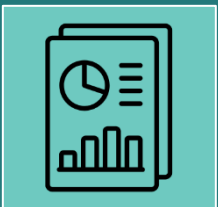




Lot 43
Eastcott St,
Waroona
BUSINESS PLAN

TOWARDS
2034

Document No: IR002



About this document

This Lot 43 Eastcott St, Waroona Feasibility & Report investigates the viability and financial return to the Shire of Waroona on subdivision and / or development of housing on this freehold lot.

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Accessibility

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Document Control

Doc No.	Date Reviewed	Details	Author	File No.
IR002	10 Feb 2026	Document created	CEO	A3738
IR002	18 Feb 2026	Document reviewed	CEO	A3738
IR002	13 March 2026	Borrowings modelling added as resolved by Council.	CEO	A3738

Contents

Document Control	3
Figures.....	4
Tables	4
1. Executive Summary	5
2. Introduction	5
3. Statutory Requirements	5
4. Lot 43 Eastcott St, Waroona Property Information	6
4.1. Land Tenure and Planning	6
4.1.1. Land Tenure	6
4.1.2. Residential Code.....	7
5. The Proposal	7
6. Expected effect on the provision of facilities and services by the local government.....	9
7. Expected effect on other persons providing facilities and services in the district	10
8. Expected financial effect on the local government.....	10
8.1. 2035 Net Shire Worth	10
8.2. Borrowings, Debt Servicing Capacity and Rates Impact	12
8.2.1. Debt Service Coverage Ratio (DSCR) and Rates Impact.....	12
8.2.2. Borrowings and Grant Funding	12
8.3. Risk and Sensitivity	15
8.3.1. Risk Contingencies	15
8.3.2. Sensitivity Analysis Outcomes	15
8.3.3. Financial Inputs and Modelling.....	18
9. Expected effect on matters referred to in the local government’s current plan prepared under section 5.56	18
10. The ability of the local government to manage the undertaking or the performance of the transaction	18
11. Joint Venture Considerations.....	19

12. Summary and Recommendations.....	19
Appendices.....	21
Appendix 1 – Lot 43, Eastcott St, Waroona Feasibility Report.....	21

Figures

<i>Figure 1 - Aerial view of lot 43 Eastcott St, Waroona</i>	<i>7</i>
<i>Figure 2. Proposed Lot Layout – Lot 43 Eastcott St, Waroona</i>	<i>8</i>
<i>Figure 3. 6 Lot Subdivision Yield Option, Scenario 7A</i>	<i>9</i>
<i>Figure 4. Comparison of Net Present Value</i>	<i>11</i>
<i>Figure 5. Comparison of Total Net Wealth 2035.....</i>	<i>12</i>
<i>Figure 6. Proposal Alignment with the Strategic Community Plan 2034</i>	<i>18</i>

Tables

<i>Table 1. Comparison of Net Present Value and Total Net Wealth</i>	<i>11</i>
<i>Table 2. Loan Borrowings</i>	<i>14</i>
<i>Table 3. Sensitivity Inputs</i>	<i>16</i>
<i>Table 4. Sensitivity Outcomes.....</i>	<i>18</i>

1. Executive Summary

The Shire of Waroona has freehold ownership of land in the Waroona Townsite that is suitable for subdivision and housing development. This property is at Lot 43 Eastcott St, Waroona.

Under section 3.59 of the Local Government Act 1995, before the Shire of Waroona Council makes a determination to develop this land, it is required to produce a business plan and undertake public consultation for the proposal.

The proposal is to undertake one of the following:

- subdivide the land and sell the land only, retaining the existing house
- subdivide the land and sell the land and the existing house
- subdivide the land, build houses on the land and lease the houses.

Once subdivided or with houses built the Shire may elect to sell any of the properties under their own title.

This proposal has strong alignment with the Shire's aims for economic development of Waroona, and of the State and Federal Governments' drive to provide more housing and will be suitable for grant funding if the houses are leased to key workers. Demand for key workers is high in Waroona and with a tight rental market the project has good prospects for success.

2. Introduction

The Shire of Waroona has freehold ownership of land in the Waroona Townsite that is suitable for subdivision and housing development. This property is at Lot 43 Eastcott St, Waroona.

Before the Shire of Waroona Council makes a determination to develop this land it is required to produce a business plan and undertake public consultation for the proposal.

The Shire of Waroona is considering subdividing the lot, building housing on the subdivided lots and leasing or selling the properties under three (3) options:

- subdivide the land and sell the land only, retaining the existing house
- subdivide the land and sell the land and the existing house
- subdivide the land, build houses on the land and lease the houses.

3. Statutory Requirements

This report meets the Shire's obligations under the Local Government Act 1995 section 3.59, when considering a major land transaction. These obligations require the local government to prepare a business plan before entering into a major land transaction. The legislation is as follows.

Major Land Transaction Threshold

The major land transaction threshold is dealt with in the Local Government (Functions and General) Regulations 1996, Regulation 8A - Amount prescribed for major land transactions; exempt land transactions prescribed.

Reg 8A.(2) states that a major land transaction is the lesser of \$2,000,000 or 10% of previous year's operating expenditure (10% of \$11,886,452 = \$1,188,645).

The development of the subject properties is a "land transaction" and also a "major land transaction", as the development price is more than \$1,188,645. A business case is therefore required.

Local Government Act 1995, section 3.59. Commercial enterprises by local governments

Land transaction means an agreement, or several agreements for a common purpose, under which a local government is to —

- (a) acquire or dispose of an interest in land; or
- (b) develop land;

Major land transaction means a land transaction other than an exempt land transaction if the total value of —

- (a) the consideration under the transaction; and
- (b) anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed for the purposes of this definition...

(2) Before it ... enters into a major land transaction; or ... enters into a land transaction that is preparatory to entry into a major land transaction, a local government is to prepare a business plan.

(3) The business plan is to include an overall assessment of the major trading undertaking or major land transaction and is to include details of —

- (a) its expected effect on the provision of facilities and services by the local government; and
- (b) its expected effect on other persons providing facilities and services in the district; and
- (c) its expected financial effect on the local government; and
- (d) its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and
- (e) the ability of the local government to manage the undertaking or the performance of the transaction; and
- (f) any other matter prescribed for the purposes of this subsection.

The prescribed matter of the above subsection (3)(f) is Regulation 10 of the Local Government (Functions and General) Regulations 1996 which requires that the Shire identifies joint venturer in the major land transaction where there is any joint venture ownership, interests, benefits or liabilities from the property will arise or become an entitlement to a joint venturer as a result of this major land transaction.

4. Lot 43 Eastcott St, Waroona Property Information

4.1. Land Tenure and Planning

4.1.1. Land Tenure

Lot 43 Eastcott St, Waroona is owned freehold by the Shire of Waroona. As such it is not Crown land and the Shire therefore is able to do anything lawful in respect to this lot, including selling, subdividing or building on the land, subject to normal approval processes.

The land is an unusual L shape, with an area = 4,102m² and contains an existing fenced house on the lot which yields rental income to the Shire.

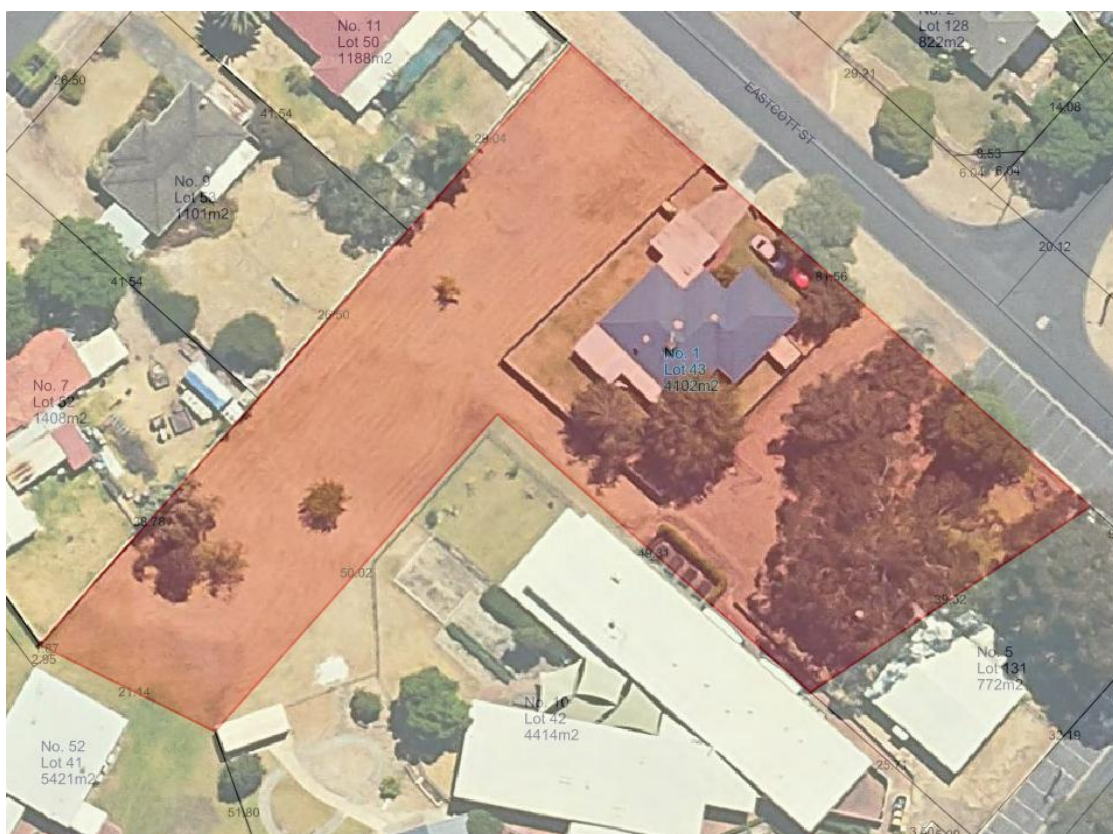


Figure 1 - Aerial view of lot 43 Eastcott St, Waroona

4.1.2. Residential Code

The land is code R30. Council has discretion to approve single houses on lots in this Zone. An R30 code provides for a minimum lot size for a single or grouped dwellings of 260m², with an average site area of 300m² per dwelling.

5. The Proposal

This proposal examines three options for the site:

- subdivide the land and sell the land only, retaining the existing house
- subdivide the land and sell the land and the existing house
- subdivide the land, build houses on the land and lease the houses.

The following lot arrangement, subject to survey, is proposed.

• Public open space provision (min. 410m ²)	418m ²
• Existing house lot	858m ²
• Strata access driveway	340m ²
• 1 x strata lot (rear – lot 1)	350m ²
• 4 x strata lots (334m ² each – lots 2 to 5)	1,336m ²
• 2 x freehold lots (400m ² each – lots 6 & 7)	<u>800m²</u>
	4,102m²

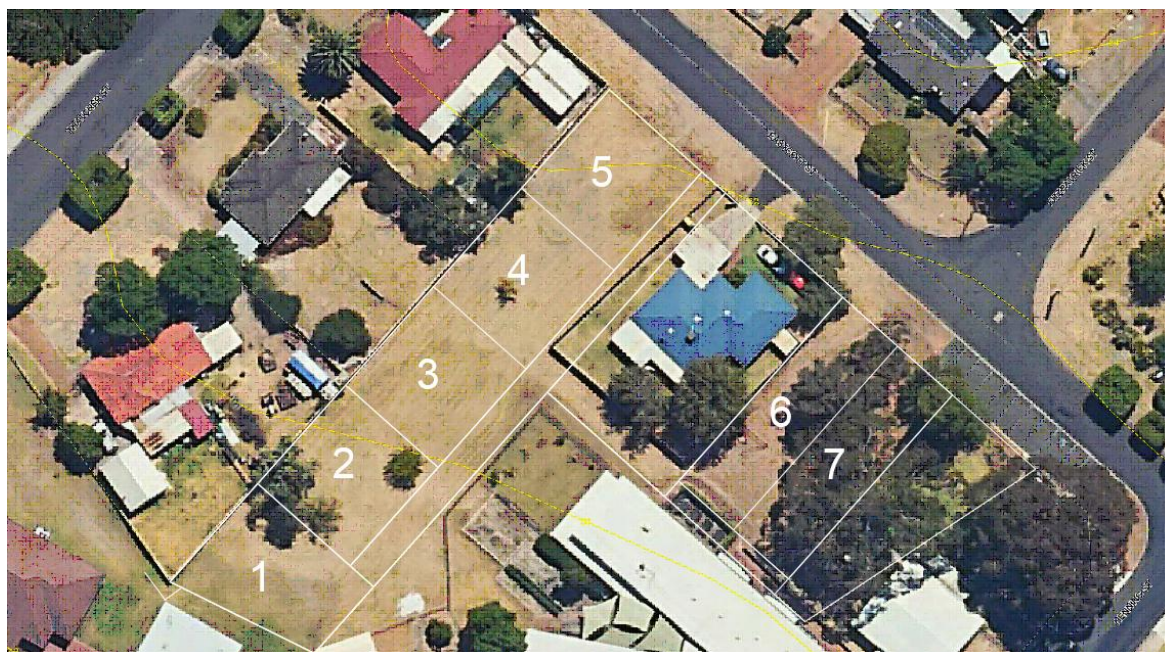


Figure 2. Proposed Lot Layout – Lot 43 Eastcott St, Waroona

In determining the lot areas and viability of developing all lots, detailed survey and design will inform the final layout, lot yield and potential economic return. Consideration of planning policies of the Shire including those relating to significant trees will be undertaken.

Lots 6 & 7 configuration have the potential to be impacted by this issue and may lead to the removal of lot 7, in which case the lot configuration will be, subject to final layout:

• Public open space provision (min. 410m ²)	834m ²
• Existing house lot	742m ²
• Strata access driveway	340m ²
• 1 x strata lot (rear – lot 1)	350m ²
• 4 x strata lots (334m ² each – lots 2 to 5)	1,336m ²
• 1 x freehold lot (lot 6)	<u>500m²</u>
	4,102m²

This configuration is referred to as Scenario 7A in the Feasibility Report and is shown below.

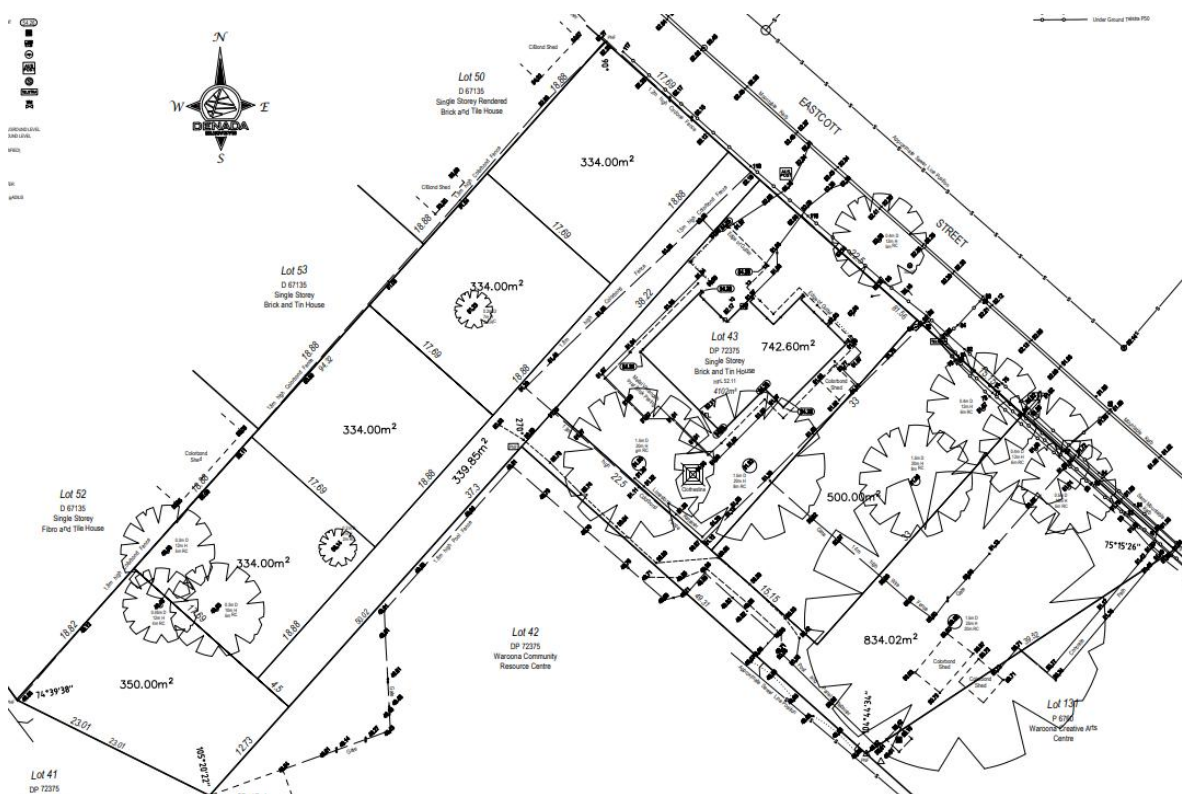


Figure 3. 6 Lot Subdivision Yield Option, Scenario 7A

6. Expected effect on the provision of facilities and services by the local government

The subject land is largely unused civic land, apart from the single house presently on this lot. Development of the site with housing will add residential lots and housing stock to the Shire and increase the Shire’s housing rental on this lots from one (1) existing houses to up to eight (8). This proposal does not add new services, but rather it expands on the existing accommodation portfolio of the Shire from an existing 3 properties being leased by the Shire.

This development is a positive use of an under-utilised Shire land asset with potential for a financial return. This aligns with the Shire’s strategic aspiration of building and effectively managing Shire assets to continually improve our standard of living. The Shire will have the option of providing the housing as its own key worker accommodation should this be a limiting factor in attracting staff. Alternatively, it may lease the properties for key accommodation or general rental accommodation.

In the short term while the planning and capital works are underway for this development the loan needed for the works will impact on the Shire’s overall expenditure. Once complete the property rentals will offset against the loan repayment largely restoring the Shire’s expenditure capacity. The amount by which this is restored is subject to grant funding which may help reduce the overall level of borrowings. The financial considerations are detailed in the section 8 of this report dealing with the financial effects of this major land transaction.

In the medium to long term this development has the potential to provide a rental income stream to the Shire and eventually a capital return should the lots be sold. This will improve the Shire’s ability to provide services to the district.

7. Expected effect on other persons providing facilities and services in the district

The Professionals Waroona real estate firm has provided the following information about the Waroona real estate market.

- Housing is in strong demand in Waroona and is expected to continue this way. Only sellers setting unrealistic prices are not finding buyers presently. Prices are likely to continue to rise.
- Rental demand is in strong demand in Waroona and is expected to continue this way. Rent yields may continue to rise.
- The proposed lot sizes are suitable for Waroona, particularly in Eastcott St, which is walking distance to the main street.
- While small, there is a older demographic which is looking for smaller houses with less maintenance needs. A similar example exists at 14 Thatcher St. The 3 x 2 housing option is very likely to be in demand.
- Properties 1 to 5, which are proposed as strata lots, will be in demand, though the ultimate sale prices will be less than for freehold.
- Properties 6 and 7, which are freehold, could be subdivided into a battleaxe formation, however, this should be guided by the location of the existing trees on site and how this would impact the houses to be built on the properties.

The housing and rental market is strong in Waroona and is likely to continue this way for the foreseeable future. This development will be able to provide key worker accommodation for the aged care and public service sectors. The Shire has received formal support from the local aged care service, Quambie Park, and from the Waroona High School for this initiative, as it assists them with accommodation for staff who may not wish to purchase property here but wish to live in Town during their tenure. The build-to-rent model works well in the key worker sector, particularly where an employee may be on a defined term deployment to a location, such as may be the case with police officers and other public sector roles.

Given the housing and rent demand in Waroona Town, the Shire's provision of an extra seven (7) properties into the Waroona Town is very unlikely to significantly lessen housing demand and the competition effect on other persons providing similar facilities cannot be described as monopolistic or anti-competitive.

8. Expected financial effect on the local government

8.1. 2035 Net Shire Worth

An assessment of the Shire's financial position has been carried out for 2035, post development of the site and leasing of the properties in contrast to the present position which leases the existing house on this large lot.

	Scenario 1	Scenario 3	Scenario 4	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, rent full property (8 houses)	Subdivide + build, rent full property (7 houses) Approx.
Net Present Value					
NPV – Unrealised Property Value	434,795	342,867	-	2,491,997	2,135,997
NPV – Net Cash Flow	119,929	400,711	823,847	(2,645,047)	(2,267,184)
Total Net Present Value	554,724	743,578	823,847	(153,050)	(131,186)
Net Wealth					
Operating Cashflows	196,151	1,330,088	1,854,670	1,180,100	1,011,515
Investing Cashflows	-	(672,386)	(672,386)	(4,479,802)	(3,839,830)
Financing Cashflows	-	(41,734)	(41,734)	1,945,348	1,667,441
Net Cash Flow	196,151	615,968	1,140,550	(1,354,353)	(1,160,874)
Unrealised Property Value	1,095,420	863,817	-	6,278,324	5,381,421
Total Net Wealth (Cash Flow & Unrealised Property Value)	1,291,571	1,479,785	1,140,550	4,923,971	4,220,547

Table 1. Comparison of Net Present Value and Total Net Wealth

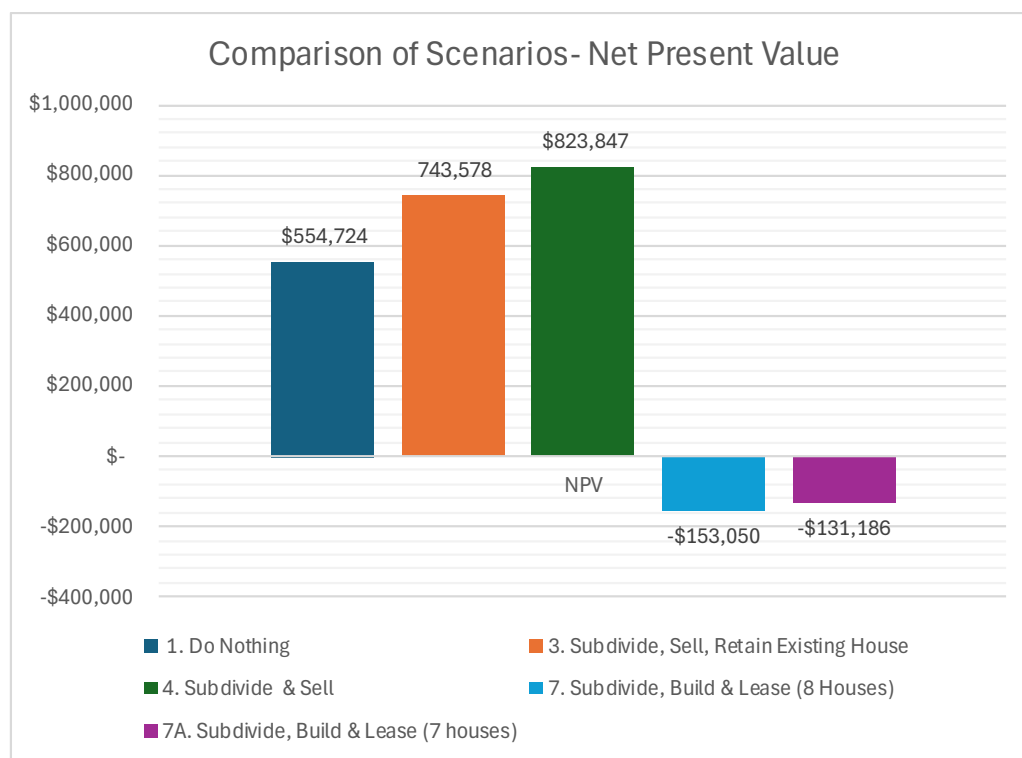


Figure 4. Comparison of Net Present Value

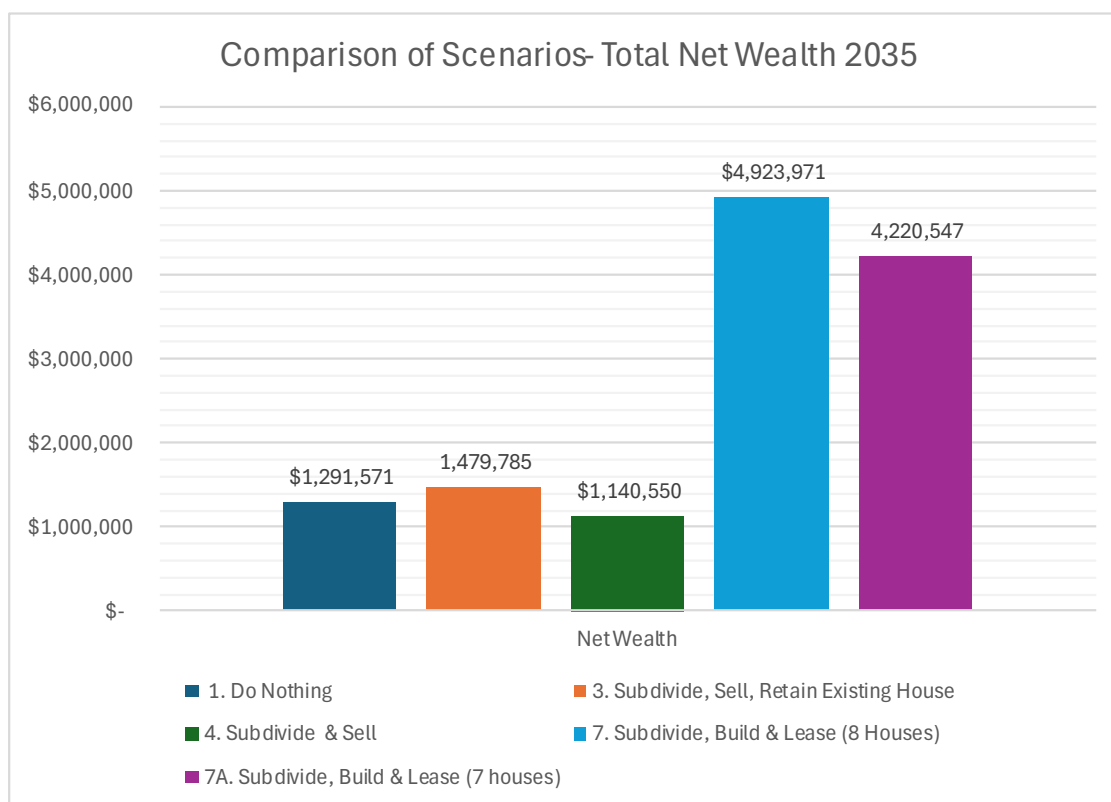


Figure 5. Comparison of Total Net Wealth 2035

The financial model and inputs are included in the Lot 43 Eastcott St, Feasibility Report which is to be read in conjunction with this Plan. It is provided as Appendix 1.

8.2. Borrowings, Debt Servicing Capacity and Rates Impact

The following section assesses the Shire’s borrowings against rates impact and debt servicing capacity.

8.2.1. Debt Service Coverage Ratio (DSCR) and Rates Impact

An assessment of the Shire’s current Debt Service Coverage Ratio for the most recent financial year 2024/25 has been undertaken. The Shire’s Debt Service Coverage stands at 13.07, well above the benchmark basic score of 2.0 and the advanced score of 5.0. The Shire’s Financial Health Index (FHI) score is 100/100, indicating the Shire is presently in a sound financial position.

Details of the Shire’s financial health are provided in the Lot 43 Eastcott St, Feasibility Report which is to be read in conjunction with this Plan. It is provided as Appendix 1.

8.2.2. Borrowings and Grant Funding

In order to proceed with this major land transaction, the Shire will need to borrow funds. On the basis that the Shire carries the full cost of the project, the loan needed to support subdivision and housing build is \$4,077,000 (excl. GST) for the seven (7) lot development. For the six (6) lots development scenario the loan needed to support subdivision and housing build the loan is \$3,490,000 (excl. GST).

The Shire has also applied for a State Government Regional Housing Fund grant of \$1,262,630, approximately 31% of the total project cost. This grant is conditional on the Shire making the houses available for key workers, however as demand is solid in Waroona Town this is achievable.

Grant funds have the potential to lower borrowing costs and will be sought where available during the life of the project.

The Shire's loan size, capacity and impact on rates is modelled below for the subdivision option and the full subdivision and house build options. For the subdivide and full build option, modelling is provided for where no grant funding is provided and where grant funding is provided, for both the development of seven (7) lots and the development of six (6) lots.

LOAN CAPACITY - SUBDIVISION ONLY (SCENARIOS 3 & 4) - NO GRANT FUNDING		
	Loan \$	\$ 616,000
	Loan Interest Rate %	5.9%
	Term of Loan (yrs)	20
	Principal Repayment	\$ 30,800
	Interest Repayment	\$ 36,344
	P + I	\$ 67,144
New Income Needed, or Reduced Services Amount		\$ 67,144
Rate Increase Needed to Service Loan		1.03%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>		
	10.63	6.28
LOAN CAPACITY - 7 LOT DEVELOPMENT (SCENARIO 7) - NO GRANT FUNDING		
	Loan \$	\$ 4,077,000
	Loan Interest Rate %	5.9%
	Term of Loan (yrs)	20
	Principal Repayment	\$ 203,850
	Interest Repayment	\$ 240,543
	P + I	\$ 444,393
New Income Needed, or Reduced Services Amount		\$ 444,393
Rate Increase Needed to Service Loan		6.84%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>		
	5.19	2.93
From 2030 Following Start of Full Rental Income		
	Scenario 7 Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$ 196,000
New Income Needed, or Reduced Services Amount Post 2030		\$ 248,393
Rate Increase Needed to Service Loan Post 2030		3.82%

LOAN CAPACITY - 7 LOT DEVELOPMENT (SCENARIO 7) - WITH 31% GRANT FUNDING		
Project Cost	\$	4,077,000
Grant % of Total Cost		31%
Grant Amount	\$	1,263,870
Shire Loan	\$	2,813,130
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	140,657
Interest Repayment	\$	165,975
P + I	\$	306,631
New Income Needed, or Reduced Services Amount	\$	306,631
Rate Increase Needed to Service Loan		4.72%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>	6.38	3.64
From 2030 Following Start of Full Rental Income		
Scenario 7 Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$	196,000
New Income Needed, or Reduced Services Amount Post 2030	\$	110,631
Rate Increase Needed to Service Loan Post 2030		1.70%
LOAN CAPACITY - SCENARIO 7A - WITH 31% GRANT FUNDING		
Project Cost	\$	3,490,000
Grant % of Total Cost		31%
Grant Amount	\$	1,081,900
Shire Loan	\$	2,408,100
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	120,405
Interest Repayment	\$	142,078
P + I	\$	262,483
New Income Needed, or Reduced Services Amount	\$	262,483
Rate Increase Needed to Service Loan		4.04%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>	6.89	3.94
From 2030 Following Start of Full Rental Income		
Scenario 7 Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$	170,000
New Income Needed, or Reduced Services Amount Post 2030	\$	92,483
Rate Increase Needed to Service Loan Post 2030		1.42%

Table 2. Loan Borrowings

Grant funds have the potential to lower borrowing costs and will be sought where available. There is alignment with Federal and State Governments' objectives in bringing houses to the market and grants are made available from time to time which may assist the Shire is achieving its objectives for this property.

Financial project viability is improved due to the positive impact of grant funds for the project as they lessen the financial impost on rates and maintaining a sustainable debt service coverage ratio.

Scenarios 3 & 4 present affordable loan borrowings at an amount of \$67,144 per annum principle and interest repayment, which is equivalent to 1.03% rates income.

Under Scenario 7, without grant funding the Shire's annual expenses for principle and interest repayments are \$203,850 and \$240,543 respectively, or \$444,393 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan. These expenses are equivalent to about a 6.84% rate increase. At this level of borrowing, the Shire's debt service

ratio remains above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$196,000 annually in rent, which will go a significant way to offsetting the loan costs, leaving an annual balance of approximately \$248,393, or 3.82% of rates needed to fund the loan.

Under Scenario 7, with grant funding the Shire's annual expenses for principle and interest repayments are \$140,657 and \$165,975 respectively each year, or \$306,631 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan, though to a lesser extent than if no grant funding were available. These expenses are in equivalent to about a 4.72% rate increase. At this level of borrowing, the Shire's debt service ratio remains comfortably above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$196,000 annually in rent, which will go most of the way to offsetting the loan costs, leaving an annual balance of approximately \$110,631, or 1.70% of rates needed to fund the loan.

Under Scenario 7, without grant funding the Shire's annual expenses for principle and interest repayments are \$174,500 and \$205,910 respectively, or \$380,410 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan. These expenses are equivalent to about a 5.85% rate increase. At this level of borrowing, the Shire's debt service ratio remains above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$170,000 annually in rent, which will go a significant way to offsetting the loan costs, leaving an annual balance of approximately \$210,410, or 3.24% of rates needed to fund the loan.

Under Scenario 7A, with grant funding the Shire's annual expenses for principle and interest repayments are \$120,405 and \$142,078 respectively each year, or \$262,483 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan, though to a lesser extent than if no grant funding were available. These expenses are in equivalent to about a 4.04% rate increase. At this level of borrowing, the Shire's debt service ratio remains comfortably above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$170,000 annually in rent, which will go most of the way to offsetting the loan costs, leaving an annual balance of approximately \$92,483, or 1.42% of rates needed to fund the loan.

8.3. Risk and Sensitivity

8.3.1. Risk Contingencies

The project has added a 15% contingency margin for the subdivision and house build costs. To arrive at a figure for the housing development costs a more conservative estimate of housing costs has been used based on local real estate expertise, in comparison to the Rawlinson's standard price estimates for housing in regional areas of WA.

The risk profile increases with the amount of debt incurred. An inherent risk mitigation for the project will be that the properties can be sold at any stage to recoup funds should there be a cash flow need or other priorities for Shire funds. The construction of the houses would be ordered so that the freehold lot houses are built first, so that should the need to sell arise there are houses ready for sale.

To quantify financial risk associated with the project sensitivity assessment has been undertaken, which looks at a worst- and best-case outcomes. Sensitivity inputs are shown below, and outcomes are shown on the following pages.

8.3.2. Sensitivity Analysis Outcomes

Sensitivity inputs are provided below.

Sensitivities

Selected Case	Select	Case 2																																																		
		<table border="1"> <thead> <tr> <th>Case 2</th> <th>Case 1</th> <th>Case 2</th> <th>Case 3</th> </tr> <tr> <th>Base Case</th> <th>Worst Case</th> <th>Base Case</th> <th>Best Case</th> </tr> </thead> <tbody> <tr> <td>Rates revenue</td> <td>%</td> <td>-</td> <td>(3.00%)</td> <td>-</td> <td>2.00%</td> </tr> <tr> <td>Weekly rent</td> <td>%</td> <td>-</td> <td>(10.00%)</td> <td>-</td> <td>5.00%</td> </tr> <tr> <td>Sale price</td> <td>%</td> <td>-</td> <td>(10.00%)</td> <td>-</td> <td>5.00%</td> </tr> <tr> <td>Subdivision cost</td> <td>%</td> <td>-</td> <td>15.00%</td> <td>-</td> <td>(10.00%)</td> </tr> <tr> <td>Construction cost</td> <td>%</td> <td>-</td> <td>15.00%</td> <td>-</td> <td>(10.00%)</td> </tr> <tr> <td>Rental cost</td> <td>%</td> <td>-</td> <td>10.00%</td> <td>-</td> <td>(5.00%)</td> </tr> <tr> <td>Selling cost (additional to 2.75%)</td> <td>x% + y%</td> <td>-</td> <td>1.00%</td> <td>-</td> <td>(1.00%)</td> </tr> </tbody> </table>	Case 2	Case 1	Case 2	Case 3	Base Case	Worst Case	Base Case	Best Case	Rates revenue	%	-	(3.00%)	-	2.00%	Weekly rent	%	-	(10.00%)	-	5.00%	Sale price	%	-	(10.00%)	-	5.00%	Subdivision cost	%	-	15.00%	-	(10.00%)	Construction cost	%	-	15.00%	-	(10.00%)	Rental cost	%	-	10.00%	-	(5.00%)	Selling cost (additional to 2.75%)	x% + y%	-	1.00%	-	(1.00%)
Case 2	Case 1	Case 2	Case 3																																																	
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Rates revenue	%	-	(3.00%)	-	2.00%																																															
Weekly rent	%	-	(10.00%)	-	5.00%																																															
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Construction cost	%	-	15.00%	-	(10.00%)																																															
Rental cost	%	-	10.00%	-	(5.00%)																																															
Selling cost (additional to 2.75%)	x% + y%	-	1.00%	-	(1.00%)																																															

Table 3. Sensitivity Inputs

The following table provides the worst, base and best case outcomes for the proposed scenarios.

2035 Sensitivity Outcomes	"Do Nothing" Scenario 1		
	Worst Case (\$)	Base Case (\$)	Best Case (\$)
Net Present Value			
NPV – Unrealised Property Value	391,316	434,795	456,535
NPV – Net Cash Flow	102,016	119,929	128,886
Total NPV	493,332	554,724	585,421
Net Wealth			
Total Revenue	263,606	292,895	307,540
Total Cost	(96,753)	(96,744)	(96,740)
Net Cash Flow	166,853	196,151	210,800
Unrealised Property Value	985,878	1,095,420	1,150,191
Total Net Wealth	1,319,584	1,487,722	1,571,791

2035 Sensitivity Outcomes	Subdivide & Sell, Retain Existing House Scenario 3		
	Worst Case (\$)	Base Case (\$)	Best Case (\$)
Net Present Value			
NPV – Unrealised Property Value	308,580	342,867	360,010
NPV – Net Cash Flow	236,562	412,720	518,567
Total NPV	545,142	755,587	878,577
Net Wealth			
Total Revenue	1,334,866	1,458,773	1,519,655
Total Cost	(913,255)	(804,702)	(726,852)
Net Cash Flow	421,611	654,071	792,803
Unrealised Property Value	773,435	863,817	907,008
Net Wealth	1,195,046	1,517,888	1,699,811

2035 Sensitivity Outcomes	Subdivide & Sell Full Property Scenario 4		
	Worst Case (\$)	Base Case (\$)	Best Case (\$)
Net Present Value			
NPV – Unrealised Property Value	0	0	0
NPV – Net Cash Flow	618,982	835,968	965,571
Total NPV	618,982	835,968	965,571
Net Wealth			
Total Revenue	1,739,032	1,906,744	1,989,600
Total Cost	(841,028)	(727,942)	(643,466)
Net Cash Flow	898,004	1,178,802	1,346,134
Unrealised Property Value	0	0	0
Net Wealth	898,004	1,178,802	1,346,134

2035 Sensitivity Outcomes	Subdivide, Build and Lease Full Property Seven Lot Development Scenario 7		
	Worst Case (\$)	Base Case (\$)	Best Case (\$)
Net Present Value			
NPV – Unrealised Property Value	2,242,797	2,491,997	2,616,597
NPV – Net Cash Flow	(3,205,965)	(2,634,163)	(2,249,074)
Total NPV	(963,168)	(142,166)	367,523
Net Wealth			
Total Revenue	1,522,689	1,691,876	1,776,470
Total Cost	(5,664,829)	(4,996,739)	(4,550,570)
Net Cash Flow	(4,142,140)	(3,304,863)	(2,774,100)
Unrealised Property Value	5,650,491	6,278,324	6,592,240
Net Wealth	1,508,351	2,973,461	3,818,140

2035 Sensitivity Outcomes	Subdivide, Build and Lease Full Property Six Lot Development Scenario 7A		
	Worst Case (\$)	Base Case (\$)	Best Case (\$)
Net Present Value			
NPV – Unrealised Property Value	1,885,023	2,094,470	2,199,193
NPV – Net Cash Flow	(3,526,691)	(2,806,990)	(2,351,167)
Total NPV	(1,641,668)	(712,520)	(151,974)
Net Wealth			
Total Revenue	1,331,436	1,479,373	1,553,342
Total Cost	(4,858,127)	(4,286,363)	(3,904,509)
Net Cash Flow	(3,526,691)	(2,086,990)	(2,351,167)

Unrealised Property Value	4,749,117	5,276,796	5,540,636
Net Wealth	1,222,426	2,469,806	3,189,469

Table 4. Sensitivity Outcomes

8.3.3. Financial Inputs and Modelling

The Financial Inputs and Modelling are provided in the Lot 43 Eastcott St Feasibility Report as a reference to this business plan in Appendix 1.

9. Expected effect on matters referred to in the local government's current plan prepared under section 5.56

Section 5.56 of the Local Government Act 1995 states:

5.56. 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.

This proposal meets the aims of the Shire's Strategic Community Plan, which has a focus and aspiration area to "build and effectively manage our assets to continually improve our standard of living". in the following areas.

Strategic Community Plan 2034		
Strategy No.	Strategy	Comment
2.1.1	Maximise the inherent economic opportunities in the Shire	The provision of additional housing supports economic activity with the Shire.
4.3.1	Develop and promote diverse and affordable housing and accommodation	The smaller lot size subdivision and smaller houses provide a more affordable option for Waroona Townsite.
5.1.2	Maintain long term financial sustainability	The proposal has the potential to boost income to the Shire in the long term and to invest into land and housing to yield a capital return to the Shire as the properties appreciate.

Figure 6. Proposal Alignment with the Strategic Community Plan 2034

10. The ability of the local government to manage the undertaking or the performance of the transaction

The Shire of Waroona routinely delivers an annual civil and facilities capital works program of \$4 million, and a \$7 million Community precinct project in 2024/25. The Shire has strong project management and financial capabilities to execute a subdivide and built project such as lot 43 Eastcott St, Waroona.

Nominated project competencies include:

Project Director / Design Lead:

Name: **Mark Goodlet**
 Company: Shire of Waroona
 Qualifications: Civil Engineering Degree

Master of Project Management
Post-graduate Certificate of Business
Membership: Chartered Professional Engineers 2029851 Engineers Australia

Project Manager:

The Shire has procured the services of a professional project management firm to undertake various projects on the Shire's behalf. Successful Projects, or another suitably qualified and experienced firm will provide project management for this project.

Company Name: Successful Projects

Company Overview: see Website link <https://successfulprojects.com.au/project-management/>

Competencies: Successful projects are experienced in project management of subdivisions and in residential buildings.

Design:

Denada Surveys are a licenced surveyor and have been engaged to undertake field survey for this project. They will also provide Western Australian Planning Commission subdivision application support for this project.

Subdivision design will entail a number of separate engineering disciplines, headlined by civil engineering. Procurement of suitably qualified and experienced firms to undertake engineering design will be undertaken.

Construction:

Construction procurement will be tendered and carried out through Successful Projects, to acquire reputable and suitably qualified builders, as well as to ensure accountable and transparent tender processes. The Shire has made initial contact with potential regionally active residential building companies to understand regional building availability and capabilities.

11. Joint Venture Considerations

Regulation 10 of the Local Government (Functions and General) Regulations 1996 requires that the Shire identifies joint venture interests in the major land transaction.

No joint venture ownership, interests, benefits or liabilities from the property will arise or become an entitlement to a joint venturer as a result of this major land transaction.

12. Summary and Recommendations

The proposal is to undertake one of the following:

- subdivide the land and sell the land only, retaining the existing house
- subdivide the land and sell the land and the existing house
- subdivide the land, build houses on the land and lease the houses.

Once subdivided or with houses built the Shire may elect to sell any of the properties under their own title.

This proposal has strong alignment with the Shire's aims for economic development of Waroona, and of the State and Federal Governments' drive to provide more housing and will be suitable for grant application if the houses are leased to key workers. Demand for key workers is high in Waroona and with a tight rental market the project has good prospects for success.

This development is a positive use of an under-utilised Shire land asset with potential for a financial return. This aligns with the Shire's strategic aspiration of building and effectively managing Shire assets to continually improve our standard of living. The Shire will have the option of providing the housing as its own key worker accommodation should this be a limiting factor in attracting staff. Alternatively, it may lease the properties for key accommodation or general rental accommodation.

Given the housing and rent demand in Waroona Town, the Shire's provision of an extra seven (7) properties into the Waroona Town is very unlikely to significantly lessen housing demand and the competition effect on other persons providing similar facilities cannot be described as monopolistic or anti-competitive.

The proposal is within the Shire's financial capacity to debt fund, although the house build option places a burden on the Shire initially until the income stream through leasing comes on line. Grant funding if successful would assist in the project financial viability.

The Shire has delivered significant capital works in the past and this proposal is well within its capabilities to manage.

This project will not be carried out as a joint venture.

To determine the best overall value, this business plan will be put to public notice for consultation purposes. Once available this work will be included in the assessment and returned to Council for determination.

Appendices

Appendix 1 – Lot 43, Eastcott St, Waroona Feasibility Report



Lot 43
Eastcott St,
Waroona
FEASIBILITY REPORT
TOWARDS
2034

Document No: IR001



About this document

This Lot 43 Eastcott St, Waroona Feasibility Report investigates the viability and financial return to the Shire of Waroona on subdivision and / or development of housing on this freehold lot.

Disclaimer

This document has been published by the Shire of Waroona. Any representation, statement, opinion, or advice expressed or implied in this publication is made in good faith and on the basis that the Shire are not liable for any damage or loss whatsoever which may occur as a result of action taken or not taken, as the case may be, in respect of any representation, statement, opinion or advice referred to herein.

Accessibility

This document is available in alternative formats such as large print, electronic, audio or Braille, on request.



Strategy



Plan



Framework



Policy



Report



Management Practice



Procedure



Form



Council Document



Public Document

Document Control

Doc No.	Date Reviewed	Details	Author	File No.
IR001	18 Oct 25	Document created	CEO	A3738
“	5 Feb 26	Document Final	CEO	“
“	12 March 26	Project borrowings added. Developed lots reduction to 6 lots added.	CEO	“

Contents

Document Control	3
Figures.....	5
Tables.....	5
1. Executive Summary	6
2. Introduction.....	6
3. Lot 43 Eastcott St, Waroona Property Information	6
3.1. Land Tenure	6
3.2. Planning Considerations.....	7
3.2.1. Residential Code.....	7
3.2.2. Zoning.....	9
4. Approvals.....	9
4.1. Western Australian Planning Commission (WAPC) Considerations.....	10
4.1.1. Subdivision	10
4.1.2. Acid Sulphate Soils	10
4.1.3. Bushfire Risk.....	10
5. Utilities.....	10
5.1. Power	10
5.2. Water.....	10
5.3. Sewer	11
5.4. Telecommunications.....	11
5.5. Gas.....	11
6. Real Estate Demand.....	11
6.1. Monetisation / Yield Options	11
6.1.1. Scenarios - Value Realisation Options	12
6.1.2. Sale and Rent Expectations.....	14
6.1.3. Subdivision Costs	15
6.1.4. House Costs	15
6.1.5. Other Inputs and Costs	16

7.	Development Scenarios for Financial Modelling.....	20
8.	Financial Modelling	21
9.	Financial Model Outputs	21
9.1.	Net Cash Flow and Net Present Value	22
9.2.	Annual Net Cash Flow	23
9.3.	Cumulative Annual Net Cash Flow	24
9.4.	Unrealised Property Value at Forecast End (FY 2035)	25
9.5.	Revenue and Cost Breakdown	26
9.6.	Annual Loan Balance.....	27
9.7.	Net Cash Flow Breakdown	28
9.8.	Preferred Scenario	29
9.9.	Borrowings, Debt Servicing Capacity and Rates Impact	30
9.9.1.	Borrowings.....	30
9.9.2.	Grant Funds.....	31
9.9.3.	Debt Service Coverage Ratio (DSCR) and Rates Impact.....	31
9.10.	Project Budget.....	34
9.11.	Sensitivity and Risk	34
9.11.1.	Sensitivity Analysis - Net Present Value.....	36
9.11.2.	Sensitivity Analysis - Net Cash Flow	37
9.11.3.	Sensitivity Analysis - Summary	38
10.	Project Delivery	39
11.	Summary and Recommendations.....	43
Appendices		44
Appendix A – Certificate of Title.....		44
Appendix B – Deposited Plan		45
Appendix C – WALGA GST and Capital Gains Tax Advice		47
Appendix D - Subdivision Costs.....		51
Appendix E - Project Schedule		55
Appendix F - Shire of Waroona Financial Ratios		56

Figures

Figure 1 - Aerial view of lot 43 Eastcott St, Waroona	7
Figure 2. Proposed Lot Layout – Lot 43 Eastcott St, Waroona	8
Figure 3. Six lot Yield Option	8
Figure 4. Scheme Water and Sewer	11
Figure 5. Waroona Statistics at a Glance	15
Figure 6. Net Cash Flow and Net Present Value	22
Figure 7. Annual Net Cash Flow	23
Figure 8. Cumulative Annual Net Cash Flow	24
Figure 9. Unrealised Property Value at Forecast End (FY 2035)	25
Figure 10. Revenue and Cost Breakdown	26
Figure 11. Net Cash Flow Breakdown	28
Figure 12. Scenario Outcomes in 2035	29
Figure 13. Comparison of Scenarios - Net Present Value	29
Figure 14. Comparison of Scenarios - Total Net Wealth (2035)	29
Figure 15. Subdivision and House Build Costs for All Scenarios	31
Figure 16. Project Budget	34
Figure 17. Sensitivity Analysis - Net Present Value	36
Figure 18. Sensitivity Analysis - Net Cash Flow	37

Tables

Table 1. Property Uses	9
Table 2. Anticipated Sale Prices (source Waroona real estate agent)	15
Table 3. Rawlinson's House Cost to Build Figures	16
Table 4. Inputs for Project Scheduling	17
Table 5. Inputs for Escalation, Discount Rate & Financing	18
Table 6. Revenue inputs other than land / house sale	19
Table 7. Cost Inputs	20
Table 8. Net Cash Flow and Net Present Value over a 10-year forecast period.	22
Table 9. Annual Net Cash Flow Over 10-year Forecast Period	23
Table 10. Cumulative Annual Net Cash Flow Over 10-year Forecast Period	24
Table 11. Unrealised Property Value at Forecast End (FY 2035)	25
Table 12. Revenue and Cost Breakdown. Note that figures are GST inclusive.	26
Table 13. Annual Loan Balance	27
Table 14. Annual Loan Balance	27
Table 15. Net Cash Flow Breakdown	28
Table 17. Subdivision and House Build Costs for All Scenarios	30
Table 18. Preferred Scenarios Borrowings	31
Table 19. Shire Loan Size, Capacity and Rates Impact, Without and With Grant Funding ..	33
Table 20. Sensitivity Inputs	35
Table 21. Sensitivity Analysis - Net Present Value	36
Table 22. Sensitivity Analysis - Net Cash Flow	37
Table 23. Sensitivity Analysis - Summary	38

1. Executive Summary

The Shire of Waroona has freehold ownership of land in the Waroona Townsite that is suitable for subdivision and housing development. This property is at Lot 43 Eastcott St, Waroona. This report assesses 7 scenarios for the development of this property. These are:

1. Do nothing (rent existing house)
2. Sell full property as is
3. Subdivide and sell, retain existing house
4. Subdivide and sell full property
5. Subdivide and build, sell full property
6. Subdivide and build, sell but retain existing house
7. Subdivide and build, rent full property

This assessment demonstrates that the project is viable in terms of the planning, approvals and financial perspectives.

The preferred scenarios for the Shire are:

- Scenario 3 – lower debt, good net present value, good total net worth
- Scenario 4 – lower debt, best net present value, reasonable total net worth
- Scenario 7 – high debt, negative net present value, clear highest total net worth.

Scenario 7 also has strong alignment with the goal to provide more housing and will be suitable for grant application if the houses are leased to key workers. Demand for key workers is high in Waroona and with a tight rental market the project has good prospects for success.

To determine the best overall value, borrowing costs will be modelled in further work to show the impact of principle and interest, in order to inform a final decision. The three scenarios, 3, 4 & 7 are recommended for inclusion in a business plan.

2. Introduction

The Shire of Waroona has freehold ownership of lot 43 Eastcott St, Waroona and wishes to consider the likely financial return the Shire to develop this land for subdivision only or subdivision and build. Both sell and lease options are considered.

This report provides the background information on this property, the development scenarios and an assessment of the costs and expected returns on each option.

3. Lot 43 Eastcott St, Waroona Property Information

3.1. Land Tenure

Lot 43 Eastcott St, Waroona is owned freehold by the Shire of Waroona. As such it is not Crown land and the Shire therefore is able to sell, subdivide or build on the land, subject to normal approval processes.

The land is an unusual L shape, with an area = 4,102m² and contains an existing fenced house on the lot which yields rental income to the Shire.

A copy of the Certificate of Title Vol 2841 Fol 1000 is in Appendix A.

A copy of the Deposited Plan 72375 is in Appendix B.



Figure 1 - Aerial view of lot 43 Eastcott St, Waroona

3.2. Planning Considerations

3.2.1. Residential Code

The land is code R30. An R30 code provides for a minimum lot size for a single or grouped dwellings of 260m², with an average site area of 300m² per dwelling. This means that for a 4,102m² lot, it would in theory be possible to build as many as thirteen dwellings, each with an average area of 300m². In reality a number of site constraints exist which will reduce the lot yield including;

• public open space provision (min. 410m ²)	418m ²
• the existing house which in the final layout	858m ²
• access driveway for the long leg of the lot to rear houses of	340m ²
Total Reduction	<u>1,676m²</u>

The balance of land remaining is 4,102 less 1,676 = 2,486m². The lot yield for 2,486m² is:

• 1 x strata lot (rear lot 1)	350m ²
• 4 x strata lots (334m ² each – lots 2 to 5)	1,336m ²
• 2 x freehold lots (400m ² each – lots 6 & 7)	800m ²
	<u>2,486m²</u>



Figure 2. Proposed Lot Layout – Lot 43 Eastcott St, Waroona

In determining the lot areas and viability of developing all lots, detailed survey and design will inform the final layout, lot yield and potential economic return. Consideration of planning policies of the Shire including those relating to significant trees will be undertaken. Lots 6 & 7 configuration have the potential to be impacted by this issue and may lead to the removal of lot 7. This arrangement is shown below.

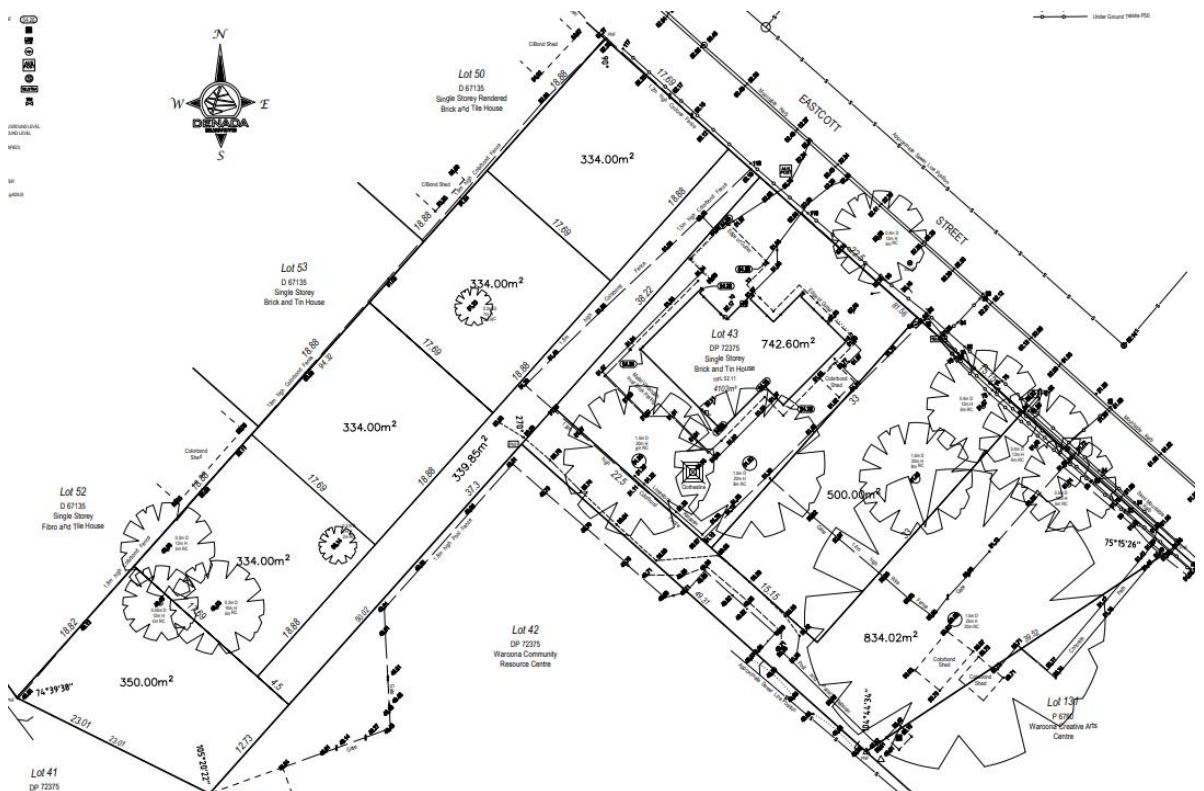


Figure 3. Six lot Yield Option

This option will be explored as Scenario 7A in this report.

3.2.2. Zoning

The land is zoned “Community & Civic”, which provides for the following uses, subject to Council approval.

Permitted Uses at Council's Discretion		
Car park	Exhibition Centre	Reception Centre
Child care premise	Garden Centre	Private or public recreation
Civic use	Group Dwellings	Residential
Club premise	Guest House	Shop
Community purpose	Hospital	Single House
Consulting rooms	Medical Centre	Tourist development
Educational establishment	Office	
Family Day Care	Place of worship	

Table 1. Property Uses

Non-permitted uses include a hotel, tavern and veterinary centre.

In assessing the preferred type of development, the determining factors were:

- Financial Return. This is the primary driver for the development of the property.
- Alignment. The provision of housing aligns with the Shire’s economic and social priorities for Waroona and with State and Federal Government housing prioritisation.
- Demand. The commercial demand in Waroona Town is not strong as evidenced by empty retail and commercial lease space on the South Western Highway. This was confirmed by Professionals Waroona.
- Ease of sale. The development of individual lots in preference to group housing makes the sale of the assets a simple and discreet proposition.

4. Approvals

The following approvals will be required:

- Western Australian Planning Commission subdivision approval.
- Aboriginal Heritage. Note that the Department of Planning Lands and Heritage has carried out a Town wide survey to identify Aboriginal heritage sites within Waroona Town to identify and specific Aboriginal heritage within the Town and eliminate the Town wide “heritage site” status currently in place. The report has been written and is due for release. This may mean that Aboriginal heritage approval is not required. Results of this work are imminent.
- Shire development approval for individual houses is not required where they are designed within deemed to comply parameters.
- Utilities approvals for connections to the lots will be required. Refer to the Utilities section of this report.
- The Local Government Act 1995 requires Council to develop a business plan for a major land transaction.
- Building permits for retaining walls and the houses will be required.

4.1. Western Australian Planning Commission (WAPC) Considerations

4.1.1. Subdivision

The WAPC is the regulatory authority which approves subdivisions. In addition to assessing the subdivision against the provisions of the local planning scheme a number of factors are taken into consideration in addition to the provisions of the Shire's Local Planning Scheme.

4.1.2. Acid Sulphate Soils

The potential for acid sulphate soils at the subject lot is low. No additional costs will be imposed due to acid sulphate soils

4.1.3. Bushfire Risk

Bushfire risk at the subject lot is low. No additional costs will be imposed due to bush fire risk mitigation requirements.

5. Utilities

The subject site is reasonably well serviced, meaning utility costs will not include bringing utilities to the lot. Instead the normal internal utility costs will make up the majority of this component of the works.

5.1. Power

Power is available to the house on site. Further work is required to assess the availability of power to the full subdivision.

5.2. Water

Scheme water is available to the house on site. Further work is required to assess the availability of scheme water to the full subdivision.

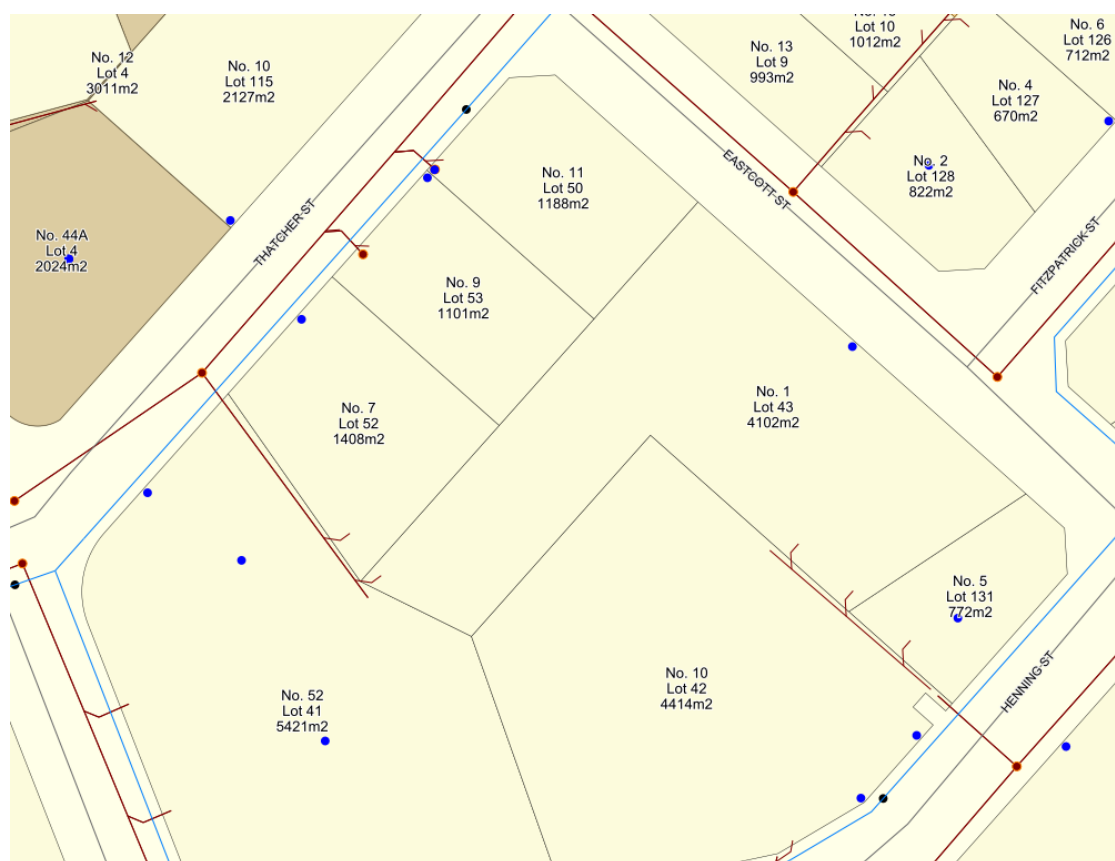


Figure 4. Scheme Water and Sewer

Plan Legend

Water = blue
Sewer = red

5.3. Sewer

Scheme sewer mains are currently available to the lot in three locations. Further work is required to assess the internal distribution of piped sewer to the full subdivision.

5.4. Telecommunications

NBN service is available to the house on site. Further work is required to assess the availability of NBN to the full subdivision.

5.5. Gas

Underground gas is not available and will not be considered for the subdivision in alignment with the State and Federal Governments' preference for full electrification of houses.

6. Real Estate Demand

6.1. Monetisation / Yield Options

This report has taken the following advice from the Professionals Waroona real estate.

- Housing is in strong demand in Waroona and is expected to continue this way. Only sellers setting unrealistic prices are not finding buyers presently. Prices are likely to continue to rise.
- Rental demand is in strong demand in Waroona and is expected to continue this way. Rent yields may continue to rise.

- The proposed lot sizes are suitable for Waroona, particularly in Eastcott St, which is walking distance to the main street.
- While small, there is a older demographic which is looking for smaller houses with less maintenance needs. A similar example exists at 14 Thatcher St. The 3 x 2 housing option is very likely to be in demand.
- Properties 1 to 5, which are proposed as strata lots, will be in demand, though the ultimate sale prices will be less than for freehold.
- Properties 6 and 7, which are freehold, could be subdivided into a battleaxe formation, however, this should be guided by the location of the existing trees on site and how this would impact the houses to be built on the properties.

In summary the housing and rental market is strong in Waroona and is likely to remain so for the foreseeable future.

6.1.1. Scenarios - Value Realisation Options

A number of options have been considered to realise the property's value:

1. **Do nothing and continue to rent existing house.** This provides a baseline comparison between the current situation and all other options.

It is important to include this option as it shows what the financial outcome will be if no action is taken.

Advantages

- Option 1 is the easiest option administratively.
- It provides a steady rental income and continuing capital growth for the land and house.

Disadvantages

- This option doesn't capitalise on the R30 residential code of the land and its location in Town, which make it suitable for subdivision.
- It may also be seen as a wasted opportunity to meet housing demand.
- No rates are collected on this property given it is Shire owned.

2. **Sell full property 'as is'.** This is the easiest alternative action to option 1, giving the value of the property were it to go to the market in its current condition as one lot.

Advantages

- Option 2 is the easiest option in terms of realising an immediate cash windfall.
- Private ownership of the land will mean rates can be collected on the property.

Disadvantages

- This option leaves the opportunity for others to realise further value adding to the land through subdivision and building houses.
- On sale of the property, the new owner may elect not to subdivide and build, leaving an unmet housing supply opportunity.
- Sale of the existing house means no further rental income will be paid to the Shire.

3. **Subdivide and sell vacant lots but retain existing house.** The Shire pays for the subdivision costs and benefits from the sale of the vacant lots, while continuing to rent out the existing house.

Advantages

- The Shire realises the value add of subdivision.
- Serviced lots are created that allow for housing to be built.

- It provides a steady rental income and continuing capital growth for the existing house.
- Private ownership of the lots will mean rates can be collected on the property.

Disadvantages

- Potential full value adding of the lots is not realised by building the houses and selling them. This opportunity goes to the new owners.
- Keeping the existing house does not yield a capital profit or the subsequent ability to rate the property once it is in private ownership.
- There is potential for the private owners to land bank, leaving an unfulfilled housing supply opportunity.

4. **Subdivide and sell all lots.** This is an extension of option 3, except that the lot containing the existing house is also sold.

Advantages

- The Shire realises the value add of subdivision.
- Serviced lots are created that allow for housing to be built.
- Private ownership of the lots will mean rates can be collected on the property.
- Selling the existing house yields a capital profit as well as the subsequent ability to rate the property once it is in private ownership.

Disadvantages

- Potential full value adding of the lots is not realised by building the houses and selling them. This opportunity goes to the new owners.
- There is potential for the private owners to land bank, leaving an unfulfilled housing supply opportunity.

5. **Subdivide, build all houses and sell all lots.** This option represents full development of the site and full sale of all developed lots. Along with option 7 it is the most expensive option, but may produce the highest financial return.

Advantages

- The Shire realises the value add of subdivision and new house builds.
- Private ownership of the lots will mean rates can be collected on the property.
- Selling the existing house yields a capital profit as well as the subsequent ability to rate the property once it is in private ownership.
- Selling the new house and land properties meets housing demand.

Disadvantages

- Selling the properties deprives the Shire of a steady rental yield.
- Selling the properties deprives the Shire of capital growth.

6. **Subdivide, build all houses and sell all but the existing house.** This option is the same as option 5 except for retention of the existing house which continues to be rented out.

Advantages

- The Shire realises the value add of subdivision and new house builds.
- Private ownership of the lots will mean rates can be collected on the property.
- Retaining the existing house yields a steady rent and capital growth of this property.
- Selling the new house and land properties meets housing demand.

Disadvantages

- Selling the properties deprives the Shire of a steady rental yield.
- Selling the properties deprives the Shire of capital growth.

- Keeping the existing house does not yield a capital profit or the subsequent ability to rate the property once it is in private ownership.

7. Subdivide, build all houses and rent all houses. This option considers the rent option by the Shire, which is currently being done for several properties that the Shire owns in Waroona. It reflects the “build to rent” model that the State and Federal Governments are presently socialising as housing options.

Advantages

- The build to rent model works well in the key worker sector, particularly where an employee may be on a defined term deployment to a location, such as may be the case with police officers.
- Retaining ownership provides a steady, significant rental income to the Shire and capital growth of the properties.
- This model meets housing demand.
- This option allows the Shire to sell one or more properties at any time in the future should the need arise to raise funds.

Disadvantages

- Retaining the properties deprives the Shire of immediate financial yield and leaves the Shire subject to long term debt.
- Retaining the properties deprives the Shire of rates income.

7A. Option 7, without the most southern lot (7). This option is the same as Scenario 7 except that it has six new lots and houses but removes lot 7, which is impacted by a large significant tree. Costs and yields are estimated to impact on the project proportionate to 6/7th of Option 7.

6.1.2. Sale and Rent Expectations

An appraisal of market price of the lots as land value only and with houses has been carried out through Professionals Waroona real estate company and comparison to the market estimates provided by the Real Estate Institute of Western Australia (REIWA).

The following are the assessed sales and rental prices currently for Waroona. They do not capture likely price rises for the Town during the subdivision and construction phases, which will be taken into account in the financial modelling.

Professionals Waroona (Appendix C) have provided the following price estimates, current in November 2025. In undertaking this work the estimates have been based on the following information:

- Reviewing the property’s features and its benefits to potential buyers;
- The current market climate;
- Comparable recent sales in the area; and
- Extensive local knowledge of the area.

DESCRIPTION	PRICE (\$)
Sell House and total block ‘As Is’	\$850,000 to \$900,000
Sell Existing house only: 700m ² 4 x 2	\$680,000 to \$700,000
Subdivide & Sell Strata Lots 1 to 5	\$150,000 each
Subdivide & Sell Lots 6 & 7	\$200,000 each
Subdivide and Sell with House: Lots 1 to 5 – 3 x 2 brick & tile	\$545,000 each

Item – 3x2 House	Area (m ²)	Rate (excl. GST)	Price (excl. GST)
Perth Build Price, Single Unit Project House, Medium Finish, Full brick (pg 20)	140	1,940 (\$/m ²)	\$ 271,600
Regional index		1.1	\$ 298,760
Escalation from Dec 2024 to Nov 25		1.08	\$ 322,661
Escalation from Nov 25 to Jan 28		1.10 (assumed)	\$ 354,927

Item – 4x2 House	Area (m ²)	Rate (excl. GST)	Price (excl. GST)
Perth Build Price, Single Unit Project House, Medium Finish, brick veneer (pg 20)	175	1,860 (\$/m ²)	\$ 325,500
Regional index		1.1	\$ 358,050
Escalation from Dec 2024 to Nov 25		1.08	\$ 386,694
Escalation from Nov 25 to Jan 28		1.10 (assumed)	\$ 425,363

Table 3. Rawlinson's House Cost to Build Figures

Based on **local** knowledge the Professionals Waroona have recommended allowing \$400,000 (excl. GST) per **3x2 house** for building costs at today's figures. Using the same 2-year escalation of 10% this comes to **\$440,000** (excl. GST). This is a little higher than the Rawlinson's figures, though the difference is likely to be due to the single build versus a multiple build scenario, which is more likely. For a **4x2 house** the cost is estimated at **\$550,000** (excl. GST).

The local advice has been used as the base line pricing in the financial model.

6.1.5. Other Inputs and Costs

Project Scheduling

Project scheduling inputs for the Financial Model are provided below. A full project schedule is provided at Appendix E.

In short, the significant project milestones are:

- Subdivision construction commencing in March 2027
- Subdivision construction complete at end December 2027
- Housing construction commencing in March 2028
- Housing construction complete by October 2029

Inputs

Property Redevelopment Options Analysis

Timing

Model

Start	Date	1-Jul-25
Duration	Year(s)	10.0
End	Date	30-Jun-35

Subdivision

Start	Date	1-Jul-26
Duration	Month(s)	18.0
End	Date	31-Dec-27

Build

Start	Date	1-Mar-28
Duration	Month(s)	15.0
End	Date	31-May-29

Rent

	Existing House	New Houses
Start	Date 1-Jul-25	Date 1-Oct-29
Duration	Year(s) 10.0	5.8
End	Date 30-Jun-35	Date 30-Jun-35

Sale

Estimated time on market	Month(s)	2.50
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	Listing Start	Sale Date
Current Whole Lot	Date 1-Jul-26	Date 31-Aug-26
Existing House Lot	Date 1-Jan-28	Date 29-Feb-28
New Houses	Date 1-Jul-29	Date 31-Aug-29
Vacant Land	Date 1-Jan-28	Date 29-Feb-28

Table 4. Inputs for Project Scheduling

Price Escalation and Discount Rates

The financial model acknowledges price rise over time through the escalation parameters of Consumer Price Index from the Department of Treasury December 2025 forecasts. The medium-term projection of housing prices has been based on CPI rather than State Government house price projections which only extends to 2029.

Escalation

Financial year	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030+
CPI % p.a.	2.75%	2.75%	2.50%	2.50%	2.50%
Perth Median House Price % p.a.	4.30%	(1.60%)	(2.50%)	(0.60%)	

Discount rate

Real Discount Rate	%	7.00%
Long Term Forecast Inflation	%	2.50%
Nominal Discount Rate	%	9.67%

Financing

Construction Facility

Interest Rate

Interest rate	
Guarantee fee	
Interest All-in-rate	%

FY 2026	FY 2027	FY 2028	FY 2029	FY 2030+
4.76%	4.74%	4.61%	4.48%	4.35%
0.70%	0.70%	0.70%	0.70%	0.70%
5.46%	5.44%	5.31%	5.18%	5.05%

Source: WATC Lending Interest Rate Forecast as at 6-Feb-26

Fixed Rate Facility

Interest Rate

Interest rate	%
Guarantee fee	%
Interest All-in-rate	%

5 Years	10 Years	15 Years	20 Years
4.55%	5.14%	5.51%	5.61%
0.70%	0.70%	0.70%	0.70%
5.25%	5.84%	6.21%	6.31%

Source: WATC Lending Interest Rate Forecast as at 6-Feb-26

Costs to be funded

Subdivision	Yes/No	Yes
Build	Yes/No	Yes
Funding proportion (% of Total Costs to be Funded)	%	100.00%

Construction Facility

Start date - construction facility	date	01-Jul-26
Interest capitalised - construction facility	Yes/No	Yes
Refinance with Fixed Rate facility	Yes/No	Yes

Fixed Rate Facility

Fixed rate loan term	Years	20 Years
Interest All-in-rate	%	6.31%

Table 5. Inputs for Escalation, Discount Rate & Financing

With respect to GST and capital gains tax, Western Australian Local Government Association has provided guidance on the implications for this project. This advice is included in also Appendix C and has been incorporated into the finance model where applicable.

Revenue Inputs

Revenue inputs are as follows.

Revenue

Council Rates

Sensitivity factor	%	-
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Annual rates

		FY 2026	Adjusted Rates
House	\$/unit	1,667	1,667
Vacant Land	\$/unit	1,390	1,390
Transition to Full Rate	Year(s)	2.50	

Rent

Sensitivity factor	%	-
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Weekly rent

		FY 2026	Adjusted Rent
Existing House	\$/week	500	500
4x2	\$/week	600	600
3x2	\$/week	550	550

Sale

GST	%	10%
-----	---	-----

Table 6. Revenue inputs other than land / house sale

Cost Inputs

Cost Inputs are as follows.

Costs

Subdivision cost

		FY 2026	
Other subdivision costs	\$	351,944	Source: 260109 Eastcott Subdivision
Engineering design	\$	60,000	

Project management costs

Subdivision	\$	50,000
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Housing project management

		4x2	3x2
Cost per unit	\$/unit	8,750	7,500
Total costs	\$	17,500	37,500

Sensitivity

Sensitivity factor	%	-	Sensitivity factor can be updated from
Other subdivision costs	\$	351,944	
Engineering design	\$	60,000	
Project management costs	\$	105,000	
Total subdivision costs	\$	516,944	
Contingency	%	15.00%	

Construction cost

Escalation

Regional index	#	1.10	Source: Rawlinsons WA 2025
Escalation 1	#	1.08	to Nov 25
Escalation 2	#	1.10	to Jan 28

Fixed

Construction Costs

		4x2	3x2	
Area	m2	175	140	FY 2028
Quote (Perth, Dec 2024)	\$/m2	2,405	2,405	
Quote (Local, Jan 2028)	\$/m2	3,143	3,143	
Construction Costs	\$/unit	549,999	440,000	

Variable		% of Fixed Costs
Project management	%	3.00%
[Spare 1]	%	
[Spare 2]	%	
Total	%	3.00%

		FY 2026		
Fixed		Existing House	4x2	3x2
Utilities	\$ p.a./unit	2,300	2,300	1,970
Maintenance	\$ p.a./unit	800	800	690
Insurance	\$ p.a./unit	820	820	705
[Spare 1]	\$ p.a./unit			
[Spare 2]	\$ p.a./unit			
Total Fixed Costs	\$ p.a./unit	3,920	3,920	3,365
Sensitivity factor	%	-		
Adjusted total fixed costs	\$ p.a./unit	3,920	3,920	3,365

Variable (% of Rental Revenue)		Existing House	4x2	3x2
Property management	%	15.00%	15.00%	15.00%
[Spare 1]	%			
[Spare 2]	%			
[Spare 3]	%			
Total	%	15.00%	15.00%	15.00%

		% of Sale Revenue
Selling cost %	%	2.75%
Sensitivity factor	%	-
Adjusted Selling cost %	%	2.75%

Table 7. Cost Inputs

7. Development Scenarios for Financial Modelling

In order to determine the most financially beneficial option the seven scenarios below will be modelled.

- 1. Do nothing and continue to rent existing house.** This provides a baseline comparison between the current situation and all other options.
- 2. Sell full property 'as is'.** This is the easiest alternative action to option 1, giving the value of the property were it to go to the market in its current condition as one lot.
- 3. Subdivide and sell vacant lots but retain existing house.** The Shire pays for the subdivision costs and benefits from the sale of the vacant lots, while continuing to rent out the existing house.
- 4. Subdivide and sell all lots.** This is an extension of option 3, except that the lot containing the existing house is also sold.
- 5. Subdivide, build all houses and sell all lots.** This option represents full development of the site and full sale of all developed lots. Along with option 7 it is the most expensive option, but may produce the highest financial return.
- 6. Subdivide, build all houses and sell all but the existing house.** This option is the same as option 5 except for retention of the existing house which continues to be rented out.
- 7. Subdivide, build all houses and rent out all houses.** This option does not provide a capital return, but is an investment with rental dividend and capital gains on the properties. A subset of this Scenario is also considered, 7A, being the development of one less lot, six (6) rather than seven (7).

8. Financial Modelling

Financial modelling of the seven scenarios has been undertaken by the Department of Treasury WA, to identify the best value outcome for the Shire. Costs and revenues have been identified and a timeline which then provides yearly inputs to each scenario. The following yearly outputs are shown as tables and graphs:

- revenue and cost totals;
- net cash flows;
- net present value; and
- cumulative net cash flow.

Also provided are scenario comparisons for

- unrealised property value at forecast end (FY 2035);
- revenue and cost breakdown and.
- Shire net wealth in 2035.

This report assumes full borrowing for both the subdivision and house builds.

9. Financial Model Outputs

The financial outputs for each Scenario are presented below in table and chart format.

The financial outputs in sections 9.1 to 9.7 below provide outputs on the basis of cash flows and property values without the impact of principle and interest repayments from borrowing. This allows for a comparison of the value of the scenarios on a like for like basis.

The impact of borrowing is dealt with in section 9.8 by estimating the likely loan amount, term and interest rates based on current WA Treasury borrowing terms. Further assessment of the scenarios will be undertaken based on borrowing costs.

9.1. Net Cash Flow and Net Present Value

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
Total Revenue	292,895	892,329	1,457,243	1,905,065	5,606,637	5,158,814	1,691,876	1,479,373
Total Costs	96,744	24,063	799,541	722,781	4,631,391	4,708,150	4,991,578	4,286,363
Net Cash Flow	196,151	868,267	657,702	1,182,284	975,246	450,663	(3,299,701)	(2,806,990)
Project Net Present Value	119,929	786,050	400,711	823,847	260,549	(162,586)	(2,645,047)	(2,249,074)

Table 8. Net Cash Flow and Net Present Value over a 10-year forecast period.

The best NPV and Net Cash Flow returns are Scenario 4.

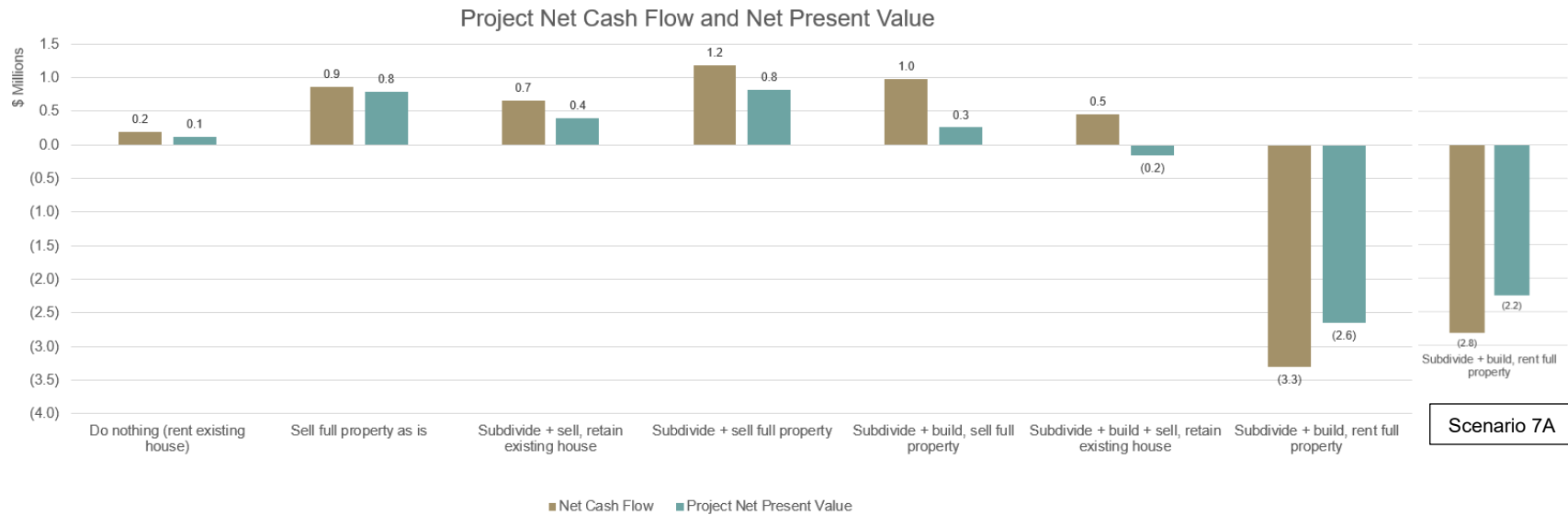


Figure 6. Net Cash Flow and Net Present Value

9.2. Annual Net Cash Flow

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
FY 2026	17,458	851,216	(138,077)	(155,535)	(155,535)	(138,077)	(138,077)	17,458
FY 2027	17,938	1,713	(304,335)	(322,273)	(322,273)	(304,335)	(304,335)	(421,222)
FY 2028	18,449	1,756	867,526	1,556,229	(485,556)	(1,174,259)	(1,174,259)	(1,040,245)
FY 2029	18,846	1,800	29,350	12,303	(2,807,486)	(2,790,440)	(2,790,440)	(2,322,225)
FY 2030	19,317	1,845	30,083	12,611	4,666,593	4,684,065	139,194	121,143
FY 2031	19,800	1,891	32,480	14,571	15,125	33,034	184,083	159,345
FY 2032	20,364	1,938	33,930	15,503	15,503	33,930	189,302	163,862
FY 2033	20,802	1,986	34,707	15,891	15,891	34,707	193,402	167,411
FY 2034	21,322	2,036	35,575	16,288	16,288	35,575	198,237	171,597
FY 2035	21,855	2,087	36,464	16,695	16,695	36,464	203,193	175,887

Table 9. Annual Net Cash Flow Over 10-year Forecast Period

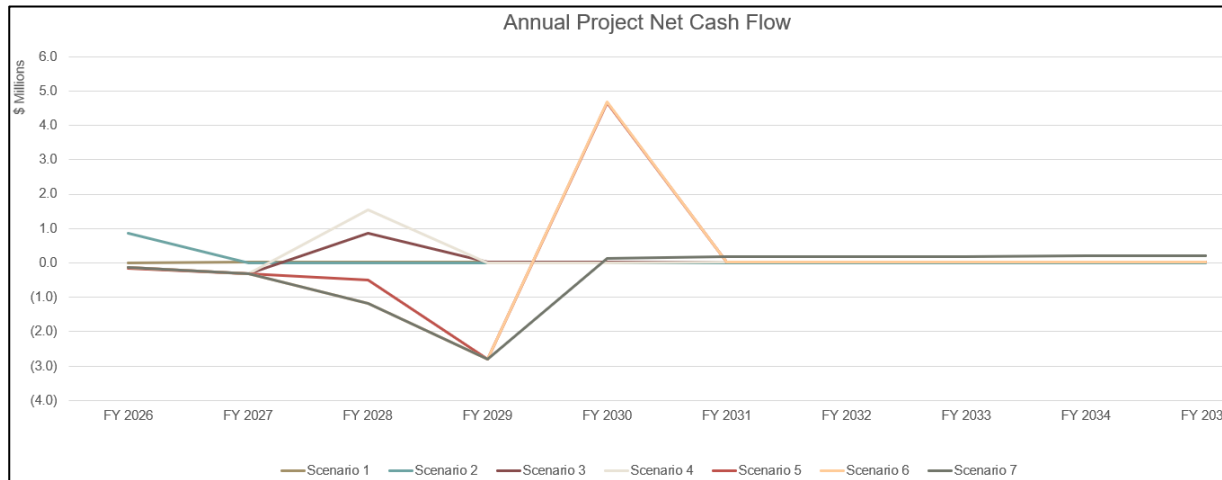


Figure 7. Annual Net Cash Flow

9.3. Cumulative Annual Net Cash Flow

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
FY 2026	17,458	851,216	(138,077)	(155,535)	(155,535)	(138,077)	(138,077)	17,458
FY 2027	35,395	852,929	(442,413)	(477,808)	(477,808)	(442,413)	(442,413)	(403,764)
FY 2028	53,844	854,685	425,114	1,078,421	(963,364)	(1,616,672)	(1,616,672)	(1,444,009)
FY 2029	72,690	856,484	454,463	1,090,724	(3,770,850)	(4,407,111)	(4,407,111)	(3,766,235)
FY 2030	92,007	858,329	484,546	1,103,335	895,743	276,954	(4,267,917)	(3,645,092)
FY 2031	111,807	860,219	517,027	1,117,906	910,868	309,988	(4,083,834)	(3,485,747)
FY 2032	132,171	862,157	550,956	1,133,409	926,371	343,918	(3,894,532)	(3,321,885)
FY 2033	152,974	864,144	585,663	1,149,300	942,262	378,625	(3,701,131)	(3,154,474)
FY 2034	174,296	866,180	621,238	1,165,589	958,550	414,200	(3,502,894)	(2,982,877)
FY 2035	196,151	868,267	657,702	1,182,284	975,246	450,663	(3,299,701)	(2,806,990)

Table 10. Cumulative Annual Net Cash Flow Over 10-year Forecast Period

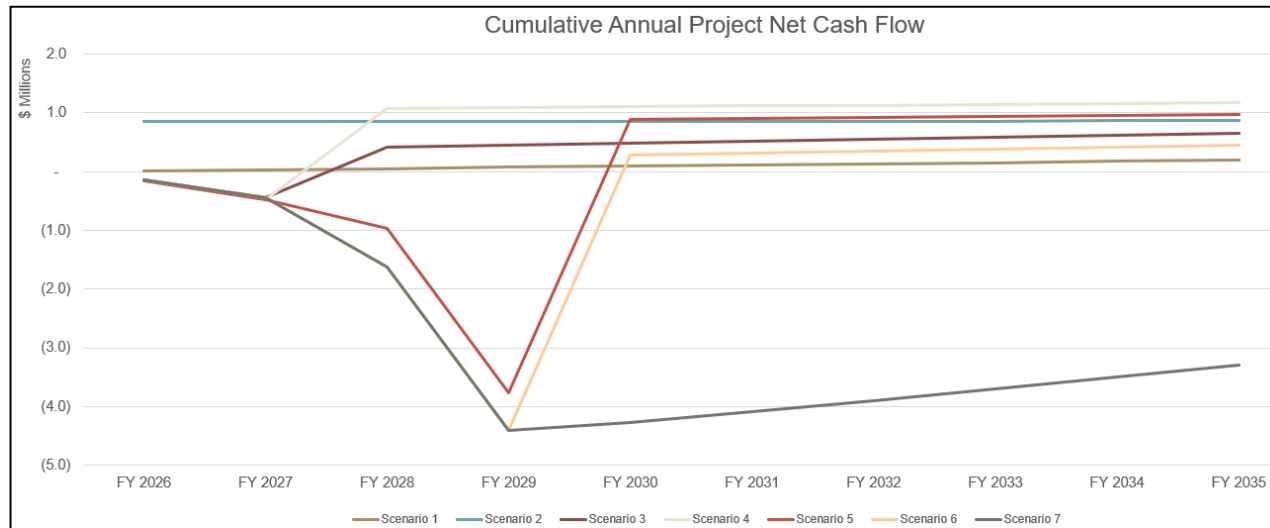


Figure 8. Cumulative Annual Net Cash Flow

9.4. Unrealised Property Value at Forecast End (FY 2035)

Consumer Price Index is assumed as the annual price increase in property values. This is an estimate of long-term housing values increases.

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide 7 lots + build, rent full property	Subdivide 6 lots + build, rent full property
Unrealised Property Value	1,095,420	(0)	863,817	(0)	(0)	863,817	6,278,324	5,276,796
Net Present Value	434,795	(0)	342,867	(0)	(0)	342,867	2,491,997	2,094,470

Table 11. Unrealised Property Value at Forecast End (FY 2035)

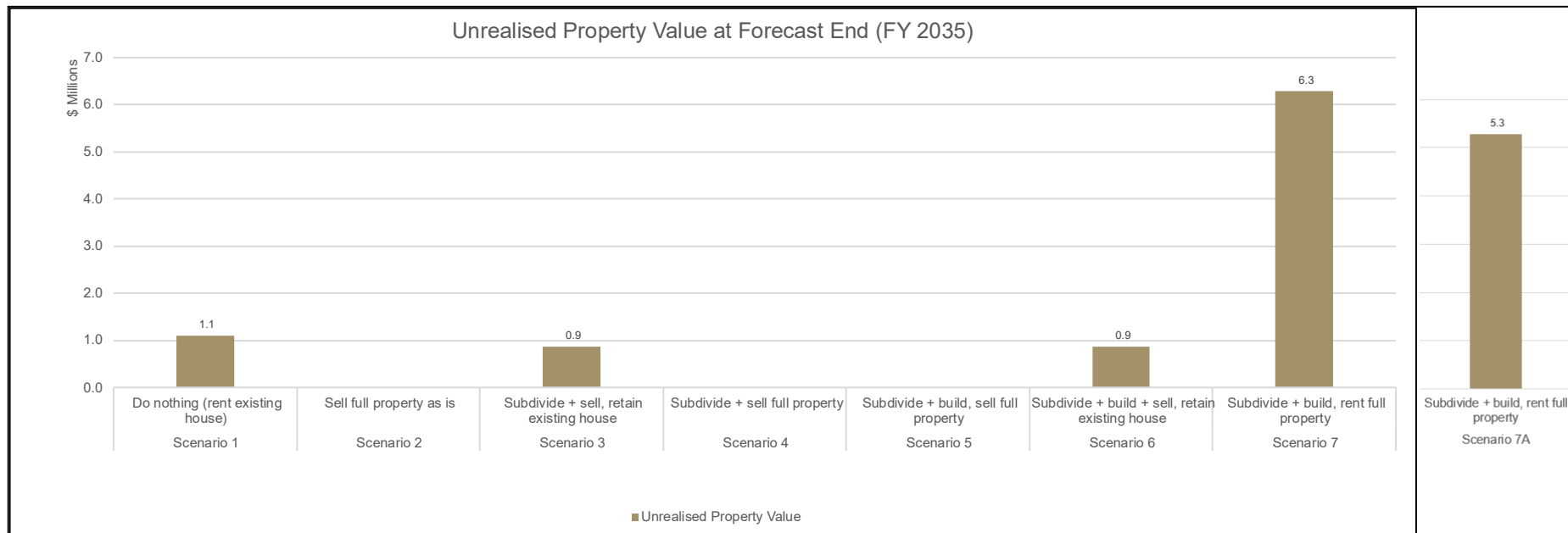


Figure 9. Unrealised Property Value at Forecast End (FY 2035)

9.5. Revenue and Cost Breakdown

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
<i>Council Rates</i>	-	16,760	93,890	108,057	94,451	80,284	-	-
<i>Rent</i>	292,895	-	292,895	-	-	292,895	1,691,876	1,479,373
<i>Sale</i>	-	899,063	1,105,847	1,832,546	5,512,334	4,785,635	-	-
Total Revenue	292,895	915,822	1,458,773	1,906,744	5,606,785	5,158,814	1,691,876	1,479,373
<i>Subdivision cost</i>	-	-	677,547	677,547	677,547	677,547	677,547	666,079
<i>Construction cost</i>	-	-	-	-	3,807,415	3,807,415	3,807,415	3,172,846
<i>Rental cost</i>	96,744	-	96,744	-	-	96,744	511,776	447,438
<i>Selling cost</i>	-	24,724	30,411	50,395	151,589	131,605	-	-
Total Costs	96,744	24,724	804,702	727,942	4,636,552	4,713,312	4,996,739	4,286,363

Table 12. Revenue and Cost Breakdown. Note that figures are GST inclusive.

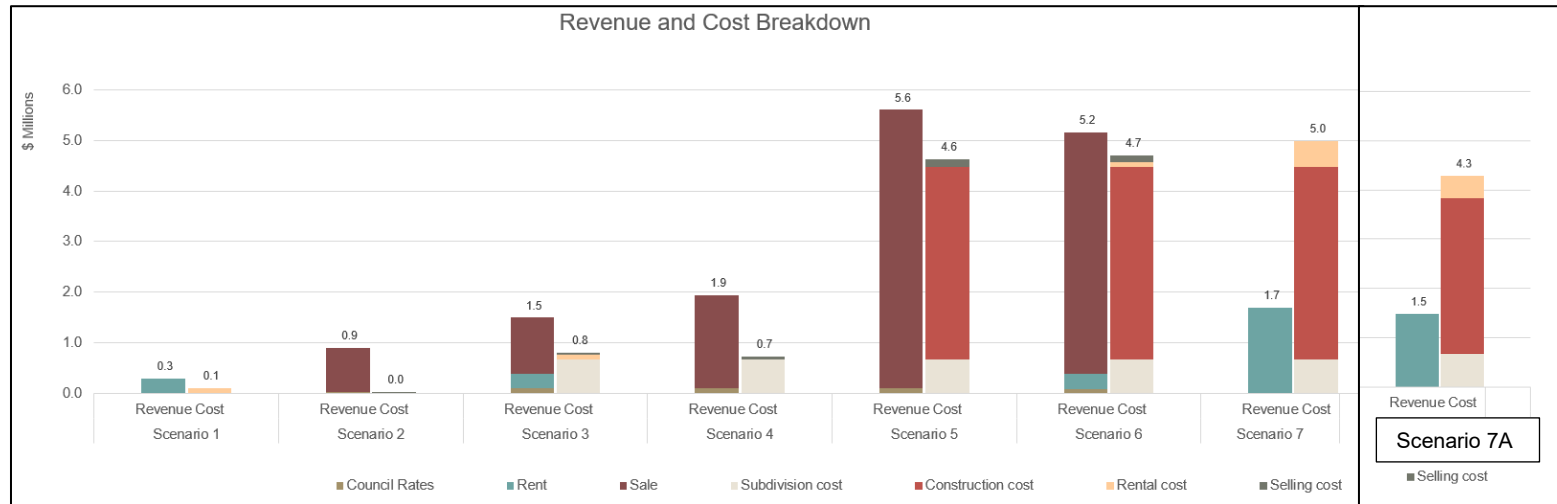


Figure 10. Revenue and Cost Breakdown

9.6. Annual Loan Balance

\$	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
FY 2026	-	-	-	-	-	-
FY 2027	428,202	428,202	428,202	428,202	428,202	420,955
FY 2028	-	-	920,783	1,627,498	1,627,498	1,456,862
FY 2029	-	-	3,654,667	4,397,990	4,397,990	3,770,818
FY 2030	-	-	-	-	4,620,089	3,961,244
FY 2031	-	-	-	-	4,498,620	3,857,098
FY 2032	-	-	-	-	4,369,487	3,746,379
FY 2033	-	-	-	-	4,232,206	3,628,675
FY 2034	-	-	-	-	4,086,262	3,503,543
FY 2035	-	-	-	-	3,931,109	3,370,516

Table 13. Annual Loan Balance

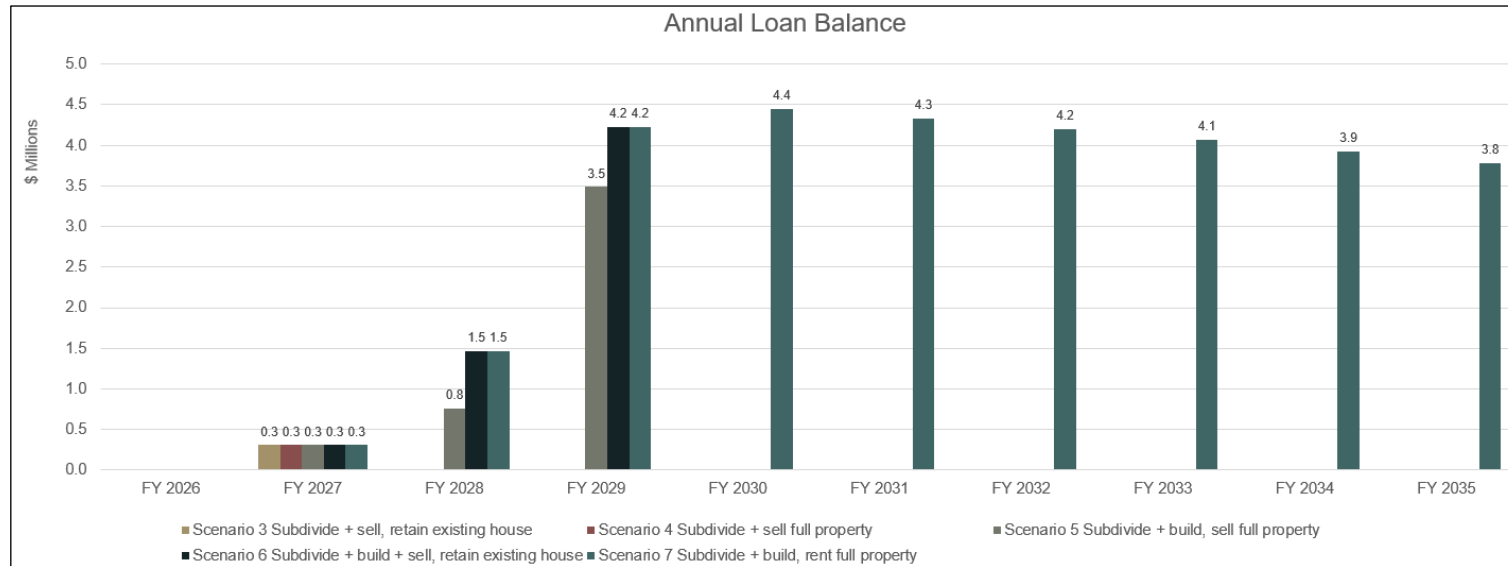


Table 14. Annual Loan Balance

9.7. Net Cash Flow Breakdown

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
Operating Cashflows	196,151	891,098	1,331,618	1,856,349	5,455,196	4,930,465	1,180,100	1,031,935
Investing Cashflows	-	-	(677,547)	(677,547)	(4,484,963)	(4,484,963)	(4,484,963)	(3,838,925)
Financing Cashflows	-	-	(55,973)	(55,973)	(468,704)	(542,850)	2,012,259	1,719,427
Net Cash Flow	196,151	891,098	598,098	1,122,829	501,529	(97,348)	(1,292,604)	(1,087,564)

Table 15. Net Cash Flow Breakdown

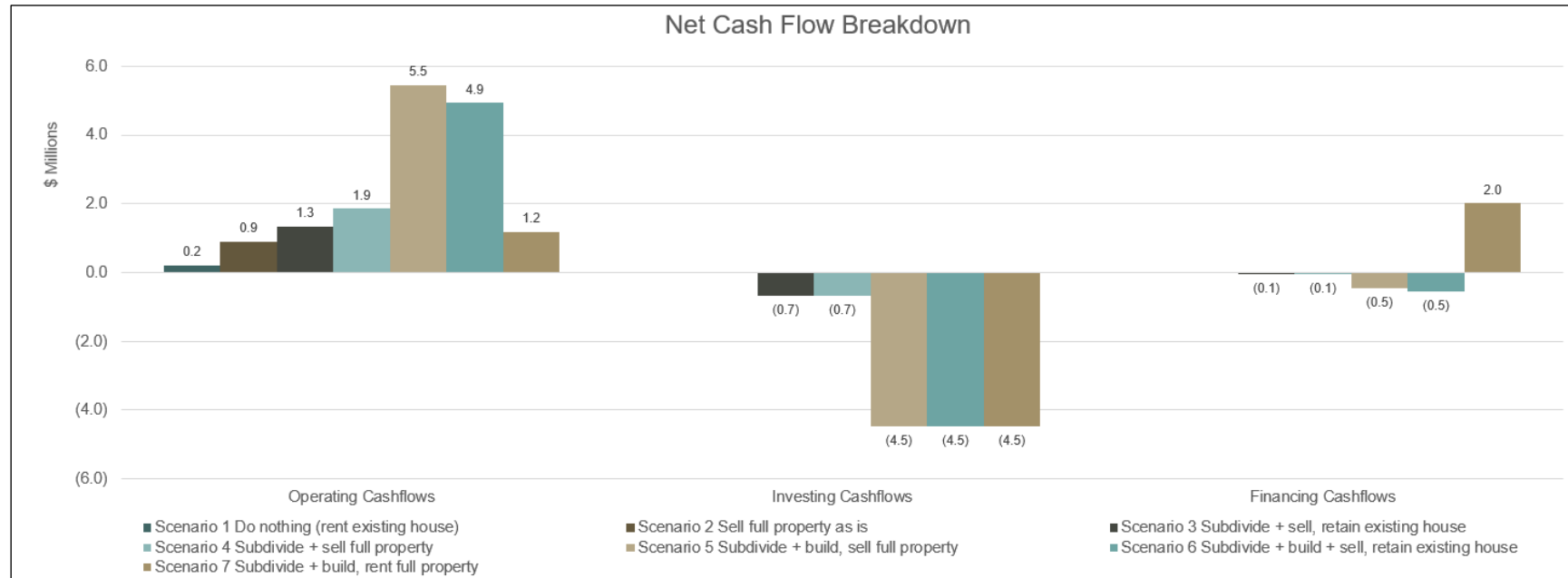


Figure 11. Net Cash Flow Breakdown

9.8. Preferred Scenario

\$	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property (7 houses) Approx.
Net Present Value								
NPV – Unrealised Property Value	434,795	-	342,867	-	-	342,867	2,491,997	2,135,997
NPV – Net Cash Flow	119,929	786,050	400,711	823,847	260,549	(162,586)	(2,645,047)	(2,267,184)
Total Net Present Value	554,724	786,050	743,578	823,847	260,549	180,281	(153,050)	(131,186)
Net Wealth								
Operating Cashflows	196,151	868,267	1,330,088	1,854,670	5,455,047	4,930,465	1,180,100	1,011,515
Investing Cashflows	-	-	(672,386)	(672,386)	(4,479,802)	(4,479,802)	(4,479,802)	(3,839,830)
Financing Cashflows	-	-	(41,734)	(41,734)	(437,645)	(511,790)	1,945,348	1,667,441
Net Cash Flow	196,151	868,267	615,968	1,140,550	537,601	(61,127)	(1,354,353)	(1,160,874)
Unrealised Property Value	1,095,420	-	863,817	-	-	863,817	6,278,324	5,381,421
Total Net Wealth (Cash Flow & Unrealised Property Value)	1,291,571	868,267	1,479,785	1,140,550	537,601	802,690	4,923,971	4,220,547

Figure 12. Scenario Outcomes in 2035

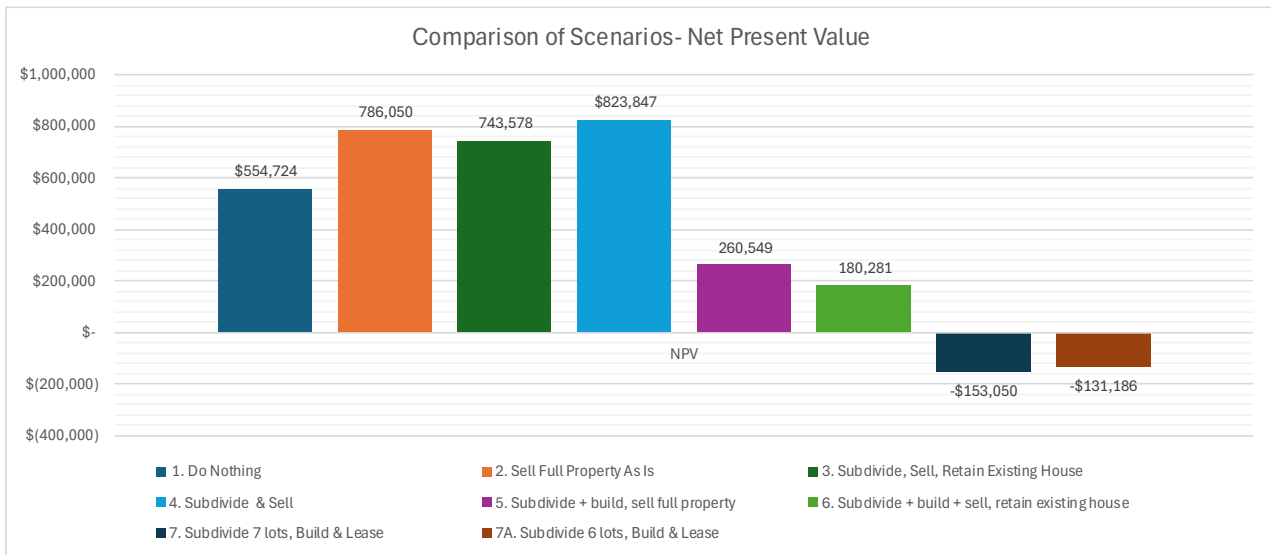


Figure 13. Comparison of Scenarios - Net Present Value

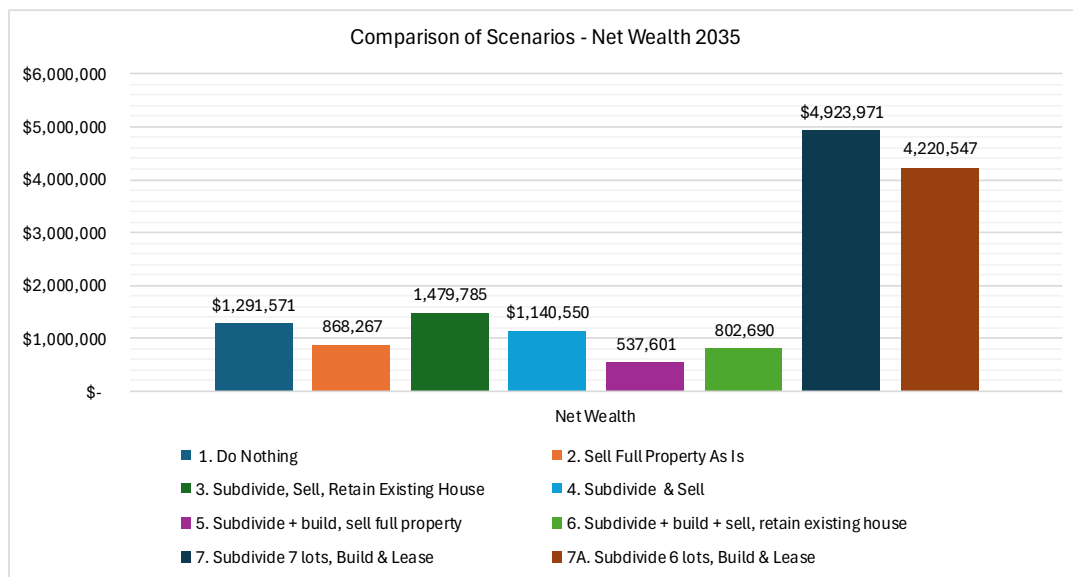


Figure 14. Comparison of Scenarios - Total Net Wealth (2035)

Should debt servicing capacity be the primary constraint, then Scenario 4 - Subdivide + Sell Full Property returns the best net present value with a more modest subdivision cost of \$612k. Under a low debt option, Scenario 3 – Subdivide + Sell, Retain Existing House, provides the best total net wealth position, given this excludes the build scenarios which carry high debt.

To maximise the overall wealth position of the Shire, Scenario 7 - Subdivide + Build, Rent Full Property is clearly the best outcome at \$4,923,971 in terms of net wealth in 2035 in comparison to Scenarios 1 to 6. After 2035 Scenario 7 continues to generate in the order of \$196,000 annually in net rental. It is recommended that this outcome be the adopted outcome should the Shire's debt servicing capacity be sufficient to deliver the subdivision and houses. From a Net Present Value position Scenario 7 is the worst option.

Scenario 7A with one less lot will yield approximately \$4,220,547 net worth in 2035, making this option the best should environmental constraints eliminate proposed lot 7.

Given the strong performance of Scenarios 4 and 5 in terms of Net Present Value these options are also recommended for consideration, along with Scenario 7 & 7A.

9.9. Borrowings, Debt Servicing Capacity and Rates Impact

The following section assesses the Shire's borrowings against rates impact and debt servicing capacity.

9.9.1. Borrowings

On the basis that the Shire carries the full cost of the project, the borrowings needed to support each Scenario are as follows.

Subdivision and House Build Costs (excl. GST)								
Excludes rental and selling costs as these are paid after rent / sale of property.								
Includes subdivision and house build costs only.								
	Scenario 1	Scenario 3	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide 7 lots + build, rent full property	Subdivide 6 lots + build, rent full property
Subdivision	\$ -	\$ -	\$ 615,952	\$ 615,952	\$ 615,952	\$ 615,952	\$ 615,952	\$ 605,526
House Build	\$ -	\$ -	\$ -	\$ -	\$ 3,461,287	\$ 3,461,287	\$ 3,461,287	\$ 2,884,406
Total	\$ -	\$ -	\$ 615,952	\$ 615,952	\$ 4,077,239	\$ 4,077,239	\$ 4,077,239	\$ 3,489,932

Table 16. Subdivision and House Build Costs for All Scenarios

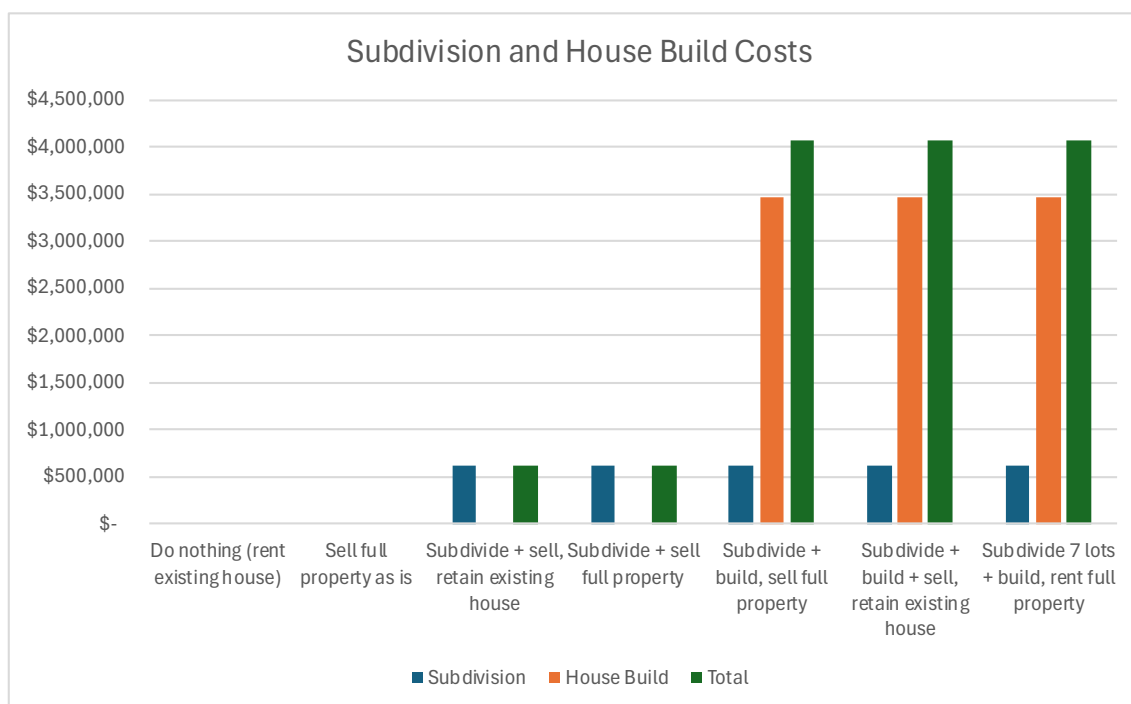


Figure 15. Subdivision and House Build Costs for All Scenarios

For the two preferred Scenarios the rounded borrowings are as follows. Scenario 7A is also shown, with a reduced borrowing compared to Scenario 7.

Scenario	Borrowing Purpose	Amount (excl. GST)
4.	Subdivision	\$ 616,000
7.	Subdivision & Build Housing	\$4,077,000
7A.	Subdivision and Build Housing on 6 lots	\$3,490,000

Table 17. Preferred Scenarios Borrowings

9.9.2. Grant Funds

Grant funds have the potential to lower borrowing costs and will be sought where available. There is alignment with Federal and State Governments’ objectives in bringing houses to the market and grants are made available from time to time which may assist the Shire is achieving its objectives for this property.

Financial project viability is provided showing the positive impact of grant funds for the project in order to minimising the financial impost on rates and maintaining a sustainable debt service coverage ratio.

The section below, in addition to providing analysis on 100% Shire funded loans, includes the beneficial impact of grant funding on the Shire.

Grant funding of 31% of the project (Scenario 7), at \$1,262,630, will leave the Shire in close to a net cash neutral position in the event that it subdivides, builds and leases the properties to earn rental income. Details are shown in Table 16 below. The Shire has applied for grant funding for this development.

9.9.3. Debt Service Coverage Ratio (DSCR) and Rates Impact

An assessment of the Shire’s Debt Service Coverage Ratio as of 2024/25 has been undertaken. The Shire’s Debt Service Coverage stands at 13.07, well above the benchmark basic score of

2.0 and the advanced score of 5.0. The Shire's Financial Health Index (FHI) score is 100/100, indicating the Shire is presently in a sound financial position.

Details of the DSCR, FHI and other Ratios are provided in Appendix F.

The Shire's loan Size, capacity and impact on rates is modelled below for where no grant funding is provided and where grant funding is provided.

LOAN CAPACITY - SUBDIVISION ONLY (SCENARIOS 3 & 4) - NO GRANT FUNDING		
Loan \$	\$	616,000
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	30,800
Interest Repayment	\$	36,344
P + I	\$	67,144
New Income Needed, or Reduced Services Amount	\$	67,144
Rate Increase Needed to Service Loan		1.03%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>	10.63	6.28
LOAN CAPACITY - 7 LOT DEVELOPMENT (SCENARIO 7) - NO GRANT FUNDING		
Loan \$	\$	4,077,000
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	203,850
Interest Repayment	\$	240,543
P + I	\$	444,393
New Income Needed, or Reduced Services Amount	\$	444,393
Rate Increase Needed to Service Loan		6.84%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>	5.19	2.93
From 2030 Following Start of Full Rental Income		
Scenario 7 Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$	196,000
New Income Needed, or Reduced Services Amount Post 2030	\$	248,393
Rate Increase Needed to Service Loan Post 2030		3.82%
LOAN CAPACITY - 6 LOT DEVELOPMENT SCENARIO 7A - NO GRANT FUNDING		
Loan \$	\$	3,490,000
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	174,500
Interest Repayment	\$	205,910
P + I	\$	380,410
New Income Needed, or Reduced Services Amount	\$	380,410
Rate Increase Needed to Service Loan		5.85%
Debt Service Coverage Ratio		
<i>Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.</i>	5.68	3.22
From 2030 Following Start of Full Rental Income		
Scenario 7A Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$	170,000
New Income Needed, or Reduced Services Amount Post 2030	\$	210,410
Rate Increase Needed to Service Loan Post 2030		3.24%

LOAN CAPACITY - SCENARIO 7A - WITH 31% GRANT FUNDING		
Project Cost	\$	3,490,000
Grant % of Total Cost		31%
Grant Amount	\$	1,081,900
Shire Loan	\$	2,408,100
Loan Interest Rate %		5.9%
Term of Loan (yrs)		20
Principal Repayment	\$	120,405
Interest Repayment	\$	142,078
P + I	\$	262,483
New Income Needed, or Reduced Services Amount	\$	262,483
Rate Increase Needed to Service Loan		4.04%
Debt Service Coverage Ratio		
Benchmark Score is 2.0. First Score excludes principle repayment. Second Score includes principle repayment.	6.89	3.94
From 2030 Following Start of Full Rental Income		
Scenario 7 Rental Income from 2030 onwards (13% rental escalation & 75% yield)	\$	170,000
New Income Needed, or Reduced Services Amount Post 2030	\$	92,483
Rate Increase Needed to Service Loan Post 2030		1.42%

Table 18. Shire Loan Size, Capacity and Rates Impact, Without and With Grant Funding

Scenarios 3 & 4 present affordable loan borrowings at an amount of \$67,144 per annum principle and interest repayment, which is equivalent to 1.03% rates income.

Under Scenario 7, without grant funding the Shire's annual expenses for principle and interest repayments are \$203,850 and \$240,543 respectively, or \$444,393 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan. These expenses are equivalent to about a 6.84% rate increase. At this level of borrowing, the Shire's debt service ratio remains above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$196,000 annually in rent, which will go a significant way to offsetting the loan costs, leaving an annual balance of approximately \$248,393, or 3.82% of rates needed to fund the loan.

Under Scenario 7, with grant funding the Shire's annual expenses for principle and interest repayments are \$140,657 and \$165,975 respectively each year, or \$306,631 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan, though to a lesser extent than if no grant funding were available. These expenses are in equivalent to about a 4.72% rate increase. At this level of borrowing, the Shire's debt service ratio remains comfortably above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$196,000 annually in rent, which will go most of the way to offsetting the loan costs, leaving an annual balance of approximately \$110,631, or 1.70% of rates needed to fund the loan.

Under Scenario 7, without grant funding the Shire's annual expenses for principle and interest repayments are \$174,500 and \$205,910 respectively, or \$380,410 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan. These expenses are equivalent to about a 5.85% rate increase. At this level of borrowing, the Shire's debt service ratio remains above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$170,000 annually in rent, which will go a significant way to offsetting the loan costs, leaving an annual balance of approximately \$210,410, or 3.24% of rates needed to fund the loan.

Under Scenario 7A, with grant funding the Shire's annual expenses for principle and interest repayments are \$120,405 and \$142,078 respectively each year, or \$262,483 combined. During this period the Shire would need to curtail other expenditure in order to afford this loan, though to a lesser extent than if no grant funding were available. These expenses are in equivalent to about a 4.04% rate increase. At this level of borrowing, the Shire's debt service ratio remains

comfortably above the benchmark requirement. Once the houses are built and leased the Shire will net approximately \$170,000 annually in rent, which will go most of the way to offsetting the loan costs, leaving an annual balance of approximately \$92,483, or 1.42% of rates needed to fund the loan.

9.10. Project Budget

The project budget is as follows for approvals, design and construction.


LOT 43 EASTCOTT ST		BUDGET	15/01/2026	
STAGE	ITEM	AMOUNT (excl. GST)		
Initiation				
Information	Survey/Utilities			
	Layout			
Project Development	Project Management			
	Sub-total			\$ 62,000
Planning				
Subdivision	Plan and Application			
Engineering	Design and Approvals - includes Utilities			
Housing	Procurement D&C			
Project Management	Project Management			
	Sub-total			\$ 239,000
Execution				
Subdivision	Site Works Construction			
	Utilities Construction			
	Project Management			
Housing (Design & Construct)	Housing Construction			
	Project Management			
	Sub-total			\$ 3,763,000
Handover				
Houses	Occupancy			
	Project Management			
	Sub-total			\$ 13,000
	TOTAL			\$ 4,077,000

Figure 16. Project Budget

9.11. Sensitivity and Risk

The project has added a 15% contingency margin for the subdivision and housing costs.

To arrive at a figure for the housing build a more conservative estimate of housing costs has been used based on local real estate expertise, in comparison to the Rawlinson's standard price estimates for housing in regional areas of WA.

An inherent risk mitigation for the project is that the properties can be sold at any stage post subdivision or post build, to recoup funds should there be a cash flow need or other priorities for Shire funds. For Scenario 7 the construction of the houses would be ordered so that the freehold lot houses are built first, so that should the need to sell arise there are houses ready for sale. It is noted that Scenario 7A is a subset of Scenario 7 in that it will carry less overall borrowings while still retaining the ability to sell lots should the need arise.

To quantify financial risk associated with the project, sensitivity assessment has been undertaken, which looks at a worst- and best-case outcomes. Sensitivity inputs are shown below, and outcomes

are shown on the following pages. Scenarios 3, 4, 7, & 7A remain the preferred scenarios under sensitivity and risk assessment.

Sensitivities

Selected Case	Select	Case 2			
		Case 2 Base Case	Case 1 Worst Case	Case 2 Base Case	Case 3 Best Case
Rates revenue	%	-	(3.00%)	-	2.00%
Weekly rent	%	-	(10.00%)	-	5.00%
Sale price	%	-	(10.00%)	-	5.00%
Subdivision cost	%	-	15.00%	-	(10.00%)
Construction cost	%	-	15.00%	-	(10.00%)
Rental cost	%	-	10.00%	-	(5.00%)
Selling cost (additional to 2.75%)	x%+y%	-	1.00%	-	(1.00%)

Table 19. Sensitivity Inputs

9.11.1. Sensitivity Analysis - Net Present Value

Net Present Value (\$)	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
Worst Case	102,016	656,859	236,562	618,982	(595,321)	(977,741)	(3,205,965)	(2,741,762)
Base Case	119,929	736,564	412,720	835,968	271,547	(151,701)	(2,634,163)	(2,249,074)
Best Case	128,886	780,950	518,567	965,571	778,799	331,794	(2,267,166)	(1,933,106)

Table 20. Sensitivity Analysis - Net Present Value

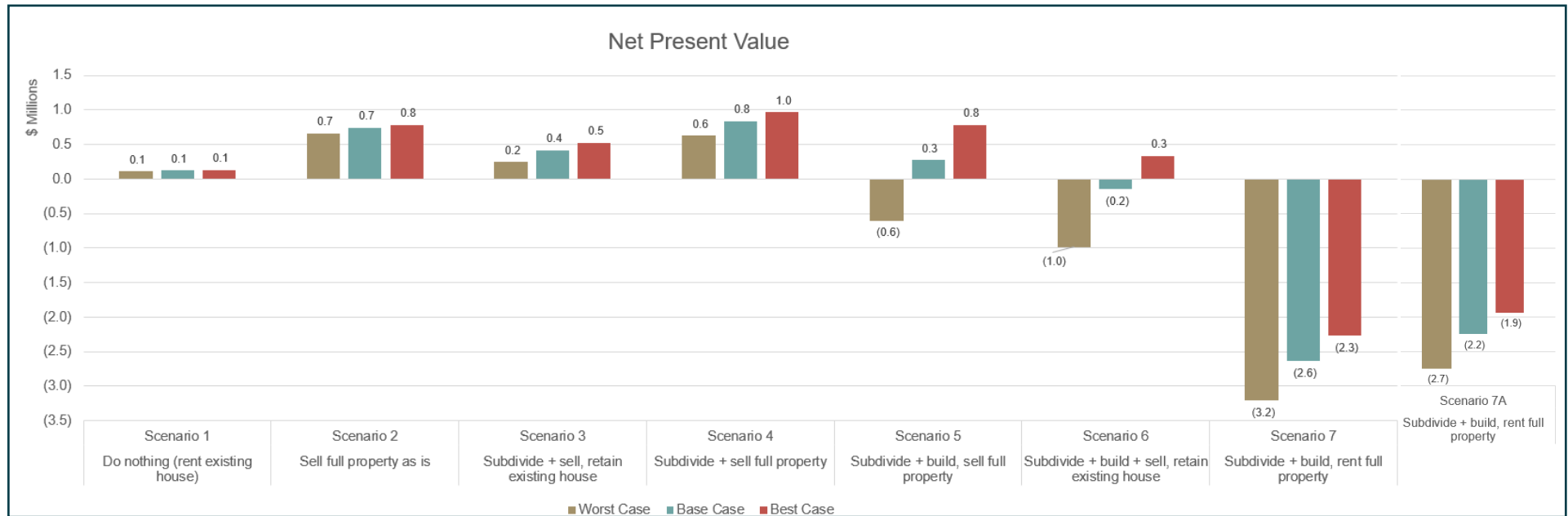


Figure 17. Sensitivity Analysis - Net Present Value

9.11.2. Sensitivity Analysis - Net Cash Flow

Net Cash Flow (\$)	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
Worst Case	166,853	795,070	421,612	898,004	(291,030)	(767,423)	(4,142,140)	(3,526,691)
Base Case	196,151	891,098	654,070	1,178,801	970,233	445,502	(3,304,862)	(2,806,990)
Best Case	210,800	944,590	792,803	1,346,134	1,700,646	1,147,314	(2,774,100)	(2,351,167)

Table 21. Sensitivity Analysis - Net Cash Flow

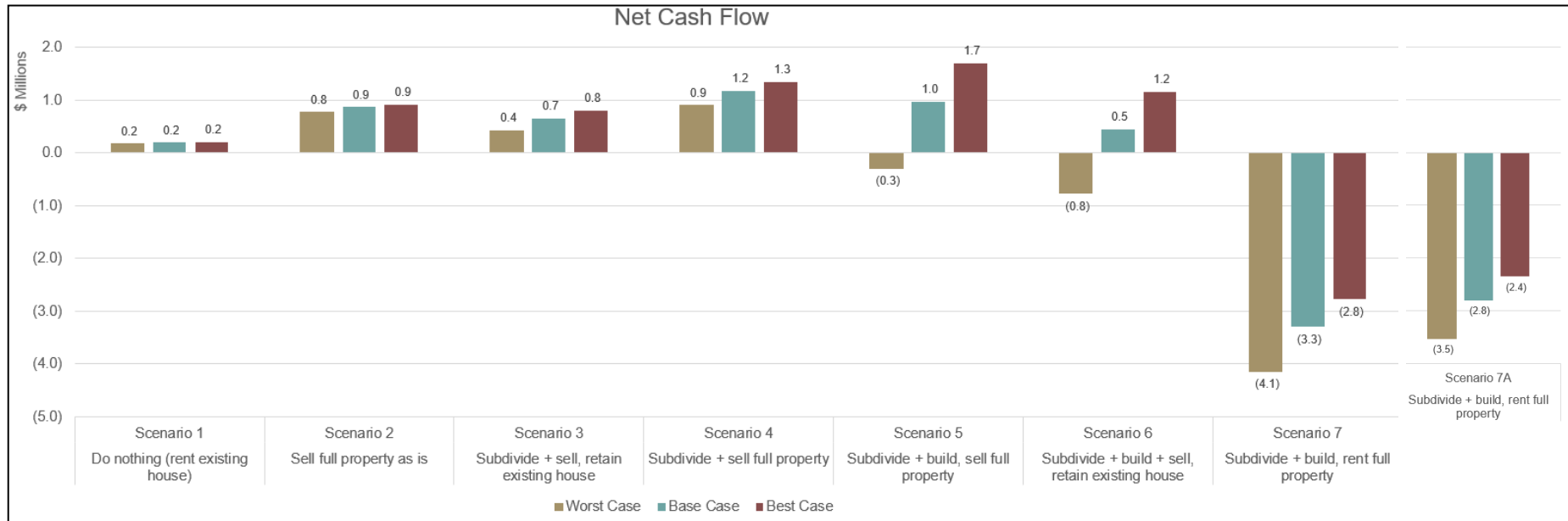


Figure 18. Sensitivity Analysis - Net Cash Flow

9.11.3. Sensitivity Analysis - Summary

Case 1	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
Worst Case	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
Total Revenue	263,606	825,413	1,334,866	1,739,032	5,052,718	4,648,552	1,522,689	1,331,436
Total Cost (excl. financing costs)	96,753	30,343	913,255	841,028	5,343,749	5,415,975	5,664,829	4,858,127
NCF	166,853	795,070	421,612	898,004	(291,030)	(767,423)	(4,142,140)	(3,526,691)
NPV	102,016	656,859	236,562	618,982	(595,321)	(977,741)	(3,205,965)	(2,741,762)

Case 2	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
Base Case	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
Total Revenue	292,895	915,822	1,458,773	1,906,744	5,606,785	5,158,814	1,691,876	1,479,373
Total Cost (excl. financing costs)	96,744	24,724	804,702	727,942	4,636,552	4,713,312	4,996,739	4,286,363
NCF	196,151	891,098	654,070	1,178,801	970,233	445,502	(3,304,862)	(2,806,990)
NPV	119,929	736,564	412,720	835,968	271,547	(151,701)	(2,634,163)	(2,249,074)

Case 3	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 7A
Best Case	Do nothing (rent existing house)	Sell full property as is	Subdivide + sell, retain existing house	Subdivide + sell full property	Subdivide + build, sell full property	Subdivide + build + sell, retain existing house	Subdivide + build, rent full property	Subdivide + build, rent full property
Total Revenue	307,540	961,110	1,519,655	1,989,600	5,838,402	5,368,457	1,776,470	1,553,342
Total Cost	96,740	16,520	726,852	643,466	4,137,756	4,221,142	4,550,570	3,904,509
NCF	210,800	944,590	792,803	1,346,134	1,700,646	1,147,314	(2,774,100)	(2,351,167)
NPV	128,886	780,950	518,567	965,571	778,799	331,794	(2,267,166)	(1,933,106)

Table 22. Sensitivity Analysis - Summary

10. Project Delivery

Project delivery will be directed by the Shire with full internal accounting. Professional project management, design and construction capabilities will be outsourced through Shire procurement processes.

Project Director / Design Lead:

Name: **Mark Goodlet**
Company: Shire of Waroona
Qualifications: Civil Engineering Degree
Master of Project Management
Post-graduate Certificate of Business
Membership: Chartered Professional Engineers 2029851 Engineers Australia
Recent Projects:

The Shire of Waroona has strong project delivery capabilities, having delivered the \$7m award winning (Planning Institute of WA https://www.linkedin.com/posts/mark-goodlet-48b2935a-waroonaisprettychuffedwiththisoneactivity-7399672503859703808-jalD?utm_source=share&utm_medium=member_desktop&rcm=ACoAAAx_5-sB3zHL8HayXOJk6VY5zElfOmpBVXq) Waroona Community Precinct in 2025.

Project Manager:

Company Name: Successful Projects
Company Overview: at Website link <https://successfulprojects.com.au/project-management/>

Project Management Perth

Successful Projects provide project management services in Perth metropolitan and regional areas in WA. We have provided services in Albany, Broome, Pt Hedland. We cover areas of Kimberley, Pilbara, Gascoyne, Mid West, Wheatbelt, Peel, South West, Great Southern, Goldfields–Esperance and Perth across commercial, health, residential, local and state government and land development sectors



Client Side Project Managers

As experienced client side project managers, we act as the client's representative to oversee the successful delivery of their projects from initiation to practical completion. Our comprehensive service includes stakeholder communications, consultant coordination, procurement, tender management, contract administration, and project delivery.



Project Superintendent

Our **Superintendent services** provide expert administration of the Contract in accordance with AS4000 AS2124 AS 4902 AS4300 contracts and others. We provide independent assessments in quality of workmanship, assess progress claims, variations, extensions of time and issue progress certificates.



Program Management And Controls

We bring the tools and expertise to develop and maintain an integrated master program for the portfolio of projects providing program advice at each stage of the project including schedule management, program change, impacts of risks and constraints, and staging and buildability considerations.



Project Management Systems

We setup the Project Management Framework, establish Project Management Office and implement Project Management Systems tools and processes to guide the project from concept development through to project handover and final completion.



Procurement Advice

We advise on the right contract for the project following Australian Standards – AS4000, AS2124, AS4902, amended contracts, GMP, Managing Contractor, ECI, Alliance Contracting.

Construction Project Management

At Successful Projects, our client side project managers are experienced in construction project management. Our project managers are registered builders, and/or have extensive Construction industry experience. We specialise in providing project management consultancy services for companies small, medium to complex, large-scale construction projects within the construction industry and we have the skills and experience necessary to bring the construction process to success.

Our Experience



Commercial Construction

We are experienced across a range of projects for commercial office buildings, sporting centres and clubrooms, aquatic centres, parks, ovals, carparking, foreshore redevelopments, mall upgrades, and administration buildings, providing project management and clerk of works services.



Health

We project manage hospital refurbishments, ward upgrades and extensions, laboratory processing centres, and project manage aged care centres.



Residential

We have teams with extensive experience in delivering apartment blocks ranging from state housing projects, community housing, high rise residential apartments and luxury private residence.



Local Government

We work with our clients in local government to develop a program of works to support forward estimating, planning and stakeholder communications. This includes business cases, feasibility studies, funding applications and alignment with budgets, masterplans and community needs and expectations.



State Government

We deliver project management and Inspector of Works services for various government agencies including health, education, sport and recreation, environmental approvals (native title, flora and fauna), biodiversity, subdivisions, single and multi-storey residential housing.



Subdivision

We manage consultant teams to complete environmental studies and native title requirements to gain clearances and approvals, including and installation of utilities and infrastructure (power, communications, water, sewer, roads) and coordinate the issuance of titles.



ASIC
Australian Securities & Investments Commission

Record of Registration for Business Name

Business name information for:

SUCCESSFUL PROJECTS

This Record of Registration contains information recorded on the Australian Securities and Investments Commission's (ASIC) register under section 33(8) of the Business Names Registration Act 2011.

Date: 8 August 2011
Next renewal date: 8 August 2026

Record of registration issued by the Australian Securities and Investments Commission on 10 July 2023

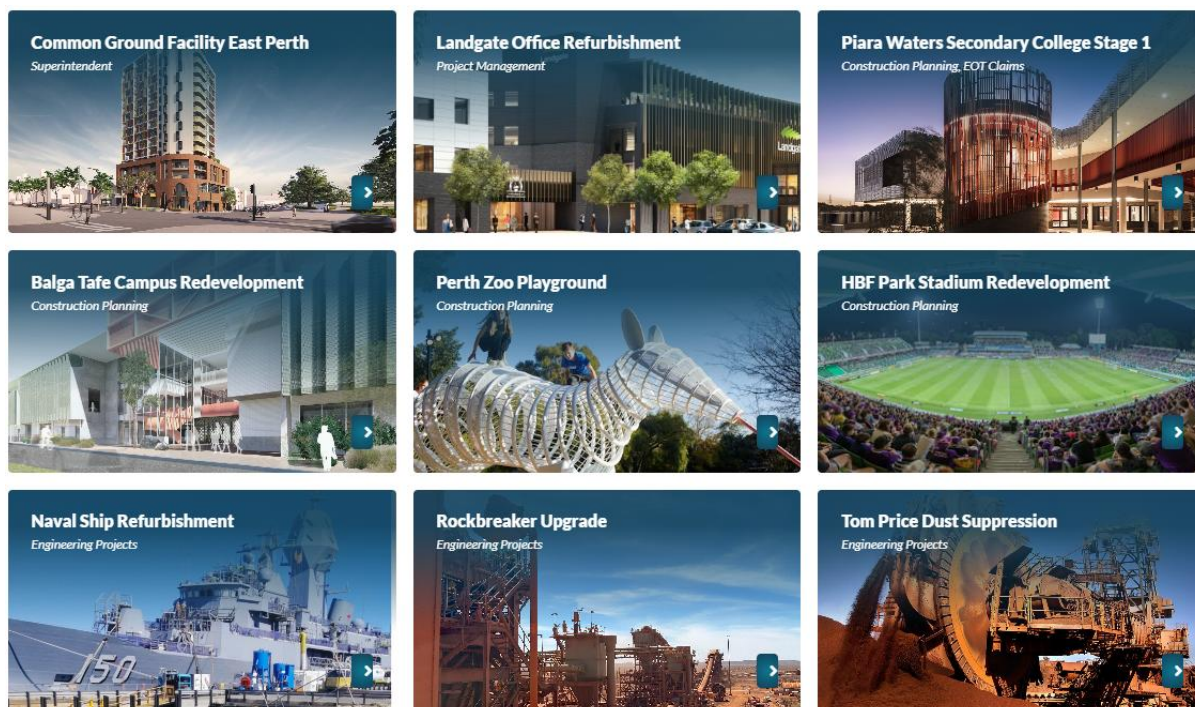
Registry
Officer
Registry Services
On behalf of Australian Securities and Investments Commission

RECORD OF REGISTRATION

Examples of Projects

Project Management Highlights





Construction procurement will be tendered and carried out through Successful Projects, to acquire reputable and suitably qualified contractors, as well as to ensure accountable and transparent tender processes. The Shire has made initial contact with potential companies including the Rural Building Company (<https://www.ruralbuilding.com.au/?region=perth-metro>) to understand regional building availability and capabilities.

11. Summary and Recommendations

The analysis undertaken for the development of lot 43 Eastcott St, Waroona has assessed not only the costs and benefits of development in various scenarios, but also the impact of continuing on the same path (Scenario 1). There is a clear financial benefit to the Shire to develop and lease the property. Risk can be mitigated should there be the need to liquidate through sale of individual lots.

Importantly this development provides housing potentially for key workers, which aligns with the needs of the district and the goals of the State Government.

It is recommended that the Shire undertake consultation on a business plan based on Scenarios 3, 4 & 7 or 7A where the seventh lot is not able to be developed. While a like-for-like financial assessment of the project has been modelled it is recommended that the impact of borrowing costs be assessed and included in the business plan when available.

Appendices

Appendix A – Certificate of Title




TITLE NUMBER	
Volume	Folio
2841	1000

RECORD OF CERTIFICATE OF TITLE UNDER THE TRANSFER OF LAND ACT 1893

The person described in the first schedule is the registered proprietor of an estate in fee simple in the land described below subject to the reservations, conditions and depth limit contained in the original grant (if a grant issued) and to the limitations, interests, encumbrances and notifications shown in the second schedule.

BGRoberts
REGISTRAR OF TITLES



LAND DESCRIPTION:

LOT 43 ON DEPOSITED PLAN 72375

REGISTERED PROPRIETOR: (FIRST SCHEDULE)

SHIRE OF WAROONA OF 52 HESSE STREET, WAROONA

(AF M792927) REGISTERED 10/10/2014

LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS: (SECOND SCHEDULE)

Warning: A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
Lot as described in the land description may be a lot or location.

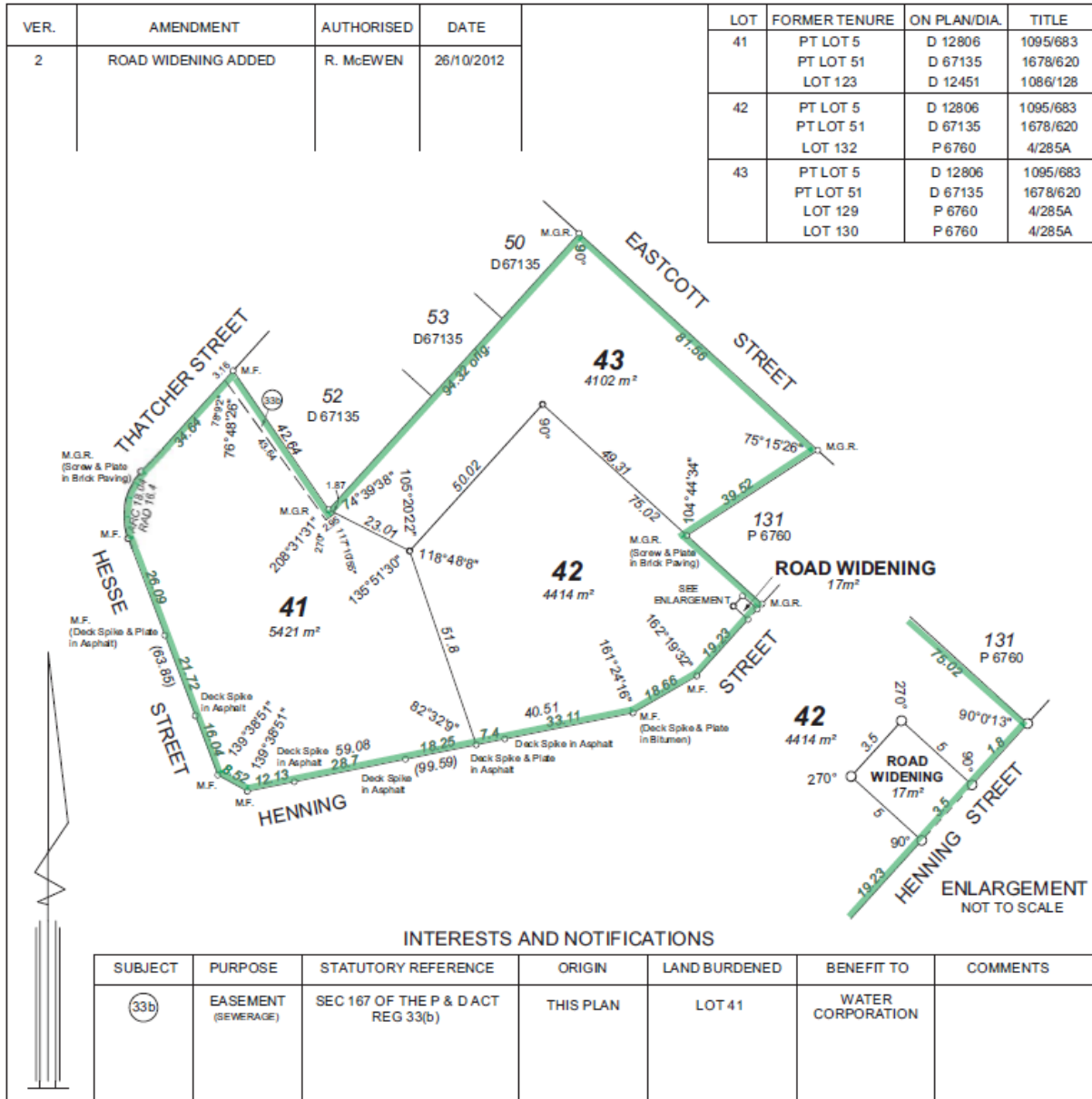
-----END OF CERTIFICATE OF TITLE-----



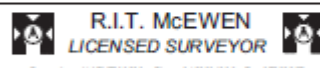
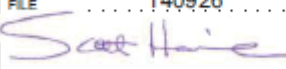
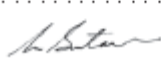

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND:	DP72375
PREVIOUS TITLE:	1086-128, 1095-683, 1678-620, 2850-396
PROPERTY STREET ADDRESS:	1 EASTCOTT ST, WAROONA.
LOCAL GOVERNMENT AUTHORITY:	SHIRE OF WAROONA

Appendix B – Deposited Plan



TYPE FREEHOLD		HELD BY LANDGATE IN DIGITAL FORM ONLY.
PURPOSE SUBDIVISION		
PLAN OF LOTS 41, 42, 43, ROAD WIDENING AND EASEMENT		
DISTRICT MURRAY FILE		SPECIAL SURVEY AREA NO
TOWNSITE WAROONA		
LOCAL AUTHORITY SHIRE OF WAROONA LOCALITY WAROONA		
FORMER TENURE SEE TABLE	ON INDEX BG 32 (2) 17.06 & BG 32 (2) 18.06	FIELD BOOK 118263
SCALE: 1 : 1,000 AT A3 SIZE		
		
ALL DISTANCES ARE METRES		
SURVEYOR'S CERTIFICATE - Reg 54		
I, <u>ROBERT I.T. McEWEN</u> hereby certify that this plan is accurate and is a correct representation of the - (a) survey; and/or (b) calculations from measurements, undertaken for the purposes of this plan and that it complies with the relevant written law(s) in relation to which it is lodged. <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Licensed Surveyor </div> <div style="text-align: center;"> <small>Digital signed by Robert McEwen CN: Robert I.T. McEwen, O:RT McEwen & Sons Pty Ltd, OU: 11413823, email: r.mcewen@waroona.wa.gov.au</small> Date: <u>25-10-2012</u> </div> </div>		
LODGED DATE: <u>21-Sep-12</u> FEE PAID: <u>\$440.00</u> ADDRESS NO.: <u>11413823</u>	TYPE OF VALIDATION FULL AUDIT LEGAL COMPONENT: <u>M. Schofield</u> DCKET: <u>TRIM</u> CERTIFIED CORRECT: <u>M. Schofield</u> DATE: <u>16-10-12</u> I.S.C. F.A.C.	<div style="text-align: center;">  R.I.T. McEWEN LICENSED SURVEYOR <small>Practising License No. 6201 Phone 083081306 Fax 08308307</small> </div> APPROVED BY WESTERN AUSTRALIAN PLANNING COMMISSION FILE: <u>140926</u>  DATE: <u>22-Nov-2012</u> DELEGATED UNDER S.16 P & D ACT 2005
IN ORDER FOR DEALINGS SUBJECT TO <u>Section 167 of the P & D Act.</u> <u>Section 168(3) of the P & D Act.</u>  DATE: <u>23-Nov-2012</u>		DEPOSITED PLAN <div style="font-size: 2em; font-weight: bold; text-align: center;">72375</div> SHEET <u>1</u> OF <u>1</u> VERSION <u>2</u>
APPROVED  DATE: <u>10/10/2014</u>		

Appendix C – WALGA GST and Capital Gains Tax Advice

From: The WALGA Tax Team <walgatax@moore-australia.com.au>

Sent: Tuesday, 28 October 2025 8:27 AM

To: xxx <xxx>

Subject: I32184 - FM.20 - RE: Shire of Waroona - Advice on GST and Capital Gains Tax

Hi xxx,

Thank you for submitting your support request to the WALGA Tax Service.

Local governments are income tax exempt and therefore also not subject to capital gains tax. The GST treatment of property transactions can hinge on subtle differences in the nature and history of the property, but we've outlined below the general principles to help guide your understanding.

- **Vacant Land:** The sale of vacant land is generally subject to GST.
- **New Residential Premises:** If new houses are constructed on the land, their sale will also be subject to GST.
- **Existing Residential Premises:** The sale of existing residential premises (typically held for more than five years) is generally input taxed. This means GST is not charged on the sale, and GST credits cannot be claimed on associated costs.

Assuming Lot 43 Eastcott Street, Waroona, has been held by the Shire since before 1 July 2000, the **margin scheme** may be available to calculate any GST liability. Broadly, this allows GST to be calculated as 1/11th of the difference between the land's value as at 1 July 2000 and the sale price. Where the land is subdivided, the value can be apportioned across the lots. The margin scheme has specific eligibility requirements, so please let us know if you'd like more details.

Based on this framework, here is how GST would generally apply to the scenarios you outlined:

1. **Subdivide and sell the lots unbuilt, retaining the existing house**
 - GST applies to the sale of the vacant lots.
 - If eligible, the margin scheme may be used.
2. **Subdivide and sell the lots unbuilt, and sell the existing house**
 - GST applies to the sale of the vacant lots.
 - If eligible, the margin scheme may be used.
 - The sale of the existing house is input taxed.
3. **Subdivide, build houses on the lots, and sell all including the existing house**
 - GST applies to the sale of the new houses as they are "new residential premises".
 - If eligible, the margin scheme may be used.
 - GST credits should be available on construction costs.
 - The sale of the existing house is input taxed.
4. **Subdivide, build houses on the lots, and sell only the new houses**
 - GST applies to the sale of the new houses.
 - If eligible, the margin scheme may be used.

- GST credits should be available on construction costs.

Please let us know if you'd like to explore any of these scenarios further or require assistance with applying the margin scheme.

We hope that this general information meets your needs. If your issue requires comprehensive tax advice, a private ruling, or a tax compliance review; subscribers can access these services by contacting the WALGA Tax Team at Moore Australia direct.

Kind regards

The WALGA Tax Team

Moore Australia (WA) Pty Ltd



+61 8 9225 5355

Level 15 Exchange Tower
2 The Esplanade, Perth WA 6000

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From: xxx

Sent: Friday, 24 October 2025 4:01 PM

To: walgatax@moore-australia.com.au

Subject: Shire of Waroona - Advice on GST and Capital Gains Tax

Good afternoon

I am seeking some advice on GST and capital gains tax when subdividing a property.

The Shire of Waroona is considering subdividing, building housing and selling Lot 43 Eastcott Street, Waroona, which it owns freehold. This site is 4,102m², R30, and contains an existing house, which is currently tenanted.



The lot layout option under consideration is for 5 strata lots (1 to 5) and two green title lots (6 & 7) as depicted below.



The lot sizes are in approximately as follows:

Strata lot 1	= 350 m ²
Strate lots 2 to 5	= 334 m ² each
Green title lots 7 & 8	= 365 m ² each

The Shire wishes to understand the GST and any capital gains tax implications for the following scenarios –

- Subdivide and sell the lots unbuilt and retain the existing house
- Subdivide and sell the lots unbuilt and sell the existing house
- Subdivide and build houses on the lots and sell, including the existing house
- Subdivide and build houses on the lots and sell, excluding the existing house

Can you please advise if you are able to assist with this?

Your help would be greatly appreciated.

Kind regards
xxx

xxxx
Manager Corporate Services
52 Hesse Street | PO Box 20 Waroona WA 6215



T: +61 8 9733 7800
 E: xxx
 W: www.waroona.wa.gov.au

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Appendix D - Subdivision Costs

LOT 43 EASTCOTT STREET SUBDIVISION ONLY COSTS					
https://www.landdivision.com.au/resources/subdivision-costs/					
Item	Req'd for this Property	Quantity	Units	Rate (excl. GST)	Price (excl. GST)
Lands					
Certificate of Title	Yes	1		\$ 29.64	\$ 29.64
Deposited Plan	Yes	1		\$ 29.64	\$ 29.64
Stamp Duty on Property	No	0		\$ 17,765.00	\$ -
Mortgage Registration	No	0		\$ 216.60	\$ -
Transfer Fee	No	0		\$ 306.60	\$ -
Project Management					
	Yes	1	%	3%	\$ 105,000.00
Civils				\$ 264.00	
Site Inspection	Yes	1	hr	\$ 264.00	\$ 264.00
Dial-Before-U-Dig	Yes	1	ea.	\$ 100.00	\$ 100.00
Locate Existing Services	Yes	1	ea.	\$ 1,500.00	\$ 1,500.00
Design	Yes	1	ea.	\$ 60,000.00	\$ 60,000.00
Footpath	No	0	m ²	\$ 100.00	\$ -
Crossover	Yes	28	m ²	\$ 110.00	\$ 3,080.00
Driveway	Yes	304	m ²	\$ 110.00	\$ 33,440.00
Relocate Fence	Yes	58	m	\$ 70.00	\$ 4,060.00
New Fence	Yes	70	m	\$ 85.00	\$ 5,950.00
Retaining Walls	Yes	104.9	m ²	\$ 450.00	\$ 47,205.00
Site Works	Yes	8	ea.	\$ 3,500.00	\$ 28,000.00
Drainage pits & Pipes	Yes	4	ea.	\$ 3,500.00	\$ 14,000.00
ASS - Desktop assessment and site inspection					
ASS - Desktop assessment and site inspection	Yes	1	ea.	\$ -	\$ -
Geotech Assessment	Yes	1	ea.	\$ 5,000.00	\$ 5,000.00
Power					
Design information package	Yes	1	ea.	\$ 264.00	\$ 264.00
Design conformance review per stage	Yes	1	ea.	\$ 264.00	\$ 264.00
plus per lot/streetlight	No	0	ea.	\$ 264.00	\$ -
Design re-conformance review per stage	No	0	ea.	\$ 264.00	\$ -
plus per lot/streetlight	No	0	ea.	\$ 264.00	\$ -
Site Plan with Green Dome Location	Yes	3	ea.	\$ 350.00	\$ 1,050.00
Site Photos	Yes	10	ea.	\$ -	\$ -
Single Line Diagram	Yes	1	ea.	\$ 1,320.00	\$ 1,320.00
Neighbours Authority (if it affects them)	No	0	ea.	\$ 264.00	\$ -
Strata Company Permission (if applicable)	No	0	ea.	\$ 264.00	\$ -
Application fee - \$497.42	Yes	1	ea.	\$ 497.42	\$ 497.42
Design fee*:	Yes	1	ea.	\$ 5,000.00	\$ 5,000.00
Standard - \$1,320	Yes	1	ea.	\$ 264.00	\$ 264.00
Detailed - \$3,300	No	0	ea.	\$ 264.00	\$ -
Complex - \$6,600	No	0	ea.	\$ 264.00	\$ -
Construction - we will provide you with a quote	Yes	1	ea.	\$ 25,000.00	\$ 25,000.00
Cancellation fee - \$550	No	0	ea.	\$ 264.00	\$ -
Stata Lots Switchboard	No	0	ea.	\$ 1,500.00	\$ -
Electrical Consultant	Yes	1	ea.	\$ 15,000.00	\$ 15,000.00

Local Government Fees and Charges					
Demolition	No	0	ea.	\$ -	\$ -
Application Fees					
Development Planning Application Fee	No	0	ea.	\$ -	\$ -
Building Permit Application Fee	No	0	ea.	\$ 115.50	\$ -
Building Services Levy and the Building Construction Training Fund Levy	Yes	5500000	ea.	0.182%	\$ 10,000.00
Subdivision Clearance	Yes	1	ea.	\$ 470.00	\$ 470.00
Determining an Application for Home Occupation Application	No	0	ea.	\$ 222.00	\$ -
Demolition Cost	No	0	ea.	\$25,000.00	\$ -
Rates (GST exempt)	No	0	ea.	\$ 2,000.00	\$ -
Water	Yes	8	ea.	\$ 727.27	\$ 5,818.18
Survey					
Site Survey and Peg	Yes	1		\$ 3,500.00	\$ 3,500.00
Subdivision Plan	Yes	1		\$ 10,000.00	\$ 10,000.00
Application to Lands	Yes	1		\$ 500.00	\$ 500.00
Western Australian Planning Commission (GST exempt)					
WAPC Form 1A - Application for Approval of freehold, survey-strata or leasehold (survey-strata) subdivision					
Amalgamation only	No	0	ea.	\$ 2,700.00	\$ -
2 lots up to and including 100 lots \$3,743 plus \$83 per lot	Yes	1		\$ 3,743.00	\$ 3,743.00
No. of Lots	Yes	8		\$ 83.00	\$ 664.00
101 lots and greater \$12,043 plus \$28 per lot for every lot in excess of 100 lots	No	0		\$ 12,043.00	\$ -
No. of Lots	No	0		\$ 28.00	\$ -
WAPC Form 2A - Amended plan/s for application for approval of freehold, survey-strata or leasehold (survey-strata) subdivision					
Amalgamation \$919	No	0		\$ 919.00	\$ -
2 lots up to and including 100 lots \$1,364 plus \$27 per lot	No	0		\$ 1,364.00	\$ -
No. of Lots	No	0		\$ 27.00	\$ -
101 lots and greater \$4,064 plus \$4 per lot for every lot in excess of 100 lots	No	0		\$ 4,064.00	\$ -
No. of Lots	No	0		\$ 4.00	\$ -
Form 3A – Request for reconsideration of WAPC decision to approve/refuse e freehold, survey-strata or leasehold (survey-strata) subdivision					
Amalgamation \$1,257	No	0		\$ 1,257.00	\$ -
2 lots up to and including 100 lots \$1,540 plus \$33 per lot	No	0		\$ 1,540.00	\$ -
No. of Lots	No	0		\$ 33.00	\$ -
101 lots and greater \$4,840 plus \$6 per lot for every lot in excess of 100 lots	No	0		\$ 4,840.00	\$ -
No. of Lots	No	0		\$ 6.00	\$ -
Form 1C – Application for endorsement of deposited plan, survey-strata plan, or leasehold (survey- strata) plan					
Amalgamation \$627	No	0		\$ 627.00	\$ -
2 lots up to and including 100 lots \$701 plus \$8 per lot	Yes	1		\$ 701.00	\$ 701.00
No. of Lots	Yes	8		\$ 8.00	\$ 64.00
101 lots and greater \$1,501 plus \$5 per lot for every lot in excess of 100 lots	No	0		\$ 1,501.00	\$ -
No. of Lots	No	0		\$ 5.00	\$ -

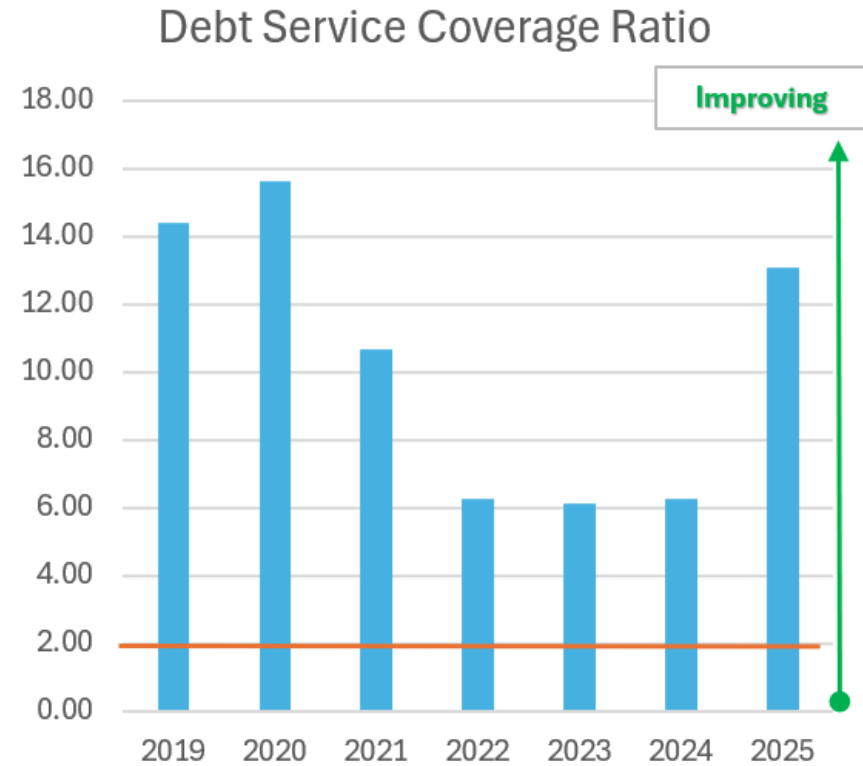
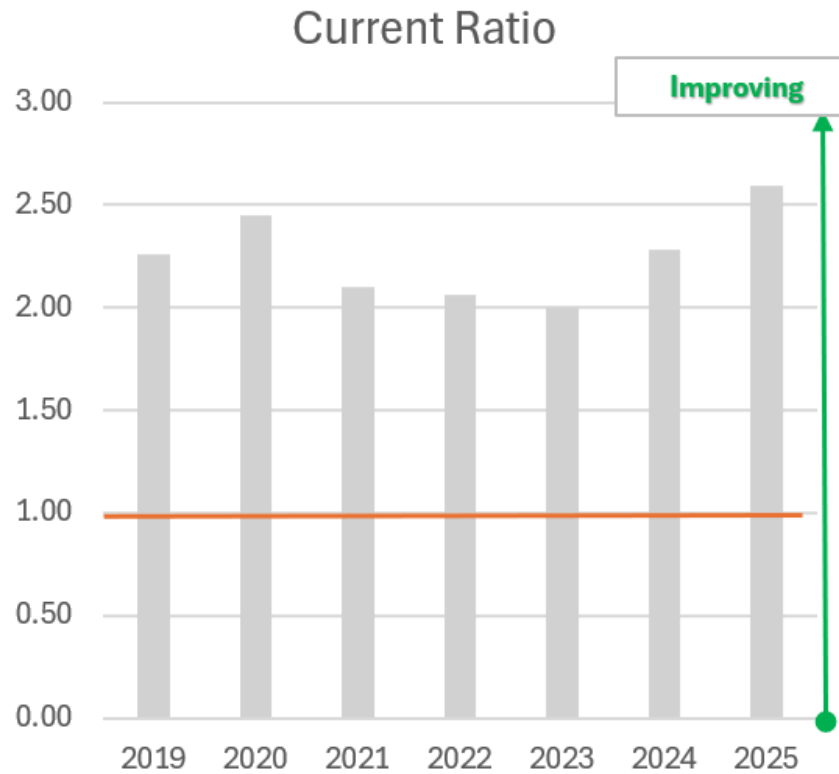
Telecommunications					
NBN Extension / headworks	Yes	8		\$ 300.00	\$ 2,400.00
Developer contributions charge					
New dwellings or lots being constructed, typically new buildings requiring a new mailing address (excludes Building a single dwelling on a vacant block of land, where there is no existing nbn connection)					
Additional services (also known as non-premises services) such as fire alarm, security systems, and elevator phone lines.					
Broadacre subdivisions					
Newly constructed apartments, townhouses or villa units					
Commercial premises – only for new lots or tenancies created, either within an existing building or as part of an expansion.					
Subdivisions – only for the new lots that are created					
Granny flats/outbuildings – only if they are newly constructed and have a separate address from the primary residence (these instances will require a unique lead in conduit).					
Conversion of a warehouse into new apartments					
Knock down rebuild – only if a new address is created					
This is a charge applied only to developers and builders for:					
Single Dwelling Units (SDUs): An SDU is typically a building with single premises including free standing and terrace housing or a building with two premises on one lot such as a duplex.	Yes	8		\$ 545.45	\$ 4,363.64
Multi Dwelling Units (MDUs): An MDU is typically a building with three or more separate premises, or any form of strata, group, company or community title development.	No	0		\$ 363.64	\$ -
Backhaul contributions for medium to large developments (incl. GST)					
Backhaul contributions may apply if the nbn™ access network infrastructure required to connect the new development is not available.	No	0		\$ -	\$ -
No Charge for nbn™ access network backhaul already available	No	0		\$ -	\$ -
Backhaul contribution of up to \$1,000 per premises. Up to 50% of costs.	No	0		\$ -	\$ -
Backhaul contribution of more to \$1,000 per premises. Up to 100% of costs over \$1,000.	No	0		\$ -	\$ -
End User Contributions Charge					
No. of New Users	Yes	8		\$ 272.73	\$ 2,181.82
Pre-install Connection (No fee)					
	No	0		\$ -	\$ -
Telstra					
Standard connection to existing premise	No	0		\$ 90.00	\$ -
New Service connection fee to existing premise	No	0		\$ 219.09	\$ -

Water & Sewer						
Infrastructure Contributions for creation of new lots (GST does not apply) Standard infrastructure contribution						
Water	Yes	8	No. of New Lots	\$ 2,756.00	\$ 22,048.00	
Wastewater	Yes	8	No. of New Lots	\$ 4,542.00	\$ 36,336.00	
Drainage	No	0	No. of New Lots	\$ 37.00	\$ -	
Mains Extension - Water	Yes	1	ea.	\$ 25,000.00	\$ 25,000.00	
Mains Extension - Sewer	No	0	ea.	\$ 25,000.00	\$ -	
Land Servicing Connections						
Single Residential application fees						
Application fee	Yes	7	No. of New Lots	\$ 116.59	\$ 816.13	
Sewer connection fee	No	0	No. of New Lots	\$ 116.59	\$ -	
Water service activation fee	No	0	No. of New Lots	\$ 116.59	\$ -	
Multi residential application fees						
Application fee	Yes	3	ea.	\$ 213.24	\$ 639.72	
Non-residential and mixed use application fees						
Application fee	No	0	ea.	\$ 273.67	\$ -	
Additions/ alterations						
Single Residential	No	0	ea.	\$ 116.59	\$ -	
Multi residential	No	0	ea.	\$ 213.24	\$ -	
Non-residential / Mixed Use	No	0	ea.	\$ 273.67	\$ -	
Future water service connection (20mm)	Yes	3		\$ 1,826.69	\$ 5,480.07	
Meter relocation fee – more than 0.5m (20mm service)	No	0		\$ 2,016.71	\$ -	
Cut in sewer junction (100mm)	Yes	2		\$ 950.43	\$ 1,900.86	
Cut in sewer junction (150mm)	No	0		\$ 1,164.81	\$ -	
Deferring Infrastructure Costs (see conditions)						
Deferral secured by a memorial preparation charge (Fee per lot) under Regulation 29 Water Services Regulations 2013	No	0		\$ 293.15	\$ -	
Deferral secured by a memorial removal charge (Fee per lot) under Regulation 29 Water Services Regulations 2014	No	0		\$ 252.67	\$ -	
Financial Guarantee - Agreement fee for deferral by Financial Guarantee	No	0		\$ 1,117.93	\$ -	
Interest rate	No	0		11.330%	\$ -	
Preparing and handling documents						
Memorials - (Fee per document) under Section 128 Water Services Act 2012	No	0		\$ 266.50	\$ -	
Notifications – (Fee per document) under S70A of Transfer of Land Act	No	0		\$ 266.50	\$ -	
Performance Agreements / early clearances						
Fee per design accepted for early clearances	No	0		\$ 267.20	\$ -	
Staged or revised land development agreements						
Additional staged or revised agreement fee (per agreement)	No	0		\$ 247.60	\$ -	
Water Service to Freehold lots	Yes	2	ea.	\$ 1,000.00	\$ 2,000.00	
Water Service to Strata lots	Yes	5	ea.	\$ 2,000.00	\$ 10,000.00	
Sewer Service to Freehold lots	Yes	2	ea.	\$ 1,000.00	\$ 2,000.00	
Sewer Service to Strata lots	Yes	5	ea.	\$ 2,000.00	\$ 10,000.00	
Gas						
Mains Extension	No	0		\$ -	\$ -	
New connection administration fee (Kleanheat)	No	0		\$ -	\$ -	
Trenching Fee (over 20m) per metre (incl. GST)	No	0		\$ 42.58	\$ -	
SUB-TOTAL					\$ 516,944.11	
CONTINGENCY						
	Yes	1		15%	\$ 77,541.62	
TOTAL					\$ 594,485.73	

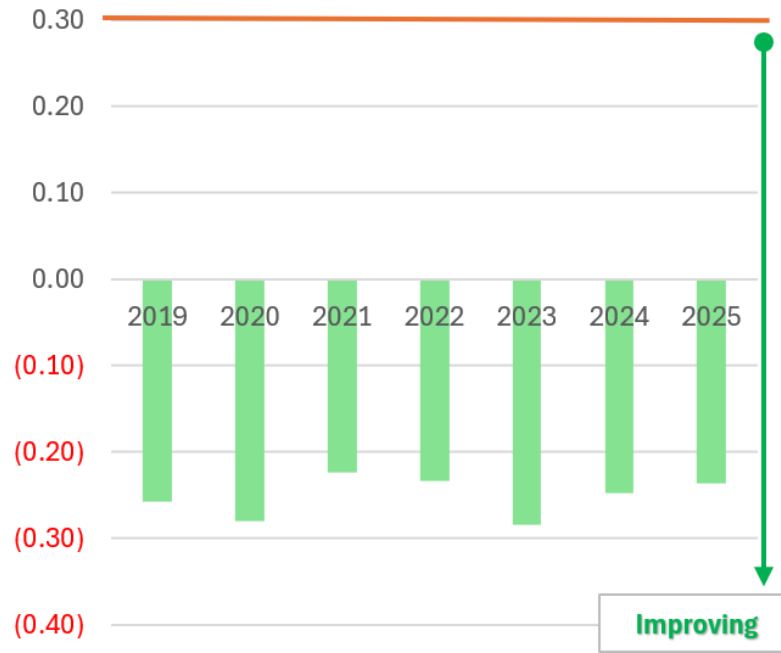
Appendix E - Project Schedule

EASTCOTT ST - LOT 43, No. 1		PROJECT PLAN																																																Review Date: 1/12/2025							
STAGE	ITEM	YEAR / MONTH																																																							
		25				2026								2027								2028								2029																											
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
Initiation																																																									
Subdivision	Concept Development	✓	✓																																																						
	Services Location	✓	✓																																																						
	Survey	✓	✓																																																						
	Quantity Survey	✓	✓	X																																																					
	Financial Model	✓	✓	X																																																					
	Council Review / Approval				X																																																				
Planning																																																									
Subdivision	Council Financial Assessment Report			X	X																																																				
	Subdivision Plan & Supporting Documentation				X	X	X	X	X																																																
	Subdivision Application									X	X																																														
	Subdivision Approval										X	X	X	X	X	X	X																																								
Engineering Design and Approvals	Water Corporation Sewer				X	X	X	X	X																																																
	Water Corporation Water									X	X	X	X	X																																											
	Western Power				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
	Telecommunications									X	X	X	X	X																																											
	Site Works				X	X	X	X	X	X	X	X																																													
House Designs	House Selection							X	X	X	X	X	X																																												
	House Design															X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
	House Approvals																																																								
Quantity Survey	Estimate														X	X																																									
Council	Finance Pre-approval									X	X	X	X																																												
	Prepare Council Major Land Transaction Report															X	X																																								
	Finance																X	X	X																																						
Execution																																																									
Subdivision	Site Works Construction																X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
	Utilities Construction																																																								
Council	Review																																																								
Houses	House Construction																																																								
Handover																																																									
Subdivision	Clearances																																																								
Houses	Occupancy Certificates																																																								
Sale / Lease	Arrange Disposal																																																								

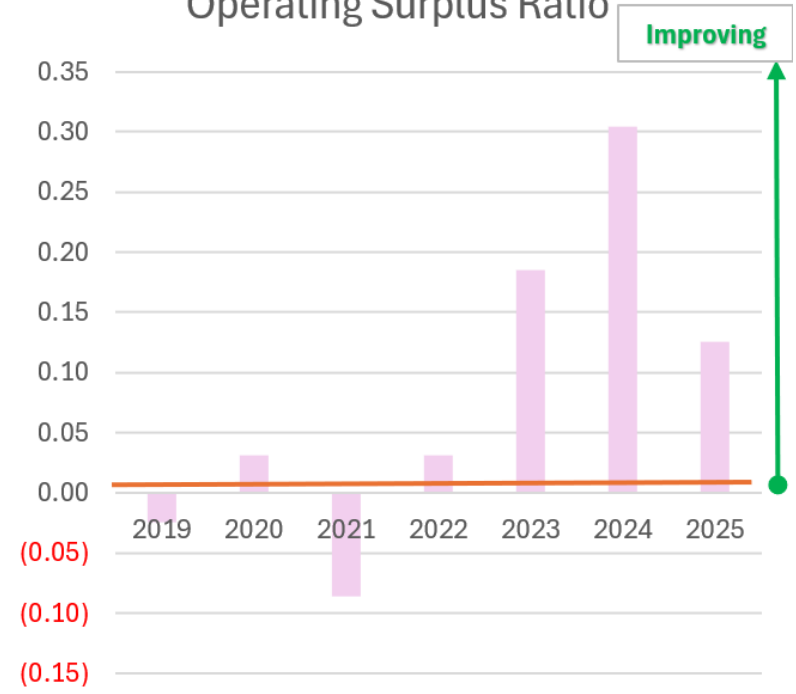
Appendix F - Shire of Waroona Financial Ratios

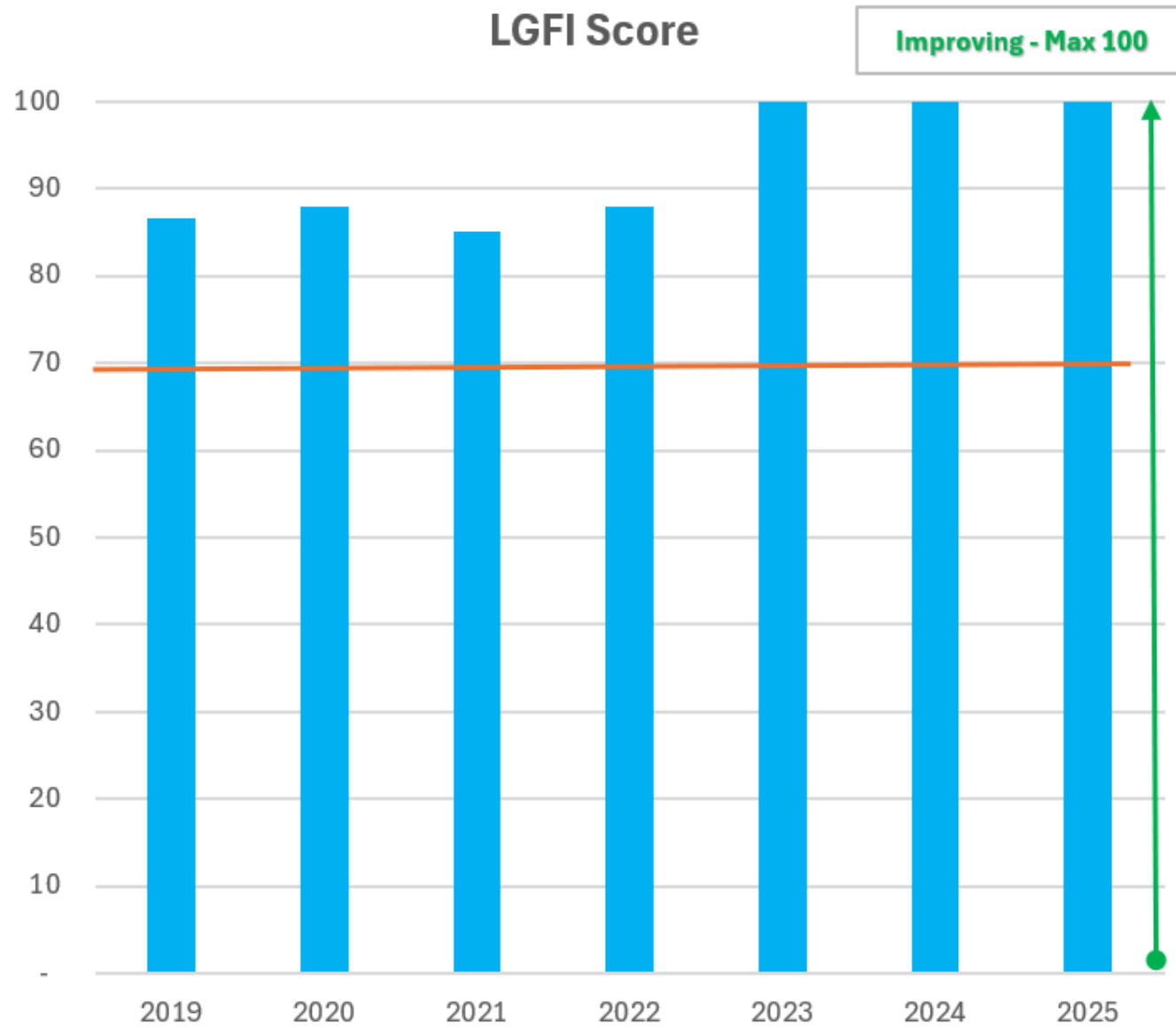


Net Financial Liabilities Ratio



Operating Surplus Ratio





127 Waroona Shire

2025

Current Assets	\$	6,917,183
Current Liabilities	\$	2,663,863
<i>Benchmark Score is 1.0</i>		2.60

2025

Operating Revenue	\$	10,868,877
Less: Federal Assistance Grants (FA Grants) Current Year	\$	(900,347)
Plus: Federal Assistance Grants (FA Grants) Prior Year		1,428,390
Adjusted Operating Revenue - 1	\$	11,396,920
Operating Expenses	\$	(12,215,295)
Add Back: Depreciation	\$	2,825,357
Add back: Finance Costs*	\$	64,032
Adjusted Operating Expenses	\$	(9,325,906)
Adjusted Operating Surplus w/exclusions	\$	2,071,014
Finance Costs*	\$	64,032

Plus: Repayment of Borrowings**	\$	94,441
Less: Debt refinancing	\$	0
Debt Service Costs	\$	158,473
Benchmark Score is 2.0		13.07

**Note: Finance Costs data sources include lease interest costs*
***Note: Current data sources exclude lease principal repayments*

2025

Total Liabilities	\$	4,287,115
Less: Current - Cash & Cash Equivalents	\$	(6,086,560)
Less: Current - Trade & Other Receivables**	\$	(560,897)
Less: Current - Other Financial Assets**	\$	(250,588)
Less: Non-Current - Trade & Other Receivables**	\$	(30,023)
Less: Non-Current - Financial Assets	\$	(59,715)
Net Financial Liabilities	\$	(2,700,668)
Operating Revenue	\$	10,868,877
Plus: FA Grants Adjustment (Prior year less current year)	\$	528,043
Adjusted Operating Revenue - 1	\$	11,396,920
<i>Benchmark Score is 0.30. 0.6 is low (bad). 0.0 is high (good)</i>		(0.24)

***Note: Other Financial Assets and Current/Non-Current - Trade & Other Receivables data to be validated by LGA*

2025

Operating Revenue	\$	10,868,877
Plus: FA Grants Adjustment (Prior year less current year)	\$	528,043
Plus: Grants, contributions for asset renewal*	\$	2,568,826
Adjusted Operating Revenue - 2	\$	13,965,746
Less: Operating Expenses	\$	(12,215,295)
Adjusted Operating Surplus	\$	1,750,451
Operating Revenue	\$	10,868,877
Plus: FA Grants Adjustment (Prior year less current year)	\$	528,043
Plus: Grants, contributions for asset renewal*	\$	2,568,826
Adjusted Operating Revenue - 2	\$	13,965,746
<i>Benchmark Ratio is 0.0</i>		0.13



Metric	FY 2025
Current Ratio	2.60
LGFI Score	10.00
LGFI Weight	10%
Weighted LGFI Score	1.00
Debt Service Coverage Ratio	13.1
LGFI Score	10.00
LGFI Weight	20%
Weighted LGFI Score	2.00
Operating Surplus Ratio	0.13
LGFI Score	10.00
LGFI Weight	40%
Weighted LGFI Score	4.00
Net Financial Liability Ratio	(0.24)
LGFI Score	10.00
LGFI Weight	30%
Weighted LGFI Score	3.00
Total Weighted LGFI Score	10.00
	100



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