



*City of*  
**Wanneroo**

# **Annual Budget**

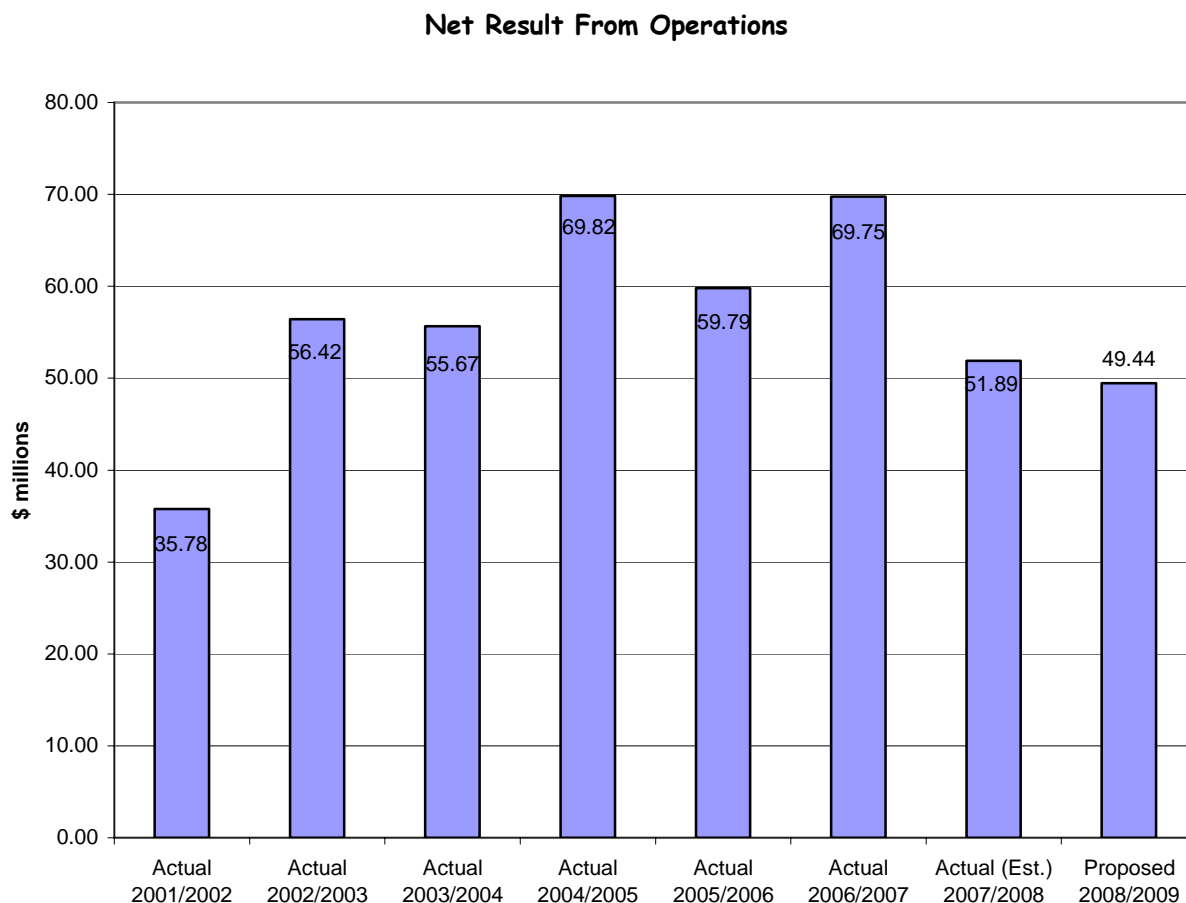
**Overview**

**2008/2009**

## EXECUTIVE SUMMARY

This executive summary provides key information about operating result, rate increases, cash and investments, capital works, financial position and the financial sustainability of the City.

### 1. Net Result from Operations

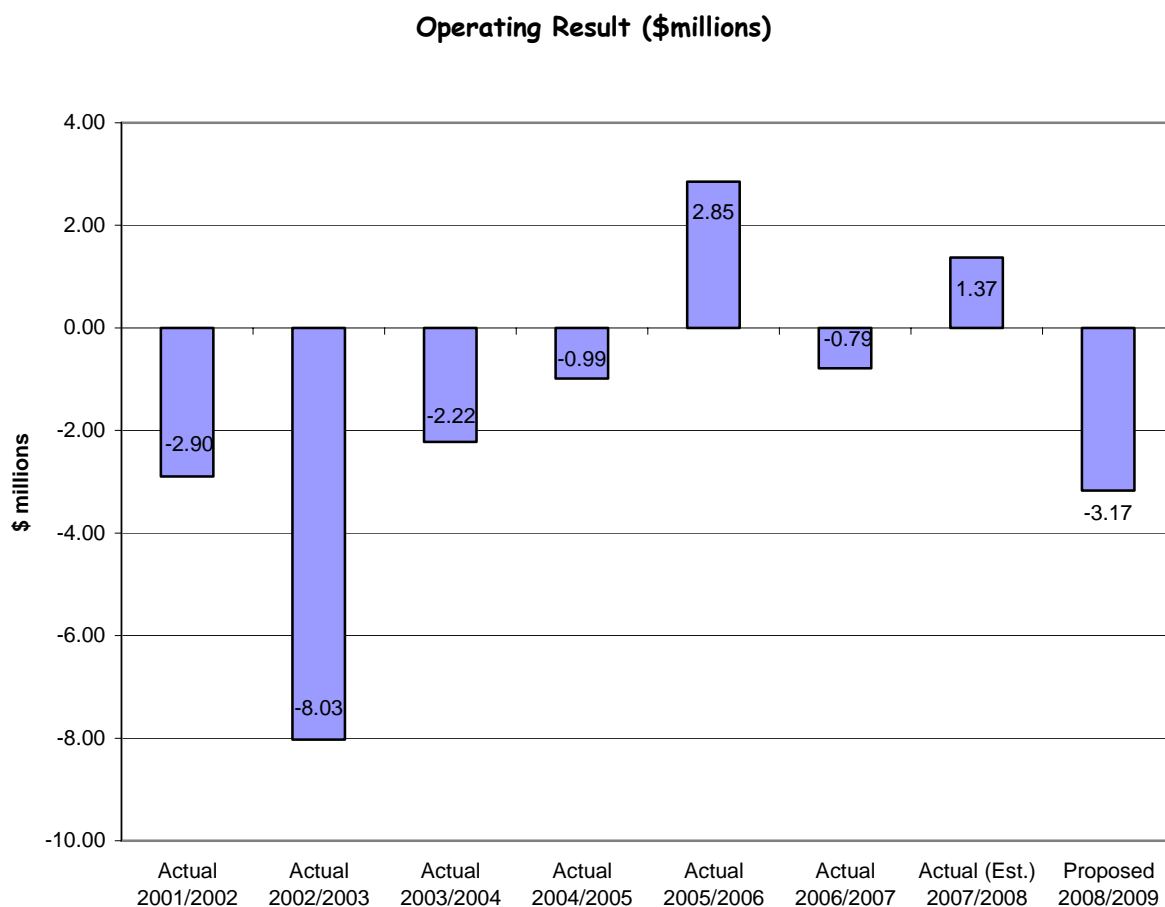


The net result from operations, which includes non-operating items such as capital grants and contributions is \$49.44 million, which is a decrease of \$2.45 million over 2007/2008. The primary reason for this decrease in performance relates to the significant proportion reflected into the Town Planning Schemes offset by profit on land sales budgeted for 2008/2009.

The net result from operations forms the basis of reporting organisational performance under Australian and International Accounting Standards and significantly distorts the underlying operating performance of the organisation. Current reporting requirements provide for the recognition of the value of physical assets contributed by Developers as income in the Income Statement.

The inclusion of developer contributions as income in 2007/2008 (\$26.67 million) significantly overstates the performance, which is not supported in the underlying operating result.

## 2. Underlying Operating Result

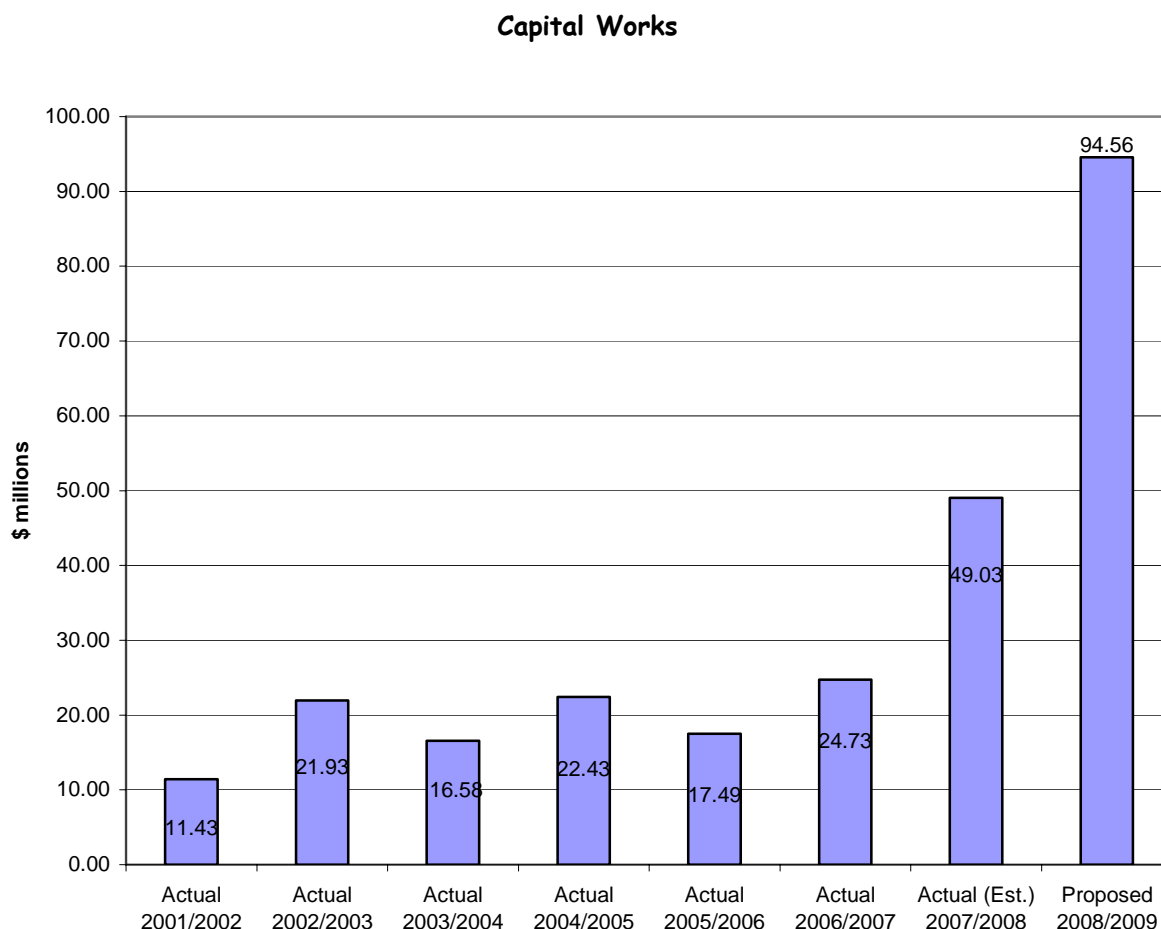


The underlying operating result for 2008/2009, which excludes non-operating items such as capital grants and contributions, but includes depreciation, is a deficit of \$3.17 million. This outcome is \$2.42 million favourable when compared with the budgeted position for 2007/2008. However a significant improved position is now being forecast for 2007/2008 resulting in a forecast surplus at an operating level of \$1.37 million in 2007/2008. The 2008/09 Rate Setting Statement actually identifies an end of year surplus level of \$0.06 million, which given the operating result and level of capital expenditure is considered to be an acceptable outcome.

The decline in underlying operating result is due mainly to increases in depreciation expenses, loan servicing expenses, additional salary and wage expenses and additional contract expenditure relating to the maintenance of parks and reserves.

The anticipated \$2.04 million increase in depreciation expense results from the significant level of physical assets being developed by and contributed to the City on an annual basis. Other increases in expenditure relate primarily to increased maintenance costs associated with those assets.

## 4. Capital works



The capital works programme for 2008/2009 is proposed to be \$49.66 million (excluding carry forward projects). It is anticipated that \$44.90 million of projects and plant replacements will be carried forward from 2007/2008 bringing the total capital works programme for 2008/2009 to \$94.56 million. The carried forward project component is fully funded from the 2007/2008 budget.

Of the \$94.56 million of capital funding required, \$13.41 million will come from external grants and contributions, \$29.61 million from loan borrowings, \$37.5 million from restricted investments (Reserves) including Town Planning Schemes.

The capital expenditure program has been set and prioritised based on a process of consultation that has enabled the City to assess needs for each project. This year's program includes the completion of the following two major community facilities:

- Upgrade of Aquamotion
- Construction of Wanneroo Library and Cultural Centre

In addition, funding is provided for the following key projects

- Staged upgrade of Kingsway Sporting Complex
- Construction of Ocean Reef Road – Hartman Drive to Alexander Drive
- Construction of Ocean Drive – Robert Road to Weymouth Road
- Construction of Hartman Drive – Hepburn Avenue to Gnangara Road
- Construction of Mirrabooka Avenue – Hepburn Avenue to Madeley Drive

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Each of these major projects, which in total represent approximately 61% of the overall capital works program and are either under construction, due for commencement or in the final stages of planning. Dedicated resources are being allocated to ensure tight control is maintained over the capital works to ensure the challenging program can be achieved efficiently.

## City of Wanneroo – Annual Budget 2008/2009

### 5. Interest Bearing Liabilities

In 2006/2007 the City entered into an agreement with the Western Australian Treasury Corporation for a five year loan draw down totalling \$60.78 million. The agreement is for interest only repayments over a fixed period, with the capital due to be repaid in December 2026. It is proposed that the capital will be repaid through the proceeds from future sale of investment property. The capital works program proposes borrowings be applied to the following projects over the five year period commencing 2006/2007:

Project Description	Purpose of Loan Borrowing As adopted in 2006/2007	Purpose of Loan Borrowing As at 30 June 2008	Purpose of Allocation of Loan Borrowing for 2008/2009 Budget
Develop Industrial Estate – Neerabup	\$13,000,000	\$6,091,762	\$4,606,718
Subdivision of part Lot 257 Motivation Drive, Wangara		\$1,500,000	\$1,025,660
Construct Regional Museum and Library - Wanneroo	\$10,000,000	\$11,616,112	\$11,520,000
Construct Community Centre - Butler	\$278,000	\$278,000	
Construct Community Centre – Hocking Pearsall	\$1,620,000	\$57,776	
Redevelop Wanneroo Townsite	\$6,814,000	\$164,000	\$94,090
Redevelop Koondoola Precinct	\$2,586,150	\$291,150	\$289,150
Develop Gumblossom Reserve	\$1,140,000		
Develop Accessible and Inclusive Playground	\$1,127,000	\$222,000	
Upgrade Kingsway Regional Sporting Complex	\$22,213,038	\$23,911,388	\$6,470,412
Upgrade Aquamotion	\$2,000,000	\$7,926,000	\$3,658,000
Construct dual carriageway on Ocean Reef Road		\$1,000,000	\$729,386
Realignment of Pinjar Road		\$850,000	\$850,000
Construct Rocca Way on Dundobar Road		\$200,000	\$200,000
Construct Flynn Drive single carriageway		\$500,000	
Develop Wangara Industrial Area		\$6,170,000	\$170,000
<b>TOTAL</b>	<b>\$60,778,188</b>	<b>\$60,778,188</b>	<b>\$29,613,416</b>

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## 6. Human Resources

The City has been operating with an average of 88 staff vacancies during 2007/2008 (adjusted for Aquamotion planned vacancies). Administration continues to work towards addressing issues pertaining to the City's workforce in 2008/2009, in particular staff turnover, ageing workforce and position vacancy rates. Strategic activities being implemented include a review of the City's current workforce planning framework and recruitment and selection processes, the introduction of a new Union Collective Agreement, with improved salaries and working conditions, a review of the current Classification Structure and Performance Evaluation System.

It should be noted that the high number of new positions budgeted for in 2008/2009 is predominantly due to growth and new/redeveloped regional facilities including the new Wanneroo Library and Cultural Centre, Aquamotion and Kingsway.

### Human Resource Summary

Actual and proposed staffing levels for 2008/2009 by directorate are outlined in the following table:

Directorate	Staff Establishment 2007/2008		Proposed New Positions 2008/2009	
	Positions	FTE's	Positions	FTE's
Office of Chief Executive	5	4.08	-	-
Governance and Strategy	64	54.03	3	2
Corporate Services	63	55.75	2	1.5
Planning and Development	84	74.93	3	3
Infrastructure	356	319.55	13	13
Community Development	435	211.48	37	27.5
<b>Total</b>	<b>1,007</b>	<b>719.82</b>	<b>58</b>	<b>47</b>
Permanent	762			
Temporary	156			
Relief	89			
	<b>1,007</b>			

# Annual Budget

## Details

2008/2009

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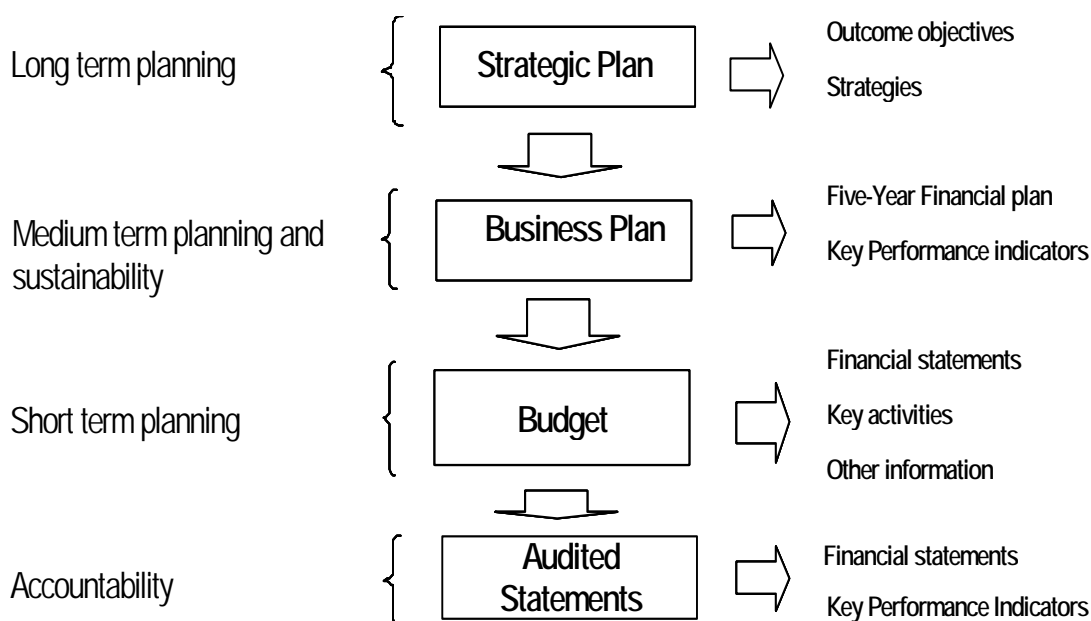
## 1. BUDGET PREPARATION

The Annual Budget has been developed within an overall planning framework, which guides the City in identifying community needs and aspirations over the long term (Strategic Plan) and short term (Annual Budget) and then holding itself accountable (Audited Financial Statements).

### 1.1 Strategic planning framework

The Five-Year Financial Plan was adopted in 2006/2007 and summarised the financial impacts of the City's outcomes, objectives and strategies and determined the sustainability of these objectives and strategies. The Financial Plan was reviewed and updated during the 2008/2009 Budget process and continuous review in conjunction with a review of the City's Strategic Plan 2006-2021 will be undertaken during 2008/2009, which will provide further clarity and guidance for future annual budgets.

The Annual Budget is framed within the Five-Year Financial Plan, taking into account activities and initiatives included in the Annual Budget which contribute to achieving the outcome objectives specified in the Strategic Plan. The diagram below depicts the strategic planning framework of the City.



### 1.2 Legislative requirements

In accordance with Section 6.2 of the Local Government Act 1995 ("the Act"), the City is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that the City intends to levy as well as a range of other information required by the Local Government (Finance Management) Regulations 1996 ("the Regulations") which support the Act.

The 2008/2009 budget is for the year 1 July 2008 to 30 June 2009 and includes standard statements being a budgeted Income Statement by Nature or Type and by Program, Statement of Cash Flows, and Rate Setting Statement.

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These statements have been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities) and other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations.

It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information which the City requires in order to make an informed decision about the adoption of the budget.

The budget includes consideration of a number of long-term strategies to assist the City in considering the Budget in a proper financial management context. These include a Five-Year Capital Works Program, Rating Strategy and Other Long-Term Strategies including borrowings and service delivery.

## 2. BUDGET INFLUENCES

In preparing the Budget it has been necessary to make a number of assumptions about the internal and external environment within which the City operates.

### 2.1 External influences

In preparing the 2008/2009 budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the costs of services delivered by the City in the budget period. These include:

- The City's Union Collective Agreement (UCA) and Enterprise Bargaining Agreements (EBA). Salary and Wages growth is projected to add approximately 8% to this budget line in 2008/2009 attributed to these agreements;
- Consumer Price Index (CPI) increases on goods and services of around 4.0% per annum;
- Continued cost escalations within the construction area;
- Prevailing economic conditions that are expected to remain difficult during the budget period impacting investment interest rates; and
- Growth factor adjusted to 4% in current year.

### 2.2 Internal influences

As well as external influences, there were also a number of internal influences arising from the 2007/2008 year that have had a significant impact on the setting of the budget for 2008/2009, including, but not limited to, increases in staffing levels to meet the demand for the City's services and the full year cost of new positions created in the 2007/2008 Budget.

### 2.3 Provision of Services

In preparing the draft 2008/09 budget, many elements of service provision have been reviewed to establish their ongoing relevance and value to residents, and prioritisation as an ongoing program to be delivered by the City.

Services that have been modified as a result of these reviews include:

#### **Podiatry:**

In response to changing patterns of use and the increased number of options available to residents in accessing Podiatry services in the City, it is proposed to introduce a model of service delivery that supports the "at risk" or disadvantaged consumers of Podiatry services.

Clients who are not eligible to mainstream services supported by State and Federal Government health frameworks and/or private health insurance arrangements, will have access to a City managed information, referral and cost supplementation program.

The change in focus seeks to place the responsibility for the delivery of Podiatry services with the relevant health authorities, whilst ensuring that those with genuine need are not further disadvantaged.

## **Children's Services:**

The City has endorsed the introduction of a new model for Children's Services that sees the transfer of its Family Day Care Scheme within the City to other qualified service providers.

The new focus for the unit for 2008/2009 will be the introduction of key roles in early childhood development, and a centralised role in school and education institution engagement. Information delivery, referral services, and networking opportunities will be retained.

The change in focus seeks to avoid the duplication of Family Day Care service delivery within the City and refocus the use of existing resources into more holistic and contemporary children's development needs for the whole of the City of Wanneroo community.

## **Mobile Library Service:**

The primary and prioritised area to be addressed in the Library Services area for 2008/2009 is in the commissioning of the new Library and Cultural Centre in Wanneroo.

During the first half of 2008, a review of the Mobile Library Service was undertaken. Whilst the service still fills a gap in the preferred model of service delivery, the economic issues associated with high capital costs of infrastructure replacements needed for the service, and changes in the patterns of usage of the mobile services has resulted in a recommendation for the staged closure of this service.

Ongoing planning, refinements and changes to existing models of service delivery within the current Library framework will continue in an effort to significantly reduce and minimise the implications associated with the closure of the Mobile Library Service.

The change in focus for the Mobile Library seeks to allocate the finite and limited resources available to the service unit to provide the best possible outcome for all residents and ratepayers of the City.

Whilst acknowledged as not being the optimal desired outcome, the closure of the service is seen as the most responsible and practical option available to the City in the current environment. The future provision of Library services in the City and any future need for a mobile service will continue to factor in the City's future planning considerations.

## **2.4 Budget principles**

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased in line with CPI where appropriate;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be reviewed and to determine possible increases or decreases in provision to appropriately meet the demand from ratepayers and the customers of the City;
- Contract labour and contracts to compensate for staff vacancies where service standards would otherwise be adversely impacted.

## 3. ANALYSIS OF OPERATING BUDGET

This section of the report analyses the expected revenues and expenses of the City for the 2008/2009 year.

### 3.1 Operating revenue

Revenue Types	Actual (Est.)	Budget	Variance
	2007/2008	2008/2009	
	\$M	\$M	\$M
Rates Income	47.14	65.32	18.18
Grants and Subsidies Income	7.10	7.17	0.07
Contributions, Reimbursements and Donations	1.68	1.34	-0.34
Fees and Charges	27.20	18.88	-8.32
Interest Income	6.67	5.97	-0.70
Other Income	2.16	3.84	1.68
<b>Total operating revenue</b>	<b>91.95</b>	<b>102.52</b>	<b>10.57</b>

#### 3.1.1 Rates Income (\$18.18 million increase)

It is proposed that general rate income be increased by 39% over 2007/2008 Actual (Estimate) to \$65.32 million, with 4% attributed to growth. The reason for the significant increase is the inclusion of the domestic rubbish collection charge within rates for 2008/2009. There is an offsetting reduction in the fees and charges income. Refer to "Rating Strategy" for a more detailed analysis of the rates to be levied for 2008/2009.

#### 3.1.2 Fees and Charges Income (\$8.32 million decrease)

Fees and Charges Income include two broad categories namely Statutory Charges and User Charges. Within the statutory charge area, the key income generator is for application and license fee income. User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of the City's services. These include users of golf courses, leisure and other community facilities and the provision of human services such as family day care and home help services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

Fees and charges income are projected to decrease by \$8.32 million over 2007/2008. An allowance for the temporary closure of the Aquamotion Centre during refurbishment works until end of 2008 is factored into the budget estimate. Some increases in user charges are in line with expected inflationary trends over the budget period to maintain parity of user charges with the costs of service delivery.

However, the main reduction is in the domestic rubbish collection charge, which now forms part of the rate income rather than user charge income in 2008/2009. This increase is due in part to an increase in the number of households serviced. In addition, in adopting the 2005/2006 Budget in July 2005, Council agreed to increase this charge to cover the expected increase in domestic refuse rates at the proposed Resource Recovery Facility at Neerabup, to be operated by the Mindarie Regional Council. The cost per service in 2008/2009 is \$240 compared to \$210 in 2007/2008.

With the new Recycling Centre now fully operational there is a \$0.64 million increase in Service Fee income and the income from the sale of recycled products reflects a full year's operation.

The Schedule of Fees and Charges for 2008/2009 is included for adoption (Attachment 4), with changes due to take effect from 4 August 2008.

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## 3.2 Operating expenditure

This section of the report analyses the variances comparing Actuals (Estimate) 2007/2008 and Budget 2008/2009.

Expenditure Types	Actual (Est.)	Budget	Variance
	2007/2008	2008/2009	
	\$M	\$M	\$M
Employee Expenses	36.94	45.09	8.15
Materials and Contracts	28.18	31.38	3.20
Utilities	3.13	3.69	0.56
Depreciation	20.16	22.20	2.04
Interest Expenses	1.39	2.46	1.07
Insurance	0.78	0.87	0.09
<b>Total operating expenditure</b>	<b>90.58</b>	<b>105.69</b>	<b>15.11</b>

### 3.2.1 Employee Expenses (\$8.15 million increase)

The increase of \$8.15 million to \$45.09 million in 2008/2009 is due to:

- an increase in staffing levels by 47 FTEs over 2007/2008;
- the full year cost on new positions created in 2007/2008;
- an average of 8% increase to the salaried officers agreements;
- increase in hours of part time positions;
- increases associated with work place agreements;
- Increased costs associated with the re-opening of Aquamotion and the opening of the new Wanneroo Library and Cultural Centre;
- Increase in provision of training and conferences;

### 3.2.2 Materials and Contract Expenses (\$3.20 million increase)

External materials and contract expenses are forecast to increase by \$3.20 million compared to 2007/2008. Areas contributing to this increase include the following:

- increases in external contracts for the maintenance of the City's facilities and parks;
- increases in tipping charges;
- additional plant and materials costs associated with the full year operation of the Materials Recovery Facility Operation;
- additional fuel costs reflecting increases to the fleet size and fuel pricing;
- expenses associated with the three yearly GRV rate revaluation.

### 3.2.3 Depreciation (\$2.04 million increase)

Depreciation is an accounting process which attempts to measure the usage of the City's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$2.04 million for 2008/2009 is due mainly to the impact of assets contributed by developers and the full year impact of the 2007/2008 Capital Works Programme.

### 3.2.4 Interest Expenses (\$1.07 million increase).

The increase in the interest expenses arises primarily from the increased loan interest costs following drawdown of the second instalment in November 2007 (\$12.85 million) of the approved five year Western Australian Treasury Corporation \$60.778M loan to the City.

## 4. ANALYSIS OF CAPITAL BUDGET

This section of the report analyses the planned capital expenditure budget for the 2008/2009 year.

### 4.1 Capital works

Capital Works Areas	Budget
	2008/2009
	\$M
Works carried forward from 2007/2008	44.90
<b>New works for 2008/2009</b>	
Investment	1.20
Corporate	5.47
Community	6.77
Recreation and Sport	10.09
Transport	20.90
Drainage	0.50
Coast and Waterway	0.20
Waste Management	4.53
<b>Total new works</b>	<b>49.66</b>
<b>Total capital works</b>	<b>94.56</b>

A detailed listing of individual projects comprising the capital works program is included in Attachment 3 to the report.

#### 4.1 Carried forward works (\$44.90 million)

At the end of each financial year there are projects and plant replacements, which are either incomplete or not commenced due to planning issues and approvals, contractual delays, extended consultation period etc. For the 2007/2008 year it is forecast that \$44.90 million of capital works will be incomplete and be carried forward into the 2008/2009 year.

#### 4.2 Investment (\$1.2 million)

\$1.00 million has been provided for the redevelopment of the Koondoola Precinct (Subject to retention of Grant) and a further \$0.17 million for the remediation and sub division of Lot 15, Wangara Industrial Estate.

#### 4.3 Corporate (\$5.47 million)

\$1.11 million has been provided for the acquisition of new, replacement and upgrade Information Technology equipment/software, \$3.55 million for new and replacement vehicles and \$0.08 on minor building improvements and a further \$0.73 million on minor plant and equipment.

#### 4.4 Community (\$6.77 million)

Significant projects include:-

- Wanneroo Cultural and Learning Centre \$6.10 million
- Mary Lindsay Homestead building upgrade works \$0.10 million
- Koondoola Multicultural Centre feasibility study \$0.06 million
- Quinns Fire Station \$0.05 million
- Girrawheen Senior Citizens Centre \$0.03 million

## 4.5 Recreation and Sport (\$10.09 million)

Significant projects include:-

- Accessible and Inclusive Playground \$0.23 million
- Kingsway Upgrade \$3.20 million
- Upgrade Aquamotion \$4.53 million
- Wanneroo Showgrounds Entry Statement & Gatehouse \$0.43 million
- Wanneroo Showgrounds Electrical Upgrades \$0.10 million
- Develop Gungurru Park \$0.36 million
- Resurfacing Gumblossom Reserve Tennis Courts \$0.17 million
- Irrigation Replacement (Stage 2) Gumblossom Reserve \$0.21 million
- Construction of dual use path on Alexander Drive, Koondoola \$0.13 million

## 4.6 Transport (\$20.90 million)

Significant projects include:-

- Mirrabooka Avenue, Lansdale \$5.97 million
- Hartman Drive, Madeley \$4.84 million
- Ocean Reef Road \$4.70 million
- Ocean Drive Quinns \$1.00 million
- Sydney Road, Gnangara \$0.47 million
- Hawkins Road, Jandabup \$0.40 million
- Road Resurfacing \$1.00 million
- Various Traffic Management Works \$0.56 million

## 4.7 Waste Management (\$4.53 million)

Significant projects include:-

- Various works at Materials Recovery Facility \$1.59 million
- New Domestic Waste vehicles \$0.66 million
- Replacement Commercial and Domestic Waste vehicles \$2.06 million

## 5. RATING STRATEGY

This section of the report considers the City's rating strategy including strategy development, assumptions underlying the current year rate increase and rating structure.

### 5.1 Strategy development

In developing the Five Year Financial Plan, rates and charges were identified as an important source of revenue, accounting for 52% of the total operating revenue received by the City annually. Planning for future rate increases is therefore an important component of the Financial Planning process.

### 5.2 Rateable Assessments

Rateable assessments have been growing in the order of 7-8% annually since 2003/2004. However, in 2007/2008, real growth of approximately 4% was achieved following a general slow down in the market. Whilst continued growth provides an opportunity for continuous increases in rate revenue, there is a corresponding increase in expenditure due to the amount of public open space and other infrastructure being transferred to the City by the respective developers.

### 5.3 Current year rate increase

The 2008/2009 operating position will be significantly impacted by a general increase in demand for services provided by the City. It will therefore be necessary to achieve future revenue growth whilst containing costs in order to reduce the forecast decline in the City's underlying operating position.

In order to achieve these objectives whilst maintaining service levels and a robust capital expenditure programme, general rates need to increase by an average 9% in 2008/2009 to raise a total rate of \$65.32 million, including \$1.84 million generated from supplementary rates.

The City has recently received its triennial revaluation from the Office of the Valuer General and so the previously applied Rate-in-the-Dollar rates are no longer relative for comparative purposes given an average 36% increase in GRV over the previous period. The most significant increase in value is on vacant land regardless of category type, which actually increased by an average 132% reflecting the growth in value since the previous valuation.

### 5.4 Rating structure

Section 6.33 of the Local Government Act 1995 (the Act) allows for the imposition of differential rates according to the predominant use for which the land is held or used. Section 6.35 of the Act allows a minimum rate to be applied separately to each differential rating category where a differential general rate is imposed.

The City has adopted the principals of equity and fairness in imposing differential rates and considers that commercial and industrial properties require a higher base standard of infrastructure than other categories of ratepayers due to the potential of greater volumes of people and vehicular traffic. Whereas, a lower minimum payment is imposed on Caravan Parks that recognises the comparative lower levels of service consumption by Caravan Park residents as opposed to other categories of ratepayers.

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Extending this principle, it is also proposed to incorporate the rubbish collection charge into the general rate for domestic/rural properties to maximise opportunities for participation in the State Government Pensioner Rate Rebate Scheme.

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To ensure equity, the rate and minimum rate applicable to developed residential and rural properties has been increased to recover the equivalent of the \$240 rubbish charge.

The following table summarises the rates to be made for the 2008/2009 year. A more detailed analysis of the rates to be raised is contained in Appendix B "Statutory Disclosures". As mentioned above, for 2008/2009, the City has reduced the rate in the dollar for all categories following increases in valuations across the board as determined by the Valuer General.

Rate type	2007/2008		2008/2009	
	Rate	Minimum	Rate	Minimum
<i>Gross Rental Value (GRV)</i>				
Residential Improved	7.9143	*\$526	7.3300	\$835
Residential Vacant	7.9143	\$526	5.4000	\$615
Commercial	7.9144	\$847	6.4500	\$950
Industrial	7.9144	\$847	6.4500	\$950
Rural Improved	7.9143	*\$526	7.3300	\$835
Rural Vacant	7.9143	\$526	5.4000	\$615
Caravan Parks	7.9142	\$247	7.3353	\$272
<i>Unimproved Value (UV)</i>				
Residential Improved	0.2968	*\$526	0.2374	\$835
Residential Vacant	0.2968	\$526	0.2373	\$615
Commercial	0.2969	\$847	0.2102	\$950
Industrial	0.2969	\$847	0.2102	\$950
Rural and Mining Improved	0.2968	\$526	0.2374	\$835
Rural and Mining Vacant	0.2968	\$526	0.2373	\$615

\* NOTE: for comparative purposes \$210 should be added to the 2007/2008 minimums to reflect the cost of the domestic rubbish charge.

## 6. BORROWINGS

In developing the Five Year Financial Plan, loan borrowings was identified as a significant funding source for the capital works programme. In the past, the City has not sought to borrow, preferring to fund new works from operations. This has left the City in a strong position to borrow to meet significant requirements for new and replacement infrastructure.

The City has agreed to borrow \$60.78 million over five years and secured a loan facility in 2006/2007 from the Western Australian Treasury Corporation. The term of the loan is 20 years interest only with residential land sales from Tamala Park and the industrial land sales from Neerabup being used to repay debt progressively over the next twenty years.

Year	Borrowings	Balance
		30 June
	\$M	\$M
2006/2007	8.55	8.55
2008/2009	18.45	27.00
2008/2009	12.85	39.85
2009/2010	6.86	46.71
2010/2011	14.06	60.78