642	697,255
Ratio Target 95% to 105%	64.8%	71.7%	57.8%	90.1%	86.8%	82.9%	76.8%	85.6%	165.4%	155.7%

Shire of Murchison Long Term Financial Plan 2012 - 2022 Cash Reserves

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
BALLINYOO BRIDGE RESERVE										
Opening Balance	13,747	14,186	14,632	14,632	14,632	14,632	14,632	14,632	14,632	14,632
Transfer to Reserve	439	446	-	-	-	-	-	-	-	-
Transfer From Reserve	-	-	-	-	-	-	-	-	-	-
Balance 30 June	14,186	14,632	14,632	14,632	14,632	14,632	14,632	14,632	14,632	14,632
GRID RESERVE										
Opening Balance	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve	-	-	-	-	-	-	-	-	-	-
Transfer From Reserve	-	-	-	-	-	-	-	-	-	-
Balance 30 June	-	-	-	-	-	-	-	-	-	-
TOTAL RESERVES										
Opening Balance	1,307,648	1,409,991	886,944	938,299	833,654	1,017,009	1,248,364	1,236,719	1,535,074	2,026,429
Transfer to Reserve	102,343	92,953	588,355	588,355	588,355	588,355	588,355	588,355	588,355	588,355
Transfer From Reserve	-	(616,000)	(537,000)	(693,000)	(405,000)	(357,000)	(600,000)	(290,000)	(97,000)	(489,000)
Total Reserves 30 June	1,409,991	886,944	938,299	833,654	1,017,009	1,248,364	1,236,719	1,535,074	2,026,429	2,125,784

Check to reassure all figures are in the total

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NOTE - If additional Reserves are added, don't forget to update the formulas to include these in total lines 49, 50 and 51

