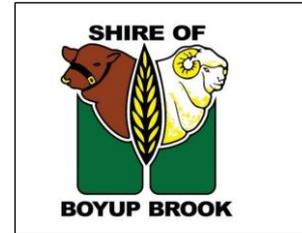


Date: 19 January 2026

To: Shire President
Deputy Shire President
Councillors
Community



Notice of Agenda – Audit, Risk and Improvement Committee Meeting

A Shire of Boyup Brook Audit, Risk and Improvement Committee meeting will be held in the Council Chambers on 26 February 2026 commencing at 12:30pm to consider the matters set out in the attached agenda.

A handwritten signature in black ink, appearing to read "Leonard Long", is written in a cursive style.

Leonard Long
Chief Executive Officer

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Agenda

1. Declaration of Opening

The Presiding Member declared the meeting open at pm.

Acknowledgement of Traditional Custodians

We acknowledge and pay our respects to the Traditional Custodians of the land on which we meet and work.

Committee Meetings are public meetings.

Committee Members and staff risk being held personally liable if their comments are defamatory, or breach any duty of confidentiality.

Statements made during Committee Meetings are solely those of the person making them. Nothing expressed at a Committee Meeting can be attributed to the Shire, unless it is adopted by a resolution of Council.

The Confirmed Minutes of a Committee Meeting are the official record of that Committee Meeting. Verbatim Minutes are not required.

Please make sure your mobiles are turned off or on silent for the duration of the Meeting.

This meeting will be audio-recorded and made available for public access on the Shire Website.

2. Record of Attendance

2.1 Attendance

Councillors

Shire President
Deputy Shire President
Councillors

Cr Helen O'Connell
Cr Darren King
Cr Michael Wright
Cr David Inglis
Cr Philip Moore

Council Officers

Chief Executive Officer
Executive Officer
Executive Manager Corporate Services
Executive Manager Operational Services
Manager Financial Services
Manager Community Services
Financial Consultant

Leonard Long
Magdalena Le Grange
Carolyn Mallett
Jason Forsyth
Malcolm Armstrong
Nicola Jones
Darren Long

Observers / Public Members

2.2 Apologies

3. Public Question Time

- a. Public Question Time provides the public with an opportunity to put questions to the Committee. Questions should only relate to the business of the Committee and should not be a statement or personal opinion.
- b. During the Committee meeting, after Public Question Time no member of the public may interrupt the meetings' proceedings or enter into conversation.
- c. Whenever possible questions should be submitted in writing at least 48 hours prior to the start of the meeting.
- d. All questions should be directed to the Presiding Member and only questions relating to matters that relate to the purpose of the meeting may be answered. Questions may be taken on notice and responded to after the meeting at the discretion of the Presiding Member.
- e. The Presiding Member will control Question Time and ensure each person wishing to ask a question states their name and address before asking the question. If the question relates to an item on the agenda the item number should also be stated. In general persons seeking to ask questions will be given two (2) minutes within which to address their question to Council. The Presiding Member may shorten or lengthen this time at their discretion.

3.1 Public Question Time

4. Declaration of Interest

4.1 Disclosures of Financial and / or Proximity Interest

4.2 Disclosure of Impartiality Interest that may cause conflict

5. Previous Committee Meeting Minutes

5.1 Committee Meeting Minutes – 29 January 2026

Moved: Seconded:

Officer Recommendation ARI 26/02/...

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 29 January 2026 be confirmed as being a true and accurate record.

**.....
For:
Against:**

6. Reports of Officers

6.1 Executive Manager Corporate Services

6.1.1 Draft Long Term Financial Plan 2026/27-2035/36	
File Ref:	Enterprise Resource Planning - Long Term Financial Plan – 2026/27-2035/36
Previous Items:	<i>Item 8.2.8 Council Decision Res 102/18</i>
Applicant:	Nil
Author and Title:	Carolyn Mallett, Executive Manager Corporate Services
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Attachment Number:	6.1.1A LTFP 2017/18 – 2026/27 6.1.1B Draft LTFP 2026/27-2035/36 (to follow)

<p>Moved: Seconded:</p> <p>Officer Recommendation ARI 26/02/...</p> <p>That the Audit, Risk and Improvement Committee recommend Council:</p> <p>1. Receives the first draft of the Shire of Boyup Brook Long Term Financial Plan 2026/27 to 2035/36 for review, as presented in Attachment 6.1.1B and workshopped with the Committee 26 February 2026.</p> <p style="text-align: right;">..... For: Against:</p>

Summary

To receive the first draft and workshop the Long Term Financial Plan (LTFP) for the period 2026/27 – 2035/36 as presented, prepared in accordance with the objectives set out in the Terms of Reference of the Audit, Risk and Improvement Committee adopted by Council on 30 January 2026.

This LTFP is intended to replace the previous Long Term Financial Plan 2017-2027, adopted by Council on 21 June 2018.

The purpose of the LTFP is to demonstrate Council's financial approach to managing its operations in a responsible, transparent, and sustainable manner for the benefit of our residents, ratepayers, and stakeholders. The

LTFP is an internal planning tool that supports Council's broader strategic planning framework, particularly the Strategic Community Plan.

The Plan aligns community aspirations, strategic priorities and Council's financial capacity over the ten year period from 2026/27 to 2035/36.

The LTFP projects the Shire's financial position over the coming decade using a series of realistic and conservative financial assumptions. This financial modelling provides the Council with robust information to assess long term financial sustainability and appropriate funding arrangements are in place to support proposed capital projects, service delivery and discretionary initiatives.

The LTFP is a dynamic modelling tool that analyses financial trends over a ten-year horizon under a range of assumptions and demonstrates the impacts of current decisions on future financial sustainability.

There is an inherent risk that long term assumptions may change over time. This risk is mitigated through the annual review and update of the LTFP.

The LTFP is a ten-year rolling plan that informs Council Plans and allocates the resources required to achieve the Shire's priorities. It provides the basis for preparation of the annual budget and reflects known impacts from adopted plans, strategies and projects.

Background

The Audit, Risk and Improvement Committee plays a key role in supporting Council's long term financial sustainability and governance by reviewing the Long Term Financial Plan annually.

The LTFP does not commit Council to a future course of action. Where Council decisions differ from the assumptions contained within the plan, the impacts are to be assessed and the LTFP updated accordingly.

The *Local Government Act 1995* requires local governments in Western Australia to ensure good governance and to plan for the future of their districts (Section 5.56 (1)).

Section 19, Division 3, of the *Local Government (Administration) Regulations 1996* sets out the minimum requirements for a local government to 'plan for the future'.

Report Detail

The draft LTFP:

- Demonstrates the Shire's long term financial sustainability
- Allows for early identification of financial risks and pressures
- Shows linkages between strategic plans and financial outcomes
- Enhances transparency and accountability to the community.

The operating baseline was developed using the 2025/2026 budget, with one off expenditure and carryovers removed to identify the minimum revenue and expenditure required to maintain current service levels.

Strategic decisions have been incorporated for:

- Asset Management Program capital and operating projects
- Changes to existing services
- Loan repayments
- Transfers to reserves

The first draft of the LTFP incorporates planned expenditure from the following Programs, to establish the baseline revenue requirement:

- Infrastructure 10 Year Replacement Program 2026/27 – 2035/36
- Footpath 10 Year Replacement Program 2026/27 – 2035/36
- Plant 10 Year Replacement Program 2026/27 – 2035/36
- Operational Expenditure (including road network maintenance)

During the workshop, Councillors will consider and prioritise the funding implications of additional major strategic projects. The use of Reserves may be explored to support capital works and other priority initiatives.

The Shire manages one of the largest rural road networks in Western Australia, and increased demand has placed upward pressure on maintenance costs. Rating strategies to address the infrastructure funding gap will be reviewed during the workshop, including potential staged rate increases to reduce the asset management shortfall.

While inflation has moderated, the impacts of previous high inflation continue to be realised through contract renewals.

The LTFP is based on a zero balanced budget outcome for each year, to be confirmed through the annual budget process. Future estimates reflect current decisions and outline options to progressively close the gap between revenue and expenditure.

The Plan supports informed decision making, priority setting, cash flow management, asset planning and risk management. It also assists the Shire in responding to community growth or contraction.

Economic drivers influencing future service delivery and infrastructure costs have been considered. As trends change, their impacts will be incorporated through annual updates.

All assumptions are based on the best information available at the time of preparation. The draft ten-year Long Term Financial Plan is consistent with the Department of Local Government's guidelines for long term financial management planning.

Assumptions

The following outlines the major financial assumptions applied in the preparation of the draft Long Term Financial Plan (LTFP).

- Unless otherwise indicated through approved or proposed initiatives, current service delivery levels are maintained.
- All income and expenditure items have been escalated over the life of the Plan using relevant indexation rates.
- A rate increase of 9.5% for both GRV and UV properties has been applied in Year 1. The proposed rate increase makes provision for the likely financial impact of the decision by the Forrest Products Commission (FPC) not to pay Shire rates, equivalent to approximately a 3% rate increase, should that decision not be reversed. This is followed by 8% per annum for the remaining years of the Plan, forming part of the long term strategy to progressively close the asset management funding gap.
- Employment costs have been escalated by between 4.0% and 4.75%, in line with the current Industrial Agreement and estimated CPI.
- Perth Consumer Price Index (CPI) and Local Government Cost Index (LGCI) have been conservatively estimated and applied to all other operating and capital cost increases.

Employment Expenses

Increases in employment expenses are driven by three main factors:

1. Increases contained in industrial agreements;
2. Increases in Industry Awards;
3. The Superannuation guarantee has now stabilised to 12%.

Additional pressures include ongoing challenges in attracting and retaining staff, as well as increased difficulty for employees in securing suitable accommodation within the district.

Materials and Contracts

Increases in materials and contract costs are generally aligned with the Local Government Cost Index (LGCI), which is forecast to slow to an annual increase of 3.20%. However, several key materials and service inputs have continued to rise well above inflation.

This places pressure on the Shire's ability to maintain current service delivery standards and deliver the planned capital works program within forecast funding levels. A conservative assumption has been adopted that these higher increases represent a transitional period and will moderate in future years. All cost movements will be closely monitored and reviewed annually through updates to the LTFP.

Utility Charges

Utility charges have been modelled to increase annually over the life of the Plan as follows:

- Electricity 3.5% per annum
- Water 2.5% per annum

Loan Borrowings and Repayments

Loan repayments are based on existing loan schedules, together with estimates for any future borrowings included in the Plan.

The LTFP includes a loan borrowing of \$2 million for the Recreation Emergency Evacuation Facility upgrade.

It is further proposed that any future land sale proceeds be transferred to Reserves, in accordance with Council direction.

Reserve Transfers

Transfers to Reserves have been modelled in line with the existing reserve movements contained in the 2025/26 budget.

Interest earned on Reserve balances has been calculated at 3% per annum and is assumed to be reinvested back into the respective reserves.

Rate Revenue

Draft rate increases of 9.5% for both GRV and UV properties have been applied in the first year to support a significant pipeline of capital and renewal projects. The proposed rate increase also makes provision for the

likely financial impact of the decision by the Forrest Products Commission (FPC) not to pay Shire rates, equivalent to approximately a 3% rate increase, should that decision not be reversed,

For the remaining years of the Plan, a reduced annual increase of 8% has been modelled, forming part of a long term strategy to progressively close the asset management funding gap.

It is estimated that the additional revenue generated will be required primarily to meet rising construction, renewal and material costs to maintain the Shire's existing asset base.

Operating Grants

An annual increase of 1% has been applied to operating grant income across all years of the Plan.

While future grant funding remains uncertain and subject to political and economic conditions, this conservative assumption allows for modest indexation to reflect general inflationary pressures.

Fees and Charges

Fees and charges over which Council has discretion have been modelled to increase by 3% per annum across all years of the Plan.

This assumption is guided by the Perth Consumer Price Index (CPI) and reflects a moderate and sustainable approach to cost recovery while minimising impacts on users.

Capital Grants

Road grants from the Regional Roads Group have been modelled to increase by 1% per annum above current funding levels for the life of the Plan. As this funding is allocated through a competitive annual application process for specific projects, actual grants may vary significantly from year to year.

Roads to Recovery funding has also been estimated to increase by 1% per annum across the life of the Plan.

Many capital projects within the LTFP are reliant on external grant funding. Should this funding not be secured, project scopes may need to be reviewed, alternative funding sources identified, or projects deferred.

Capital Expenditure

Capital expenditure is based on the Shire’s Asset Management Plans and has been escalated by 1% per annum in line with depreciation assumptions.

Road expenditure reflects existing annual allocations and has been increased in line with expected inflation. Additional funding is forecast over the life of the Plan to help address the asset management gap, particularly for rural road re-sheeting.

The capital works program has been developed with regard to funding sources and asset classification (renewal, upgrade, or new). As noted above, several key infrastructure projects are highly dependent on external grant funding. If these funds are not received at the levels assumed, project scopes will need to be revised, or delivery deferred until alternative funding is secured.

Shire of Boyup Brook Strategic Community Plan 2021 - 2031

	Key Imperatives	Governance and Organisation
	Objective	Demonstrate effective leadership, advocacy and governance.
	Outcome	Provide transparent decision making that meets our legal and regulatory obligations, reflects the level of associated risk, and is adequately explained to the community.

Other Strategic Links

Shire of Boyup Brook Strategic Community Plan 2021-2031.

Statutory Environment

- *Local Government Act 1995 (as amended by the Local Government Amendment Act 2024)*
- *Local Government (Administration) Regulations 1996*

Local Government Act 1995

S5.56 Planning for the future

- (1) A local government is to plan for the future of the district
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

S6.2 Local Government to prepare annual budget

(3) In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 ...

Local Government (Administration) Regulations 1996

Division 3 – Planning for the future

R19C Strategic community plans, requirements for (Act s. 5.56)

(5) In making or reviewing a strategic community plan, a local government is to have regard to — In making or reviewing a strategic community plan, a local government is to have regard to —

(a) the capacity of its current resources and the anticipated capacity of its future resources; and

Sustainability and Risk Consideration

Economic – (Impact on the Economy of the Shire and Region)

The final LTFP confirms that the Shire of Boyup Brook is sustainable while supported by federal operating and state and federal infrastructure grants.

Social – (Quality of life to community and / or affected landowners)

The LTFP aligns with the Shire of Boyup Brook Community Strategic Plan.

Policy Implications

Policy Manual – Policy C11 – Assets Management.

Risk Management Implications

Shire of Boyup Brook’s commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
Moderate	The Long-Term Financial Plan will be used for planning future annual budgets and assessing the future financial sustainability and therefore it is important that the estimates are based on the appropriate and relevant assumptions.

Consultation

- Darren Long (DL Consulting)
- Chief Executive Officer
- Executive Management Team

Several workshops were held with Executive Managers to go through the core scenarios and assumptions.

The Strategic Community Plan 2021-2031 and Asset Management Plans have been referenced in developing the plan.

Workshop with Councillors forms part of this Committee Meeting.

Resource Implications

Financial

While adoption of the LTFP does not in itself create a financial commitment, the annual budget will be developed in accordance with the first year of the Plan. The LTFP also documents the Shire's long term financial sustainability position and the financial impacts of the assumptions used over the ten-year period.

Workforce

Nil

End

7. Closure

There being no further business the meeting closed at ... pm.

Presiding Member

Date
