

City of Wanneroo

Long Term Financial Plan 2020/21–2039/40



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Strategic Financial Framework

Planning our Financial Future

The City of Wanneroo is a rapidly growing local government located between 12 and 62 kilometres north of the Perth Central Business District. It has a diverse landscape consisting of 32 kilometres of coastline, untouched bushland, State forest, wetlands, market gardens, industrial and commercial estates, and expanding residential estates within 36 suburbs.

The City has experienced significant population growth in recent years with an average annual increase of more than 5.25% over the past decade. By 2041, the City's population is expected to increase to just above 410,000 people. Aligned to population growth, the City's service responsibilities have also increased as illustrated in the growth of infrastructure assets as shown in graph 1 and graph 2 in the Appendix.

The City of Wanneroo has a strong balance sheet underpinned by a strong governance structure which will ensure future citizens enjoy the same level of financial stability and prosperity as its current citizens. The City recognises that in the future the opportunities, pressures and demands will be different to what they are today. It also recognises that the current level of funding from State and Federal government may not be available in the future as they will have their own budget issues and challenges.

It is critical that the City understands the financial implications of decisions over the long-term and with this in mind the City has developed a Long Term Financial Plan. This plan is prepared to ensure the City operates within its means and incorporates a range of assumptions to assess the impact of decisions on current and future sustainability.

This document details the underlying principles that will help direct the City towards a financially sustainable future.

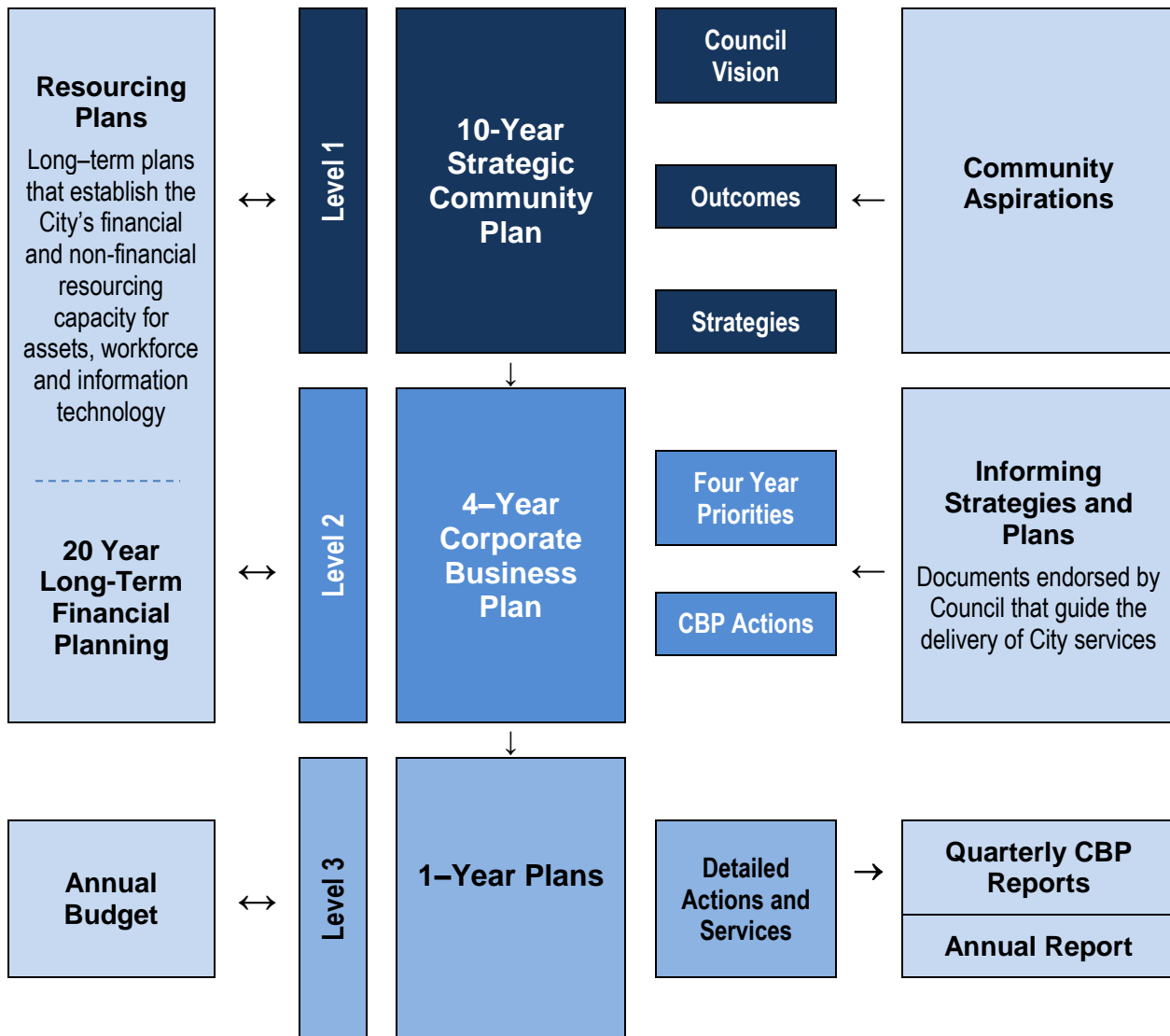
Integrated Planning and Reporting

The City's framework for an integrated approach to planning and reporting has been developed in accordance with the requirements of the *Local Government Act 1995 and Local Government (Administration) Regulations 1996*. It encompasses the requirements to implement a plan for the future, through a ten-year Strategic Community Plan and a four-year Corporate Business Plan.

The following diagram depicts the integration of Resourcing Plans (including the Long Term Financial Plan) to inform and enable delivery of these strategic and business plans in a way that is sustainable and aligned to achieving Council's Vision for the City of Wanneroo:

"Inspired by our past, working to create a vibrant, progressive City, providing opportunity and investment, to enable our growing communities to prosper."

Integrated Planning and Reporting Framework



The current Strategic Community Plan 2017/18 – 2026/27 was adopted by Council in November 2016; this followed a comprehensive review that considered key changes in the City's operating context together with changing expectations and aspirations as voiced by our diverse and rapidly growing communities. This review was conducted in accordance with the *Local Government (Administration) Regulations 1996 s.5.53 (2)* and guided by the Guidelines and Advisory Standards (2016) produced by the Department of Local Government, Sport and Cultural Industries.

The review resulted in a new 10-year Vision for the City, and an updated Strategic Community Plan that clearly links the community's aspirations with Council's vision and long-term strategies. Adopted in June 2019, the Corporate Business Plan 2019/20 – 2022/23 responds to and activates the Strategic Community Plan; it sets out the priorities over a four-year period which will deliver on the strategies to enable key community outcomes to be achieved. Integration of the Long Term Financial Plan – and other non-financial Resourcing Plans – with the Corporate Business Plan collectively demonstrates how the City's resourcing capacity will be prioritised and managed to deliver services and assets in a sustainable way.

Strategies to be Financially Sustainable

A principal aim of long term financial planning is to ensure that the City remains financially sustainable. The definition of financial sustainability that is relevant to the Asset Management Framework and the Long Term Financial Plan can be found in the report entitled: National Financial Sustainability Study of Local Government (Australian Local Government Association, text box 16, p96).

“The financial sustainability of a council is determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures; which is determined by:

- *healthy finances in the current period and long term outlook based on continuation of the council's present spending and funding policies and given likely economic and demographic developments; and*
- *ensuring infrastructure renewals/replacement expenditure matches forward looking asset management plan expenditure needs.*

The City needs to continue in perpetuity; therefore it must consider how it acquires and manages a stock of financial and physical assets in order to provide services for future generations of local residents and ratepayers.

To ensure the City remains financially sustainable, it is important that sound financial strategies and principles are developed and continually reviewed in line with the changing economic and demographic outlook for the community. The City's process starts with the Strategic Community Plan which is the City's long term plan that captures the aspirations of the community and the Corporate Business Plan which provides the focus on key priorities over the next four years. Following on from the key objectives of the Strategic Community Plan and to support the Corporate Business Plan, the Strategic Asset Management Plan and the Strategic Workforce Plan set the priorities and ties together to form the Long Term Financial Plan.

This Long Term Financial Plan outlines these basic principles upon which it Rates its Ratepayers, borrows to meet community demands (if necessary) and how it reinvests surpluses. These principles can be observed throughout this document providing the community with a clear understanding of the financial direction of the City.

Operating Surpluses

The underlying operating result is a measure of the financial sustainability of a local government. Continuous underlying operating deficits lead to a loss in equity, reduction in asset base, drop in service standards and a deferral of costs to future generations.

The underlying operating result is the Operational Result (balanced, surplus or deficit) less gifted assets, developer contributions, asset revaluations, and impairments and impacts of asset sales. Capital income is further deducted as it represents 'unmatched' income (expenditure is not included) and it is a non-recurring income source.

Framework of Long Term Financial Plan

The detailed Long Term Financial Plan has been developed as part of the City's ongoing financial planning to assist Council in adopting a budget within a longer term framework. The Plan includes:

- Income statement
- Statement of cash flows
- Rate setting statement
- Statement of financial position
- Equity statement
- Reserves positions

The Long Term Financial Plan is reviewed annually giving consideration to prevailing economic circumstances and community requirements. The review may result in new priorities being added or planned projects being deferred or reassessed according to the priorities established each year. Strategic financial parameters will also be reviewed and adjusted accordingly to reflect the most realistic current financial circumstances and outlook in any year and their impact on the outer years.

This provides the City with the opportunity to:

- Update estimated income and expenditure for each year covered by the Plan;
- Change priorities to reflect emerging opportunities or changing circumstances;
- Add, modify or delete activities according to need;
- Respond appropriately to changes in community needs and perceptions; and
- Incorporate changes arising from the prescribed reviews of the Strategic Community Plan and Corporate Business Plan, and corresponding reviews of the Workforce Plan and Asset Management Plan.

The Long Term Financial Plan was developed collaboratively from a wide range of relevant inputs and forms a guide for development of the annual budget for successive years.

Key Components

The key components of the Long Term Financial Plan are:

- Assessment of the City's current financial position and organisational capabilities for achieving longer term financial sustainability;
- Ensuring alignment with the Strategic Community Plan 2017/18– 2026/27;
- Considering Council's appropriate role and responsibilities;
- Ensuring strategic financial parameters are met in the short to medium term (years one to five);
- Ensuring a focus on high priority expenditure programs and service levels;
- Ensuring alignment with Revenue and financing guidelines, including budget principles, Strategic Budget Policy and Investment policy;
- Ensuring alignment with 20 Year Capital Works Program;
- Ensuring alignment with the Resourcing Framework, and Informing Strategies and Plans (e.g. 4 year Corporate Business Plan, Strategic Asset Management Plan and Strategic Workforce Management Plan); and
- Ensuring all agreed future strategies are costed.

Financial Management Principles

Strategic Budget Policy

The City of Wanneroo has a Strategic Budget Policy with clear principles and guidelines to deliver the City's objectives. The City acknowledges that it must plan for the current and future needs of its community in a socially, culturally, environmentally and financially sustainable manner. The City also acknowledges that the budget must be embraced by all stakeholders and with this in mind must be developed in a collaborative fashion.

In order to achieve long term financial sustainability the Strategic Budget Policy requires the City to use all reasonable endeavours to deliver a balanced or surplus Budget for each year within the Rate setting statement. As of 2016/17, the City's budget is produced using the principles of Zero-Based Budgeting. Consideration has also been given to ensure compliance with the Local Government Act 1995, Sections 6.34 (a) and (b) that the proposed Rating strategy is within the limit on income from general Rates of not less than 90% or more than 110% of the Budget deficiency.

In consideration with this policy, the Long Term Financial Plan is formulated to address the strategies and deployment objectives outlined in the City's Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Workforce Management Plan and relevant informing strategies and resourcing plans.

The following principles from the Strategic Budget Policy support the City's approach:

PRINCIPLES

1.1 Capacity to Pay

Council will ensure consideration of the ratepayers' capacity to pay in evaluating their budget deliberations, with factors influencing the prevailing economic climate, such as inflation and interest rates, recognised and assessed.

1.2 Intergenerational Equity

The City will continually engage with the community, State and Federal governments in aiming to ensure that the full cost of infrastructure and service delivery are more equitably met by all generations of ratepayers where possible. Intergenerational equity will be achieved through the City's Long Term Financial Plan and Annual Budgeting processes.

1.3 New Initiatives

All new operational or capital work projects will be evaluated against Council's Strategic Community Plan and Asset Management Plan and supported by the funding priority. Project proposals must be supported by a business case, including a cost-benefit analysis, risk analysis and whole of life costing to clearly demonstrate the fulfilment of financial policy objectives.

The City will advocate for Grants and partnership opportunities and collaborate with neighbouring councils.

1.4 Funding Priority

The City recognises the competing demands for limited financial resources and endeavours to allocate resources in compliance with the objectives of this Policy. Prioritisation of funding allocation will be based on the following: Activities requiring compliance; Risk mitigation activities or projects; Renewal, upgrade or maintenance

of existing infrastructure assets; Current operational funding for programmes; New programmes or assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes; and Council decisions for programmes and projects based on the current service levels demanded by the community or advised by City staff.

Rating Strategy

The Rating strategy has a direct impact on the long term financial sustainability and thus the City's ability to deliver services at levels necessary to meet the community expectations.

As part of the Long Term Financial Plan, the City of Wanneroo has entered the adopted 2019/20 budget and amount raised by rates which will allow Council to determine if the current rating strategy will meet its financial needs now and in the future.

An example of a funding gap that could occur is as follows:

The Long Term Financial Plan may show an identified renewal funding gap. If this is the case and the gap remains in the longer term, the community will be impacted by one of two likely scenarios:

1. Infrastructure will begin to fail and this will impact on the economic prosperity of the community.
2. The City of Wanneroo will experience periods of negative cash flow in order to fund maintenance activities to prolong infrastructure life. This will reduce the ability to fund existing and/or new services.

As part of the input to the Plan, the City has developed a Rating strategy to ensure financial sustainability and meet the agreed community requirements. A review of the Rating strategy was finalised and adopted by Council during the 2018/19 Budget process.

Local Governments are required to align to the Department of Local Government, Sport and Cultural Industries Differential Rating Policy, the principles of which are stated in the City's Rating Strategy:

PRINCIPLES

1.1 **Objectivity**

The City of Wanneroo has based the differential Rating categories on a combination of land use, vacant land and zoning.

1.2 **Fairness and equity**

The benefit principle has been applied to the differential Rating categories to ensure that those bearing the higher Rate burden are receiving a greater benefit from Council activities. The City of Wanneroo will set rates at a level that is considerate of all Ratepayers and is fair and reasonable, distributing the burden of rate paying as equitably as possible, as well as where appropriate, providing a safety net for certain groups (e.g. facilitating rebates for pensioners).

1.3 **Consistency**

The City will ensure that properties used for a similar purpose are being Rated in the same way. There must be a 'reasonable degree of stability' in calculating Rates from one year to the next.

1.4 *Transparency*

Each year, public notice is given of the proposed differential Rates together with the object and reasons for each. This provides the Owner/Ratepayer the opportunity to make a submission on the proposed differential Rates to be considered by Council at Budget adoption.

1.5 *Administrative efficiency*

The City has recognised that differential Rating is the most efficient way to raise the required Rate revenue. The City will also ensure that land is properly valued as Unimproved or Gross Rental Value.

1.6 *Integrated Planning and Reporting Framework alignment*

The City will ensure that Rates are charged in accordance with reasonable community expectations and needs, flowing from the Strategic Community Plan, Corporate Business Plan, and Asset Management Framework into this Long Term Financial Plan model.

Fees and Charges

Local Governments impose Fees and Charges in order to recoup the costs of providing goods and services to the community. The Local Government Act 1995 states that, when setting Fees and Charges,

“... a local government is required to take into consideration the following factors – the cost to the local government of providing the service or goods; the importance of the service or goods to the community; and the price at which the service or goods could be provided by an alternative provider”

During the 2018/19 Budget process the City reviewed and updated the administration costs Cascading Model which is used to calculate and allocate administration overheads down to Service Units based on pre-determined cost drivers. With accurate costings being allocated to Service Units, all Fees & Charges can now be reviewed and analysed. This review is to ascertain:

- Regulatory provisions – Sections 6.17 and 6.38 of the *Local Government Act 1995*;
- Purpose of the service
- Full cost of the provision of the goods and services;
- Benchmarking against other Local Governments pricing;
- Level of current Fee/Charge
- Market rates;
- Revenue recovery of the cost of provision of the service thus the level of City's subsidies can be assessed; and
- Perth Consumer Price Index (CPI).

A Revenue Review Committee has been established by Council to assess and optimise future revenue potential from within this category.

The City is taking a longer term approach to review all fees and charges to better understand and evaluate the City's position. Although Rates revenue has been on a rising trend, primarily due to the annual growth of property numbers and annual general Rate increases, Fees and Charges have been trending flat with minimal increases.

In 2017 the City engaged PricewaterhouseCoopers (PWC) to review and update their 2009 report titled “Best Practices in Funding Rapidly Growing Local Governments”. The 2009 report had been used by the City in its rate setting decisions. The 2017 PWC report titled Review of City of Wanneroo Key Financial Performance Indicators (20 October 2017) confirmed the need for the City to more closely consider its fee setting policies. For example the report identified that over the period 2009 to 2017 non-rate revenue as a percentage of total revenue:

- Decreased from \$25m to \$17m;
- Per person has halved;
- With current policy settings only moderate growth is projected for the next 10 years.

The report also identified that the fiscal capacity for City of Wanneroo businesses increased 3.4 times over the 2009-2017 period, while for residents this increased 2.6 times.

Importantly, fees and charges revenue per resident is only half that of the City's of Armadale, Cockburn, Gosnells, Rockingham, Mandurah and Swan (metropolitan outer growth councils).

The following principles are from the City's Strategic Budget Policy and Setting of Fees and Charges Policy:

PRINCIPLES

1.1 ***Acknowledges the National Competition Policy***

The City acknowledges the requirements of the National Competition Policy and ensures compliance by regularly reviewing its Fees, Charges and services to identify whether these should be adjusted to ensure that they do not create or have the potential to create unfair competition with the private sector.

1.2 ***User Contributes Approach***

The City adopts a 'user-contributes' approach considering community expectation of the level of services and the users' capacity to pay.

1.3 ***Costs***

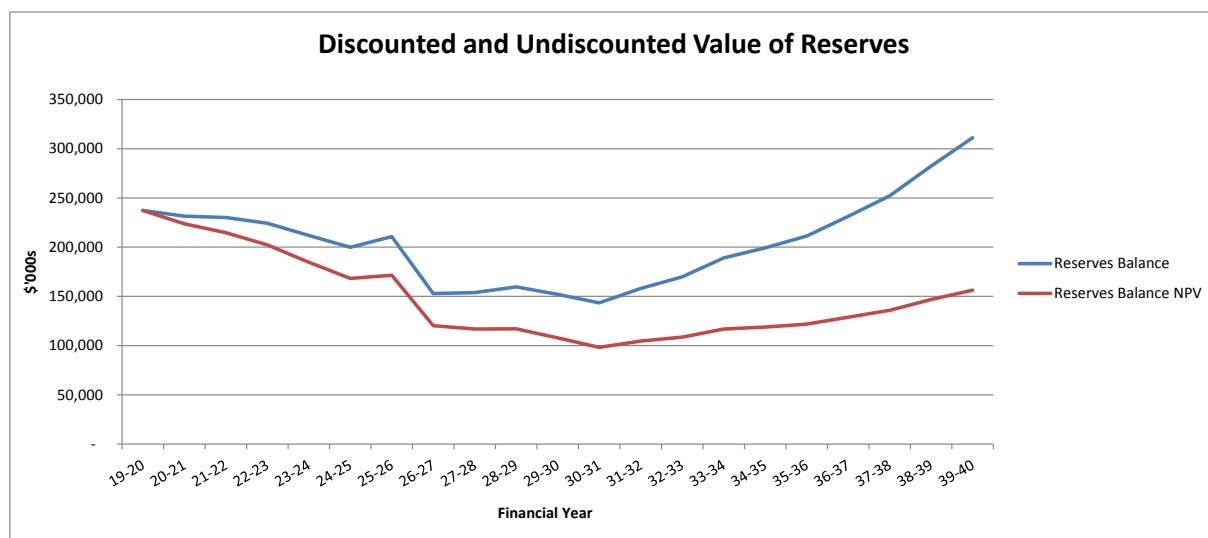
Costs to the community should be fairly set, equitable across the board and where appropriate, reflect the true cost of providing goods or services.

Reserves

Reserves are sources of funding that have been set aside by Council to finance future expenditures, including unbudgeted or unforeseen events that may result in a budget deficit, and to also smooth out expenditures that tend to fluctuate year-over-year. Reserves receive contributions from the operating Budget and other sources to assist with creating a solid and sustainable financial position. The majority of Reserve funds are committed or designated for special purposes over the long term.

Reserves are reviewed regularly to confirm that they are being utilised when necessary, to confirm that the reserve purpose is still relevant, and to ensure the balances are sufficient for the requirements of the City, without being excessive.

To further analyse the Reserve balances at the end of each financial year during the life of the LTFP a Net Present Value (NPV) calculation has been prepared to illustrate the true value of the funds in today's dollars. In calculating the NPV a discount rate of 3.5% was applied being the interest rate that the City is likely to pay on future borrowings.



This graph illustrates the discounted and undiscounted Reserve balances over the life of the LTFP. The NPV indicates that the level of the Reserve balances remains relatively constant and within the current level of Reserves held by the City.

The NPV impact can be summarised as per the below tables:

At the half way mark – Year 10

Reserve	Total as per LTFP – (undiscounted)	NPV Total as per LTFP – (discounted at 3.5%)
Total - Unrestricted Reserves	\$154m	\$109m
Total - Restricted Reserves	\$48m	\$34m
Total	\$202m	\$143m

At the end of the plan – Year 20

Reserve	Total as per LTFP – (undiscounted)	NPV Total as per LTFP – (discounted at 3.5%)
Total - Unrestricted Reserves	\$364m	\$183m
Total - Restricted Reserves	\$45m	\$23m
Total	\$409m	\$206m

The following principles are from the City's Cash Backed Reserves Policy:

PRINCIPLES

1.1 Detailed Purpose of Reserve

Reserves are funds retained by an organisation to help meet future needs. Holding a certain amount of funds in reserve can help an organisation to operate effectively in challenging economic times, as well as facilitate planning for major works in the future. Reserve purposes are reviewed to ensure that they are still relevant to the City's needs.

1.2 Reviewed Regularly

Reserves are reviewed regularly to ensure the funds are being utilised when required. This will aid to reduce or negate the need for external debt and is a tool to facilitate sound financial management practice and sustainability.

1.3 Maintain an adequate balance

Retaining an appropriate level of Reserves is an important funding strategy to help balance the current needs with the future needs of the community.

The following table summarises the net movements in the City's reserves over the life of the Plan:

Reserve Details	Opening Balance	Transfers In	Transfers Out	Closing Balance
Alkimos/Eglinton District Community Facilities Reserve	13,770,742	71,100,582	(61,340,670)	23,530,654
Asset Renewal Reserve	11,304,366	68,877,155	(61,957,262)	18,224,259
Asset Replacement Reserve	5,814,062	32,826,022	(6,717,151)	31,922,933
Carry Forward - Capital Works Reserve	3,741,959	-	(3,741,959)	-
Coastal Management Reserve	13,872,726	21,485,714	(5,160,234)	30,198,206
Domestic Refuse Reserve	11,786,823	7,548,366	(17,908,370)	1,426,819
Golf Course Reserve	655,284	10,411,699	(8,437,000)	2,629,983
Strategic Land Reserve	3,314,766	30,792,509	-	34,107,275
Leave Liability Reserve	1,857,504	1,735,162	-	3,592,666
Loan Repayment Reserve	23,439,125	37,339,063	(60,778,188)	-
Neerabup Development Reserve	5,056,833	34,153,716	(17,814,658)	21,395,891
Plant Replacement Reserve	12,662,184	108,926,158	(98,149,600)	23,438,742
Regional Open Space Reserve	11,513,696	55,021,631	(38,732,000)	27,803,327
Section 152 Land Reserve	1,361,636	494,878	(796,007)	1,060,507
Strategic Projects/Initiatives Reserve	102,306,913	123,095,438	(149,671,132)	75,731,219
TPS 20 - District Distributor Road Headworks Reserve	7,144,381	5,421,455	-	12,565,836
Yanchep Bus Reserve	110,205	168,296	-	278,501
Yanchep/Two Rocks District Community Facilities Reserve	-	21,379,405	(18,157,947)	3,221,458
Reserves Total	229,713,206	630,777,249	(549,362,178)	311,128,277

Grants and Contributions

Grants may be received from the State or Federal government. Contributions are funds obtained from private sources such as developers, sporting clubs or individuals. The City aims to obtain Grant/Contribution funding wherever possible in order to minimise the Rates burden on the residents. Procedures are in place to ensure effective Grant management across the City by providing a structure to accurately track applications and supporting information and provide quality control and legal compliance.

Whilst Grants and Contributions can be a useful alternative Revenue source it is important that the programmes and projects utilising the funding are a priority for the community.

Developer Contribution Plans (DCP)

Developer contribution schemes are prepared under Section 26 of the Planning and Development Act 2005 and State Planning Policy 3.6, *'Development Contributions for Infrastructure'*. The City will prepare and implement developer contribution requirements through either direct negotiation with landowners or through the introduction of provisions into the Local Town Planning Scheme – District Planning Scheme Number 2 (DPS2). In addition the provisions of State Planning Policy 3.6: Development Contributions for Infrastructure sets out the high level principles and requirements that all DCPs need to adhere to.

Current operational scheme provisions include;

- Part 9 and Schedule 6 for the East Wanneroo Cells (1-9);
- Part 10 and Schedule 7 for Clarkson/Butler District Distributor Roads; and
- Schedules 14 and 15 for the Yanchep-Two Rocks and Alkimos-Eglington DCPs.

The City of Wanneroo has numerous infrastructure contribution areas and is working with the development industry and landowners to develop new requirements for future urban areas. The nature of the infrastructure will vary depending upon the anticipated 'need and nexus' of the infrastructure, the age of the contribution area and the timing for the provision of the required infrastructure. Each contribution scheme area will have its own infrastructure works, land value and contribution rate that is applied through the subdivision and development approval processes. The most common infrastructure that is provided includes public open space, open space development, regional roads, drainage, and community infrastructure.

Most contribution schemes align with an agreed structure plan and include the East Wanneroo Cells (1 to 9), Alkimos/Eglington and Yanchep/Two Rocks.

More specifically, the developer contribution schemes areas include;

- East Wanneroo Cell 1 (Tapping/Ashby)
- East Wanneroo Cell 2 (Sinagra)
- East Wanneroo Cell 3 (Wanneroo)
- East Wanneroo Cell 4 (Hocking/Pearsall)
- East Wanneroo Cell 5 (Landsdale)
- East Wanneroo Cell 6 (Madeley/Pearsall)
- East Wanneroo Cell 7 (Wangara)
- East Wanneroo Cell 8 (Wangara)
- East Wanneroo Cell 9 (Landsdale)
- Alkimos/Eglington
- Yanchep/Two Rocks
- Berkley Road
- Clarkson/Butler

- Woodvale

The emergence of new urban and industrial areas will likely require the establishment of additional DCPs using the local planning scheme and associated town planning legislation to provide for the coordinated, equitable and structured development of infrastructure to support new growth. This is likely to be a combination of infrastructure (roads, drainage and land acquisition) and community assets (parks and community facilities). It is essential that the Long Term Financial Plan gives due consideration to the resources necessary to support the preparation, management and implementation of these DCPs.

Previously, the DCPs mainly focused on 'standard' infrastructure such as roads and drainage, however 'non-standard' infrastructure such as community facilities are becoming an accepted and important component of DCPs. Currently, there are two DCPs that apply in the City's Northern Coastal Growth Corridor that are collecting funds towards the cost of constructing district level community facilities needed by the growing communities in this area.

The Yanchep/Two Rocks DCP operates for 16 years and is collecting funds for three facilities, while the Alkimos/Eglington DCP operates for 25 years and is collecting funds for 11 facilities. The balance of the Alkimos/Eglington DCP is slowly growing in advance of the first facilities required; however currently there is insufficient income being generated in the Yanchep/Two rocks DCP to fund the delivery of identified facilities. In the case of the Yanchep/Two Rocks DCP, the early provision of the infrastructure in advance of sufficient contributions being collected has required loan borrowing, the funding cost of which has been included into the DCP as a facility cost.

Due to the prioritisation of DCP works to meet the needs of the community, the Long Term Financial Plan needs to give due consideration to the future cost of the facilities/infrastructure and income projections (based on informed population projections) to ensure that adequate cash-flow will be available from the contributing landholdings. The inclusion of these facilities within the DCP commits the City to the delivery of the infrastructure, regardless of whether there have been sufficient funds collected through the DCP to fund their construction.

Investments

The City has adopted a prudent and conservative investment strategy and as restricted by the amendments to the *Local Government (Financial Management) Amendment Regulations 2012 only*, the following secured investments are allowed to be entered into:

- Authorised deposit-taking institutions and the Western Australian Treasury Corporation for a term not exceeding three years.
- Bonds that are guaranteed by the Commonwealth Government or a State or Territory for a term not exceeding three years.
- All investments are in Australian currency.

Whilst exercising the power to invest, the principle objectives are threefold in terms of preservation of capital, liquidity, return on investment and supporting the City's environmental policies. For example where possible the City will minimise investing funds with institutions that are not environmentally responsible.

PRINCIPLES

1.1 Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding of the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.

- 1.2 The investment portfolio must ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- 1.3 The investment is expected to achieve a predetermined market average rate of return that takes into account the City's tolerance to risk in accordance with the City's Risk Management Policy. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.
- 1.4 Investments must support wherever possible the City's environmental policies.

Debt Management

The City reviews its debt level and borrowing requirements under specific scenarios and aligning against an equitable intergenerational need. This is achieved by using cost / benefit analysis alongside and in alignment with the City's current plans and strategies.

The following principles are from the City's Accounting Policy and Strategic Budget Policy:

1.1 Priorities

Borrowings may be considered as a valid funding source for projects that contribute or achieve strategic goals identified in the Council's Strategic Community Plan and have an identified source of revenue.

1.2 Borrowing criteria

The criteria for borrowing will be driven by the economic climate.

1.3 Debt management

Cost / benefit analysis of borrowings will be undertaken alongside assessment and alignment to the City's strategic asset management plans and strategies. Borrowings are regularly reviewed to minimise cost to the City.

In 2006/07 the City entered into an agreement with the Western Australian Treasury Corporation (WATC) for a five year loan draw-down totalling \$60.78m, to be repaid over 20 years. The agreement is for interest-only payments over a fixed period, with the capital due to be re-paid in December 2026.

The table below details how the WATC loan has been spent and is proposed to be spent in future years.

Table 1: Loan Expenditure – Based on the 2019/20 adopted Budget document

Details per Loan	Approved Application	Approved Application (Re-stated)*	Funds Applied/ Drawn	Funds to be Applied/Drawn			Approved Funds Applied/ Drawn
	2018/19 \$	2018/19 \$	At 30/6/18 \$	2018/19 \$	2019/20 \$	2020/21+ \$	2019/20 \$
Western Australian Treasury Corporation							
Construct Community Centre - Butler	278,000	278,000	278,000	-	-	-	278,000
Develop Accessible & Inclusive Playground	222,000	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,550,024	2,550,024	1,317,193	442,831	190,000	-	1,950,024
Develop Wangara Industrial Area (Lot 257)	43,857	43,857	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	3,367,220	3,367,220	1,623,298	-	-	-	1,623,298
Kingsway Regional Playground	650,000	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,840,902	20,840,902	19,363,683	1,916,473	2,060,668	-	23,340,824
Lot 12 Fowey Loop	1,800	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo & Carosa Road	728,849	728,849	728,849	-	-	-	728,849
Redevelop Koondoola Precinct	1,293,000	1,293,000	1,293,000	-	-	-	1,293,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	1,214,615	-	-	-	1,214,615
Southern Suburbs Library	5,800,000	5,800,000	-	-	-	5,644,000	5,644,000
Upgrade Aquamotion	7,926,000	7,926,000	7,926,000	-	-	-	7,926,000
Upgrade Rocca Way Dundeebar Road	54,715	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum & Library	10,416,178	10,416,178	10,416,178	-	-	-	10,416,178
Yanchep Active Open Space	56,460	56,460	56,460	-	-	-	56,460
Yanchep Lagoon - Brazier Road Realignment	3,859,181	3,859,181	3,859,181	-	-	-	3,859,181
Yanchep Surf Life Saving Club	1,157,500	1,157,500	1,157,500	-	-	-	1,157,500
	60,778,188	60,778,188	50,524,216	2,359,304	2,250,668	5,644,000	60,778,188
Commonwealth Bank of Australia*							
Yanchep Active Open Space Oval Ground Works	1,037,331	3,005,847	2,268,048	-	737,799	-	3,005,847
Yanchep District Playing Fields	2,667,966	2,167,396	1,635,399	-	531,997	-	2,167,396
Yanchep District Sports Amenities Building Stage 1	1,378,592	1,902,796	1,435,746	-	467,050	-	1,902,796
Yanchep Surf Life Saving Club	4,020,287	3,923,961	2,960,807	-	963,154	-	3,923,961
	9,104,176	11,000,000	8,300,000	-	2,700,000	-	11,000,000
New Loan Facility							
Yanchep District Playing Fields	-	-	-	-	4,563,200	-	4,563,200
	-	-	-	-	4,563,200	-	4,563,200
Total	69,882,364	71,778,188	58,824,216	2,359,304	9,513,868	5,644,000	76,341,388

Project Description	Approved Application	Funds Used	Funds to be Used			Approved Application
	2017/18 \$	To 30/6/17 \$	2017/18 \$	2018/19 \$	2019/20-20/21 \$	2018/19 \$
Western Australian Treasury Corporation Loan						
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Develop Accessible & Inclusive Playground	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,550,024	1,196,482	251,110	502,432	-	1,950,024
Develop Wangara Industrial Area (Lot 257)	43,857	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	3,367,220	1,555,880	83,192	-	-	1,639,072
Kingsway Regional Playground	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,840,902	18,942,670	512,891	2,638,489	1,075,000	23,169,050
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo & Carosa Road	728,849	728,849	-	-	-	728,849
Redevelop Koondoola Precinct	1,293,000	1,293,000	-	-	-	1,293,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	-	-	-	1,214,615
Southern Suburbs Library	5,800,000	-	-	-	5,800,000	5,800,000
Upgrade Aquamotion	7,926,000	7,926,000	-	-	-	7,926,000
Upgrade Rocca Way Dundeebar Road	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum & Library	10,416,178	10,416,178	-	-	-	10,416,178
Yanchep Active Open Space	56,460	56,460	-	-	-	56,460
Yanchep Lagoon - Brazier Road Realignment	3,859,181	3,859,181	-	-	-	3,859,181
Yanchep Surf Life Saving Club	1,157,500	1,157,500	-	-	-	1,157,500
	60,778,188	49,915,074	847,193	3,140,921	6,875,000	60,778,188
Commonwealth Bank of Australia Loan						
Yanchep Active Open Space Oval Ground Works	825,045	1,037,331	-	-	-	1,037,331
Yanchep District Playing Fields	2,721,850	2,167,396	300,655	199,915	-	2,667,966
Yanchep District Sports Amenities Building Stage 1	1,295,471	439,828	938,764	-	-	1,378,592
Yanchep Surf Life Saving Club	4,020,287	1,794,569	2,218,141	7,577	-	4,020,287
	8,862,653	5,439,124	3,457,560	207,492	-	9,104,176
Total	69,640,841	55,354,198	4,304,753	3,348,413	6,875,000	69,882,364

As per the requirement of the *Local Government Act 1995*, the City sets aside funding each year from general funds for the provision of the loan repayment by 2026.

In 2012/13 the development of the land at Tamala Park, in which the City has a major interest, reached the lot creation and sale stage. Funds from these land sales will ultimately be used to repay the loan.

In 2016/17 the Council borrowed \$5.6m to meet the immediate funding requirements for the Yanchep/Two Rock Developers' Contribution Plan projects. A further \$2.7m was borrowed in 2017/18. The loans were fully drawn as at 30 June 2018. An additional \$5.3m is planned to be drawn in 2020 for a term of 10 years.

Asset Management

Local Governments own and maintain a large number of assets, in particular infrastructure assets such as transport, parks and building assets which are necessary to support the delivery of services to the community. Of particular importance is the need to continue such services for current and future generations. With this need comes the ongoing maintenance and replacement obligation of these assets. The estimated replacement cost of the City's depreciable assets is \$2.3 billion.

The current growth in the City and demand for services, together with its longer-term development, has significant implications for the City's infrastructure and physical asset base.

The practice of Asset Management ensures sustainable outcomes for assets now and into the future with the principal objective to manage these assets in a safe, reliable and sustainable way for the lowest whole of lifecycle cost.

Asset renewal should occur prior to the asset degrading to a point where it is no longer meeting community requirements and annual maintenance costs become a disproportionate burden, when subsequent renewal would be more significant and costly.

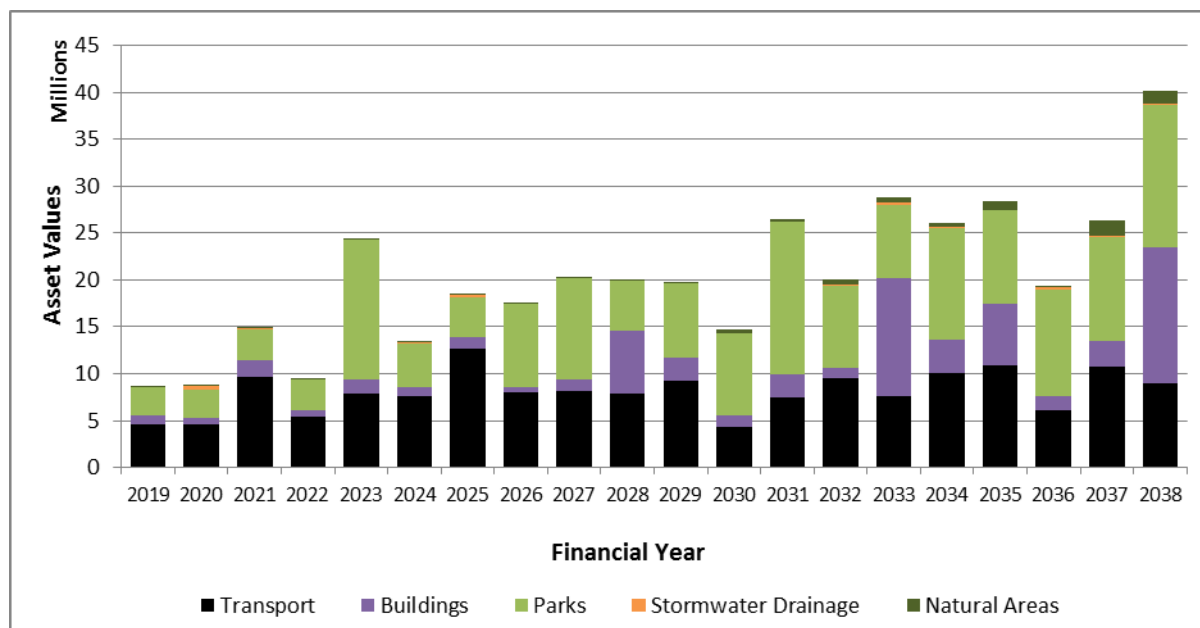
A significant challenge facing the City is how it will sustainably balance the timely provision of new facilities for the rapidly growing areas as well as ensuring that the existing portfolio of assets are maintained, refurbished and/or upgraded to suitable standards.

The City's Asset Management Policy and Asset Management Strategy collectively set out how the City will implement and improve its asset management practices and processes. One of the key objectives is to ensure that asset management plans and their associated long term funding requirements are updated and integrated with this Long Term Financial Plan.

The renewal cycle for infrastructure assets varies from very short to very long timeframes and it is essential to view the renewal demand and plan for their renewal over a long term period.

Figure 1 below shows the 20 year long term asset renewal demand profile for the City's consolidated infrastructure assets.

Figure 1: Asset Renewal Demand - 20 Year Profile



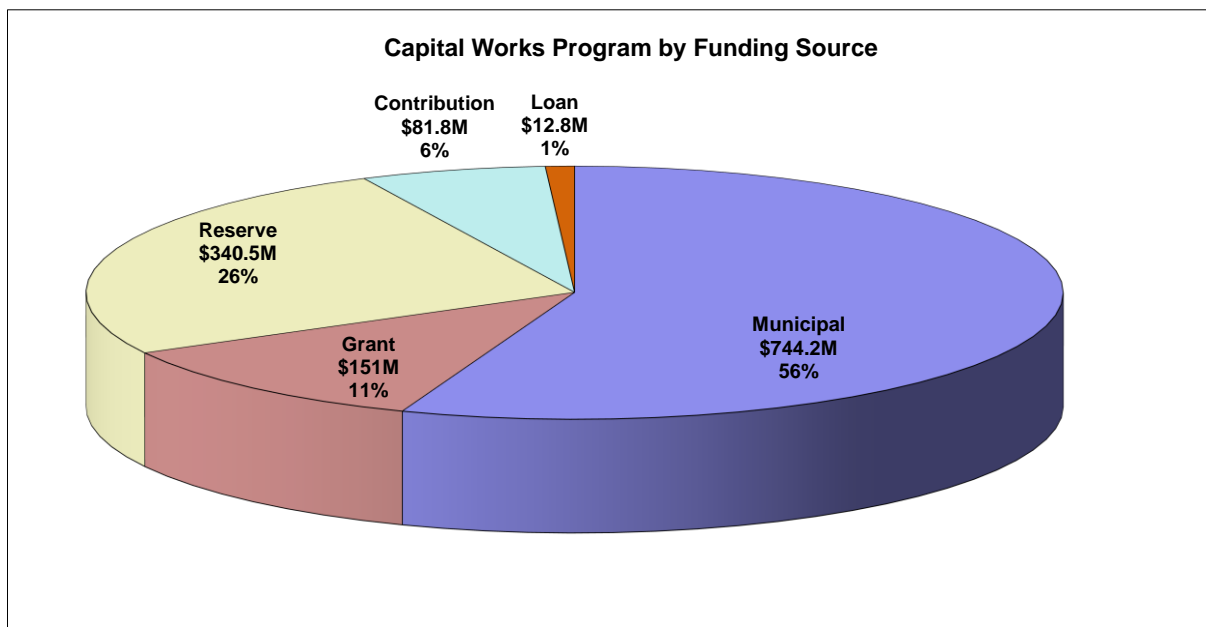
A longer term view of the City's infrastructure renewal demand depicted in Figure 1 identifies that the level of renewal expenditure required will increase with spikes in individual years, and continues to increase at a higher rate each year thereafter. This is the impact of the increasing amounts of gifted assets resulting from continued growth experienced in the City of Wanneroo over the past 10 to 15 years.

The planned annual renewal funding allocation over the 20 year period is largely aligned to the predicted annual renewal demand. Assessments on the suitability and the condition of assets is undertaken regularly to validate the predicted long term funding requirement of assets. The long term renewal predictions are monitored regularly to ensure that the level of un-funded asset renewals (backlog) are kept at manageable levels.

Table 2: Capital Works Funding Sources

**CAPITAL WORKS PROGRAM
FUNDING BREAKDOWN**

	\$M	
Municipal	741.22	55.7%
Grant	151.00	11.4%
Reserve	343.45	25.8%
Contribution	81.79	6.1%
Loan	12.77	1.0%
Grand Total	1,330.23	100%

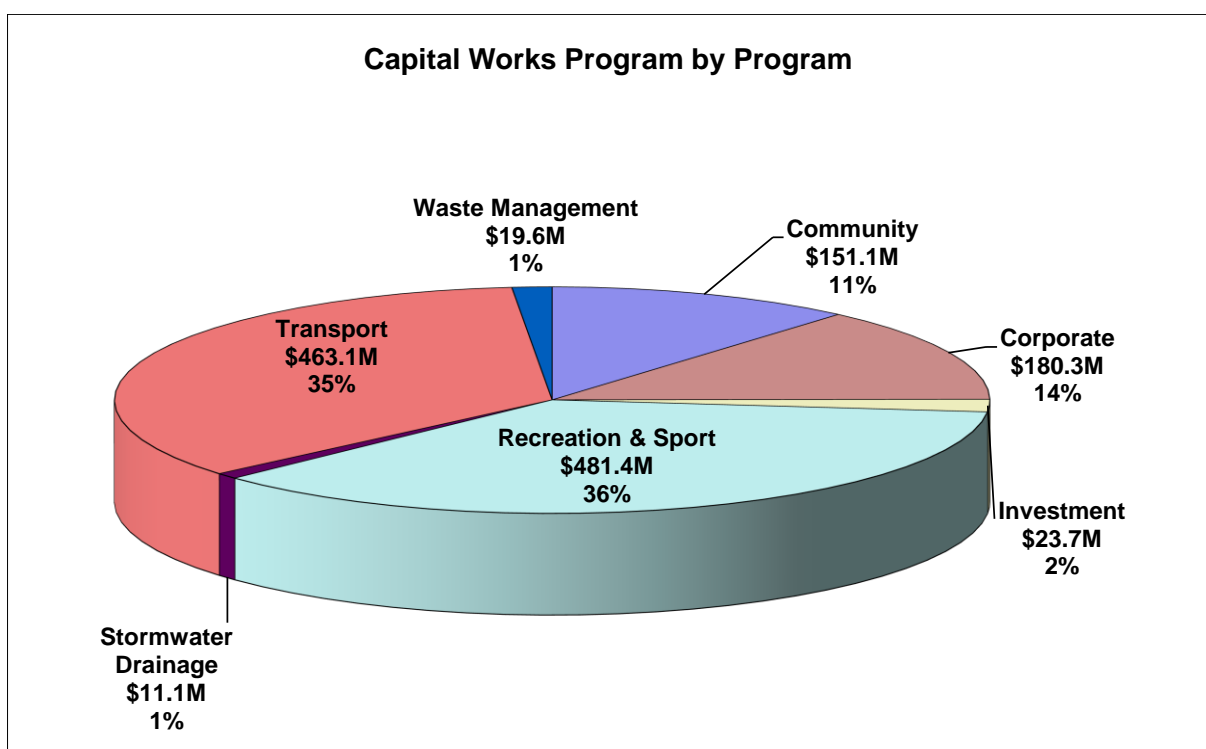


The following information details the Capital Works Program by Reporting Program:

Table 3: Capital Works by Reporting Program

**CAPITAL WORKS PROGRAM 2019/20 - 2039/40
PROGRAM BREAKDOWN**

Program	\$M	
Community	151.12	11.4%
Corporate	180.30	13.6%
Investment	23.71	1.8%
Recreation & Sport	481.35	36.2%
Stormwater Drainage	11.13	0.8%
Transport	463.05	34.8%
Waste Management	19.58	1.5%
Grand Total	1,330.23	100%



The Long Term Financial Plan reflects a responsible and sustainable financial strategy for the City with all projects in the Plan being fully funded in the financial model. Sources of funding comprise of accumulated reserve funds, application of borrowings and grant revenue, in addition to rates.

Assumptions

The following assumptions form the basis upon which this Long Term Financial Plan has been constructed:

General

This Plan covers a period of 20 years.

Variables

All escalation, inflation and growth factors and percentages used in this model are summarised in the 'Variables' report.

Population Growth	The population forecasts by id Forecast have been applied from year 2027/28 (year eight). Moderate growth at 2.0% has been applied in the first four years and then gradually increased in next three years to match with id forecast.
Consumer Price Index - (CPI)	Department of Treasury have provided forecast data up to 2022/23. Perth CPI was forecasted to gradually increase to 2.25% in 2020/21, then to 2.50% in the following two years. The model takes a more conservative approach by reducing the forecast by 25 basis point in the first three years and then applying the mid-point of the RBA CPI target range of 2.5% for the rest the years. This rate is used to determine: Fees and Charges, other revenue, materials and contracts, insurance, and other expenditure.
Rates Base	Based on the current rate increase for 2019/20 of 1.80%, with future increases/ decrease set to CPI -0.25% to +1%. This is based on a balanced approach to achieve either a small operating surplus or a minimal deficit. 920182
Rates Growth	Based on the population growth forecast as stated by id Forecast, adjusted downwards to reflect current conditions for first seven years.
Waste Fee	With the City moving to a Three Bin Model, conservative modelling shows a saving of up to \$30 per household. While a certain amount be used to reduce the Waste Fee in the future, at least 50% will be retained to build up the Waste Reserve to replenish it and build up to allow the City to fund other Waste Strategies for which business cases are being worked on.

	For 2020/21 it is proposed to leave the Waste Fee as is to bed down the Three Bin Model.
Operating Grants etc.	For, Operating Grants, Subsidies and Contributions, no increases are applied to reflect a reducing income pool for this income stream.
Fees and Charges	Based on the Perth CPI figures as quoted above.
Interest Yield	Based on the current yield adjusted for recent RBA Cash Rate announcements, at between 2% to 2.5% for the first six years increasing to 2.75% for year seven and eight after which increasing to 3.0% from 2028/29 (year nine) for the life of the Plan as economic conditions and market expectations improve.
Other Revenue	Based on the Perth CPI figures as quoted above.
Employee – Establishment	The City has four Enterprise Agreements and three are due to expire in the first half of 2019 calendar year with negotiations for a new agreements commenced in November 2018. For the projected years the current CPI index rate is applied with the exception of 2021/22 to 2025/26 where CPI index rate + 0.06% is applied to account for the proposed Superannuation Guarantee increases from 9.5% to 12%.
Employee – Growth	It is intended to minimise growth of employee numbers by funding improvements to technology, whilst taking into consideration the City's expansion including new facilities. With the intention of minimising growth in employee numbers, this has been set at one third the Rates growth for the life of the plan.
Materials & Contracts	Based on the current CPI index rate.
Materials & Contracts – Asset Growth	Calculation of historical data has shown that the increase in maintenance and other materials costs has been consistently in line with asset growth of 3%.
Utility Charges	With regular annual increases in Government charges, plus consistent increases in City growth, the variable has been kept at 5% for the life of the LTFP. Higher increases in Street Lighting charges are being offset by future energy saving initiatives that will be implemented by the City.
Depreciation	Is calculated from current asset values and future assets from the capital works program.
Insurance	Based on the Perth CPI figures as quoted above.
Other Expenditure	Based on the Perth CPI figures as quoted above.

Data

- Capital works expenditure figures are sourced from the current 20 year Capital Works Program;
- Operating revenues and expenses are based on the adopted 2019/20 budget;
- Depreciation is calculated based on current asset values and future assets from the Capital Works Program;
- Other expenditure currently takes into account the costs for Council elections (every two years); Mayoral elections (every four years) and Rates gross rental value revaluations (every three years); and
- Income generating assets identified use projections from feasibility studies undertaken.

Risk Assessment

The City has performed a risk assessment of the Long Term Financial Plan and stated below are the factors that could directly or indirectly affect part or parts of the assumptions and/or parameters of the Plan. The City will closely monitor and where appropriate, manage these risks and regularly reassess the Plan to ensure the predicted financial outcome remains current and realistic:

1. Volatile global financial, social and economic environments.
2. Financial risks resulting from variation of global or local economic indicators such as interest rate, inflation, exchange rate or commodity price movements.
3. Non-controllable pressures from State Government cost shifting.
4. The growth rate in new properties could change in response to any global or local uncertainties, which will affect both revenue and expenditures.
5. Continuous funding demands to meet community expectations, the City's Resourcing Strategies (e.g. Strategic Asset Management Plan and Strategic Workforce Management Plan).
6. Legislative changes as a result of the Local Government Act 1995 review.

Scenario Modelling/Sensitivity Analysis

The City modelled various rating scenarios for the 20 year life of the Plan, using a different principle for each.

During the consultation process (Workshops 1 & 2 held in August 2019 and November 2019 respectively), the Elected Members considered different scenario modellings and agreed that the 2020/21 LTFP should be based on the balanced approach.

The balanced approach contained Rate increases to 2.5% - 3.0% for the life of the LTFP, resulting in small operating deficits in years 4, 5 and 6, with surpluses in the remaining years.

Financial Reports, Ratios and Analysis

VARIABLES	Projection																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40
OPERATIONS-Revenue																				
Rates - Base	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.75%	3.00%	3.00%	2.75%	3.00%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%
Rates - Growth or Decline	2.00%	2.00%	2.00%	2.00%	2.25%	2.50%	2.75%	3.00%	2.90%	2.85%	2.75%	2.70%	2.60%	2.55%	2.50%	2.45%	2.36%	2.30%	2.25%	2.25%
Operating grants, subsidies and contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fees and charges	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Interest Yield	2.00%	2.00%	2.25%	2.25%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other revenue	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OPERATIONS-Expenditure																				
Employee costs - establishment	2.06%	2.31%	2.31%	2.56%	2.56%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs - growth	0.67%	0.67%	0.67%	0.67%	0.75%	0.83%	0.92%	1.00%	0.97%	0.95%	0.92%	0.90%	0.87%	0.85%	0.83%	0.82%	0.79%	0.77%	0.75%	0.75%
Materials and contracts	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and contracts - Growth due to increase in Asset Levels	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utility charges - Increase due to growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utility charges - Increase in Government Charges	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Insurance expense	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenditure	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CAPITAL-Assets																				
Average Depreciation - PPE (Buildings)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Average Depreciation - PPE (Other)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Average Depreciation - Plant & Vehicles	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Average Depreciation - Infrastructure Roads	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Average Depreciation - Infrastructure Other	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
CPI Inflation	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Cumulative CPI Inflator	1.02	1.04	1.07	1.09	1.12	1.15	1.18	1.21	1.24	1.27	1.30	1.33	1.37	1.40	1.43	1.47	1.51	1.54	1.58	1.62

INCOME STATEMENT	Budget	Predictions																			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40
Operating Revenues																					
Rates - base	135,582	139,649	146,632	153,963	161,662	169,745	178,656	188,482	198,353	209,262	221,100	234,050	247,508	260,980	275,612	290,202	305,438	321,321	336,918	353,090	369,862
Rates - growth or decline	-	2,712	2,847	2,990	3,139	3,708	4,336	5,032	5,805	5,921	6,133	6,249	6,488	6,604	6,823	7,061	7,283	7,380	7,560	7,751	8,119
Operating grants, subsidies and contributions	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861
Fees and charges	46,788	47,723	48,797	49,895	51,143	52,421	53,732	55,075	56,452	57,863	59,723	61,216	62,746	64,315	65,923	67,571	69,260	70,992	72,767	74,586	76,450
Interest earnings	8,715	8,890	9,067	9,271	9,480	9,717	9,960	10,234	10,515	10,831	11,156	11,490	11,835	12,190	12,556	12,932	13,320	13,720	14,132	14,555	14,992
Other revenue	627	640	654	669	686	703	720	738	757	776	795	815	835	856	878	900	922	945	969	993	1,018
Total Operating Revenue	210,474	218,858	227,649	236,969	247,154	258,265	270,422	282,742	295,513	309,767	324,680	340,273	355,806	372,652	389,527	407,084	425,218	443,206	461,836	481,302	
Operating Expenses																					
Employee costs - establishment	(76,826)	(78,408)	(80,744)	(83,147)	(86,582)	(89,376)	(92,280)	(95,356)	(98,614)	(102,066)	(105,604)	(111,058)	(114,853)	(120,529)	(124,587)	(128,760)	(133,052)	(137,465)	(141,983)	(146,622)	(152,828)
Employee costs - growth	-	(512)	(526)	(1,274)	(563)	(654)	(750)	(853)	(962)	(963)	(2,746)	(993)	(2,737)	(1,019)	(1,033)	(1,047)	(1,060)	(1,055)	(1,062)	(2,479)	(1,118)
Materials and contracts	(68,529)	(69,900)	(73,616)	(77,531)	(81,853)	(86,417)	(91,234)	(96,321)	(101,691)	(107,360)	(113,840)	(120,186)	(126,887)	(133,961)	(141,429)	(149,314)	(157,638)	(166,426)	(175,705)	(185,500)	(195,842)
Utility charges (electricity, gas, water etc.)	(9,695)	(10,180)	(10,689)	(11,266)	(11,829)	(12,421)	(13,042)	(13,694)	(14,378)	(15,097)	(16,217)	(17,028)	(18,115)	(19,021)	(19,972)	(20,971)	(22,019)	(23,120)	(24,276)	(25,541)	(26,818)
Depreciation on non-current assets	(40,947)	(39,486)	(42,799)	(45,255)	(49,108)	(51,889)	(54,917)	(57,350)	(59,962)	(62,909)	(65,479)	(68,303)	(71,347)	(74,363)	(77,287)	(80,188)	(83,207)	(86,102)	(88,958)	(91,736)	(94,365)
Interest expense	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(2,056)	-	(1,822)	(1,867)	(1,939)	(1,987)	(2,037)	(2,088)	(2,140)	(2,194)	(2,248)	(2,305)	(2,362)	(2,421)	(2,482)
Insurance expense	(1,510)	(1,540)	(1,575)	(1,610)	(1,651)	(1,692)	(1,734)	(1,777)	(1,822)	(1,867)	(1,939)	(1,987)	(2,037)	(2,088)	(2,140)	(2,194)	(2,248)	(2,305)	(2,362)	(2,421)	(2,482)
Materials and contracts from asset growth	-	(2,097)	(2,208)	(2,326)	(2,456)	(2,593)	(2,737)	(2,890)	(3,051)	(3,221)	(3,415)	(3,606)	(3,807)	(4,019)	(4,243)	(4,479)	(4,729)	(4,993)	(5,271)	(5,565)	(5,875)
Other expenditure	-	-	(1,022)	-	(344)	(807)	(299)	-	(1,249)	-	(330)	(936)	(420)	-	(1,371)	-	(463)	(1,085)	(402)	-	(1,679)
Total Operating Expenditure	(201,618)	(206,234)	(217,291)	(226,520)	(238,497)	(249,958)	(261,104)	(270,296)	(281,728)	(293,483)	(309,569)	(324,098)	(340,201)	(355,000)	(372,063)	(386,953)	(404,417)	(422,551)	(440,019)	(459,864)	(481,007)
Operating Result	954	4,240	1,567	1,129	(1,528)	(2,803)	(2,839)	126	1,014	2,030	197	583	72	807	589	2,574	2,667	2,667	3,187	1,972	295
Revenue (Asset related)																					
Non-Operating grants, subsidies and contributions	29,880	12,987	15,430	13,391	16,819	21,350	11,341	9,304	15,250	9,446	11,436	10,386	7,830	7,619	6,409	8,179	7,449	6,469	7,489	6,509	4,590
Physical assets received from developers	16,275	18,139	18,502	18,872	19,249	19,683	20,175	20,729	21,351	21,970	22,597	23,218	23,845	24,465	25,089	25,716	26,346	26,968	27,588	28,209	28,843
Town planning income	15,288	27,881	17,794	20,864	2,889	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Town planning expenses	(8,032)	(45,051)	(28,750)	(28,683)	(900)	(5,227)	(4,503)	(418)	(306)	(306)	(306)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)
Profit on asset disposal	585	1,000	1,833	500	2,167	2,667	5,167	4,833	5,167	5,167	4,833	8,000	6,167	500	2,675	500	500	500	500	500	500
Loss on asset disposal	(14,110)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Net Result	40,840	18,696	25,877	25,572	38,196	36,169	30,840	36,074	43,976	39,807	40,258	43,560	40,287	35,764	37,135	39,342	39,335	38,977	41,137	39,563	36,601

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS		Budget	Projections/Predictions																			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	
Cash Flows from Operating Activities																						
Receipts																						
Rates	135,582	142,361	149,479	156,953	164,801	173,453	182,993	193,515	204,158	215,182	227,233	240,299	253,996	267,584	282,435	297,263	312,721	328,701	344,479	360,841	377,981	
Operating Grants, Subsidies and Contributions	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	10,861	
Fees and Charges	46,788	47,723	48,797	49,895	51,143	52,421	53,732	55,075	56,452	57,863	59,723	61,216	62,746	64,315	65,923	67,571	69,260	70,992	72,767	74,586	76,450	
Interest Earnings	8,715	8,890	9,067	9,271	9,480	9,717	9,960	10,234	10,515	10,831	11,156	11,490	11,835	12,190	12,556	12,932	13,320	13,720	14,132	14,555	14,992	
Goods and Services Tax	12,696	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	
Other Revenue	627	640	654	669	686	703	720	738	757	776	795	815	835	856	878	900	922	945	969	993	1,018	
	215,269	219,474	227,858	236,649	245,969	256,154	267,265	279,422	291,742	304,513	318,767	333,680	349,273	364,806	381,652	398,527	416,084	434,218	452,206	470,836	490,302	
Payments																						
Employee Costs	(76,826)	(78,921)	(81,270)	(84,421)	(87,145)	(90,029)	(93,030)	(96,209)	(99,576)	(103,028)	(108,350)	(112,051)	(117,589)	(121,548)	(125,620)	(129,807)	(134,113)	(138,520)	(143,045)	(149,101)	(153,946)	
Materials and Contracts	(68,529)	(71,997)	(75,825)	(79,857)	(84,309)	(89,009)	(93,971)	(99,210)	(104,741)	(110,581)	(117,255)	(123,792)	(130,693)	(137,980)	(145,672)	(153,793)	(162,367)	(171,419)	(180,976)	(191,065)	(201,717)	
Utility Charges	(9,695)	(10,180)	(10,689)	(11,266)	(11,829)	(12,421)	(13,042)	(13,694)	(14,378)	(15,097)	(16,217)	(17,028)	(18,115)	(19,021)	(19,972)	(20,971)	(22,019)	(23,120)	(24,276)	(25,541)	(26,818)	
Interest Expense	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	(4,111)	
Insurance Expense	(1,510)	(1,540)	(1,575)	(1,610)	(1,651)	(1,692)	(1,734)	(1,777)	(1,822)	(1,867)	(1,939)	(1,987)	(2,037)	(2,088)	(2,140)	(2,194)	(2,248)	(2,305)	(2,362)	(2,421)	(2,482)	
Goods and Services Tax	(11,607)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	
Other Expenditure	-	-	(1,022)	-	(344)	(807)	(299)	-	(1,249)	-	(330)	(936)	(420)	-	(1,371)	-	(463)	(1,085)	(402)	-	(1,679)	
	(172,278)	(175,748)	(183,492)	(190,265)	(198,389)	(207,069)	(215,187)	(221,946)	(230,767)	(239,574)	(253,091)	(264,795)	(277,854)	(289,637)	(303,775)	(315,765)	(330,210)	(345,449)	(360,061)	(377,128)	(395,643)	
Net Cash Provided by Operating Activities	42,991	43,726	44,367	46,384	47,580	49,085	52,078	57,476	60,976	64,939	65,676	68,886	71,418	75,170	77,877	82,762	85,874	88,769	92,145	93,708	94,659	
Cash Flows from Investing Activities																						
Payments for Purchase of Property, Plant & Equipment	(40,209)	(29,792)	(31,619)	(27,214)	(35,721)	(38,282)	(20,016)	(37,364)	(44,878)	(28,517)	(31,454)	(34,988)	(29,206)	(28,393)	(23,044)	(31,539)	(28,452)	(24,307)	(23,938)	(17,491)	(19,184)	
Payments for Construction of Infrastructure	(49,215)	(35,481)	(39,340)	(50,898)	(54,327)	(55,187)	(45,155)	(34,565)	(39,222)	(48,861)	(60,224)	(63,277)	(44,432)	(45,662)	(47,254)	(52,087)	(55,618)	(53,976)	(57,794)	(55,732)	(54,249)	
Grants, Subsidies and Contributions used for Development of Assets	29,880	12,987	15,430	13,391	16,819	21,350	11,341	9,304	15,250	9,446	11,436	10,386	7,830	7,619	6,409	8,179	7,449	6,469	7,489	6,509	4,590	
Town Planning Income	15,288	27,881	17,794	20,864	2,889	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Town planning Expenses	(8,032)	(45,051)	(28,750)	(28,683)	(900)	(5,227)	(4,503)	(418)	(306)	(306)	(306)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	
Proceeds from Asset Disposal	1,484	1,133	2,472	1,116	2,512	3,316	5,706	5,114	5,870	5,653	5,031	8,349	7,106	998	3,187	863	939	892	1,044	1,069	1,069	
Net Movements in Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(50,804)	(68,324)	(64,012)	(71,424)	(68,729)	(73,029)	(50,627)	(55,930)	(61,285)	(60,585)	(73,516)	(77,656)	(55,828)	(62,564)	(57,829)	(71,711)	(72,809)	(68,050)	(70,325)	(62,772)	(64,901)	
Cash Flows From Financing Activities																						
Proceeds from New Loans/(Repayment) of Loans	4,563	-	-	-	-	-	-	(69,078)	-	-	-	(4,563)	-	-	-	-	-	-	-	-	-	
Net Cash Provided by (Used in) Financing Activities	4,563	-	-	-	-	-	-	(69,078)	-	-	-	(4,563)	-	-	-	-	-	-	-	-	-	
Net Increase (Decrease) in Cash Held	(3,250)	(24,598)	(19,646)	(25,040)	(21,149)	(23,944)	1,451	(67,532)	(310)	4,354	(7,840)	(13,334)	15,590	12,606	20,048	11,051	13,065	20,719	21,820	30,936	29,759	
Cash at Beginning of Year	379,715	376,466	351,868	332,222	307,182	286,034	262,089	263,540	196,009	195,699	200,053	192,213	178,880	194,470	207,075	227,124	238,175	251,239	271,959	293,778	324,715	
Cash and Cash Equivalents at the End of Year	376,466	351,868	332,222	307,182	286,034	262,089	263,540	196,009	195,699	200,053	192,213	178,879	194,470	207,075	227,124	238,175	251,239	271,959	293,778	324,715	354,473	

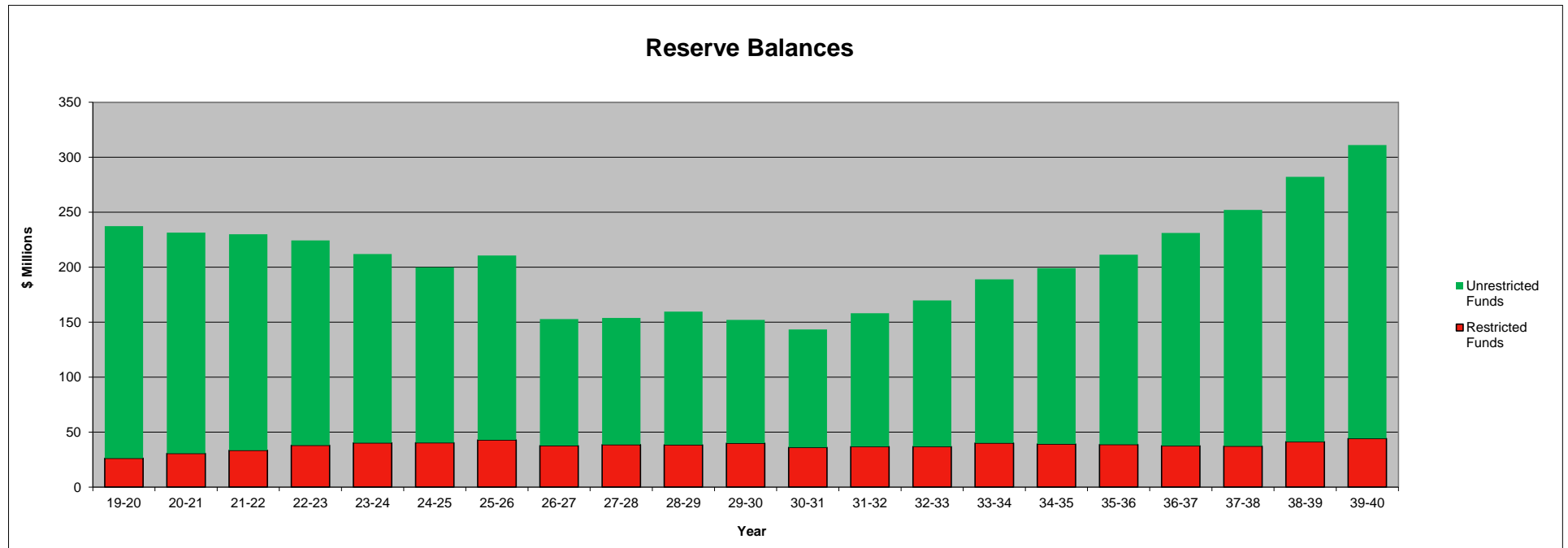
BALANCE SHEET

[illegible]**STATEMENT OF EQUITY** **Budget**

STATEMENT OF EQUITY		Budget	Projections/Predictions																			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	('\$'000)	
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	
Retained Surplus																						
Opening Balance	1,262,505	1,289,517	1,332,256	1,372,534	1,423,146	1,482,491	1,542,604	1,571,993	1,667,299	1,711,585	1,747,038	1,795,136	1,847,467	1,872,164	1,895,322	1,912,409	1,940,700	1,966,971	1,985,229	2,004,546	2,013,173	
Net Inflow / (Outflow)	27,013	42,738	40,279	50,612	59,345	60,113	29,389	95,306	144,286	35,453	48,098	52,331	24,697	23,158	17,087	28,291	26,271	18,258	19,317	8,627	6,843	
Total Retained Surplus	1,289,517	1,332,256	1,372,534	1,423,146	1,482,491	1,542,604	1,571,993	1,667,299	1,711,585	1,747,038	1,795,136	1,847,467	1,872,164	1,895,322	1,912,409	1,940,700	1,966,971	1,985,229	2,004,546	2,013,173	2,020,015	
Town Planning Schemes																						
Opening Balance	75,856	82,060	63,885	50,898	31,592	22,787	10,854	1,539	121	(1,185)	(2,796)	(2,922)	(2,922)	(2,049)	(1,175)	(302)	572	1,445	2,319	3,192	4,066	
Net Inflow / (Outflow)	6,204	(18,175)	(12,987)	(19,306)	(8,805)	(11,933)	(9,314)	(1,418)	(1,306)	(1,306)	(306)	(127)	874	874	874	874	874	874	874	874	874	
Total Town Planning Schemes	82,060	63,885	50,898	31,592	22,787	10,854	1,539	121	(1,185)	(2,490)	(2,796)	(2,922)	(2,049)	(1,175)	(302)	572	1,445	2,319	3,192	4,066	4,939	
Reserves - Cash Backed																						
Opening Balance	229,713	237,337	231,470	230,055	224,321	211,978	199,967	195,966	196,966	153,915	159,575	152,040	143,396	158,113	169,845	189,020	199,197	211,388	231,234	252,180	282,243	
Net Inflow / (Outflow)	(5,867)	(1,415)	(2,344)	(2,344)	(8,643)	(12,911)	(9,966)	(10,765)	(57,813)	(9,765)	(9,765)	(6,243)	(6,243)	(11,732)	(12,191)	(12,191)	(12,191)	(12,191)	(12,191)	(12,191)	(12,191)	
Total Reserves - Cash Backed	237,337	231,470	230,055	224,321	211,978	199,967	195,966	196,966	153,915	159,575	152,040	143,396	158,113	169,845	189,020	199,197	211,388	231,234	252,180	282,243	311,128	
Reserves - Revaluation																						
Opening Balance	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	
Net Inflow / (Outflow)	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	
Total Reserves - Revaluation	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	1,064,248	
Total Equity	2,673,163	2,691,859	2,717,736	2,743,308	2,817,504	2,817,673	2,848,513	2,884,587	2,928,564	2,968,371	3,008,629	3,052,189	3,092,476	3,128,240	3,165,375	3,204,717	3,244,052	3,283,030	3,324,167	3,363,730	3,400,331	

RESERVES SUMMARY

	Projections/Predictions																				
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40
<< closing balances >>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unrestricted Reserves																					
Asset Renewal	10,400	10,708	11,022	11,270	11,524	11,812	12,107	12,440	12,782	13,166	13,561	13,967	14,386	14,818	15,263	15,720	16,192	16,678	17,178	17,693	18,224
Asset Replacement	5,327	5,391	6,405	8,549	10,542	12,805	14,125	15,514	15,741	16,213	16,699	17,200	18,516	20,072	21,674	23,324	24,824	26,568	28,365	30,216	31,923
Coastal Management	15,974	12,494	13,743	15,053	16,241	17,647	19,089	20,614	21,180	21,816	22,470	23,144	23,839	24,554	25,291	26,049	26,831	27,636	28,465	29,319	30,198
Domestic Refuse	13,136	6,513	5,995	5,842	5,679	5,156	4,979	4,803	4,250	4,049	3,833	3,043	2,581	2,091	1,208	2,650	2,121	1,198	2,599	2,028	1,427
Golf Courses	1,012	1,363	990	1,392	1,043	1,449	1,106	1,546	1,239	1,686	1,386	1,838	1,568	2,050	1,787	2,275	2,018	2,539	2,315	2,845	2,630
Strategic Land	4,389	4,977	5,577	6,202	6,842	7,513	8,200	8,926	9,671	9,962	10,260	10,568	12,885	15,272	17,730	20,262	22,870	25,556	28,322	31,172	34,107
Loan Repayment	24,459	25,448	27,290	27,904	30,199	33,120	38,615	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Neerabup Development	4,686	4,609	4,592	4,607	4,622	4,664	4,707	4,754	4,817	4,894	4,974	5,056	6,131	7,248	9,398	9,613	11,835	14,113	16,469	18,896	21,396
Plant Replacement	13,076	13,399	11,583	13,176	14,922	14,068	14,018	13,975	14,819	16,162	17,025	19,041	18,289	18,353	18,569	19,180	20,268	20,720	22,120	22,599	23,439
Regional Open Space	14,272	18,558	18,929	13,855	10,167	4,921	7,044	9,238	11,492	8,592	5,606	2,530	4,606	6,744	8,947	11,215	13,552	16,958	20,467	24,081	27,803
Strategic Projects / Initiatives	104,334	97,256	90,342	78,420	59,950	46,417	43,843	23,350	19,203	24,481	16,276	10,773	18,416	21,775	29,024	29,695	32,120	41,641	48,516	62,039	75,731
Total - Unrestricted Reserves	211,067	200,714	196,468	186,270	171,731	159,572	167,834	115,159	115,195	121,020	112,091	107,161	121,217	132,977	148,889	159,984	172,631	193,607	214,817	240,887	266,879
Restricted Reserves																					
Alkimos/Eglinton CF	15,257	18,434	21,375	24,391	25,382	23,905	24,625	25,664	24,439	21,843	20,564	20,355	20,540	20,022	22,779	21,340	20,349	18,666	17,833	21,240	23,531
Leave Liability	1,944	2,033	2,124	2,222	2,272	2,329	2,387	2,452	2,520	2,595	2,673	2,753	2,836	2,921	3,009	3,099	3,192	3,288	3,386	3,488	3,593
Section 152 Land	846	863	881	900	671	687	705	724	744	766	789	813	837	862	888	915	942	971	1,000	1,030	1,061
TPS 20 Distributor Road	7,305	7,451	7,600	7,771	7,946	8,144	8,348	8,578	8,813	9,078	9,350	9,631	9,920	10,217	10,524	10,839	11,165	11,500	11,845	12,200	12,566
Yanchep Bus	118	125	133	141	149	157	166	176	186	196	207	213	220	226	233	240	247	255	263	270	279
Yanchep/Two Rocks CF	800	1,850	1,475	2,627	3,828	5,172	6,668	167	2,019	4,076	6,365	2,469	2,543	2,619	2,698	2,779	2,862	2,948	3,037	3,128	3,221
Total - Restricted Reserves	26,270	30,756	33,587	38,051	40,247	40,395	42,898	37,760	38,720	38,554	39,949	36,235	36,895	36,868	40,131	39,213	38,757	37,627	37,363	41,356	44,250
TOTAL - ALL RESERVES	237,337	231,470	230,055	224,321	211,978	199,967	210,732	152,919	153,915	159,575	152,040	143,396	158,113	169,845	189,020	199,197	211,388	231,234	252,180	282,243	311,128



The City is currently targeting five main areas for reserve funding – Asset Renewal, Asset Replacement, Coastal Management, Regional Open Space and Land Acquisition. Regular transfers into these reserves throughout the course of the 20 year life of the Plan should enable the City to meet required expenditure in these areas as and when it falls due.

In the graph above, restricted funds are funds that are restricted in their use by legislation. Whilst the City has a significant balance of legislatively unrestricted reserves, most of these funds are tied to specific uses, and are therefore committed.

RATIO ANALYSIS

	Budget	Projections/Predictions																			
	0 \$('000) 19-20	1 \$('000) 20-21	2 \$('000) 21-22	3 \$('000) 22-23	4 \$('000) 23-24	5 \$('000) 24-25	6 \$('000) 25-26	7 \$('000) 26-27	8 \$('000) 27-28	9 \$('000) 28-29	10 \$('000) 29-30	11 \$('000) 30-31	12 \$('000) 31-32	13 \$('000) 32-33	14 \$('000) 33-34	15 \$('000) 34-35	16 \$('000) 35-36	17 \$('000) 36-37	18 \$('000) 37-38	19 \$('000) 38-39	20 \$('000) 39-40
OPERATING RESULT																					
Operating Result	954	4,240	1,567	1,129	(1,528)	(2,803)	(2,839)	126	1,014	2,030	197	583	72	807	589	2,574	2,667	2,667	3,187	1,972	295
Own Source Operating Revenue	192,297	200,614	209,831	217,288	228,275	238,960	252,571	264,395	277,048	289,819	303,740	321,820	335,579	345,446	364,467	379,166	396,723	414,858	432,845	451,475	470,941
Operating Surplus Ratio	0.5%	2.1%	0.7%	0.5%	-0.7%	-1.2%	-1.1%	0.0%	0.4%	0.7%	0.1%	0.2%	0.0%	0.2%	0.2%	0.7%	0.7%	0.6%	0.7%	0.4%	0.1%
Own Source Operating Revenue	192,297	200,614	209,831	217,288	228,275	238,960	252,571	264,395	277,048	289,819	303,740	321,820	335,579	345,446	364,467	379,166	396,723	414,858	432,845	451,475	470,941
Operating Expenses	215,729	206,734	217,791	227,020	238,997	250,458	261,604	270,796	282,228	293,983	310,069	324,598	340,701	355,500	372,563	387,453	404,917	423,051	440,519	460,364	481,507
Own Source Revenue Coverage Ratio	89.1%	97.0%	96.3%	95.7%	95.5%	95.4%	96.5%	97.6%	98.2%	98.6%	98.0%	99.1%	98.5%	97.2%	97.8%	97.9%	98.0%	98.1%	98.3%	98.1%	97.8%
WORKING CAPITAL																					
Current Assets (less Restricted Assets)	45,309	45,309	45,309	45,309	45,309	45,309	45,309	37,009	37,009	37,009	37,009	32,446	32,446	32,446	32,446	32,446	32,446	32,446	32,446	32,446	32,446
Current Liabilities (less Restricted)	56,422	56,422	56,422	56,422	56,422	56,422	125,500	56,422	56,422	56,422	60,985	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422
Current Ratio	80.3%	80.3%	80.3%	80.3%	80.3%	80.3%	36.1%	65.6%	65.6%	65.6%	60.7%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%
DEBT SERVICE COVER																					
Operating Surplus less Interest & Depreciation	46,013	47,837	48,478	50,495	51,691	53,196	56,189	59,532	60,976	64,939	65,676	68,886	71,418	75,170	77,877	82,762	85,874	88,769	92,145	93,708	94,659
Debt Service Payments	4,445	4,445	4,445	4,445	4,445	4,445	4,445	71,355	109	109	109	4,563	-	-	-	-	-	-	-	-	-
Debt Service Cover Ratio	1035%	1076%	1091%	1136%	1163%	1197%	1264%	83%	56168%	59818%	60498%	1510%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FIXED ASSETS																					
Asset Expenditure Renewal																					
Total Renewal Expenditure	20,293	24,116	23,034	20,207	20,532	25,946	26,013	28,645	30,978	28,730	30,776	36,843	40,401	41,179	41,304	42,180	40,635	43,219	45,727	44,997	49,384
Depreciation	40,947	39,486	42,799	45,255	49,108	51,889	54,917	57,350	59,962	62,909	65,479	68,303	71,347	74,363	77,287	80,188	83,207	86,102	88,958	91,736	94,365
Asset Sustainability Ratio	50.0%	61.0%	54.0%	45.0%	42.0%	50.0%	47.0%	50.0%	52.0%	46.0%	47.0%	54.0%	57.0%	55.0%	53.0%	53.0%	49.0%	50.0%	51.0%	49.0%	52.0%
Asset Consumption																					
Written down value of Assets	2,320,701	2,370,770	2,412,784	2,455,385	2,501,132	2,552,809	2,602,877	2,623,844	2,647,549	2,677,438	2,698,080	2,726,822	2,756,515	2,762,866	2,766,218	2,763,248	2,766,221	2,765,609	2,757,536	2,748,040	2,729,697
Current Replacement Cost of Assets	2,448,237	2,339,253	2,620,753	2,706,153	2,797,155	2,897,940	2,999,897	3,075,781	3,156,836	3,246,686	3,330,238	3,424,459	3,522,455	3,600,152	3,677,868	3,752,185	3,835,346	3,917,941	3,995,970	4,075,432	4,148,824
Asset Consumption Ratio	94.8%	93.4%	92.1%	90.7%	89.4%	88.1%	86.8%	85.3%	83.9%	82.5%	81.0%	79.6%	78.3%	76.7%	75.2%	73.6%	72.1%	70.6%	69.0%	67.4%	65.8%
Asset Renewal Funding																					
Asset Renewal Funding Ratio	79.2%	81.6%	81.3%	81.9%	79.6%																
ADJUSTED WORKING CAPITAL RATIO																					
Working Capital Ratio + Unrestricted Reserves																					
Current Assets (less Restricted Assets + Unrestricted Reserves)	256,376	246,023	241,778	231,580	217,041	204,882	213,143	152,169	152,204	158,030	149,100	139,608	153,664	165,423	181,335	192,431	205,077	226,053	247,264	273,334	299,325
Current Liabilities (less Restricted)	56,422	56,422	56,422	56,422	56,422	56,422	125,500	56,422	56,422	56,422	60,985	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422	56,422
Ratio Total	454.4%	436.0%	428.5%	410.4%	384.7%	363.1%	169.8%	269.7%	269.8%	280.1%	244.5%	247.4%	272.3%	293.2%	321.4%	341.1%	363.5%	400.6%	438.2%	484.4%	530.5%

Note: The Debt Service Cover ratio is not applicable from 2031/32 onwards, as all outstanding loans are due to be paid by the end of 2030/31.

Key Performance Indicators

The preceding ratios are performance indicators based on the information contained within the Long Term Financial Plan. They are calculated and assessed in accordance with the Department of Local Government, Sport and Cultural Industries' Guidelines as per the table below.

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Operating Surplus Ratio	Net operating surplus, divided by own source operating revenue, expressed as a percentage.	This is an indicator of the extent to which revenues raised cover operational expenses only or available for capital funding purposes	<p>Standard is not met if the operating surplus ratio is 0%</p> <p>Basic standard is met if the operating surplus ratio is between 0% and 15%.</p> <p>Advanced standard is met if the operating surplus ratio is greater than 15%</p>	2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40	Basic Basic Basic Basic Not Met Not Met Not Met Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic
Comments Throughout the years of the Long Term Financial Plan, the City's operating surplus meets the basic standard for this ratio, with the exception of three years for which a minor operating deficit is forecast.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Own Source Revenue Coverage Ratio	Own source operating revenue, divided by operating expenses, expressed as a percentage	This is an indicator of the ability of a local government to cover costs through its own revenue efforts.	<p>Standard is not met if the ratio is less than 40%</p> <p>Basic standard is met if the ratio is between 40% and 60%.</p> <p>Intermediate standard is met if the ratio is between 60% and 90%</p> <p>Advanced standard is met if the ratio is greater than 90%</p>	2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40	Intermediate Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced
<p>Comments</p> <p>The City consistently meets the criteria for the advanced standard with this ratio. It reflects the sustainability of the City to meet its operating requirements.</p>					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Current Ratio	Current assets less restricted current assets divided by current liabilities less current liabilities associated with restricted assets. Expressed as 1:X, percentage or decimal figure	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past years transaction.	Standard is not met if this ratio is any value lower than 1 as to 1. Basic standard is met if the ratio is equal to an expression of 1:1 or greater (e.g. 100% or 1.0).	2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39	Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met
Comments The City does not meet the requirements for the basic standard of this ratio in any of the years of the Plan. Currently, all surplus funds at the end of each year are transferred to the Strategic Projects/Initiatives reserve (which is excluded from the Working Capital ratio) as per the Reserves Policy. The City is reviewing this policy position with a view to carrying adequate un-restricted surplus funds to meet the ratio benchmark. As can be seen from the balance sheet, the City has a strong liquidity position.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Debt Service Cover Ratio Note: City of Wanneroo's loan is interest payment only with principal due in 2026/27. The Yanchep/Two Rocks DCP loan is also interest payment only with principal due in 2024/25.	Annual operating surplus before interest and depreciation divided by annual debt service payments (both principal and interest).	Also known as 'debt coverage ratio', this is the ratio of cash available for debt servicing interest, principal and lease payments.	Standard is not met if this ratio is lower than 2. Basic standard is met if this ratio is greater than or equal to 2. Advanced standard is met at a higher level if this ratio is greater than 5.	2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40	Advanced Advanced Advanced Advanced Advanced Advanced Not met Advanced Advanced Advanced Advanced Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable
Comments The City consistently meets the criteria for the advanced standard. 2026/27 is an anomaly due to the repayment of the principal of the City's \$60 million loan. After 2030/31 there are no more outstanding borrowings, hence the not applicable result.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Sustainability Ratio Note: Also refer to Asset Management Strategy for commentaries	Capital expenditure on replacement or renewal of assets divided by the depreciation expense. Expressed as a percentage.	This ratio indicates whether a local government is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.	Standard is not met if ratio data can't be identified or ratio is less than 90%. Basic standard is met if ratio data can be calculated and ratio is 90% or greater. Advanced standard is met if this ratio is between 90% and 110%	2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40	Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met
Comments The City does not meet the requirements for the basic standard of this ratio in any of the years of the Plan. This is due to the fact that the City is growing rapidly, and the vast majority of assets are in near new condition. The asset renewal funding gap is largely mitigated by the Asset Renewal reserve.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Consumption Ratio (ACR) Note: Also refer to Asset Management Strategy for commentaries	Depreciated replacement cost of depreciable assets divided by current replacement cost of depreciable assets, expressed as a percentage.	This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	Standard is not met if ratio data can't be identified or ratio is less than 50%. Basic standard is met if ratio data can be identified and ratio is 50% or greater. Advanced standard is met if this ratio is between 60% and 75%.	2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40	Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Advanced Advanced Advanced Advanced Advanced Advanced
Comments The City meets the criteria for the basic or advanced standard on this ratio in every year of the Plan. This is largely due to the significant amount of relatively new assets, which is a result of the City's rapid growth.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Renewal Funding Ratio Note: Also refer to Asset Management Strategy for commentaries	Net present value of planned capital renewals over 10 years, divided by the net present value of the required capital expenditure over 10 years, expressed as a percentage.	This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.	Standard is not met if ratio data can't be identified or ratio is less than 75% Basic standard is met if the ratio is between 75% and 95%. Advanced standard is met if the ratio is between 95% and 105%, the ASR falls within the range 90% to 110% and ACR is between 50% and 75%.	2019/20 2020/21 2021/22 2022/23 2023/24	Basic Basic Basic Basic Basic
Comments The City meets the requirements for the basic standard of this ratio. The Asset Renewal Funding Ratio is the net present value of the planned capital expenditures on renewals over 10 years divided by the net present value of the required capital expenditures on renewals over the same period.					

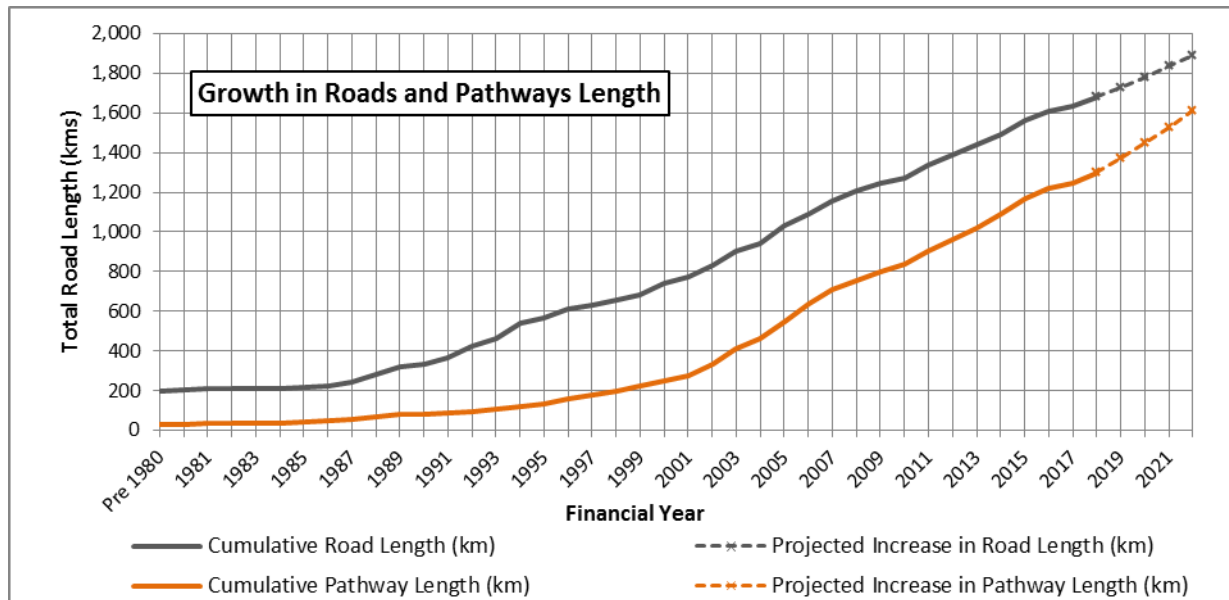
Adjusted Working Capital Ratio

The Adjusted Working Capital ratio has been developed by the City of Wanneroo. It is the Working Capital Ratio with unrestricted cash reserves added back. This ratio has been developed as it shows the City's ability to access liquid funds. It is to be noted that this ratio is not one of the documented ratios under the Local Government Act 1995 or Australian Accounting Standards. As there are no Department of Local Government, Sport and Cultural Industries' Guidelines for this ratio, there are no standards to be measured against.

Appendices

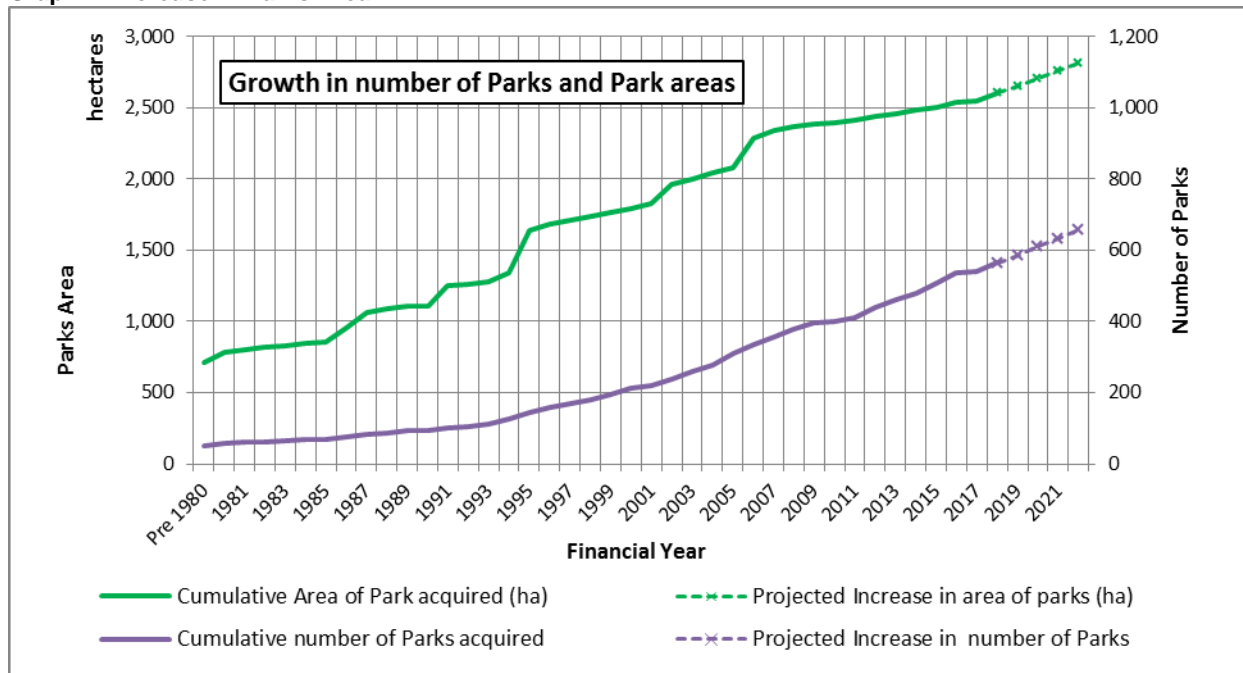
Growth of Infrastructure Assets

Graph 1: Growth in road and path assets



The projected increase in the length of roads and pathways is predicted at a rate of 60 km per annum and 75 km per annum respectively.

Graph 2: Increase in Parks Area



The projected increase in the number of parks and area of parks acquired is predicted at a rate of 20 new parks per annum and 50 ha per annum respectively.

The main area of growth in the City continues to occur in the northern coastal corridor, with new suburbs such as Alkimos, Eglinton and Jindalee rapidly expanding, together with the continuing escalation of existing suburbs such as Banksia Grove, Butler and Yanchep.

Whilst growth has slowed somewhat over the past 12-18 months, it is still anticipated that the population will expand by over 4% per annum in the short term.

Integrated Planning and Reporting Framework

The City of Wanneroo *Integrated Planning and Reporting Framework* encompasses a strategic and business planning system that delivers accountable and measurable linkages between Council's long-term vision and aspirations and practical service delivery. This integrated approach ensures effective delivery of the City's strategic intentions through a suite of strategic and business plans and associated performance reports. The Framework takes into consideration the legislative requirements.

Strategic Community Plan 2017/18–2026/27

The City of Wanneroo *Strategic Community Plan 2017/18–2026/27* is the Council's long-term plan that captures the aspirations of the community and describes the City's strategic objectives. It is the key document for Council to track and report back to the community on the City's progress.

As part of the development of the *Strategic Community Plan* the City conducted extensive community and Elected Member consultation. A strong, long-term Council vision was developed and adopted from this process:

"Inspired by our past, working to create a vibrant progressive City, providing opportunity and investment to enable our growing communities to prosper."

This vision is delivered through key outcomes and strategies within the four themes of: Society, Economy, Environment (Natural and Built) and Civic Leadership.

Strategic Community Plan 2017/18–2026/27 Summary:

Outcome	Strategy
SOCIETY	
1.1 Healthy and Active People	1.1.1 Create opportunities that encourage community wellbeing and active and healthy lifestyles.
	1.1.2 Facilitate the opportunity within the City to access peak and elite activities
1.2 Safe Communities	1.2.1 Enable community to be prepared and recover from emergency situations
1.3 Distinctive Places	1.3.1 Create distinctive places based on identity of areas.
	1.3.2 Create place-based access to local services
	1.3.3 Advocate and partner to meet changing community service expectations in place

Outcome	Strategy
1.4 Connected Communities	1.4.1 Connect communities through engagement and involvement
	1.4.2 Strengthen community and customer connectedness through community hubs
	1.4.3 Build strong communities through the strength of cultural and heritage diversity
ECONOMY	
2.1 Local Jobs	2.1.1 Develop strong economic hubs locally and near transport
	2.1.2 Build capacity for businesses to grow
2.2 Strategic Growth	2.2.1 Activate Yanchep as a future city of the North
	2.2.2 Continue to activate the Wanneroo Town Centre
	2.2.3 Activate secondary and district centres
	2.2.4 Protect and increase availability of employment generating land
	2.2.5 Attract investment development and major infrastructure
	2.2.6 Focus on industry development in key strategic areas such as Neerabup
2.3 Smart Business	2.3.1 Attract innovative businesses with a focus on technology hubs and agri-business
	2.3.2 Promote early adoption of innovative technology by business
2.4 Places of Destination	2.4.1 Actively build on cultural heritage and distinctive identity to promote Wanneroo as a place to visit
	2.4.2 Enhance Wanneroo as a distinctive place to invest
ENVIRONMENT (NATURAL)	
3.1 Resource Management	3.1.1 Minimise impacts of climate change
	3.1.2 Seek alternative ways to improve energy efficiency
	3.1.3 Proactively manage the scarcity of water through sustainable local water management strategies.
3.2 Enhanced Environment	3.2.1 Maximise the environmental value of beaches, nature reserves and parklands
	3.2.2 Collaborate with relevant State agencies with a focus on the enhancement of the natural environment.
	3.2.3 Optimize retention of significant vegetation and habitat
3.3 Reduce, Reuse, Recycle waste	3.3.1 Treat waste as a resource
	3.3.2 Foster a partnership with community and industry to reduce waste

Outcome	Strategy
	3.3.3 Create and promote waste management solutions
ENVIRONMENT (BUILT)	
3.4 Activated Places	3.4.1 Create local area land use plans supporting our activated places
	3.4.2 Provide safe spaces, centres and facilities through our infrastructure management and designs for community benefit and recreation
	3.4.3 Enhance distinctive built form and spaces based on identity of areas
	3.4.4 Improve local amenity by retaining and complementing natural landscapes within the built environment
3.5 Connected and Accessible City	3.5.1 Deliver local transport infrastructure including roads, footpaths and cycle ways to improve accessibility
	3.5.2 Connect walking and cycling opportunities to key destinations and distinctive places
	3.5.3 Advocate for major integrated transport options close to communities
3.6 Housing Choice	3.6.1 Facilitate housing diversity to reflect changing community needs
CIVIC LEADERSHIP	
4.1 Working with Others	4.1.1 Build effective partnerships and demonstrate leadership in local government at regional, state and national levels
	4.1.2 Engage, include and involve community
	4.1.3 Advocate and collaborate for the benefit of the City
4.2 Good Governance	4.2.1 Provide transparent and accountable governance and leadership
	4.2.2 Provide responsible resource and planning management recognising our significant future growth
	4.2.3 Ensure return on investment and well maintained assets through development and implementation of a strategic asset management framework
4.3 Progressive Organisation	4.3.1 Lead excellence and innovation in local government
	4.3.2 Ensure excellence in our customer service

Corporate Business Plan 2018/19 – 2021/22

The City of Wanneroo **Corporate Business Plan** contains the same key objectives and strategies as the *Strategic Community Plan*, with the addition of specific priorities and actions the City will focus on over the next four years. This Plan ensures the City will deliver services in line with Council priorities and community aspirations.

Resource Planning

Resourcing Plans are the City of Wanneroo documents that outline the City's long-term sustainability planning. Resource planning is informed by the aspirations and key objectives of the *Strategic Community Plan* and support the implementation of the *Corporate Business Plan*.

The City's resource planning currently includes:

- **The Long Term Financial Plan (this document):** Provides an outline of the financial position of the City over the next 20 years. It plans for the City's long term financial sustainability and allows early identification of financial issues and their longer term impacts
- **The Asset Management Strategy and plans:** Describes how the City's assets will meet the service delivery needs of the community into the future. It plans for the long term sustainable management of assets based on a 'whole of life' and 'whole of organisation' approach.
- **Strategic workforce planning:** Provides an outline of the City's workforce requirements and workforce strategies needed to deliver services into the future. It plans for the long-term delivery of current and future operations of the organisation.

Our Services

The City provides an extensive range of services to the community which fall into the following programs prescribed under *the Local Government (Financial Management) Regulations 1996*. Estimates of expenditure and income have been calculated for each of these programs in this Long Term Financial Plan:

- **Governance** — support of members of Council (Elected Members) and administration and operation of services and facilities to support the Council function.
- **General purpose funding** — expenses and income associated with levying and collecting Rates, Waste Service Fees, general purpose Grants and Interest from investments.
- **Law, Order and public safety** — expenses and income principally associated with the Regulatory Services. This includes administration and implementation of various local laws, animal control (licencing and enforcement), fire prevention and emergency services.
- **Health** — monitoring of food quality and licensing of food premises and pest control measures (e.g. mosquito control).
- **Education and welfare** — operation of day care centres and senior citizens' centres.
- **Community amenities** — operation of Waste services (rubbish collection, disposal and recycling), town planning and development and urban stormwater drainage functions.
- **Recreation and culture** — maintenance of halls, various sporting grounds and facilities, ovals, golf courses, parks and reserves. The operation of libraries and cultural centres are also included.
- **Transport** — maintenance of streets, roads, bridges, parking areas and footpaths, including street cleaning and lighting of streets. Costs associated with operation of works depot/s are also included.
- **Economic services** — building control services (licences), support for any local tourist centre, area promotion and economic development initiatives undertaken.
- **Other property and services** — private works undertaken and operating and maintenance costs of the plant and equipment used in maintenance and construction works.

Service Delivery

It is proposed that existing service levels will be maintained for all operational areas in the short term. However, a key objective for the City is to align existing service levels with the longer term need to fund the provision of infrastructure and renewal obligations. Operational efficiencies will therefore be sought that do not impact on quality of service.

Definitions

Gross Rental Valuation

Method of Rating that involves an annual rental value being determined by the Valuer General for a property with a Rate-in-the-dollar amount set by the Council applied to that value to determine the annual Rates charge.

General funds

Defined as rates and general purpose grants as per Section 6.23 of the *Local Government Act 1995*:

“general funds” means the review of income from —

- (a) general Rates;*
- (b) Government grants which were not given to the local government for a specific purpose; and*
- (c) such other sources as are prescribed.*

Maintenance expenditure

For the purpose of this review, maintenance expenditure is defined as spending on an existing asset which is periodically or regularly required as part of the anticipated schedule of works to ensure that the asset achieves its economic life or period of service between renewal.

Maintenance expenditure:

- does not increase the asset’s service potential or life;
- is essential to ensure the safe and effective operation of the asset during its period of service;
- may be planned or unplanned;
- includes associated labour costs as well as costs of materials and contractors; and
- can include both annual routine maintenance, and the rehabilitation of assets that have prematurely degraded because they were not routinely maintained in the past.

Maintenance expenditure excludes parks operating expenditure, but includes parks maintenance costs.

Operating surplus (deficit)

Defined as total operating revenue less total operating expenses; i.e. it excludes any non-operating amounts (e.g. non-operating grants and subsidies; non-operating contributions, reimbursements and donations; contributions for the development of assets; profit on asset disposals; and loss on asset disposals).

Renewals capital expenditure

Renewals capital expenditure is defined as expenditure on an existing asset which returns the service potential or the life of the asset to its original level. This can involve an asset being periodically renewed to reinstate its service potential or being replaced at the end of its economic life. As it reinstates existing service potential, it has no impact on revenue, but may reduce further operating and maintenance expenditure if completed at the optimum time. Such expenditure is capitalised.

Unimproved valuation (UV)

Method of Rating that involved the estimation of a property's value in an 'unimproved' condition.

Upgrade capital expenditure

Upgrade capital expenditure involves expenditure on an existing asset, which enhances that asset so as to provide a level of service that is greater or increases the life of the asset beyond that which it had originally. As the expenditure increases the asset's service potential or life beyond its original level, it is capitalised not expensed.

Own source revenue

Own source revenue relates to revenue that is raised by the local government, such as Rates, service charges, fees and user charges, interest income, reimbursements and profit on disposal of assets. It excludes such items as Grants, Contributions and donations from external organisations, State and Federal Government.

Acronyms

ABS	Australian Bureau of Statistics
CoW	City of Wanneroo
CPI	Consumer Price Index
DLGSC	Department of Local Government, Sport and Cultural Industries
FTE	Full time equivalent
FY	Financial year
GRV	Gross rental valuation
UV	Unimproved valuation
WA	Western Australia
WALGA	Western Australian Local Government Association
WATC	Western Australia Treasury Corporation

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