

Long Term Financial Plan 2024-2033



Acknowledgement of Country

We acknowledge the Noongar people who are the traditional custodians of this land and pay our respects to Elders, both past and present. We acknowledge and respect their continuing culture and the contribution they make to this region.





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Executive Summary

The Long Term Financial Plan (LTFP) serves as a strategic roadmap, aligning our Shire’s resources with our community’s vision and aspirations outlined in our Strategic Community Plan, Our Future 2033.

Required by the Local Government Act (1995), it’s a 10-year plan that guides decision making on projects and budget allocation. This plan is pivotal, influencing other key documents such as the Corporate Business Plan and Annual Budget, ensuring that our actions are aligned with the priorities set in our Strategic Community Plan Our Future 2033.



Figure 1 - Shire of Denmark – Planning and Reporting Framework

Management recommended reviewing the existing 2021 LTFP while assessing the 2023/2024 finances. This review took into account several factors:

- Feedback from the 2023 Strategic Community Plan review and Community Scorecard.
- The effects of global supply shortages, COVID-19 stimulus packages, and inflation on the Shire’s operations, revenue, and financial forecasts in the past two years.
- A continuation of a tight labour market and expected wage pressure.
- Outcomes and timeline changes for major project funding.
- Accounting for the revaluation of building, land and road assets conducted in the past two years.
- The need to reevaluate capital works projects to tackle emerging asset renewal challenges.



This LTFP recognises the need for increased funding directed towards the renewal of capital assets which is essential to maintain our Shire's assets' functionality and efficiency. Our Council supports the LTFP guiding principles, aimed at addressing the existing gap in asset renewal. As such, revenue and expenditure is structured to ensure the future renewal of assets within their expected useful life, with rating revenue adjusted above the Consumer Price Index (CPI) to cover the asset renewal gap. These principles are designed to ensure funding commitments better match asset depreciation. It's crucial to closely monitor and manage operations to uphold the current level of expenditure within a constrained financial environment.

Based on the 2024 LTFP, we are projected to achieve the following outcomes:

- Rates increase in line with CPI, with an additional contribution aimed at addressing the asset renewal gap, intending to bring it back under control within ten years.
- Forecasted total new borrowings amount to \$2.825 million.
- Capital expenditure is estimated to be \$58 million.

Updates to Ocean Beach community facilities are included, as is the redevelopment of Berridge Park public amenities and youth precincts, and upgrades to oval facilities to ensure there are enough playing fields for sports groups. Our Shire Depot will also undergo much-needed upgrades, replacing old buildings, while focusing on creating a workplace that demonstrates environmentally sustainable water and waste treatment. Additionally, there will be a focus on planning for a future electric fleet.

This strategic plan demonstrates a commitment to fulfilling our community's aspirations while managing finances responsibly. By making asset renewal a priority in our long-term strategy, we recognise the vital role that our road network, community buildings, parks, and reserves play in promoting community well-being. Moreover, the emphasis on setting realistic and achievable targets in capital works programs highlights our understanding of the importance of securing grant funding to achieve our goals. Through this balanced approach, we aim to address our community's immediate needs while laying the groundwork for sustainable growth and prosperity in the years ahead.

David King
Chief Executive Officer

Our Community Snapshot

Population

ABS Estimated Resident Population
2022 Projected (Band D)
WA Planning Commission



Volunteers*

Persons aged 15+ (Usual Residence)



29.4%
Denmark

19.3% - Regional WA
15.9% - WA

Unpaid Care*

Persons providing assistance to a person with a disability, long term illness or old age



12.5%
Denmark

10.4% - Regional WA
10.7% - WA

Economic Output**



\$757.9 Million
Denmark

\$10.2 Billion - Great Southern
\$744.1 Billion - WA

Homeless Persons Estimated*



84

Denmark
(up 76 from 2016)

Aboriginal and Torres Strait Islander*



1.3%
Denmark

8.4% - Regional WA
3.3% - WA

Number of Jobs**



2,074
Denmark

26,889 - Great Southern
1.3 Million - WA

Disability*

Persons who needs assistance with core activities



4.7%
Denmark

4.6% - Regional WA
4.6% - WA

Median House Price***

YTD Feb 2024



\$553,000
Denmark

\$465,000
Great Southern

Top 5 Performing Areas****

Unemployment Rate*



3.7%
Denmark

4.2% - Regional WA
5.1% - WA



Community safety and crime prevention



Festivals, events, art and cultural activities



Library and information services



Tourism attractions and marketing



Efforts to promote and adopt sustainable practices to manage climate change

*Reference to: 2021 ABS Census Data accessed via <https://profile.id.com.au/denmark>

**Reference to: 2021 ABS Census Data accessed via <https://app.remplan.com.au/greatsouthernregion/economy>

***Reference to: Based on transactions for the 12-month period ending February 2024 accessed via <https://reiwa.com.au/suburb/denmark>

****Reference to: MARKYT Community Scorecard 2022

Long Term Financial Plan Background

The LTFP relies on data from the 2023/24 Annual Budget to establish our Shire's current financial position. From there, it projects a ten-year plan, assuming optimal staffing levels and maintained service standards. The plan incorporates future directions informed by various aspects such as:

- Strategic Community Plan priorities and initiatives
- Corporate Business Plan actions and initiatives
- Asset Management Plan for land and buildings, transport and recreation infrastructure
- Workforce planning
- Capital project plans and proposals
- Plant replacement programs
- Information communication and technology renewal and upgrade program
- Projections for consistency in or changes to the proposed range of services
- Discretionary capital revenue projections
- Anticipated government grants and subsidies.

Key elements in long-term financial planning include operational service delivery, asset renewal, upgrade and replacement, and discretionary capital projects.

Operational service delivery ensures consistent and reliable services to our community over the plan's duration.

Asset renewal planning ensures infrastructure maintenance to agreed standards, while asset upgrades usually involve significant enhancements to community buildings and facilities.

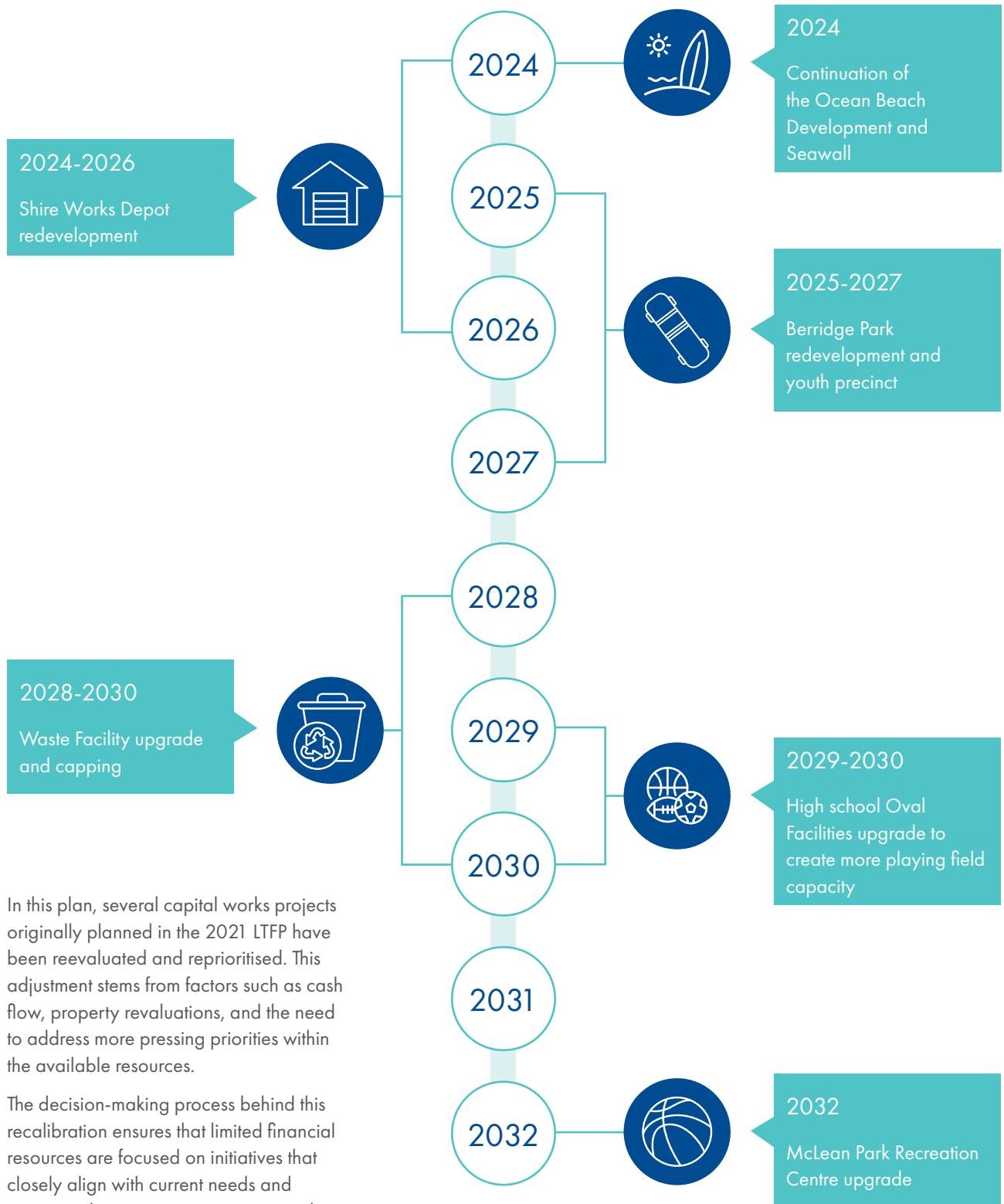
Capital projects encompass significant new projects emerging from master planning exercises, such as new buildings or infrastructure and facility redevelopment. The LTFP's capital works timeline outlines these projects.

Assumptions related to financial modelling parameters, projects, or service proposals may later prove to be imprecise, particularly regarding funding opportunities, timing, or financial estimates. This uncertainty increases the possibility that a project might unfold differently than anticipated. The LTFP is formulated based on the best available information and is subject to continuous review and revision.

Endorsing the LTFP doesn't commit the Council to specific projects, services, or timelines, nor does it preclude additional initiatives in subsequent years if financially viable and aligned with our Shire's strategic direction.



Capital Projects Timeline



In this plan, several capital works projects originally planned in the 2021 LTFP have been reevaluated and reprioritised. This adjustment stems from factors such as cash flow, property revaluations, and the need to address more pressing priorities within the available resources.

The decision-making process behind this recalibration ensures that limited financial resources are focused on initiatives that closely align with current needs and strategic objectives. Projects temporarily set aside will not be forgotten, instead, they will be continuously monitored and assessed for potential inclusion in future iterations of the LTFP.



Capital projects encompass significant new projects emerging from master planning exercises, such as new buildings or infrastructure and facilities redevelopment.

Basis for Preparation of the Long Term Financial Plan

Guiding principles form the foundation of the LTFP, ensuring consistency and providing a framework for decision making over time.

The guiding principles are:

1. The LTFP is a key strategic document which aims to achieve the goals outlined in Our Future 2033.
2. Both the LTFP and the Corporate Business Plan guide the development of the Annual Budget.
3. Financial sustainability and accountability are maintained through an annual balanced budget.
4. Reserve funds are preserved to fulfill their intended purpose.
5. Revenue and expenditure are structured to ensure the future renewal of assets within their planned useful life.
6. Debt funding may be used for capital works or asset purchases, but not for operating activities or recurrent expenditure.
7. The LTFP manages the asset base to meet community needs identified in our Strategic Community Plan.
8. During the biennial review of the LTFP, our Council remains responsive to prevailing economic conditions, adjusting capital project timeframes to support the local economy.
9. Rate revenue will be adjusted above the WA Consumer Price Index (CPI) to recover the asset renewal gap.



External Influences and Key Risks

Economic Conditions

Since the adoption of the 2021 LTFP, local governments have faced challenging economic conditions, including the aftermath of COVID-19 stimulus packages and global supply chain disruptions. These factors have led to significant increases in construction costs and inflation pressures. Although these pressures are starting to stabilise, some prices remain historically high, particularly for inputs like fuel and road materials, with no expectation of a return to pre-pandemic levels. Additionally, wage growth pressure is expected to persist in the short to medium term, posing challenges for local governments.

To responsibly manage our commitments outlined in the LTFP, our Shire should regularly review its financial position, project funding strategies, and monitor the economic environment for timely and appropriate interventions.

Since the 2021 LTFP, there has been a notable rise in interest rates. While this has had a positive impact on interest revenue, it has also presented challenges for borrowing conditions related to capital projects. It's important to recognise that interest rates and inflation are interconnected, with interest rates being a primary tool used by the Reserve Bank of Australia to regulate inflation. For a local government, recognising the interconnection between interest rates and inflation is significant as it impacts our ability to manage budgets, borrow funds for projects, and plan infrastructure developments effectively.

State and Federal Funding

Our heavy reliance on project funding from State and Federal sources poses a risk that future funding may not materialise or may deliver less than expected, necessitating significant adjustments to the capital works program. Operational risks include potential reductions or loss of funding for existing community services, changes in government policy, or cost-shifting from state to local government. These risks require ongoing management on a case-by-case basis as they arise.

It is widely recognised within local government that funding from the Commonwealth through Financial Assistance Grants has failed to keep pace with rising costs. This is particularly evident with General Purpose Grants, which only increased by 3.4% per person for the Shire of Denmark between 2019/20 and 2023/24. In comparison, the national CPI (quarter ending Sept 2023) increased by 19.9% over the same period (see table below).

Local Road Grant funding saw an increase of 14.25%, adjusted for the local population. This discrepancy between funding received and inflation means the purchasing power of General Purpose Grants has effectively decreased in real terms, as they haven't kept pace with the rising costs of goods and services. Consequently, our Shire faces mounting pressures to maintain essential services, infrastructure, and community programs with limited financial resources.

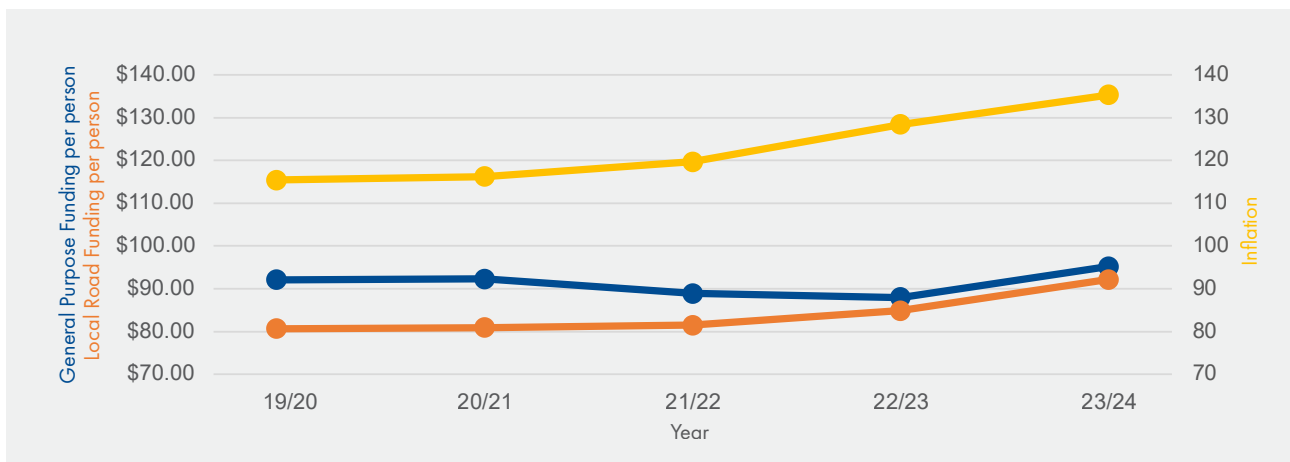


Table 1 Commonwealth Financial Assistance Grants per Person (Shire of Denmark) against Inflation

Asset Values

Asset valuations were conducted in 2022/2023 as part of our five-year condition assessment strategy. These valuations help determine the carrying value of recorded assets, considering price movements in materials and labour to reflect fair value and replacement cost accurately.

The updated valuation revealed a substantial rise in infrastructure value, primarily driven by higher unit costs following the economic fallout from COVID-19. Bridge infrastructure saw a significant surge, with a 64% increase since 2018 valuation due to escalating construction prices. Other asset categories, like parks and reserves, also increased, reflecting more precise data collection compared to previous valuations.

While the 2022 building and land audit preceded notable inflationary impacts, asset valuers expressed concerns about potential market uncertainty, on the back of the Reserve Bank's decision to commence interest rate hikes in June 2022. As a result, valuations from 2022 may not accurately reflect prevailing market conditions.

The table below illustrates notable fluctuations in asset valuations, resulting in an overall impact on depreciation, duly accounted for in this plan.

Asset Class	2018	2022 - 2023	% Change
Parks and Reserves	\$4,516,354.00	\$7,961,653.00	76.30%
Road Infrastructure	\$101,847,400.00	\$133,216,965.00	30.80%
Buildings and Land	\$52,054,100.00	\$51,630,600.00	-0.80%

Table 2 Asset Valuation Changes

Effective asset management is crucial for sustainable service delivery. Maintenance, renewal, and replacement of existing assets, and acquiring new assets must be planned and prioritised with a long-term view aligned with the Strategic Community Plan.

New discretionary capital projects will require whole-of-life costing and a proposed funding model before endorsement and inclusion in future revisions of the LTFP. This ensures a financially sustainable approach to renew and expand the Shire's assets to meet ongoing community needs.





Organisational Capacity

Organisation capacity is influenced by external labour market conditions and housing shortages, making it challenging to attract and retain staff, especially when competing industries offer higher wages. This issue is particularly significant in the context of the LTFP, as difficulties in securing skilled personnel can impact the plan's effective execution, as is also the case for our other long term plans and strategies. Addressing this challenge may involve exploring competitive remuneration packages, implementing targeted recruitment strategies, and investing in training and development programs to cultivate and retain a skilled workforce.

The Reserve Bank's February 2024 Statement on Monetary Policy noted a significant surge in wage growth due to tight labour markets and inflation.

Specifically, public sector wage growth in WA increased by 4.7% over the year for the December 2023 quarter, making it one of the fastest growing wage indexes in Australia. For local governments, the surge in wage growth highlighted by the Reserve Bank's August 2023 Statement on Monetary Policy carries several implications. Firstly, it may lead to increased pressure on local government budgets as they may need to allocate more funds for wages to retain talent and remain competitive in the labour market. Additionally, higher public sector wage growth could influence wage expectations across other sectors, potentially contributing to inflationary pressures. Local governments in regions experiencing significant wage growth, such as Western Australia, may face heightened challenges in managing costs and delivering services effectively amidst increased demand and competition for skilled workers.

Economic Assumptions

Indexing

This LTFP relies on various financial parameters for modeling, including anticipated movements in price indices, wage growth, interest rates affecting investment returns, and borrowing costs. Significant unexpected changes in any of these parameters or government policy directions can impact the financial modeling and may require a review of the LTFP.

Year	1	2	3	4	5	6	7	8	9	10
CPI YTD (Dec)	4.5	4.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Revenue										
Fees and charges	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest earnings	4.50%	4.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Other revenue	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expenses										
Employee costs	4.50%	4.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials and contracts	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utility charges	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance expenses	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenditure	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Table 3 Indexing Assumptions applied to LTFP

Consumer Price Index

The Consumer Price Index (CPI) is just one of several index measures used in forecasting the LTFP. In the 2021 LTFP, assumptions were based on an annual CPI of 1.0% (Perth, March 2021) with a longer-term expectation that inflation would remain within the RBA's target band of 2-3%. However, the actual inflationary trend has been markedly different.

Within 21 months, CPI soared to a high of 8.3% (Perth, Sept, 2022). By September 2023, Perth CPI started to regress but was still at an annual rise of 5.8%. In its December 2023 Statement on Monetary Policy, the RBA expressed concerns about the slower progress in bringing inflation back to the target range. The Reserve Bank Board acknowledges the risk of prolonged higher inflation has increased.

Given this context, this plan adopts the December 2023 Perth CPI as a reference for the first two years, assuming a continued decline in inflation.

Local Government Cost Index

The Local Government Cost Index (LGCI), developed by the Western Australian Local Government Association (WALGA), offers a comprehensive measure of specific cost movements affecting local government operation. It incorporates various economic components such as the

WA Wage Price Index, road and bridge construction, non-residential building, CPI, machinery and equipment, electricity and street lighting, insurance and utility costs. The LGCI provides the best possible indication of how these cost movements impact local government. It distinguishes between operating and capital costs and utilises price indices that closely align with the goods and services used by local governments. In developing the LTFP these measures are used to help guide specific elements of the indexing applied LTFP, while the WA CPI index is used for the broader categories of rates and wages.

Population Growth

The latest population forecasts in WA Tomorrow Population Report No. 11 offer demographic projections by age and sex for Western Australia and its regions. These forecasts, recognised as the official projections by the WA State Government for 2031, suggest that our Shire will have a population of 7,090 by 2031. This projection implies an annual average growth rate of 1.3% over the next decade.

As of the 2022 Estimated Residential Population data released by the Australian Bureau of Statistics (ABS), the population was 6,537. Demarks current annual population increases reflects a return to the longer-term average net migration of approximately 70 new residents per year after experiencing a short-term spike during COVID-19.



Key Elements of the Financial Statements

The LTFP ensures a balanced budget for each financial year. Projected operating income and expenditure are expected to increase steadily over the next ten years. Any surplus generated at the end of the year will be carried forward and allocated to reserves. These reserves will then be used to fund expenditure on asset renewal, replacement, and provision of new assets, thereby enhancing our Shire's long-term financial sustainability.

Revenue

Rates

Revenue from rates is structured to consider both the CPI and the pressing need to address the funding gap for asset renewal. To keep a lid on rates so they align simply with CPI, which would be optimal, the LTFP prioritises tackling this renewal gap from the outset, aiming to eliminate it within a decade. This strategic approach ensures that rates will only need to adjust according to CPI in the future, demonstrating responsible asset management and avoiding burdening subsequent councils to resolve the issue. In line with the asset renewal priority, total rates revenue is set to grow by 8% in 24/25, followed by four years of total rates revenue at 2% above the LTFP forecasted CPI.

In line with population growth forecasts, this plan assumes a revenue item for interim rate growth of \$26,000. This is based on the trend of the recent interim rates growth for Denmark. Currently, in the LTFP, this is indexed by 8% in 2024/25 and then by 4.5% on that base in 2025/26.

As at the time of budget adoption (2023/24), our Shire has 218 vacant rateable properties with Gross Rental Value (GRV) above the minimum rate threshold and 210 properties attracting the minimum rate, totalling 428 properties. As these properties are developed to accommodate population growth, the valuation used for rating purposes and the rate yield will increase accordingly.

Operating Grants

The central annual operating grants received are:

- Grants Commission General
- Grants Commission Roads
- Main Roads Direct (untied)

Additionally, our Shire receives significant income annually through the Regional Road Group. This funding is allocated competitively based on predetermined criteria.

It's crucial for our Shire to ensure that applications made are renewal-focused and well-aligned with the selection criteria to ensure ongoing funding success under this program.

Failure to maintain funding levels under this program will impact our Shire's ability to pay for our workforce and achieve the desired expenditure levels required under the Strategic Asset Management Plan.

Fees & Charges

Fees and charges within the LTFP are structured with an initial 3% increase for the first four years, followed by a 2% annual increase in subsequent years. It's important to note that some fees are statutory and determined by relevant government bodies. Some primary revenue-earning fees and charges include:

- Waste Management
- Lime Sand Sales
- Peaceful Bay Leases
- Parry Beach Camping Fees
- Department of Transport Licensing Commission

Waste Services

Our Shire endorsed a Waste Services Action Plan in 2021, detailing steps to transition to a more sustainable waste services model. The waste services levy, currently set at \$75.00, is a minimum levy on all rateable properties and is reviewed annually.

Peaceful Bay

Our Shire controls and manages Reserve 24510, leasing it for periods not exceeding 21 years. With 203 leases generating approximately \$419,000 in annual revenue in 2023/24, our Shire is currently renewing leases.

Ocean Beach Lime Pit

The Ocean Beach Lime Pit provides a valuable resource to the agricultural sector while generating income for our Shire. Under license, our Shire can extract a maximum of 15,000 m³ of lime annually, with actual extraction typically ranging between 6,000 and 12,000 m³ based on demand. Lime sales are indexed in line with Fees and Charges, and our Shire will explore alternative income streams as the deposit at this site is eventually exhausted.

Interest Earnings

The LTFP forecasts interest earnings based on Western Australian Treasury Corporation projections for the next three years. Interest earnings are forecasted at 4.5% for 2024/25, followed by two years at 4% and the remaining years at 3.5%. These forecasts align with expected movements in CPI and will be subject to review in future versions of the LTFP.

Proceeds from Asset Disposal

The 2021 LTFP included assumptions about the sale of five industrial land blocks in the Denmark East Light Industrial Area. Due to higher-than-expected demand, most lots were sold well ahead of the forecasted timeline. This plan captures land sales included in the current 23/24 adopted budget and accounts for pending sales agreements in the coming year. One remaining lot has been set for sale in 2025/26 in the LTFP.

Other Revenue

Most other income revenue relates to reimbursements, rebates, and the sale of miscellaneous items, which are linked to specific expenditure levels to some extent. The plan assumes a 2% annual increase over the life of the plan.

Non-Operating Grants & Subsidies

Non-operating grants are project-specific and linked to specific capital project budgets, adjusted in line with the scheduling of these projects. It is important to note that reliance on grant funding carries risks as funding streams may not eventuate, be highly competitive, or result in a lesser amount than anticipated.

Expenses

Employee Expenses

Employee expenses are indexed at 4.5%, in line with CPI, to accommodate known or expected changes, including salary and wage increases, as well as changes to the Superannuation Guarantee. Our Shire aims to gradually expand its workforce to meet our community's anticipated growth, funding the equivalent of one additional operational position every second year.

Materials and Contracts

Materials and contracts expenses are generally indexed at 3.5% for the first two years and then at 2.5% for the remainder of the plan.

Utility Expenses

Utility expenses are modelled using the LGCI Index, with a 3% indexation for the first two years and 2.5% for the remainder years. Additional solar installations and smart energy conversions, such as LED lighting, are expected to reduce expenses by \$250,000 over the next 20 years.



Insurance Expenses

Insurance expenses are modelled with a 3.5% indexation for the first two years and 2.5% for the remainder of the plan. However, recent natural disasters may necessitate revising these projections in future iterations of the LTFP.

Other Expenditure

These expenses are estimated to increase 2% on the base (previous) year.

Depreciation

Depreciation of assets such as property, plant, equipment, vehicles, infrastructure, and land is accounted for using a straight-line method. Recent valuations resulted in a significant change to depreciation levels, with a flow-on effect on the long-term finances.

Debt Management

Loan borrowings are used to meet long-term community needs sustainably. This plan requires new borrowing of \$2.82 million over the ten-year term for the following:

- Denmark Surf Club \$575,000
- Denmark Depot redevelopment - \$1,650,000
- Berridge Park redevelopment - \$600,000

This plan will see our Shire's debt peak at \$4.21 million in 2026/27 and have a loan balance of \$1.28 million at the end of 10 years. This conservative approach to debt management will allow additional borrowings if required in future years.

Reserve Accounts

Financial reserves play a crucial role in sustainably managing a local government's long-term financial stability. They provide a mechanism to spread or smooth the economic impacts of relevant projects, avoiding the need for irregular rate movements. Over ten years of accumulating funds in reserve accounts enables our Shire to meet future community demands. The table below outlines the reserves and their respective purposes.

Name of Reserve	Purpose of the reserve
Aquatic Facility Development Reserve	to be used for the development of aquatic facilities
Denmark East Development Reserve	to be used for the Denmark East Development Project
Employee Entitlements Reserve	to be used to fund employee leave entitlements as required
ICT Reserve	to finance the acquisition and enhancement of information technology and digital service delivery initiatives
Infrastructure Reserve	to be used for the purchase, construction or upgrade of infrastructure, including land and buildings
Legal Contingency Reserve	to fund unanticipated legal expenses over budget in any given year
Lime Quarry Rehabilitation Reserve	to maintain or rehabilitate the lime quarry
Lionsville Reserve	to be used for the repayment of the Lionsville loan fund
Parry Inlet Reserve	to develop the Parry facility, including Parryville Hall, and maintenance of adjoining recreation reserves
Peaceful Bay Caravan Park Reserve	to be used for future requirements concerning site and end-of-lease conditions, including adjoining recreation reserves
Peaceful Bay Reserve	to be used for future requirements, including those linked to the asset management plan
Plant Reserve	to be used to fund major plant purchase requirements
Recreation Centre Reserve	to be used for upgrades to the Recreation Centre facility, including equipment
Rivermouth Caravan Park Reserve	to be used for future requirements concerning site and end-of-lease conditions, including adjoining recreation reserves
Strategic Reserve	to be used to fund strategic projects as identified in the Shires Strategic Community Plan and Corporate Business Plan as required
Waste Services Reserve	to be used for the purpose of providing for the proper performance of all or any waste services provided by the Council

Table 4 Reserve Movements

Over the ten-year period, the total reserve balances are projected to increase from \$4.13M to a closing balance of \$6.12M. This represents a 48% increase in reserve funds over the life of the LTFP.

Capital Expenditure

The capital expenditure outlined in this plan aims to immediately improve the renewal expenditure on our Shires' infrastructure, property, plant, and equipment assets. It is designed to meet future infrastructure service requirements by renewing or upgrading existing infrastructure and creating new assets. The funding required for this plan has been analysed to ensure our Shire's financial capability to deliver the expected services and facilities to the community.

This plan provides a feasible capital works program totalling \$58 million over ten years. It relies on substantial grants from State and Federal governments to fund significant projects. Failure to secure these funds may result in the postponement or cancellation of important projects (See Appendix 2— Capital Works Program).

Asset Renewal Funding Ratio

This ratio looks to the future and asks, "Is there sufficient funding allocated for the renewal and replacement of our assets?" It is calculated using Net Present Value (the value of future dollars). Achieving an asset renewal ratio of 1.01 or 101% over the next ten years suggests that there's adequate funding available in our LTFP to cover the costs of asset renewal, indicating we are well prepared financially to maintain and replace our assets as needed.



Over the ten-year period, the total reserve balances are projected to increase from \$4.13M to a closing balance of \$6.12M. This represents a 48% increase in reserve funds over the life of the LTFP.

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Plan on a page

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FOR THE PERIOD FY 2023/24 - 2033/34

	1	2	3	4	5	6	7	8	9	10
	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES										
Rates	8,093,327	8,791,077	9,905,893	10,418,619	10,955,981	11,410,440	11,882,278	12,313,372	12,758,854	13,136,427
Operating grants, subsidies and contributions	1,331,949	2,237,772	2,159,454	2,198,530	2,236,983	2,272,856	2,312,673	2,353,218	2,394,503	2,436,543
Profit on asset disposal	20,000	90,000	0	0	0	0	0	0	0	0
Fees and charges	3,637,623	3,953,708	4,194,488	4,320,323	4,406,730	4,494,864	4,584,761	4,676,457	4,769,986	4,865,386
Interest earnings	372,050	390,486	420,709	434,534	448,843	463,652	478,880	494,641	510,953	527,737
Other revenue	33,660	34,333	35,720	36,435	37,163	37,907	38,665	39,438	40,227	41,031
FUNDING POSITION ADJUSTMENTS										
Surplus/Deficit B/Fwd	1,882,014	5,483,946	5,744,550	5,837,498	5,949,716	6,059,133	6,141,709	6,249,203	6,343,581	6,498,354
Depreciation on non-current assets	4,560,519									
FUNDING FROM CAPITAL ACTIVITIES										
Proceeds on disposal	720,500	1,225,000	147,000	211,000	128,500	145,000	76,500	242,500	111,000	202,000
Non-operating grants and contributions	4,509,786	2,472,242	3,097,434	2,077,310	1,794,553	3,062,021	2,629,716	1,855,470	2,973,630	2,942,029
FUNDING FROM FINANCING ACTIVITIES										
Transfer from reserves	2,035,793	1,571,405	1,188,600	537,380	1,410,700	887,348	1,634,860	590,840	805,150	1,315,543
New Borrowings	500,000	575,000	850,000	0	0	0	0	0	0	0
Proceeds from self supporting loans	22,474	21,061	22,473	23,214	23,979	24,769	25,586	26,430	27,301	28,201
	27,719,695	26,846,030	27,766,322	26,094,843	27,393,148	28,857,990	29,805,628	28,841,568	30,735,185	31,993,250
EXPENSES										
Employee costs	(7,462,601)	(7,706,763)	(8,278,276)	(8,566,624)	(8,863,623)	(9,169,532)	(9,484,618)	(9,809,156)	(10,143,431)	(10,487,734)
Materials and contracts	(4,212,212)	(4,074,023)	(3,981,629)	(4,098,738)	(4,156,838)	(4,303,136)	(4,492,384)	(4,538,435)	(4,577,894)	(4,736,217)
Utility charges	(280,313)	(288,722)	(304,819)	(312,439)	(320,250)	(328,256)	(336,463)	(344,874)	(353,496)	(362,334)
Depreciation on non-current asset	(4,560,519)	(5,483,946)	(5,744,550)	(5,837,498)	(5,949,716)	(6,059,133)	(6,141,709)	(6,249,203)	(6,343,581)	(6,498,354)
Loss on asset disposal	(65,100)	(15,000)	0	0	0	0	0	0	0	0
Interest expense	(108,786)	(121,840)	(173,049)	(166,253)	(140,387)	(116,806)	(95,530)	(79,270)	(65,469)	(51,077)
Insurance expense	(510,931)	(526,473)	(558,523)	(572,486)	(586,798)	(601,468)	(616,504)	(631,917)	(647,715)	(663,908)
Other expenditure	(454,829)	(738,926)	(748,204)	(767,322)	(777,168)	(787,211)	(797,456)	(807,905)	(818,563)	(829,434)
FUNDING POSITION ADJUSTMENTS										
Net profit and losses on disposal	45,100	(75,000)	0	0	0	0	0	0	0	0
FUNDING FROM CAPITAL ACTIVITIES										
Purchase of property, plant and equipment	(3,623,100)	(2,899,015)	(2,175,600)	(1,238,380)	(1,238,989)	(1,112,216)	(990,324)	(1,619,080)	(2,947,303)	(2,650,319)
Purchase of infrastructure	(4,670,122)	(2,305,346)	(4,136,715)	(2,785,262)	(3,689,461)	(4,745,068)	(5,242,609)	(3,240,069)	(3,292,964)	(4,096,955)
FUNDING FROM FINANCING ACTIVITIES										
Transfers to reserves	(1,502,564)	(2,249,459)	(1,188,566)	(1,225,354)	(1,217,640)	(1,188,858)	(1,204,513)	(1,208,543)	(1,218,246)	(1,276,403)
Loan Repayments	(290,613)	(350,936)	(466,929)	(524,487)	(452,278)	(446,305)	(403,518)	(313,117)	(326,524)	(340,515)
Repayment of long term leases	(23,105)	(10,581)	0	0	0	0	0	0	0	0
	(27,719,695)	(26,846,030)	(27,766,322)	(26,094,843)	(27,393,148)	(28,857,990)	(29,805,628)	(28,841,568)	(30,735,185)	(31,993,250)
Surplus/Deficit B/Fwd	(0)	0	0	(0)	0	0	0	0	0	0

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
FOR THE PERIOD FY 2023/24 - 2033/34

	1	2	3	4	5	6	7	8	9	10
	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
SUMMARY OF CAPITAL PROJECTS PLANNED										
Buildings	2,215,000	1,400,000	1,450,000	400,000	309,789	339,868	730,964	695,740	2,341,153	1,277,719
Furniture and Equipment	90,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Plant and Equipment	1,318,100	1,032,560	700,600	813,380	904,200	747,348	234,360	898,340	581,150	1,347,600
Roads, Bridges and Paths	2,876,000	3,138,001	2,467,753	2,643,620	2,682,358	3,471,813	2,761,996	2,801,775	2,842,293	3,633,566
Parks, Reserves & Other Infrastructure	1,700,000	2,000,000	1,600,000	84,208	948,520	1,213,500	2,419,905	376,502	387,797	399,431
Drainage	94,122	58,338	68,962	57,434	58,583	59,755	60,708	61,791	62,874	63,958
	8,293,222	5,204,361	6,312,315	4,023,642	4,928,450	5,857,284	6,232,933	4,859,148	6,240,267	6,747,274
BORROWINGS										
Opening Balance	1,921,810	3,787,261	4,212,200	3,745,271	3,220,784	2,768,506	2,322,201	1,918,683	1,605,566	1,279,042
P & I Repayments	398,813	571,951	639,978	690,739	592,665	563,111	499,048	392,387	391,993	391,592
Closing Balance	2,131,197	3,362,200	3,745,271	3,220,784	2,768,506	2,322,201	1,918,683	1,605,566	1,279,042	938,526
New Loans Raised	500,000	1,400,000	850,000	-	-	-	-	-	-	-
CASH RESERVES										
Opening Balance	4,594,509	4,810,334	4,763,495	4,763,461	5,451,435	5,258,376	5,559,886	5,129,539	5,747,242	6,160,337
Transfer to	1,502,564	1,136,721	1,188,566	1,225,354	1,217,640	1,188,858	1,204,513	1,208,543	1,218,246	1,276,403
Transfer from	(2,035,793)	(1,183,560)	(1,188,600)	(537,380)	(1,410,700)	(887,348)	(1,634,860)	(590,840)	(805,150)	(1,315,543)
Closing Balance	4,061,280	4,810,334	4,763,495	5,451,435	5,258,376	5,559,886	5,129,539	5,747,242	6,160,337	6,121,198

Statement of Financial Position

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
FORECAST STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD FY 2023/24 - 2033/34

	Prior Yrs Actual FY22/23	Budget		1 FY24/25	2 FY25/26	3 FY26/27	4 FY27/28	5 FY28/29	6 FY29/30	7 FY30/31	8 FY31/32	9 FY32/33	10 FY33/34
		Base Year FY23/24 (Orig)	Revised Budget FY23/24 (Rev)										
Net current assets at start of financial year - surplus/(1,493,570	1,882,014	1,883,689	0	0	0	0	0	0	0	0	0	0
Revenue from operating activities (excluding rates)													
Operating grants, subsidies and contributions	3,182,041	1,331,949	1,987,253	2,121,123	2,237,772	2,159,454	2,198,530	2,236,983	2,272,856	2,312,673	2,353,218	2,394,503	2,436,543
Fees and charges	3,578,284	3,637,623	3,864,623	4,072,319	4,194,488	4,320,323	4,320,323	4,406,730	4,494,864	4,584,761	4,676,457	4,769,986	4,865,386
Interest earnings	329,723	372,050	423,371	390,486	420,709	434,534	463,652	448,843	434,534	478,880	494,641	510,953	527,737
Other revenue	52,767	33,660	38,660	34,333	35,020	35,720	36,435	37,163	37,907	38,665	39,438	40,227	41,031
Profit on asset disposals	91,202	20,000	27,000	90,000	0	0	0	0	0	0	0	0	0
	7,234,016	5,395,282	6,340,907	6,633,417	6,810,372	6,810,372	6,989,822	7,129,718	7,269,279	7,414,980	7,563,754	7,715,669	7,870,697
Expenditure from operating activities													
Employee costs	(7,187,202)	(7,482,601)	(7,451,601)	(7,958,687)	(8,278,276)	(8,278,276)	(8,566,624)	(8,863,623)	(9,169,532)	(9,484,618)	(9,809,156)	(10,143,431)	(10,487,734)
Materials and contracts	(4,409,361)	(4,212,212)	(4,629,712)	(4,074,023)	(3,981,629)	(3,981,629)	(4,098,738)	(4,156,838)	(4,303,136)	(4,492,384)	(4,538,455)	(4,577,894)	(4,736,217)
Utility charges	(254,794)	(280,313)	(280,313)	(280,313)	(288,722)	(297,384)	(312,439)	(320,250)	(328,256)	(336,463)	(344,874)	(353,486)	(362,334)
Depreciation on non-current assets	(4,914,787)	(4,580,519)	(5,398,519)	(5,483,946)	(5,744,550)	(5,949,716)	(6,059,133)	(6,112,216)	(6,249,203)	(6,343,581)	(6,458,889)	(6,574,081)	(6,698,354)
Interest expenses	(85,936)	(98,786)	(98,786)	(147,274)	(173,049)	(168,253)	(186,530)	(190,387)	(198,808)	(206,500)	(214,720)	(223,012)	(231,880)
Insurance expenses	(489,986)	(510,931)	(510,931)	(526,473)	(538,523)	(544,900)	(572,488)	(588,798)	(601,468)	(616,504)	(631,917)	(647,715)	(663,908)
Other expenditure	(240,725)	(454,825)	(484,829)	(463,926)	(482,668)	(492,322)	(502,168)	(512,211)	(522,456)	(532,905)	(543,656)	(554,434)	(565,330)
Loss on disposal of assets	(10,234)	(65,100)	(41,900)	(15,000)	0	0	0	0	0	0	0	0	0
Corporate Business Plan - Projects & Initiatives	(17,183,023)	(17,685,291)	(18,886,391)	(18,955,692)	(19,280,906)	(19,788,513)	(20,321,359)	(20,794,780)	(21,365,542)	(21,964,663)	(22,460,760)	(22,960,148)	(23,629,057)
Operating activities excluded from budget													
Profit on disposal of assets	(91,202)	(20,000)	(27,000)	(90,000)	0	0	0	0	0	0	0	0	0
Loss on disposal of assets	10,234	65,100	41,900	15,000	0	0	0	0	0	0	0	0	0
Movement in liabilities assoc. with restricted cash	(6,209)	0	0	0	0	0	0	0	0	0	0	0	0
Movement in other provisions (non-current)	(5,491)	0	0	0	0	0	0	0	0	0	0	0	0
Movement in deferred pensioner rates (non-current)	(22,091)	0	0	0	0	0	0	0	0	0	0	0	0
Movement in employee benefit provisions (non-current)	(18,572)	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation on assets	4,514,787	4,560,519	5,398,519	5,632,814	5,744,550	5,837,498	5,949,716	5,949,716	6,059,133	6,141,709	6,249,203	6,343,581	6,488,354
Amount attributable to operating activities	(5,547,351)	(7,654,389)	(7,142,265)	(6,840,448)	(7,014,675)	(7,243,590)	(7,494,040)	(7,715,345)	(8,037,130)	(8,407,975)	(8,847,803)	(9,260,895)	(9,260,007)
INVESTING ACTIVITIES													
Non-operating grants, subsidies and contributions	2,940,674	4,509,786	4,569,786	3,789,287	2,472,242	3,097,434	2,077,310	1,794,553	3,062,021	2,629,716	1,855,470	2,973,630	2,942,029
Proceeds from disposal of assets	435,294	720,500	750,700	1,225,000	147,000	147,000	211,000	145,000	145,000	76,500	242,500	111,000	202,000
Proceeds from self supporting loans	23,728	22,474	22,474	21,061	22,473	22,473	23,214	23,979	24,769	25,586	26,430	27,301	28,201
Purchase of property, plant and equipment	(1,108,321)	(3,623,100)	(3,666,100)	(2,899,015)	(2,457,560)	(2,175,600)	(1,238,380)	(1,238,989)	(1,112,216)	(990,324)	(1,619,080)	(2,947,303)	(2,660,319)
Purchase and construction of infrastructure	(4,036,759)	(4,670,122)	(5,192,122)	(2,305,346)	(5,196,339)	(4,136,715)	(2,785,282)	(3,689,461)	(4,745,068)	(5,242,609)	(3,240,069)	(3,292,964)	(4,096,959)
Amount attributable to investing activities	(1,745,383)	(3,040,462)	(3,515,262)	(3,388,856)	(3,388,856)	(3,045,409)	(1,712,118)	(2,981,418)	(2,825,494)	(3,501,131)	(2,734,749)	(3,128,336)	(3,575,044)
FINANCING ACTIVITIES													
Repayment of debentures	(171,349)	(290,615)	(258,613)	(425,061)	(466,929)	(466,929)	(524,487)	(452,278)	(446,305)	(403,518)	(313,117)	(326,524)	(340,515)
Repayment of long term leases	(89,049)	(23,105)	(23,105)	(10,581)	0	0	0	0	0	0	0	0	0
Proceeds from new debentures	1,187,533	(1,502,564)	(1,680,564)	(1,386,721)	850,000	575,000	1,400,000	1,400,000	1,400,000	1,204,513	(1,208,543)	(1,218,246)	(1,276,403)
Transfers to reserves (restricted assets)	1,401,409	2,035,793	2,142,793	1,571,405	1,188,600	1,188,600	537,380	1,410,700	887,348	1,634,860	590,840	805,150	1,315,543
Transfer back Grants Unspent	(321,218)	0	2,142,793	0	0	0	0	0	0	0	0	0	0
Amount attributable to financing activities	58,950	719,511	680,511	1,021,778	383,105	383,105	(1,212,461)	(259,218)	(747,815)	26,829	(890,819)	(739,620)	(301,376)
Surplus/(deficiency) before general rates	(5,740,414)	(6,093,327)	(6,093,327)	(6,910,777)	(8,381,763)	(9,905,893)	(10,418,619)	(10,955,981)	(11,410,440)	(11,882,278)	(12,313,372)	(12,758,854)	(13,136,428)
Total amount raised from general rates	7,624,104	8,093,327	8,093,327	8,791,077	9,381,753	9,905,893	10,418,619	10,955,981	11,410,440	11,882,278	12,313,372	12,758,854	13,136,427
Net current assets at June 30 c/w/d - surplus/(deficit)	1,883,689	(60)	0	0	(60)	0	0	0	0	0	0	0	0

Statement of Comprehensive Income

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
FORECAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FY 2023/24 - 2033/34

	Prior Yrs Actual	Original Budget	Revised Budget	1	2	3	4	5	6	7	8	9	10
	FY22/23	FY23/24 (Orig)	FY23/24 (Rev)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue													
Rates	7,624,104	8,093,327	8,093,327	8,791,077	9,381,753	9,905,893	10,418,619	10,955,981	11,410,440	11,882,278	12,313,372	12,758,854	13,136,427
Operating grants, subsidies and contributions	3,182,041	1,331,949	1,887,253	2,237,772	2,121,123	2,159,454	2,198,530	2,236,983	2,272,856	2,312,673	2,353,218	2,394,503	2,436,543
Fees and charges	3,578,284	3,637,623	3,864,623	3,953,708	4,072,319	4,194,488	4,320,323	4,406,730	4,494,864	4,584,761	4,676,457	4,769,986	4,865,386
Interest earnings	329,723	372,050	423,371	390,486	404,955	420,709	434,534	448,543	463,552	478,880	494,641	510,953	527,737
Other revenue	52,767	33,660	38,660	34,333	35,020	35,720	36,435	37,163	37,907	38,665	39,438	40,227	41,031
	14,766,919	13,468,609	14,407,234	15,407,376	16,015,170	16,716,265	17,408,441	18,085,699	18,679,719	19,297,258	19,877,125	20,474,523	21,007,123
Expenses													
Employee costs	(7,187,202)	(7,462,601)	(7,451,601)	(7,706,763)	(7,959,687)	(8,278,276)	(8,566,624)	(8,863,623)	(9,169,532)	(9,484,618)	(9,809,156)	(10,143,431)	(10,487,734)
Materials and contracts	(4,409,361)	(4,212,212)	(4,629,712)	(4,074,023)	(3,950,643)	(3,981,629)	(4,098,738)	(4,156,838)	(4,303,136)	(4,492,384)	(4,538,435)	(4,577,894)	(4,736,217)
Utility charges	(244,794)	(280,313)	(280,313)	(288,722)	(287,384)	(304,819)	(312,459)	(320,250)	(328,256)	(336,463)	(344,874)	(353,496)	(362,394)
Depreciation on non-current assets	(4,514,787)	(4,560,519)	(5,398,519)	(5,483,846)	(5,632,814)	(5,744,550)	(5,837,498)	(5,949,716)	(6,059,133)	(6,141,709)	(6,249,203)	(6,343,581)	(6,488,354)
Interest expenses	(85,936)	(108,786)	(98,786)	(121,840)	(147,274)	(173,049)	(166,253)	(140,387)	(116,806)	(95,530)	(79,270)	(65,469)	(51,077)
Insurance expenses	(469,986)	(510,931)	(510,931)	(526,473)	(544,900)	(568,523)	(572,486)	(586,798)	(601,468)	(616,504)	(631,917)	(647,715)	(663,908)
Other expenditure	(240,725)	(454,829)	(484,829)	(463,926)	(473,204)	(482,688)	(492,322)	(502,188)	(512,211)	(522,456)	(532,905)	(543,563)	(554,434)
Corporate Business Plan - Projects & Initiatives				(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
	(17,152,790)	(17,590,191)	(18,854,691)	(18,940,692)	(19,280,906)	(19,798,513)	(20,321,359)	(20,794,780)	(21,365,542)	(21,964,863)	(22,480,760)	(22,950,148)	(23,629,057)
	(2,385,871)	(4,121,582)	(4,447,457)	(3,533,316)	(3,265,736)	(3,082,246)	(2,912,918)	(2,709,080)	(2,685,823)	(2,667,405)	(2,583,635)	(2,475,625)	(2,521,934)
Non-operating grants, subsidies and contributions	2,940,674	4,509,786	4,569,786	2,472,242	3,769,287	3,097,434	2,077,310	1,794,553	3,062,021	2,629,716	1,855,470	2,873,630	2,942,029
Profit on disposal of assets	91,202	20,000	27,000	90,000	0	0	0	0	0	0	0	0	0
Loss on disposal of assets	(10,234)	(65,100)	(41,900)	(15,000)	0	0	0	0	0	0	0	0	0
Fair value adjustments to financial assets at fair value	2,764	0	0	0	0	0	0	0	0	0	0	0	0
	638,535	343,104	107,429	(966,074)	503,551	15,186	(835,607)	(914,527)	376,197	(37,690)	(728,165)	498,006	320,095
Other comprehensive income													
Items that will not be reclassified subsequently to profit or loss													
Changes on revaluation of non-current assets	14,896,481												
	14,896,481	0	0	0	0	0	0	0	0	0	0	0	0
Total other comprehensive income													
	15,535,016	343,104	107,429	(966,074)	503,551	15,186	(835,607)	(914,527)	376,197	(37,690)	(728,165)	498,006	320,095

Capital Funding

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
 FORECAST STATEMENT OF CAPITAL FUNDING
 BY ASSET CLASS
 FOR THE PERIOD FY 2023/24 - 2033/34

	FY23/24 (Orig)	FY23/24 (Rev)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure													
Roads	2,755,000	2,755,000	1,601,224	3,063,001	2,394,998	2,568,682	2,605,172	3,392,311	2,680,110	2,717,432	2,755,420	3,544,086	27,322,437
Footpaths	121,000	121,000	550,000	75,000	72,755	74,938	77,186	79,501	81,886	84,343	86,873	89,479	1,271,962
Drainage	94,122	94,122	54,122	58,338	68,962	57,434	58,583	59,755	60,708	61,791	62,874	63,958	606,525
Other Infrastructure	1,700,000	2,222,000	100,000	2,000,000	1,600,000	84,208	948,520	1,213,500	2,419,905	376,502	387,797	399,431	9,529,863
Buildings	2,215,000	2,222,000	2,375,000	1,400,000	1,450,000	400,000	309,789	339,868	730,964	695,740	2,341,153	1,277,719	11,320,233
Furniture and Equipment	90,000	94,000	100,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	325,000
Plant and Equipment	1,318,100	1,350,100	424,015	1,032,560	700,600	813,380	904,200	747,348	234,360	898,340	581,150	1,347,600	7,683,553
Total - Capital Expenditure	8,293,222	8,858,222	5,204,361	7,653,899	6,312,315	4,023,642	4,928,450	5,857,284	6,232,933	4,853,148	6,240,267	6,747,274	58,059,573
Funded by:													
Capital Grants and Contributions													
Roads	1,749,786	1,749,786	870,454	2,420,454	1,748,601	1,777,310	1,794,553	2,562,021	1,829,716	1,855,470	1,873,630	2,642,029	19,374,238
Footpaths	20,000	20,000	225,000	0	0	0	0	0	0	0	0	0	225,000
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	-
Other Infrastructure	1,140,000	1,200,000	0	1,174,416	1,174,417	0	0	500,000	500,000	0	0	0	3,348,833
Buildings	1,600,000	1,600,000	1,376,788	174,417	174,417	300,000	0	0	300,000	0	1,100,000	300,000	3,725,621
Furniture and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	-
Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	-
Total - Capital Grants and Contributions	4,509,786	4,569,786	2,472,242	3,769,287	3,097,434	2,077,310	1,794,553	3,062,021	2,629,716	1,855,470	2,973,630	2,942,029	26,673,692
Own Source Funding (Includes proceeds from P & E Disposals)													
Roads	153,021	153,021	56,193	442,547	646,397	791,372	810,619	830,291	850,394	861,963	881,789	902,058	7,073,623
Footpaths	81,000	81,000	100,000	75,000	72,755	74,938	77,186	79,501	81,886	84,343	86,873	89,479	821,962
Drainage	94,122	94,122	54,122	58,338	68,962	57,434	58,583	59,755	60,708	61,791	62,874	63,958	606,525
Other Infrastructure	462,000	824,000	100,000	125,584	75,583	84,208	448,520	613,500	469,905	376,502	387,797	399,431	3,081,030
Buildings	50,000	50,000	50,000	325,583	75,584	100,000	109,789	89,868	398,964	695,740	841,153	777,719	3,464,400
Furniture and Equipment	0	4,000	75,000	0	0	0	0	0	0	0	0	0	75,000
Plant and Equipment	505,500	537,500	235,000	334,000	297,000	361,000	278,500	295,000	226,500	392,500	261,000	352,000	3,032,500
Total - Own Source Funding	1,345,643	1,743,643	670,315	1,361,052	1,236,281	1,468,952	1,793,196	1,967,915	2,088,357	2,472,839	2,521,487	2,584,645	18,155,040
Borrowings													
Roads	0	0	0	0	0	0	0	0	0	0	0	0	-
Footpaths	0	0	0	0	0	0	0	0	0	0	0	0	-
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	-
Other Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	-
Buildings	0	0	0	600,000	850,000	0	0	0	0	0	0	0	600,000
Furniture and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	-
Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	-
Total - Borrowings	0	0	0	600,000	850,000	0	0	0	0	0	0	0	2,225,000
Reserves													
Roads	852,193	852,193	674,577	200,000	0	0	0	0	0	0	0	0	874,577
Footpaths	20,000	20,000	225,000	0	0	0	0	0	0	0	0	0	225,000
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	-
Other Infrastructure	98,000	198,000	0	100,000	350,000	0	500,000	100,000	1,450,000	0	0	0	2,500,000
Buildings	65,000	72,000	373,212	100,000	350,000	0	200,000	250,000	32,000	0	400,000	200,000	1,905,212
Furniture and Equipment	90,000	90,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Plant and Equipment	812,600	812,600	189,015	698,560	403,600	452,380	625,700	452,348	7,860	505,840	320,150	995,600	4,651,053
Total - Reserves	1,937,793	2,044,793	1,486,804	1,123,560	1,128,600	477,380	1,350,700	827,348	1,514,860	530,840	745,150	1,220,600	10,405,842
Total Capital Funding	8,293,222	8,858,222	5,204,361	7,653,899	6,312,315	4,023,642	4,928,450	5,857,284	6,232,933	4,853,148	6,240,267	6,747,274	58,059,573
Funding Surplus / Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0

Reserve Funds

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
 FORECAST RESERVES MOVEMENT
 FOR THE PERIOD FY 2023/24 - 2033/34

	Prior Yrs Actual FY22/23 \$	Original Budget FY23/24 (Orig) \$	Revised Budget FY23/24 (Rev) \$	Forecast Reserves Movement											
				1 FY24/25 \$	2 FY25/26 \$	3 FY26/27 \$	4 FY27/28 \$	5 FY28/29 \$	6 FY29/30 \$	7 FY30/31 \$	8 FY31/32 \$	9 FY32/33 \$	10 FY33/34 \$		
Employee Entitlements Reserve															
Opening Balance	428,400	444,139	444,139	465,944	484,582	483,966	483,324	482,657	481,963	481,242	480,492	479,711	479,900	479,711	478,900
Interest	15,739	19,098	21,805	18,638	19,359	19,333	19,306	19,306	19,306	19,279	19,250	19,220	19,188	19,156	19,156
Transfer to	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from	0	0	0	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000	-20,000
Closing Balance	444,139	463,237	465,944	484,582	483,966	483,324	482,657	481,963	481,242	480,492	479,711	479,900	479,900	478,900	478,900
Plant Reserve															
Opening Balance	748,961	718,265	718,265	375,627	601,637	327,143	336,629	297,714	523,922	528,231	941,500	873,320	988,103	873,320	988,103
Interest	27,516	30,885	35,282	15,025	24,065	13,086	13,465	11,909	11,909	20,957	21,129	37,660	34,933	39,524	39,524
Transfer to	325,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Transfer from	-383,212	-777,900	-777,900	-189,015	-698,560	-403,600	-452,380	-416,648	-185,700	-7,860	-505,840	-320,150	-995,600	-995,600	-995,600
Closing Balance	718,265	371,250	375,627	601,637	327,143	336,629	297,714	523,922	528,231	941,500	873,320	988,103	873,320	988,103	432,027
Parry Inlet Reserve															
Opening Balance	208,933	208,594	208,594	194,135	211,900	230,376	249,591	269,575	290,358	276,272	297,323	319,216	341,984	319,216	341,984
Interest	7,676	8,970	10,241	7,765	8,476	9,984	9,984	10,783	11,614	11,614	11,051	11,893	12,769	13,679	13,679
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	-18,015	-34,700	-34,700	0	0	0	0	0	-35,700	0	0	0	0	0	0
Closing Balance	208,594	192,864	194,135	211,900	230,376	249,591	269,575	290,358	276,272	297,323	319,216	341,984	319,216	341,984	365,664
Lime Quarry Rehabilitation Reserve															
Opening Balance	385,712	369,883	369,883	348,042	321,964	294,843	266,636	237,302	206,794	175,066	142,068	107,751	72,061	107,751	72,061
Interest	14,171	15,905	18,159	13,922	12,879	11,794	10,665	9,492	8,272	7,003	5,683	4,310	2,862	4,310	2,862
Transfer to	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from	-30,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000	-40,000
Closing Balance	369,883	345,788	348,042	321,964	294,843	266,636	237,302	206,794	175,066	142,068	107,751	72,061	107,751	72,061	0
Infrastructure Reserve															
Opening Balance	802,042	1,070,534	1,070,534	877,898	1,009,393	889,077	517,666	868,188	997,499	960,922	994,477	1,340,117	1,484,577	1,340,117	1,484,577
Interest	29,467	46,033	52,567	35,116	40,376	35,563	20,707	34,728	39,900	38,437	39,779	53,605	59,383	39,779	59,383
Transfer to	430,000	615,000	765,000	1,369,168	239,308	293,026	329,816	294,583	273,523	277,118	305,861	290,856	332,490	290,856	332,490
Transfer from	-190,974	-930,193	-1,010,193	-1,272,789	-400,000	-700,000	0	-200,000	-350,000	-282,000	0	-200,000	-200,000	0	-200,000
Closing Balance	1,070,534	801,374	877,898	1,009,393	889,077	517,666	868,188	997,499	960,922	994,477	1,340,117	1,484,577	1,340,117	1,484,577	1,676,451
Waste Services Reserve															
Opening Balance	633,140	826,401	826,401	954,972	1,163,171	1,379,698	1,604,886	1,839,082	1,142,645	1,358,351	382,685	567,992	760,712	567,992	760,712
Interest	23,261	35,535	40,571	38,199	46,527	55,188	64,195	73,563	45,706	54,334	15,307	22,720	30,428	22,720	30,428
Transfer to	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Transfer from	0	-55,000	-82,000	0	0	0	0	-940,000	0	-1,200,000	0	0	0	0	0
Closing Balance	826,401	976,936	954,972	1,163,171	1,379,698	1,604,886	1,839,082	1,142,645	1,358,351	382,685	567,992	760,712	567,992	760,712	961,140
Acquatic Facility Development Reserve															
Opening Balance	85,920	95,351	95,351	110,032	124,433	139,410	154,987	171,186	183,034	205,555	223,777	242,728	262,437	242,728	262,437
Interest	3,157	4,100	4,681	4,401	4,977	5,576	6,199	6,847	7,521	8,222	8,951	9,709	10,487	9,709	10,487
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfer from	-3,725	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	95,351	109,451	110,032	124,433	139,410	154,987	171,186	183,034	205,555	223,777	242,728	262,437	242,728	262,437	282,935
Lionsville Reserve															
Opening Balance	148,296	96,165	96,165	42,886	0	0	0	0	0	0	0	0	0	0	0
Interest	5,448	4,135	4,721	1,715	0	0	0	0	0	0	0	0	0	0	0
Transfer to	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from	-57,579	-58,000	-58,000	-44,601	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	96,165	42,300	42,886	0	0	0	0	0	0	0	0	0	0	0	0

Reserve Funds

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN FORECAST RESERVES MOVEMENT FOR THE PERIOD FY 2023/24 - 2033/34

	Prior Yrs Actual FY22/23 \$	Original Budget		Revised Budget		Forecast Reserves Movement									
		FY23/24 (Orig) \$	FY23/24 (Rev) \$	FY24/25 \$	FY25/26 \$	FY26/27 \$	FY27/28 \$	FY28/29 \$	FY29/30 \$	FY30/31 \$	FY31/32 \$	FY32/33 \$	FY33/34 \$		
Peaceful Bay Reserve															
Opening Balance	245,052	289,055	289,055	338,246	386,776	437,247	489,737	544,327	601,100	660,144	721,550	785,411	851,828	920,901	
Interest	9,003	12,429	14,191	13,530	15,471	17,480	19,589	21,773	24,044	26,406	28,862	31,416	34,073	36,730	
Transfer to	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	
Transfer from	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	289,055	336,484	338,246	386,776	437,247	489,737	544,327	601,100	660,144	721,550	785,411	851,828	920,901		
Rivermouth Caravan Park Reserve															
Opening Balance	106,460	115,372	115,372	126,036	136,077	141,520	147,181	153,068	159,191	165,559	172,181	179,068	186,231	193,680	
Interest	3,911	4,961	5,684	5,041	5,443	5,661	5,887	6,123	6,368	6,622	6,887	7,163	7,449	7,749	
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Transfer from	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	115,372	125,333	126,036	136,077	141,520	147,181	153,068	159,191	165,559	172,181	179,068	186,231	193,680		
Peaceful Bay Caravan Park Reserve															
Opening Balance	68,398	75,911	75,911	84,638	93,023	96,744	100,614	104,639	108,824	113,177	117,704	122,412	127,309	132,401	
Interest	2,513	3,264	3,727	3,386	3,721	3,870	4,025	4,186	4,353	4,527	4,708	4,896	5,092	5,292	
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Transfer from	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	75,911	84,175	84,638	93,023	96,744	100,614	104,639	108,824	113,177	117,704	122,412	127,309	132,401		
Recreation Centre Reserve															
Opening Balance	105,918	119,809	119,809	10,691	36,119	62,563	90,066	118,668	148,415	179,352	211,526	244,987	279,786	319,191	
Interest	3,891	5,152	5,882	4,281	4,445	4,503	4,603	4,747	4,937	5,174	5,461	5,800	6,191	6,621	
Transfer to	10,000	25,000	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Transfer from	0	-140,000	-140,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	
Closing Balance	119,809	9,961	10,691	36,119	62,563	90,066	118,668	148,415	179,352	211,526	244,987	279,786	319,191		
Denmark East Development Reserve															
Opening Balance	710,910	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest	6,993	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfer to	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfer from	-717,903	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0		
Strategic Reserve															
Opening Balance	105,244	114,111	114,111	124,714	134,702	145,090	155,894	167,130	178,815	190,967	211,526	224,987	244,987	279,786	
Interest	3,867	4,907	5,603	4,989	5,388	5,804	6,236	6,685	7,153	7,639	8,144	8,674	9,228	9,807	
Transfer to	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Transfer from	0	0	0	0	0	0	0	0	0	-60,000	0	0	0		
Closing Balance	114,111	124,018	124,714	134,702	145,090	155,894	167,130	178,815	190,967	211,526	224,987	244,987	279,786		
ICT Reserve															
Opening Balance	15,000	30,551	30,551	47,051	63,933	81,490	99,750	118,740	138,490	159,029	180,390	202,606	225,710	249,739	
Interest	551	1,314	1,500	1,882	2,557	3,280	3,990	4,750	5,540	6,361	7,216	8,104	9,028	9,989	
Transfer to	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Transfer from	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	30,551	46,865	47,051	63,933	81,490	99,750	118,740	138,490	159,029	180,390	202,606	225,710	249,739		

Reserve Funds

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
 FORECAST RESERVES MOVEMENT
 FOR THE PERIOD FY 2023/24 - 2033/34

	Prior Yrs Actual FY22/23	Original Budget FY23/24 (Orig)	Revised Budget FY23/24 (Rev)	1	2	3	4	5	6	7	8	9	10
	\$	\$	\$	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Legal Contingency Reserve													
Opening Balance	10,000	20,367	20,367	31,367	42,622	54,327	66,500	79,160	92,326	106,020	120,260	127,571	135,174
Interest	367	876	1,000	1,255	1,705	2,173	2,660	3,166	3,693	4,241	4,810	5,103	5,407
Transfer to	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	2,500	2,500	2,500
Transfer from	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	20,367	31,243	31,367	42,622	54,327	66,500	79,160	92,326	106,020	120,260	127,571	135,174	143,080
TOTAL RESERVE BALANCE	4,594,509	4,061,280	4,132,280	4,810,334	4,763,495	4,763,461	5,451,435	5,258,376	5,559,886	5,129,539	5,747,242	6,160,337	6,121,198

	4,808,385	157,533	1,030,000	-1,401,409	4,594,509	4,594,509	197,564	1,305,000	-2,035,793	4,061,280	4,594,509	4,594,509	225,564	165,291	192,413	190,540	190,538	4,763,461	5,451,435	5,258,376	5,559,886	5,129,539	5,747,242	6,160,337	6,121,198	
Summary																										
Opening Balance																										
Interest																										
Transfer to																										
Transfer from																										
Closing Balance																										

Borrowings by Loan

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
LOAN SUMMARY
FOR THE PERIOD FY 2023/24 - 2033/34

	FY23/24 (Orig)	FY23/24 (Rev)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BORROWINGS - AS AT FIRST YEAR.												
142												
Lionsville												
Loan Outstanding	287,869	287,869	251,387	212,351	170,584	125,893	78,075	26,910	0	0	0	0
Interest Payment	20,870	20,870	18,427	15,455	12,275	8,874	5,232	1,122	0	0	0	0
Principal Repayment	36,482	36,482	39,036	41,767	44,690	47,818	51,165	26,910	0	0	0	0
Loan Balance	251,387	251,387	212,351	170,584	125,893	78,075	26,910	0	0	0	0	0
147												
Football Clubrooms												
Loan Outstanding	111,967	111,967	98,818	84,818	69,913	54,042	37,145	19,154	0	0	0	0
Interest Payment	7,715	7,715	6,782	5,790	4,735	3,612	2,415	1,141	0	0	0	0
Principal Repayment	13,149	13,149	14,000	14,906	15,870	16,897	17,991	19,154	0	0	0	0
Loan Balance	98,818	98,818	84,818	69,913	54,042	37,145	19,154	0	0	0	0	0
159												
Riverside Club - Stage 1												
Loan Outstanding	363,142	363,142	341,120	318,408	294,984	270,825	245,910	220,213	193,712	166,379	138,190	109,118
Interest Payment	13,310	13,310	12,721	11,847	10,945	10,020	9,057	8,069	7,049	5,999	4,912	3,794
Principal Repayment	22,022	22,022	22,712	23,424	24,158	24,915	25,696	26,502	27,332	28,189	29,072	29,984
Loan Balance	341,120	341,120	318,408	294,984	270,825	245,910	220,213	193,712	166,379	138,190	109,118	79,134
158												
Purchase Lot 228 Res 18587												
Loan Outstanding	161,028	161,028	108,785	55,122	0	0	0	0	0	0	0	0
Interest Payment	4,892	4,892	3,216	1,377	0	0	0	0	0	0	0	0
Principal Repayment	52,243	52,243	53,663	55,122	0	0	0	0	0	0	0	0
Loan Balance	108,785	108,785	55,122	0	0	0	0	0	0	0	0	0
143												
Airport												
Loan Outstanding	16,021	16,021	8,257	0	0	0	0	0	0	0	0	0
Interest Payment	1,015	1,015	474	0	0	0	0	0	0	0	0	0
Principal Repayment	7,764	7,764	8,257	0	0	0	0	0	0	0	0	0
Loan Balance	8,257	8,257	0	0	0	0	0	0	0	0	0	0
152												
Purchase Reserve 27101												
Loan Outstanding	228,628	228,628	205,637	181,237	155,340	127,856	98,686	67,728	34,872	0	0	0
Interest Payment	15,065	15,065	13,511	11,865	10,120	8,270	6,301	4,216	2,000	0	0	0
Principal Repayment	22,991	22,991	24,401	25,897	27,484	29,170	30,958	32,856	34,872	0	0	0
Loan Balance	205,637	205,637	181,237	155,340	127,856	98,686	67,728	34,872	0	0	0	0

Borrowings by Loan

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
 LOAN SUMMARY
 FOR THE PERIOD FY 2023/24 - 2033/34

	FY23/24 (Orig)	FY23/24 (Rev)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
129 Scouts S/S												
Loan Outstanding	2,085	2,085	0	0	0	0	0	0	0	0	0	0
Interest Payment	8	8	0	0	0	0	0	0	0	0	0	0
Principal Repayment	2,085	2,085	0	0	0	0	0	0	0	0	0	0
Loan Balance	0	0	0	0	0	0	0	0	0	0	0	0
157 Riverside Club S/S												
Loan Outstanding	324,380	324,380	303,991	282,930	261,174	238,701	215,488	191,509	166,740	141,154	114,724	87,423
Interest Payment	12,569	12,569	11,841	10,997	10,125	9,229	8,295	7,335	6,343	5,320	4,259	3,165
Principal Repayment	20,389	20,389	21,061	21,756	22,473	23,214	23,979	24,769	25,586	26,430	27,301	28,201
Loan Balance	303,991	303,991	282,930	261,174	238,701	215,488	191,509	166,740	141,154	114,724	87,423	59,222
160 Rubbish Truck 1												
Loan Outstanding	426,690	426,690	348,702	267,200	182,028	93,018	0	0	0	0	0	0
Interest Payment	21,256	21,256	16,936	12,688	8,248	3,610	0	0	0	0	0	0
Principal Repayment	77,988	77,988	81,501	85,173	89,009	93,018	0	0	0	0	0	0
Loan Balance	348,702	348,702	267,200	182,028	93,018	0	0	0	0	0	0	0

Borrowings by Loan

SHIRE OF DENMARK - LONG TERM FINANCIAL PLAN
LOAN SUMMARY
FOR THE PERIOD FY 2023/24 - 2033/34

	FY23/24 (Orig)	FY23/24 (Rev)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BORROWINGS - POST FIRST YEAR												
Denmark Solar Energy Project												
161												
Loan Outstanding	500,000	500,000	496,500	432,761	366,154	296,550	223,814	147,806	68,377	0	0	0
Interest Payment	11,500	1,500	23,318	19,998	16,530	12,906	9,118	5,160	1,040	0	0	0
Principal Repayment	35,500	3,500	63,739	66,607	69,604	72,736	76,008	79,429	68,377	0	0	0
Loan Balance	464,500	496,500	432,761	366,154	296,550	223,814	147,806	68,377	0	0	0	0
Denmark Surf Club Precinct												
162												
Loan Outstanding	0	0	575,000	552,434	505,612	456,443	404,811	350,591	293,655	233,865	171,078	105,146
Interest Payment	0	0	14,231	26,773	24,427	21,963	19,375	16,658	13,805	10,809	7,662	4,358
Principal Repayment	0	0	22,566	46,822	49,168	51,632	54,220	56,937	59,790	62,786	65,933	69,237
Loan Balance	0	0	552,434	505,612	456,443	404,811	350,591	293,655	233,865	171,078	105,146	35,909
Berridge Park - Skate Park, Toilets												
163												
Loan Outstanding	0	0	0	600,000	575,673	525,438	473,019	418,323	361,249	301,695	239,552	174,708
Interest Payment	0	0	0	12,900	24,220	22,036	19,758	17,381	14,900	12,312	9,611	6,793
Principal Repayment	0	0	0	24,327	50,235	52,418	54,697	57,074	59,554	62,143	64,844	67,662
Loan Balance	0	0	0	575,673	525,438	473,019	418,323	361,249	301,695	239,552	174,708	107,046
Depot Building (1a)												
164												
Loan Outstanding	0	0	0	800,000	780,739	740,966	699,465	656,159	610,972	563,820	514,620	463,280
Interest Payment	0	0	0	17,200	33,149	31,420	29,616	27,794	25,770	23,721	21,583	19,351
Principal Repayment	0	0	0	19,261	39,773	41,502	43,305	45,187	47,151	49,201	51,339	53,570
Loan Balance	0	0	0	780,739	740,966	699,465	656,159	610,972	563,820	514,620	463,280	409,710
Depot Building (1b)												
165												
Loan Outstanding	0	0	0	850,000	815,536	744,370	670,111	592,624	511,769	427,401	339,365	247,503
Interest Payment	0	0	0	18,275	34,311	31,218	27,991	24,623	21,109	17,442	13,616	9,862
Principal Repayment	0	0	0	34,464	71,166	74,259	77,487	80,855	84,369	88,036	91,662	95,570
Loan Balance	0	0	0	815,536	744,370	670,111	592,624	511,769	427,401	339,365	247,503	174,129
Summary												
Loan Outstanding	1,921,810	1,921,810	2,738,197	3,787,261	4,212,200	3,745,271	3,220,784	2,768,506	2,322,201	1,918,683	1,605,566	1,279,042
Interest Payment	108,200	98,200	121,456	146,890	173,049	166,253	140,387	116,806	95,530	79,270	65,469	51,077
Principal Repayment	290,613	258,613	350,936	425,061	466,929	524,487	452,278	446,305	403,518	313,117	326,524	340,515
Loan Balance	2,131,197	2,163,197	2,387,261	3,362,200	3,745,271	3,220,784	2,768,506	2,322,201	1,918,683	1,605,566	1,279,042	938,526
Proceeds from New Debentures	500,000	500,000	575,000	1,400,000	850,000	0	0	0	0	0	0	0



P: (08) 9848 0300

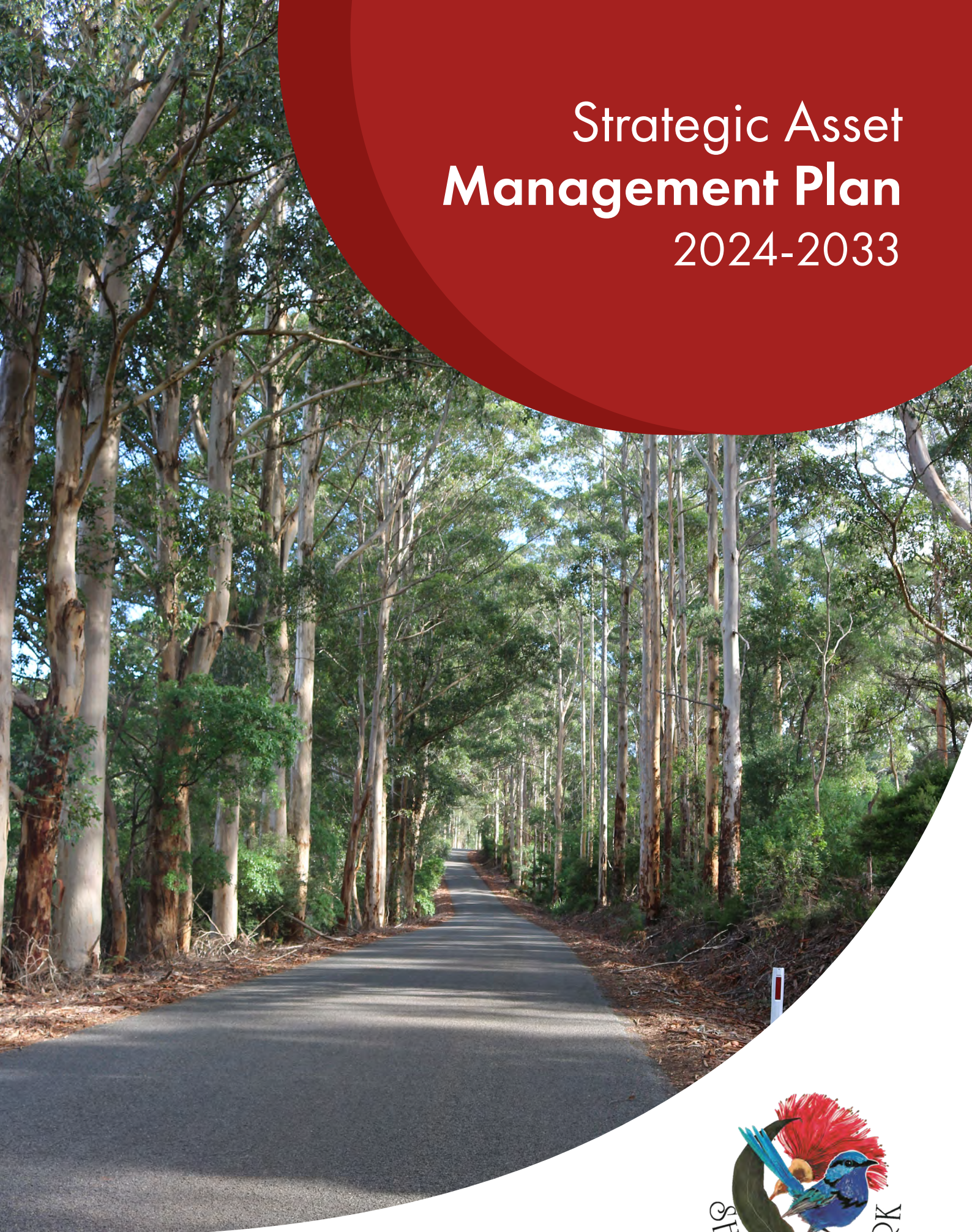
E: enquiries@denmark.wa.gov.au

953 South Coast Highway
Denmark WA 6333

www.denmark.wa.gov.au

www.yourdenmark.wa.gov.au

Strategic Asset Management Plan 2024-2033



Acknowledgement of Country

We acknowledge the Noongar people who are the traditional custodians of this land and pay our respects to Elders, both past and present. We acknowledge and respect their continuing culture and the contribution they make to this region.





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Our Community Snapshot

Population

ABS Estimated Resident Population
2022 Projected (Band D)
WA Planning Commission



Volunteers*

Persons aged 15+ (Usual Residence)



29.4%
Denmark

19.3% - Regional WA
15.9% - WA

Unpaid Care*

Persons providing assistance to a person with a disability, long term illness or old age



12.5%
Denmark

10.4% - Regional WA
10.7% - WA

Economic Output**



\$757.9 Million
Denmark

\$10.2 Billion - Great Southern
\$744.1 Billion - WA

Homeless Persons Estimated*



84

Denmark
(up 76 from 2016)

Aboriginal and Torres Strait Islander*



1.3%
Denmark

8.4% - Regional WA
3.3% - WA

Number of Jobs**



2,074
Denmark

26,889 - Great Southern
1.3 Million - WA

Disability*

Persons who needs assistance with core activities



4.7%
Denmark

4.6% - Regional WA
4.6% - WA

Median House Price***

YTD Feb 2024



\$553,000
Denmark

\$465,000
Great Southern

Top 5 Performing Areas****

Unemployment Rate*



3.7%
Denmark

4.2% - Regional WA
5.1% - WA



Community safety and crime prevention



Festivals, events, art and cultural activities



Library and information services



Tourism attractions and marketing



Efforts to promote and adopt sustainable practices to manage climate change

*Reference to: 2021 ABS Census Data accessed via <https://profile.id.com.au/denmark>

**Reference to: 2021 ABS Census Data accessed via <https://app.remplan.com.au/greatsouthernregion/economy>

***Reference to: Based on transactions for the 12-month period ending February 2024 accessed via <https://reiwa.com.au/suburb/denmark>

****Reference to: MARKYT Community Scorecard 2022

Overview

Asset management planning is a cornerstone for local governments' sustainable development. It is a detailed process beyond merely cataloguing assets; it serves as a compass to guide the local government in understanding, maintaining, and optimising its infrastructure.

The Shire of Denmark aims to deliver infrastructure that enhances service delivery while ensuring fiscal responsibility by precisely documenting the inventory, evaluating operational costs, and strategically planning asset renewals. Council's Asset Management Policy (PO40226) states that community-informed service levels, future demand, long-term sustainability and risk management will drive this plan.

The Strategic Asset Management Plan (SAMP) is part of a framework of informing strategies alongside the Long Term Financial Plan (LTFF) that advises local governments on their capability to manage the assets required by the community. The SAMP is closely linked to the LTFF, and it informs the activities of the Corporate Business Plan as part of its four-year program of activities.



Strategic Community Plan – Planning and Reporting Framework

Over the next ten years, there will be several key asset management challenges that the Shire aims to address, which will feed into the LTFF. They include:

Transport

- Improve our data about condition ratings on our road network.
- Develop a road renewal/upgrade/expansion program for the next three years.
- Maximise funding opportunities through the Regional Road Group by ensuring our Roads of Regional Significance are relevant and current.
- Advocate for increases to the pools of funds available for road renewal.

Buildings and Land

- Optimise building usage through a shared-use approach.
- Prioritise the upkeep of buildings through a commitment to building repairs and maintenance.
- Investigate partnership opportunities to pursue grant funding for building renewal and upgrade.
- Seek to consolidate building assets where possible to ensure funding is used efficiently.
- Investigate industrial land development on Shire-managed land.
- Undertake a review of the Sport and Recreation Masterplan to understand future asset needs.

Parks and Reserves

- Undertake renewal work in Berridge Park to develop a high-quality public open space.
- Upgrades and renewals to the playground space in line with the Local Planning Strategy (LPS).
- Ensuring play spaces of appropriate levels are included in new development or contributions are sought to upgrade existing ones.
- Investigate and develop priorities for works on the Denmark Senior High School (DSHS) oval.
- Prioritise works that result from the Coastal Reserves Management Strategy and Action Plan.
- Advocate for the next stage of the WOW Trail to link the existing trail to Ocean Beach.

Strategic Asset Management

Guiding Principles

Guiding principles are values the Council establishes to advise and shape decision-making. They help guide the development of the SAMP.

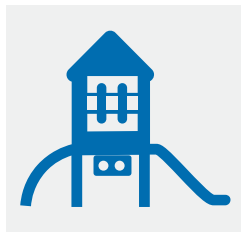
1. The LTFP outlines the structure by which the Shire will manage our asset base to meet community needs as identified in the Strategic Community Plan
2. A 'whole of life' view of asset management is utilised
3. Asset management prioritises the sustainable and equitable utilisation of resources, ensuring that decisions align with community priorities and values.
4. Plan and prioritise the maintenance, renewal and replacement of existing assets with a prioritising of 'renew' over 'new'
5. Revenue and expenditure are structured to achieve the future renewal of assets within a planned useful life
6. Debt funding may be used for capital works or the purchase of assets but is not to be utilised to finance operational activities or recurrent expenditure
7. Asset disposal will be in line with the LTFP
8. Grant funding, as a significant element of the funding equation for asset management, carries a risk. Funding streams may not eventuate, be highly competitive, or result in a lesser amount than expected
9. Depreciation of assets is valued at fair value in the balance sheet of the Shire and depreciated at rates set out in the LTFP
10. The Council will be responsive to prevailing economic conditions and adjust capital project timeframes to support the local economy.



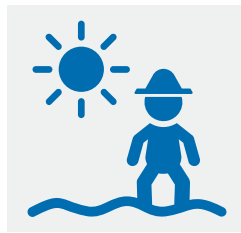
Our Assets



248km sealed roads and 401 km unsealed roads



12 playgrounds



6 beaches



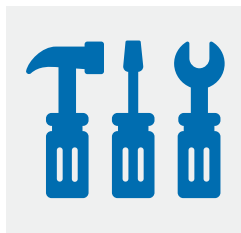
20 public toilets



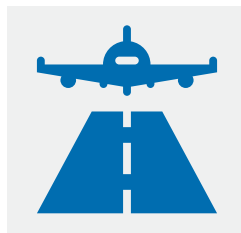
13 BBQs



1068 street signs



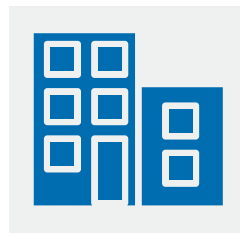
132 items of plant and equipment



1 airstrip



16 bridges



132 structures



100km of paths
76km of walking trails



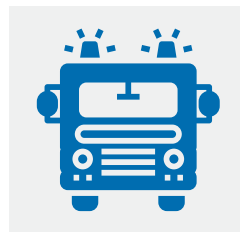
136 public rubbish bins



121 Shire reserves



20 fire sheds



23 fire appliances



Library



Recreation Centre and McLean Oval



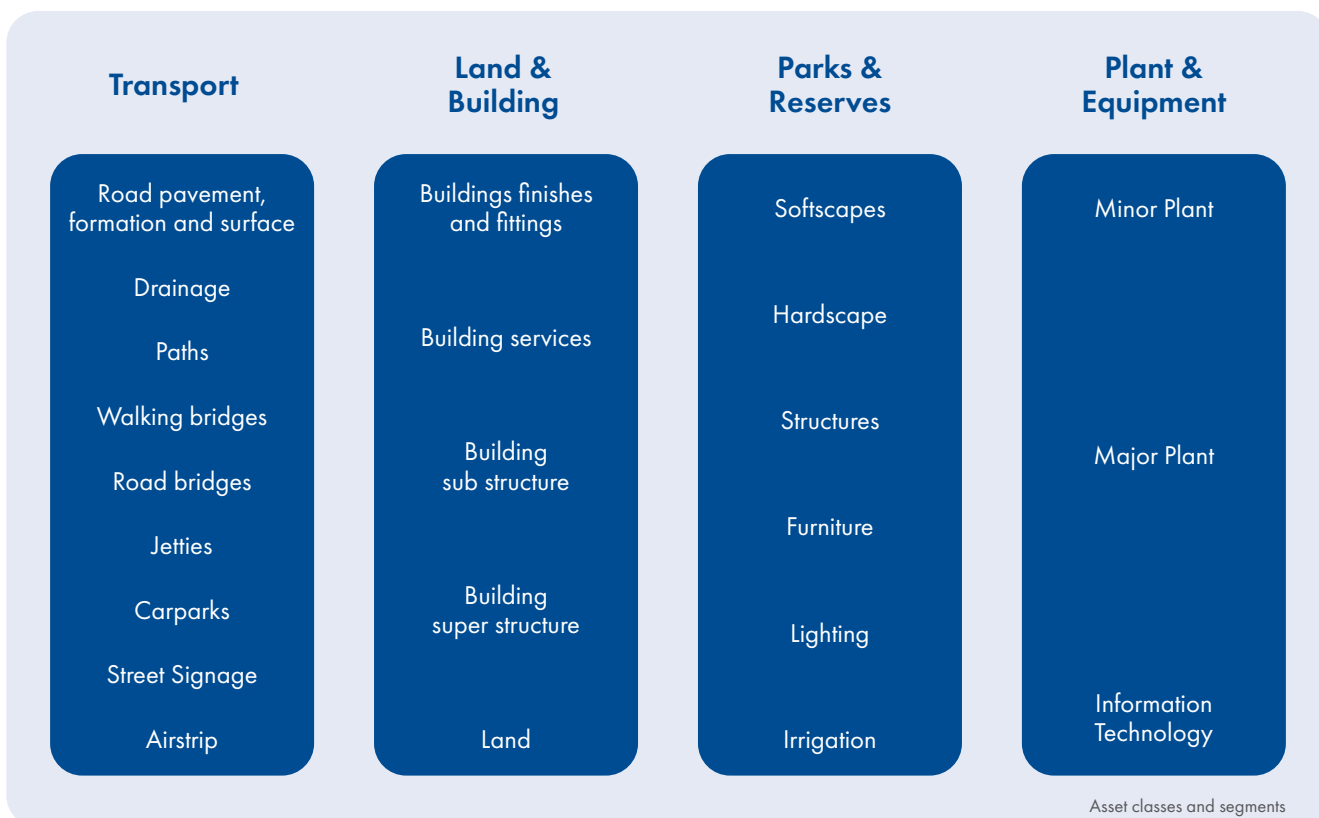
Parry Beach Campground

Like all local governments, the Shire of Denmark exists to provide facilities and services that community members rely on and use in their everyday lives. Infrastructure such as bridges, roads and paths help those in the Shire move around. At the same time, assets such as community buildings, parks, sporting fields and play equipment provide opportunities for people to come together and lead happy, healthy and creative lives. Other assets keep us safe, like fire trucks and the airstrip at the Denmark Airport, which provides 24/7 access for the Royal Flying Doctor Service and waterbombers. In contrast, the community may only notice some assets, such as pipes and drains, IT servers, and irrigation systems, once these assets fail.

We have categorised our assets into four main classes or 'portfolios'. These are:

- Transport Infrastructure
- Land and Buildings
- Parks and Reserves
- Plant and Equipment

Within each portfolio, we have also broken our assets into segments. Different segments of an asset have different lifespans and do not need to be replaced simultaneously. We look at these segments and components to predict renewal expenditure accurately. An example would be replacing a kitchen (segment) in a building (asset) earlier than the roof (segment).



Assessing Asset Condition

The Australian Accounting Standards require all local governments in Australia to identify, value and record their assets and to have a systematic plan to undertake condition assessments of assets. The Shire of Denmark has a five-year condition assessment strategy as part of the IPR Review Framework, and consideration is made in the LTFP to fund the data collection process that reviews the main asset classes on an ongoing basis. The plan has delivered recent asset reviews across the following classes of assets:

- June 2022 – Buildings and Land
- June 2023 – Parks and Reserves
- September 2023 – Transport Infrastructure

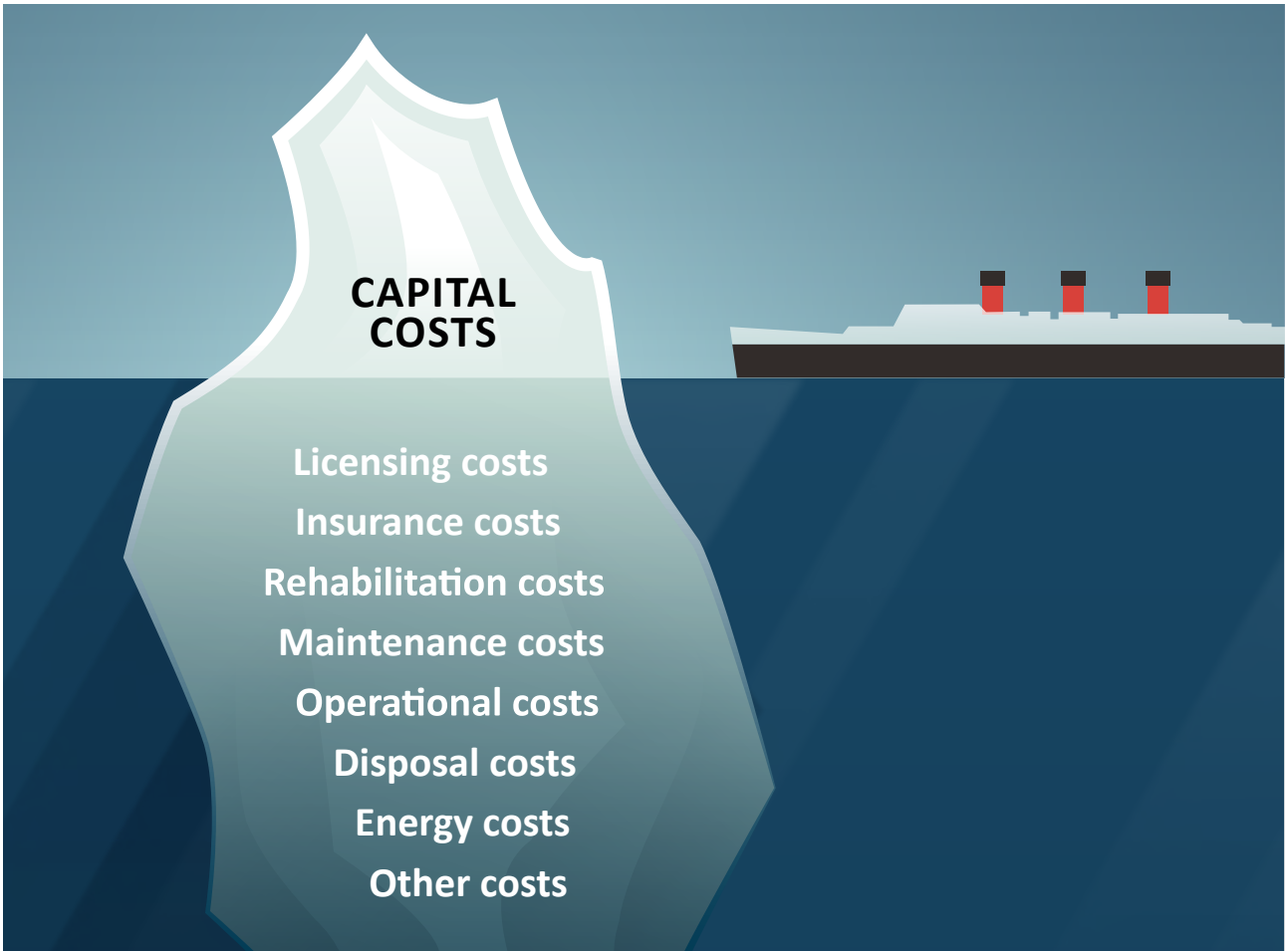
Having current condition assessment data ensures that the limited budget is effectively targeted to the most needed asset renewal works so that we intervene when required to prevent assets from failing. As each subsequent condition assessment is undertaken, the accuracy of the data improves, and the level of assumptions and estimates is reduced.

Unfortunately, renewal isn't the only cost to be managed when considering an asset's whole lifecycle. Costs are associated with each asset's lifecycle stage, from concept and design to removal during the final disposal stage. That is why it is essential to ensure that before an asset is created or renewed, serious thought is given to whether it should exist and whether it is the most financially sustainable option to meet community needs.

The Hidden Cost of Assets

Once an asset is created, everyday maintenance and operating costs are associated with its existence. These costs are 'non-discretionary' and don't include any improvements and upgrades made to assets that the community may desire now or in the future.

In the past, an asset's capital cost (creation cost) may have been the only cost reflected in the budget when presented to the Council for decision. Often, the creation of a new asset (i.e. the acquisition or construction cost) only accounts for a small percentage of the total cost of managing the asset throughout its life.



Qld Treasury Corporation Whole of life costing: A quick reference guide for elected officials and staff

Key Challenges

A range of factors influence the development and ongoing management of assets. These factors have been discussed below to help explain the decision-making considerations for building a resilient asset plan.

Cost of Goods and Services

The most critical factor in asset management is the fluctuating cost of building and maintaining assets. The Local Government Cost Index (LGCI) measures cost changes over time for the works and services supplied by local governments. It considers elements such as the WA Wage Price Index, the Consumer Price Index, road, bridge and non-residential building costs, machinery and equipment, electricity and street lighting, insurance, and other utility costs. In preparing the 2023 LTFP, officers referenced the LGCI to forecast cost movements. The Western Australian Local Government Association's (WALGA) September 2023 Economic Briefing forecast indicated the following expected growth in overall costs:

2023/24	3.9%
2024/25	2.6%
2025/26	2.4%

There is still a challenge for local governments attempting to forecast the current climate, given reserve bank and government efforts to reign in inflationary pressures and manage global economic uncertainty. If the market volatility continues beyond the current financial year, the Council may need to consider rationalising asset renewal work as it might be prudent to hold funds to a future date when prices return to more realistic levels. In some circumstances, this may not be possible if the asset fails and presents a risk or if asset funding is tied to delivery within a specified timeframe.

Renewing Assets

One of the critical issues facing local governments across Australia is the backlog of aging assets that need replacing due to decades of negative net outlay on asset renewal and replacement. Small rural shires such as Denmark are some of the most impacted by this asset crisis, and there is no short-term fix. In some cases, support from other levels of government will ultimately be needed to address the issue. To improve this situation, we must look after our existing assets while carefully planning for new or upgraded ones to meet our growing community's needs.

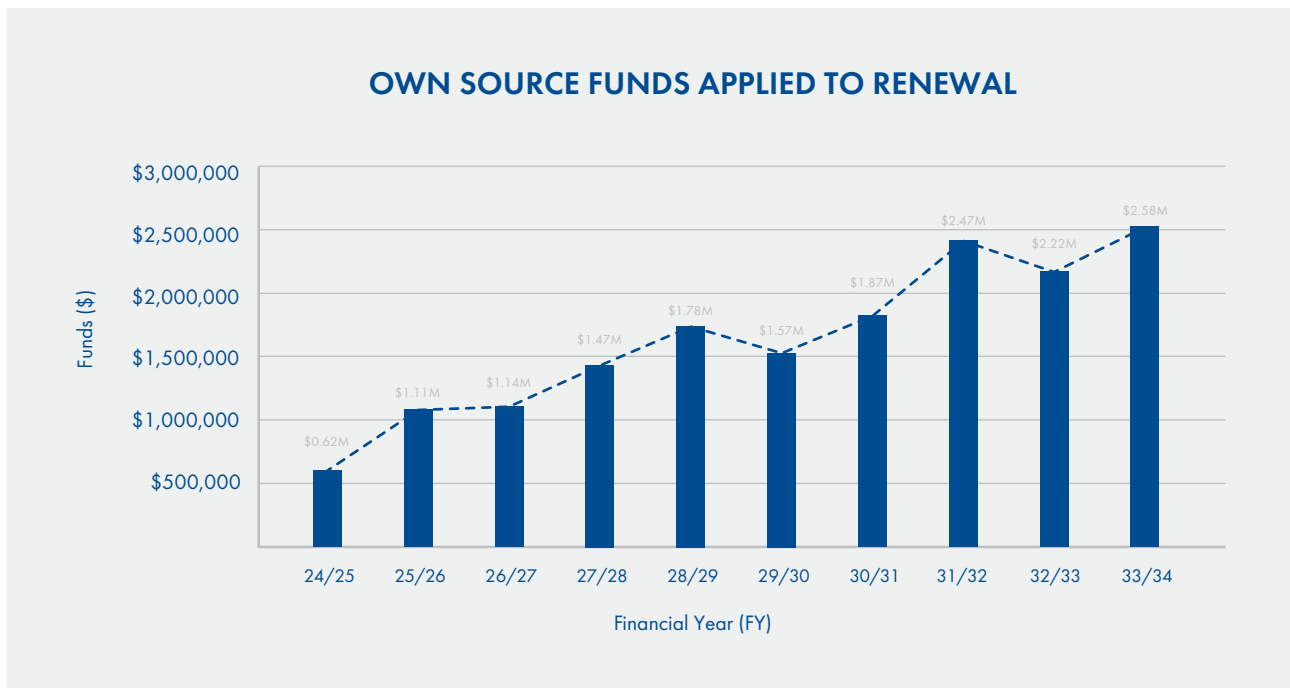
The Shire's 2019 Strategic Asset Management Plan (SAMP) noted that the funding allocated for asset renewal (across all asset portfolios) in the LTFP was dependent on an average 4% rate increase each year, **with 2% dedicated solely to funding renewal works** (the other 2% being for operations, to keep pace with inflation). It also noted that if the additional 2% was not added to the renewal budget each year, the asset renewal timeframes would blow out, and the asset condition would continue to worsen. Since 2019, the impacts of COVID and inflation weighed negatively on the Shire's revenue. Consequently, a 2% buffer between inflation and rates to address asset renewal was only achieved once in four years. As a result, the Shire is now in the same, if not worse, asset management position than in 2019.

Determining when to replace infrastructure like roads, drains, bridges, water systems, and public buildings can be challenging. Various factors, such as climate impacts, natural disasters, systematic usage, and maintenance schedules, influence the condition and lifespan of these assets. Infrastructure replacement or upgrade requires significant investment, whether from loans, grants or use of reserve funds. Hence, the LTFP must be updated to account for any significant cash flow forecasts resulting from changing the SAMP.

Own Source Funds Applied to Renewal

Own source funding for renewal entails financing infrastructure or asset renewal initiatives using internally generated funds, such as rate revenue, reserve funds and asset sales, rather than relying on external sources like loans or grants. This approach offers financial autonomy and stability, as we aren't reliant on external lenders or grant providers.

The graph (below) illustrates the annual commitment to asset renewal through our own source funding, demonstrating our commitment to addressing the backlog of asset renewal work.



New Assets

The demand for new and improved community facilities and services adds to the complexity of planning and financing assets. Creating new assets to meet growing population needs and expectations puts pressure on long-term budgeting as ongoing operating costs must be factored into future budgets. When new purpose-built facilities are erected to create community spaces, it is not uncommon for the older infrastructure to still be retained by the local government.

Asset Disposal

When the community’s demand for additional spaces increases as it grows, or a solid historical or cultural connection to a particular space exists, it can be a problematic asset management decision to rationalise the disposal of older structures. Retaining older assets when new assets are created requires careful assessment of their feasibility and value.

Asset disposal aims to ensure the community is not funding surplus assets to its needs while being respectful of the value the community holds for these structures or spaces. It also provides a systematic and transparent method for disposing of surplus assets. In making informed decisions concerning assets, the Shire will consider:

- The short and long-term need for the asset
- The value for the space as expressed by the community
- Legislative requirements, including current or emerging health and safety issues
- Opportunities for rationalisation or creating multifunction facilities
- Future liability, including ultimate retention/disposal costs.

Shared Community Spaces

Small local governments can become burdened by managing many assets, especially community buildings when they rely on sourcing grant funding to upgrade these facilities. Sharing community buildings becomes critical when there are more community groups than community buildings. So, the Shire supports local community groups developing shared-use arrangements for its community buildings.

It is rare to attract grant funding to repair an existing building asset. Hence, it makes sense for the Shire to consolidate our asset base where we can and submit funding applications for new or improved multi-purpose facilities. The Shire can reduce the number of average, poor and inferior assets by applying a strategic lens across the asset base.



Shire of Denmark Community Infrastructure

Deciding on the Priorities

Community priorities and needs change over time, and it is the role of the asset management plan to consider the feedback received during community engagement to understand the expectations of facilities and asset service levels.

The Council incorporates community feedback into asset management planning through:

- Information provided via our biennial Community Scorecard survey;
- Reviewing customer requests and complaints via the Service Request system and
- Community priorities identified in the Strategic Community Plan. (see below)

The following priorities concern our built environment

1. Local roads and stormwater drainage.

Our community wants:

- increased levels of regular maintenance,
- issues to be repaired quickly,
- upgrades, including bituminising gravel roads,
- roads prioritised across the whole Shire,
- better drainage management

2. Economic development

Our community wants:

- Improved infrastructure to support business, including worker accommodation, better roads, more parking and toilets
- A more vibrant CBD

3. Services and facilities for youth

Our community wants:

- Places where young people can socialise and be active
- Provide more sporting and recreation facilities

Community Priorities – Our Future 2033

Alongside the community's aspirations, recent asset condition assessments also inform the discussion on significant projects emerging as an asset renewal priority in the next ten years due to their current condition rating. As a result of assessing community aspirations, asset renewal and service demands, the capital works projects listed below have been prioritised for delivery in the next ten years.

Capital Works Priorities

Asset Issues and Risks

Ocean Beach Development



- Seawall installation at Ocean Beach needed to address coastal erosion
- Surf Club upgrade due to elements of the asset at the end of its life
- Upgrade to public amenities at Ocean Beach
- Working towards all ability access to the beach
- Provide improved recreational spaces

Shire Works Depot



- Addressing structural upgrades to buildings
- Sewerage upgrades required
- Security upgrades
- Power upgrades to cater for EV adoption
- Compliance with environmental conditions for water runoff and a vehicle washdown bay
- Plant nursery upgrade and potential relocation

Berridge Park Redevelopment



- Provide upgraded and new youth sporting and recreation spaces.
- Upgrade to public toilets at central community spaces and tourist destinations.
- Link Berridge Park to McLean Park precinct
- Create a more vibrant CBD

Highschool Oval Facilities upgrade



- Assess the demand for additional green playing surfaces for local sporting clubs.
- Upgrade the shared oval space at Denmark Highschool for year-round access
- Assess lighting for after-hours access
- Provide access to amenities such as toilets, changerooms and storage to support sporting club development.

Capital Works Priorities

Asset Issues and Risks

Waste Facility upgrade



- Provide road infrastructure to ensure more effective waste management going into the site.
- Cap landfill areas as they reach capacity
- Provide new ways to manage waste

Denmark Recreation Centre upgrade



- Assess the life left in the timber playing surface
- Upgrade roof to ensure asset integrity
- Assess the need for a third court as additional playing spaces

Bridges



- Replacement of Valley of the Giants bridge.
- Significant maintenance work on Riche Rd and Howe Rd bridges

Roads

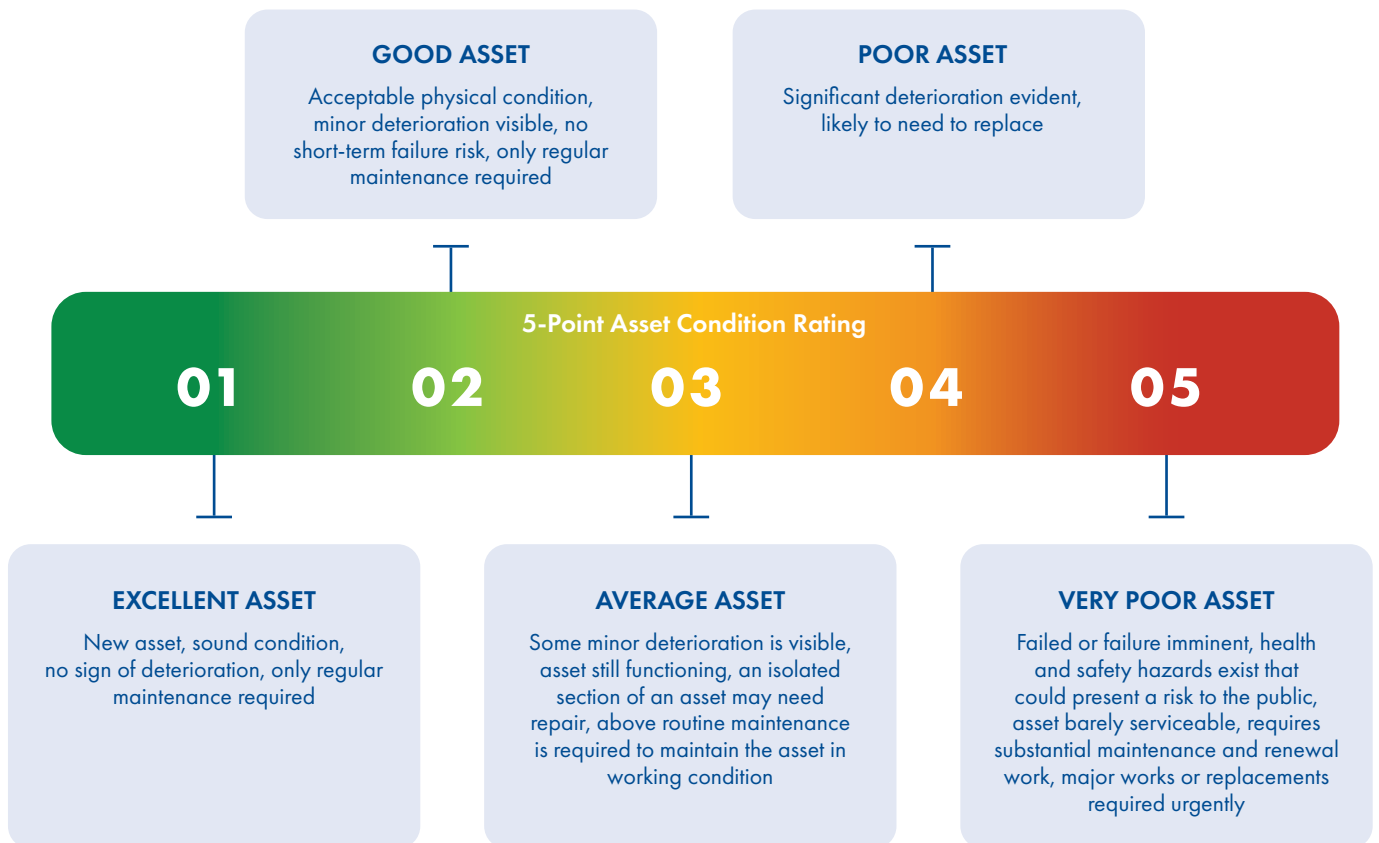


- Sealing of Turner Road, in the schedule for 26/27
- Sealing of Walter Road, in the schedule for 28/29

The actual timeline for the work to be undertaken on each project is likely to vary with annual budget decisions and then formally reviewed as part of long-term financial planning. Most capital projects that provide community facilities are predominantly funded through competitive grant programs operated by the State or Federal Governments. The nature of competitive grant funding means a high degree of uncertainty is attached to securing the necessary financing. So, there is a strong likelihood that individual projects may be delayed as subsequent attempts are made to secure financing, or there may be no funding support. Should this situation arise, a review considering alternative ways of managing the asset must be undertaken in future AMP and LTFP iterations.

Asset Condition Rating

A classification system rates the condition of assets from one (1) being excellent to five (5) being very poor. Depending on the asset, this condition rating reflects a level of structural capacity and performance, degree and percentage of degradation, level of asset maintenance needed and ability of the asset to meet community expectations.



The Shire's desired condition outcome is that all assets are renewed or replaced before reaching condition 5 (very poor). We have set an intervention level of 4.5 across all asset classes. The Shire aims to fix assets within 12 months of reaching condition 4.5. This will result in a situation where fewer assets are in poor condition. Assets in very poor condition are a financial risk of public liability and increased maintenance costs. It is also important to note that this is not setting the bar high. We are aiming to intervene just before the asset fails. We know it is unacceptable to some in the community and potentially creates a higher risk level around public safety; however, local governments have limited budgets and resources, and we need to prioritise maintenance and repair efforts based on available funds and the urgency of need. It is also more cost-effective to wait until an asset shows signs of failure before replacing it, as maximising the lifespan of an asset optimises the investment.

'Our aim is to have all assets fixed within one year of reaching a condition rating of 4.5. This will significantly minimise the possibility of any assets reaching a very poor condition.'

The recent asset valuation process resulted in a notable increase in overall asset values. Contributing to this increase are the structures in our parks and reserves (i.e. gazebos, fencing steps, etc.), which have increased from \$1.02M in 2018 to \$2.81M in 2023. This increase is primarily attributed to more thorough asset information and, in turn, a larger quantity of our valued assets being recorded. In our transport assets, our bridges increased in value from \$11.3M in 2018 to \$18.7M in 2023. This increase is primarily due to the significant rise in construction material prices.

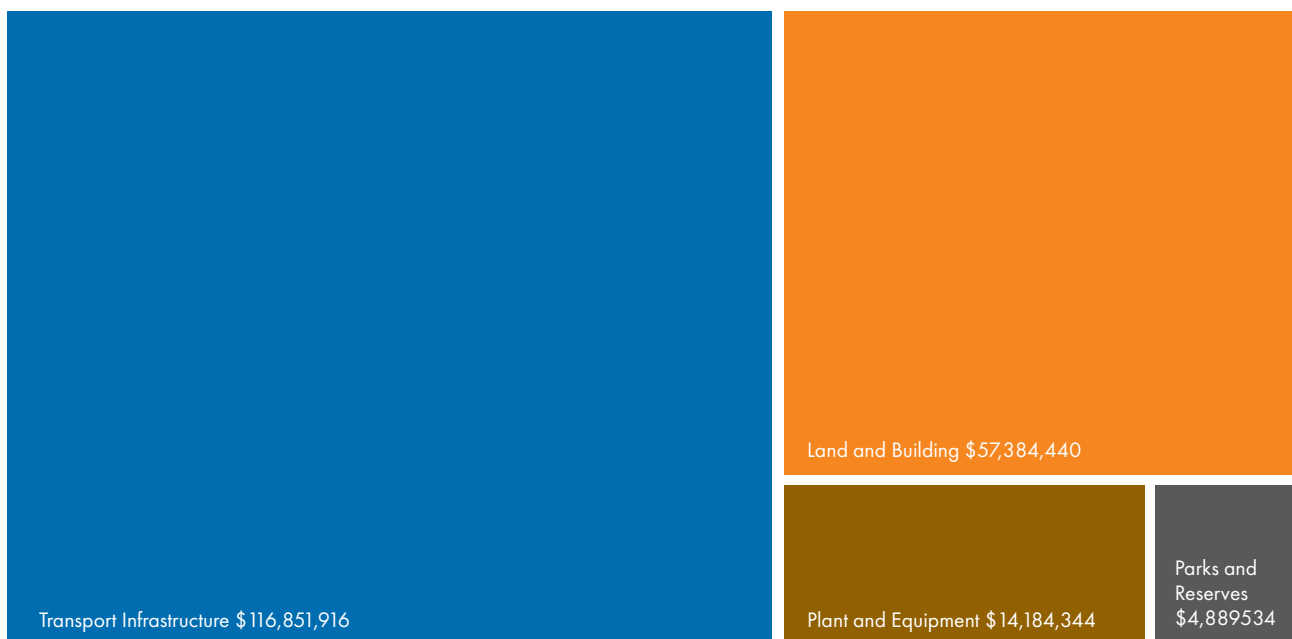
The condition rating data associated with our assets comes from various sources. The officers of the Shire typically engage the services of specialist organisations to assist with determining the condition of our assets. Our confidence levels in the results of our 2023 condition survey varied. We have high confidence in the land and building condition ratings and the parks and reserves condition ratings but need more confidence in the transport ratings. The reduced confidence level in the transport condition ratings is mainly due to a change in the technique employed by the respective consultant and the application of that technique to the style of the Shire’s roads and transport assets.

Given the confidence levels in the transport condition ratings, we have opted for standard condition distribution curves for our transport assets. The standard curves have been developed using years of practical experience in how transport assets degrade over time. They provide uniformity across assessments and aid in more transparent decision-making processes. Conversely, poor confidence data introduces variability and potential inaccuracies, complicating officers' planning of future works.

Transport Infrastructure

The road network dominates the asset portfolio for the Shire of Denmark with \$133.2M worth of assets, including sealed and unsealed roads, pavements, kerbing, drainage, paths, bridges, car parks, street signs and the airstrip. State-wide, local governments provide approximately 50% of their total road expenditure from their resources. The Commonwealth and State Government make up the balance, apart from a small percentage from various private development sources. The state of our transport infrastructure continues to be a high priority for the community, as expressed through biennial surveys and the Strategic Community Plan.

MAP OF ASSET CLASS BY REPLACEMENT COSTS



■ Transport Infrastructure
 ■ Land and Building
 ■ Parks and Reserves
 ■ Plant and Equipment

Transport Segments	Risks
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Sealed Roads

Denmark’s sealed road network is 234km. Overall, the sealed road network is in average condition. A large number of our significant roads are capable of attracting funding. A substantial risk for the Shire is the local roads and their varied condition. Any significant capital works on local access roads come wholly from the Shire’s limited municipal funds, which makes them very expensive to reconstruct.

Unsealed Roads

Council has just over 400km of unsealed roads. A significant factor in the condition of unsealed roads is the depth of gravel. This can be determined through numerous methods with wide-ranging associated costs. The data the Shire currently has on the depth of gravel could be much better. Improved information on the depth of gravel will allow the Shire to better focus municipal funds on the road in greatest need.

Bridges

Bridges are expensive to maintain and replace. The Shire is responsible for the inspection and preventative maintenance of our bridges. If we continue the required inspections and maintenance, we are eligible for significant funding from the state government to undertake any required major works. Our track record for undertaking inspections and maintenance is average. This has been corrected, and we are back on track, so any needed significant work should come with financial assistance from the State Government.

Drainage

The Shire has approximately 24.3km of underground stormwater pipes and one thousand stormwater pits. Determining the condition of underground assets is complex and requires significant resource dedication. For pipe, an assumption is generally made on its remaining life based on the installation date and a relatively consistent total useful life from the manufacturer. This does leave the Shire exposed to the risk of other environmental factors or excessive vehicle loads, shortening the life of the assets without us knowing. In some cases, we cannot predict failures.

Paths and Trails

The majority of our community enjoys the use of our paths and trails. We have many to choose from in many finishes, including asphalt, concrete, and some natural materials. The various finishes come with different maintenance techniques and associated costs. Finding the right solution for the location is essential from an environmental, financial, and accessibility perspective. There may be cases where the Shire will replace a concrete path with a crushed limestone path should the environment suit, accessibility not be diminished, and financial restrictions exist.



Car Parks

With 23 off-road car parks captured in the recent valuation and many more on-road car parks, we have a sizeable asset value that requires managing. The on-road or parallel parking is often renewed or maintained as part of the adjacent road. The renewal of off-road parking, like the parking at Berridge Park or Ocean Beach, is planned through our capital works program. The Shire must find a middle ground between the demand during peak visitor season and the rest of the year. Insufficient parking leads to errant parking issues that need to be managed through Shire ranger services, while excess parking becomes a poor use of limited resources.

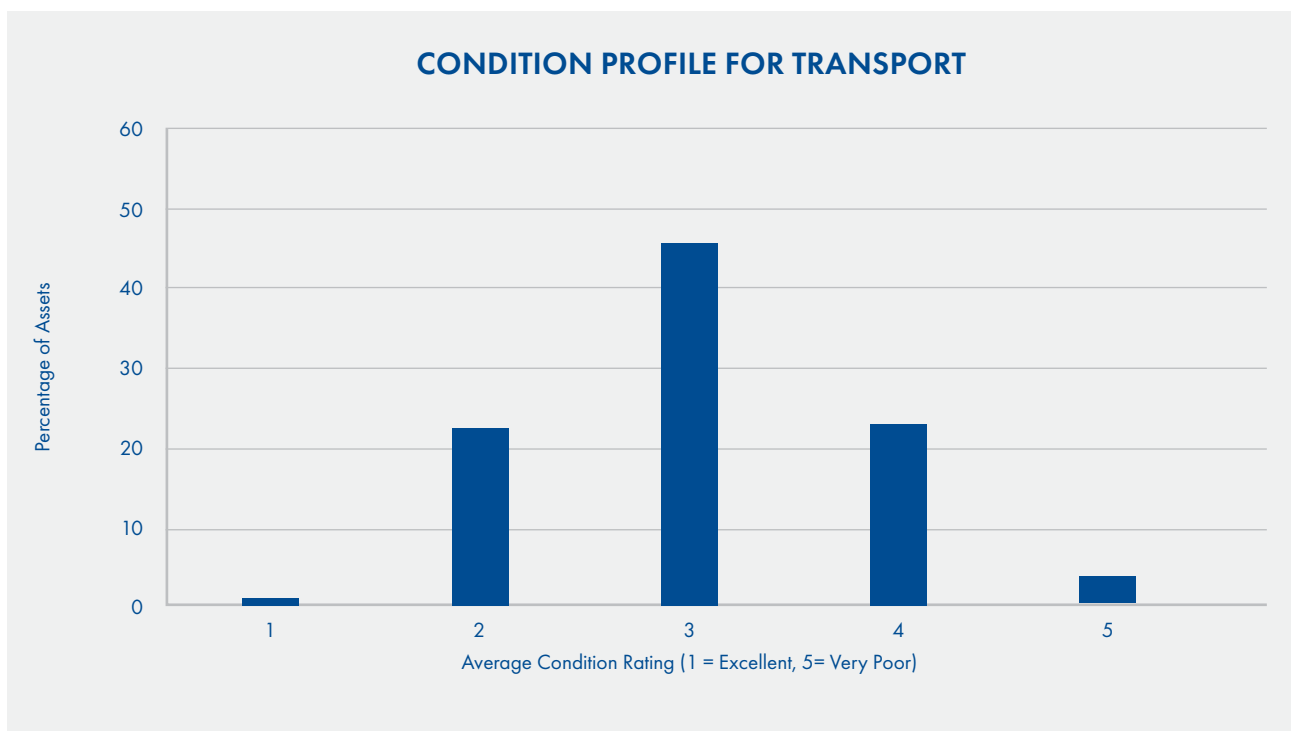
Jetties

Anything requiring construction over water is expensive; this includes our jetties. While our marine structures are generally in good condition, the community expectations and population growth will require us to upgrade to bigger and better facilities. The Recreational Boating and Fishing Scheme is available to local governments to financially assist with replacing infrastructure associated with boating facilities, such as ramps, carparks, and lighting.

Airstrip

Our airstrip is critical infrastructure that serves the community in emergencies and, for a select few, for recreational purposes. Planned maintenance is essential to ensure our airport remains compliant and active. Reactive maintenance is vital to ensure interruptions to air services are minimised.

The Condition Profile graph below depicts the adopted state of transport. This graph serves as a visual representation of the condition of the transport infrastructure at the time of preparing this document, February 2024. Condition audits are undertaken on our transport assets every five years.



Land and Buildings

As part of its land and buildings asset portfolio, the Shire manages 132 structures, including community leased facilities, community halls, Shire operational facilities, public toilets, fire sheds, and a campground facility at Parry Beach.

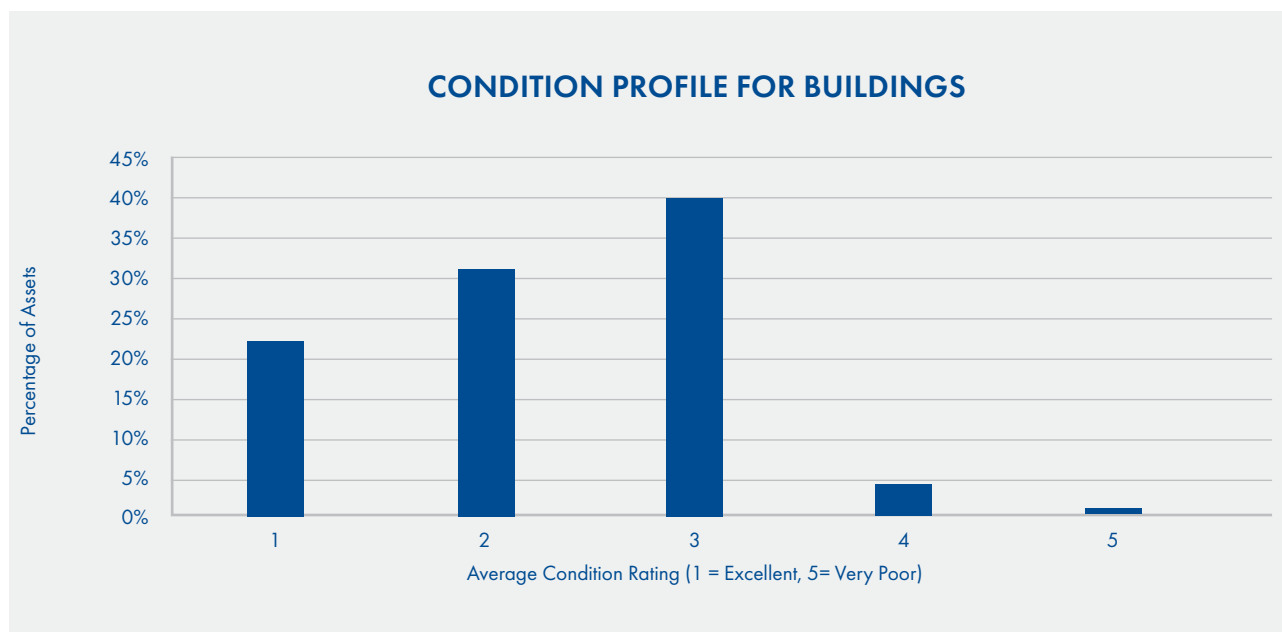
The table below shows the overall building condition profile of all building assets. Closer scrutiny of individual elements of the building assessments identifies the need to work with lessees to ensure they undertake the necessary repairs, maintenance, and renewal of a building's fittings and finishes as part of their lease arrangement. At the same time, the Shire focuses on asset renewal for buildings at the end of their structural life.

The 2019 SAMP showed that 83% of the Shires buildings were in excellent to fair condition. This is now at 90%, and while no major building works were undertaken then, the addition or improvements made to less noticeable assets helped build the overall health of the Shire's building portfolio. Upgrades to structures such as the McIntosh Road Waste Transfer Station, toilet facilities at Lights Beach, the cemetery, and upgrades to fire sheds helped reduce the number of assets reaching a failed state. They started the clock ticking again on their asset life. The planned building works underway at the Ocean Beach precinct will notably improve the overall asset profile as this upgrade involves a significant portion of the Shires building assets.

The Shire has also made difficult decisions about failed and dangerous assets since the last asset management plan was adopted, and the need to dispose of some assets, including the John Clark Memorial Bandstand, was made. It is recognised that some buildings are an integral part of a community's cultural heritage, reflecting the traditions, customs, and values of past generations. This connection needs to be understood and valued as part of the complex decision around asset disposal. Alongside the historical and cultural significance, the condition and maintenance costs, the utilisation of the asset, and the financial viability of renewing the asset are considered in coming to a final decision; however, as a local government, we need to recognise the importance of involving the community in finding solutions to these challenges.

The Shires building types and their asset risks are outlined below.

The Condition Profile for Land and Buildings graph below depicts the state of assets in this class, derived from a comprehensive asset condition assessments conducted in June 2022. This graph serves as a visual representation, offering insights into the overall condition of the building infrastructure at that specific point in time.



Buildings	Risks
Shire operational facilities	Operational buildings include the McIntosh Road Waste Transfer site, the Zimmermann St depot, and the Southcoast Highway administration building. Many of these buildings will require upgrades in the next ten years, but operational facilities do not attract grant funding, so loans or reserve funds must be used. The Shire will commence with developing a master plan for the depot site to ensure any upgrades address operational needs for the next 20 – 30 years.
Sporting facilities	McLean Oval is the Shire’s only A-class municipal sports field. Sporting clubs have indicated the need for more playing surfaces. Poor surface drainage and lighting limit the Denmark Senior High School oval use. There is also no access to amenities. The Shire will review the Sport and Recreation Masterplan in 2024/25 to inform future sporting facility asset decisions. Relying on grant funding to finance sporting facilities is problematic, potentially leading to delays or limitations in achieving improvements. Grant funding to upgrade shared-use facilities on a state government site such as the school also limits the funding sources the Shire can access.
Community buildings	The Shire has approximately 30 leases with community groups to operate from Shire buildings. The community groups are responsible for repairs and maintenance as part of these leases. This includes the upkeep of the building's finishes and fittings. The Shire is liable for any structural building matters. To ensure lessees fulfil their obligations, the Shire will inspect properties annually. Some community buildings not under a lease, such as the Civic Centre and McLean House, are available for hire. The library and civic centre were in the ten-year timeline for upgrades in the last LTFFP, but this has been reassessed given the demand to address other more pressing asset management issues.
Public amenities	The Shire manages 20 public toilet facilities worth nearly \$3.0M. Public toilet amenities pose specific challenges within asset management, including the cost of maintenance and cleanliness, providing adequate security and safety, upgrading to provide improved accessibility and inclusivity, integrating technology for smart facilities management, and addressing environmental considerations alongside compliance and regulations.
Public amenities	The subsequent ten-year asset management plan looks to specifically upgrade amenities at Ocean Beach, Prawn Rock Channel, Berridge Park and the second playing field at Denmark Senior High School. Generally, these assets are upgraded as part of a precinct-wide upgrade as they typically don’t attract grant funding.
Staff housing	The Shire has two staff houses. When preparing this asset plan, it was acknowledged that limited affordable housing was available in Denmark. At some point, the Council may need to consider investing in additional worker housing if it needs help to fill vacancies within its workforce with appropriately skilled persons.



Parks and Reserves

This asset class is the smallest and contains asset segments such as irrigation, lighting, furniture, structures, softscapes (lawns and gardens) and hardscapes (playgrounds, gazebos). These assets are generally renewed or upgraded continuously through normal operations.

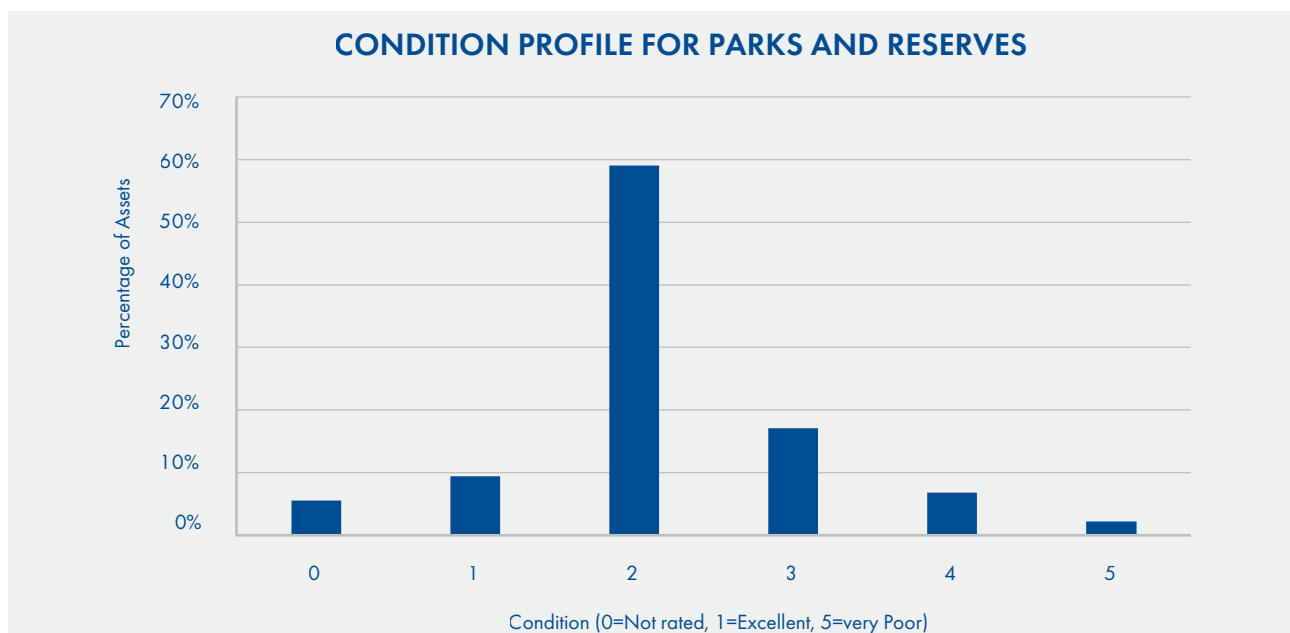
A revaluation of the park and reserve assets was conducted in August 2023. The previous valuation, completed in 2018, lacked detail on several assets and relied heavily on assumptions. Staff have worked to consolidate the asset data. As a result, the August 2023 audit delivered more accurate data across all categories with an improved confidence rating score awarded by the asset valuers. The recent asset inspections highlighted some assets that should have been accounted for in previous audits, including the Denmark golf course irrigation system and the Kwoorabup Community Park nature-based play area. New structures, including those at Lights Beach, Peaceful Bay and Berridge Park, contribute to the higher value, as did the increased unit cost for materials across all asset categories.

The replacement cost comparison between the last two parks and reserves valuations can be seen in the table below.

Year of Valuation	Replacement Cost
2018	\$4,516,353.00
2023	\$7,961,654.00

Each segment within a park or reserve is given a condition rating. The individual ratings contribute to building an overall picture of the condition profile of the assets. The graph below shows the value of parks and reserve assets in excellent condition through to the value of those in very poor condition where there is a need to prioritise renewal, disposal or improvement of the asset in the short term.

The Condition Profile for Parks and Reserves graph below depicts the state of assets in this class, derived from a comprehensive asset condition assessments conducted in September 2023. This graph serves as a visual representation, offering insights into the overall condition of the parks assets at that specific point in time.



While the recent asset assessment provided a more detailed audit of the Shire's assets in this class, the overall condition profile of the assets has mostly stayed the same over the last four years. In 2019, 87% of the park and reserve assets were in excellent to fair condition. That is a similar outcome to the audit conducted in 2023.

Parks and Reserves

Risks

Park infrastructure

Park infrastructure includes drink fountains, gazebos, seating and picnic tables. Effective asset management strategies, including regular maintenance and using quality materials, are crucial for mitigating these risks and maximising the lifespan and utility of park infrastructure.

Playgrounds

Some of our playgrounds are aging, and equipment must be replaced soon. With the increase in the number of residents in Denmark, there will be a call for expanded playgrounds. In addressing these needs, the Shire seeks to consolidate its investment by ensuring that the most densely populated areas, such as Berridge Park, have appropriate playground facilities.

Irrigation

Future asset management needs to focus on valuing water systems, including bore assets, to determine their condition, and consideration needs to be given to digitising the location of underground assets, including reticulation, water and electrical assets. Underground assets are complex to rate in condition, so a better understanding of the expected lives of the material and the installation dates for each asset is needed to guide the renewal timeframes.

Playing surfaces

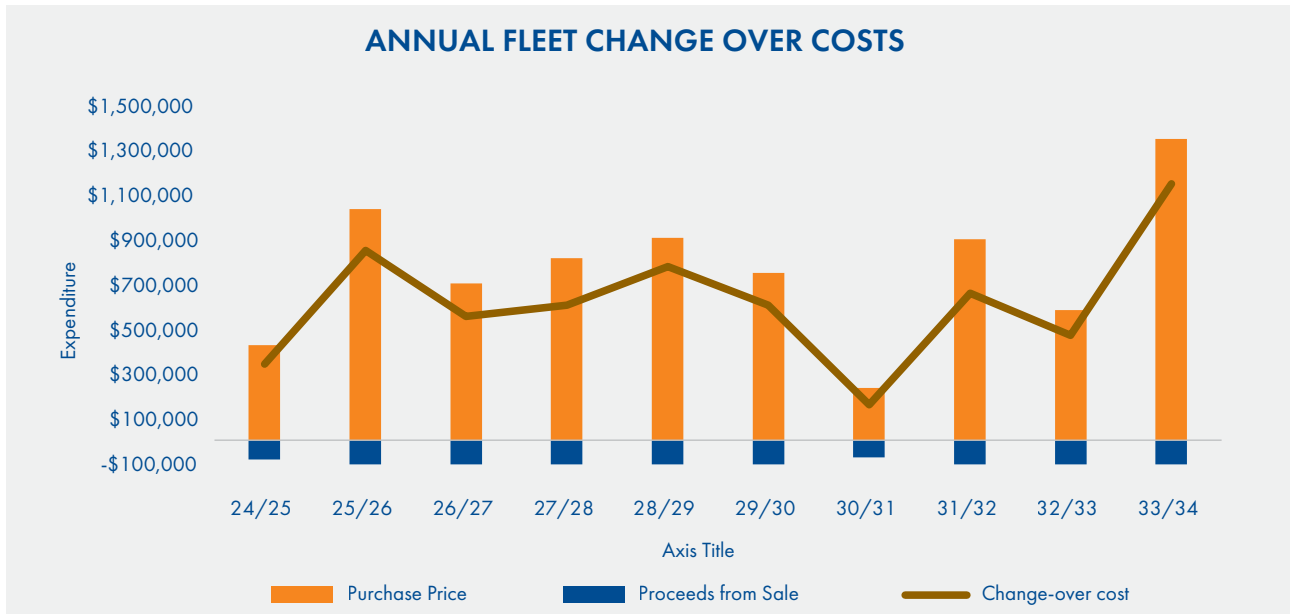
Understanding our community's needs and utilising our existing playing surfaces is important. Overuse of a single surface can result in an inability to properly maintain it, resulting in a heightened risk of injury. Underuse wastes our limited resources, so understanding utilisation and community needs will allow us to plan the renewal and expansion of this asset.



Plant and Equipment

Almost \$5.4M of the Shire's asset base comprises plant and equipment. This does not include the DFES Fire Fleet, valued at \$4.18M, as this is funded through the state government.

We do not replace plant and equipment assets based on condition inspections. We use standard manufacturer specifications and time frames to replace these assets. We do this through our plant replacement program linked to the Long Term Financial Plan.



Managing the Shire's fleet changeover costs over a 10-year period involves careful planning and consideration of several factors to ensure efficiency, sustainability, and cost-effectiveness.

Here are some key considerations that the Shire manages:

Budgetary Constraints: The foremost consideration is the available budget for fleet management. The Shire must ensure that the proposed fleet changeover aligns with its financial resources over the 10-year period.

Total Cost of Ownership (TCO): Evaluate not just the upfront purchase cost but also the total cost of ownership over each vehicle's lifespan. This includes maintenance, fuel, insurance, and disposal costs. Our approach is to opt for vehicles with lower TCO to minimise long-term expenses.

Maintenance and Repairs: We analyse historical data on maintenance and repair costs for existing vehicles. We choose models known for reliability and durability to minimise ongoing maintenance expenses.

Vehicle Utilization and Optimization: We analyse usage patterns and optimise the fleet size and composition based on actual needs. To maximise utilization and efficiency, we consider options like vehicle sharing, pooling, or outsourcing certain services.

Staff Training and Safety: We invest in training programs to promote safe and efficient driving practices among fleet operators undertaking civil works. Safer driving habits can reduce accidents, insurance premiums, and vehicle downtime.

Resale and Depreciation: When making purchasing decisions, we consider the resale value and depreciation rate of different vehicle models. We choose vehicles with strong resale value to minimise losses upon disposal.

Government Policies and Incentives: We explore available government incentives, grants, or subsidies for purchasing eco-friendly vehicles or implementing sustainable fleet management practices.

Community Needs and Expectations: We consider the specific needs and preferences of the community served by the local government. We ensure that the fleet composition aligns with service requirements and reflects community values, such as sustainability and safety.

The Challenges Ahead

Assessing the community's asset needs is a significant and evolving organisational challenge. Some of the challenges and questions that the Shire grapples with include:


- Do we have the workforce capacity to undertake the required level of asset renewal?
- Will multiple Councils stay the asset renewal course, or will the various election cycles cause us to deviate from the path to recovery?
- How do we balance our community's desire to retain assets of heritage value that are underutilised or no longer fit for purpose?
- How can we consistently integrate sustainable environmental practices into asset design and management?
- Do community groups have the appetite to share facilities to reduce the asset burden?
- Is the community satisfied with taking 20+ years to address this backlog problem and deal with broken assets?
- What will we do if we do not obtain the necessary funding to undertake capital works?



Improvement Plan

Actions	So we can
Document our existing levels of service.	Work out the financial impacts if our existing service levels were increased or decreased. For example, what would it cost to grade our road network once more each year? Or mow our parks and reserves once less each year?
Develop a planned maintenance program for all asset classes and keep a reactive maintenance budget.	Optimise costs. The cost of maintaining an asset decreases with planned maintenance rather than unplanned maintenance; however, excessive planned maintenance increases costs.
Develop and implement a data improvement program across inventory, condition and valuations.	Review the recommended improvements in the latest fair value reports and implement where resourcing allows. Ensure that we reduce the amount of estimated data to improve our confidence in ongoing financial modelling.
Undertake a comprehensive valuation and condition rating of all assets within each portfolio.	Ensure that our asset valuations and conditions remain current and that our financial modelling is the best, informed by reliable data.
Create better alignment between the SAMP and LTFP.	Ensure that both documents talk to each other and use the same categories when allocating funding. This will ensure that both documents are easily understood by the Council, staff and the community and ultimately support strategic decision-making.





Asset management planning is a cornerstone for local governments sustainable development. It is a detailed process beyond merely cataloguing assets; it serves as a compass to guide the local government in understanding, maintaining, and optimising its infrastructure.

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Asset Management Policy

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Policy Objective

Asset Management ensures that the Shire's assets support the community's vision and aspirations, deliver sustainable service outcomes, and provide appropriate service levels for present and future stakeholders.

Scope

This Policy applies to all assets required to be managed by the Shire that have a life of more than 12 months and a replacement cost of more than \$5,000.

Legal and Regulatory Framework

The Shire's asset management shall be managed by implementing the Department of Local Government's Integrated Planning and Reporting framework. This includes having a current Strategic Asset Management Plan (SAMP) that reflects the existing Long Term Financial Plan (LTFP).

As a minimum, the SAMP will

- Address recommendations and improvement actions from asset valuations and ongoing operational reviews.
- Model own source funding for renewal over ten years, ensuring the strategy offers financial autonomy and stability. Hence, the Shire is not reliant on external lenders or grant providers to meet asset renewal targets.
- Outline the major capital works projects for ten years and the connection to the Strategic Community Plan.
- Report on the condition rating outcomes for each asset class and key segments.

Asset identification and classification

The Shire considers assets to be any that support the delivery of Shire services. These can broadly be considered as:

- Parks and Reserves Assets – Parks, ovals, reserves, playgrounds, foreshores etc.
- Property Assets – Buildings, freehold land and associated ancillary infrastructure.
- Transport Assets – Roads, paths, culverts, drainage, aerodrome, street furniture etc.
- Plant and Equipment – Vehicles, tools, plant, IT, communication equipment etc.

Roles and Responsibilities

The Council shall periodically review and refine the asset management guiding principles to ensure their alignment with the Shire's strategic objectives. Furthermore, the Council will be requested to formally endorse the SAMP upon presentation by the Chief Executive Officer (CEO), contingent upon its adherence to the specific requirements outlined in this policy.

The CEO, in turn, shall be responsible for preparing the SAMP, which will be conducted as needed and in conjunction with the LTFP.

Risk Management Principles

To ensure that management identifies, assesses, and mitigates risks associated with asset management, the following guiding principles are established to advise and shape decision-making and guide the administration in the development of the SAMP.

- LTFP outlines the structure by which the Shire will manage our asset base to meet community needs as identified in the Strategic Community Plan.
- A 'whole of life' view of asset management is utilised.
- Asset management prioritises the sustainable and equitable utilisation of resources, ensuring that decisions align with community priorities and values.
- Plan and prioritise the maintenance, renewal and replacement of existing assets with a prioritising of 'renew' over 'new'.
- Revenue and expenditure are structured to achieve the future renewal of assets within a planned useful life.
- Debt funding may be used for capital works or the purchase of assets but is not to be utilised to finance operational activities or recurrent expenditure.
- Asset disposal will be in line with the LTFP.
- Grant funding, as a significant element of the funding equation for asset management, carries a risk. Funding streams may not eventuate, be highly competitive, or result in a lesser amount than expected.
- Depreciation of assets is valued at Fair Value in the Balance Sheet of the Shire and depreciated at rates set out in the LTFP.
- The council will be responsive to prevailing economic conditions and adjust capital project timeframes to support the local economy.

Financial Management

The Council's financial management of assets is critical to ensuring the sustainable stewardship of the Shire's resources. The Council recognises the inherent interconnection between long-term financial planning and asset management strategies, understanding that changes in one area can significantly impact the other. As such, any triggers prompting a review of the financial planning or asset management documents necessitate a simultaneous review to maintain alignment and effectiveness.

To accurately assess the value of assets and incorporate them into the LTFP, the administration will oversee that each asset class undergo a revaluation at least every five years. This revaluation process considers changes in market values, fair asset values, and depreciation schedules, providing essential data to inform budget allocations, financial forecasts, and strategic decision-making for the Shire's sustainable development and service delivery initiatives.