

City of Wanneroo

Long Term Financial Plan 2019/20–2038/39



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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 2039, the City's population is expected to increase to just below 400,000 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.

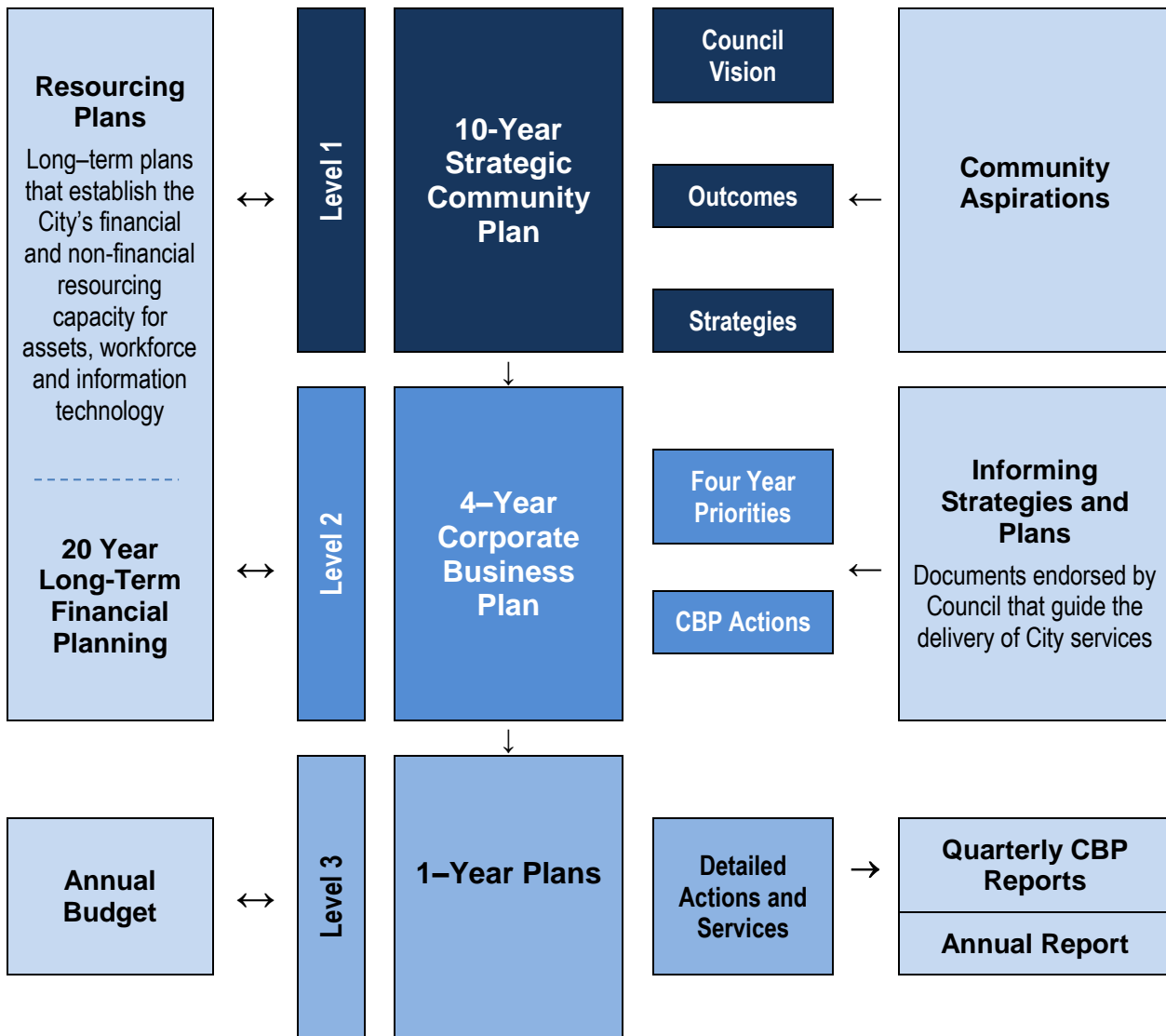
Integrated Planning and Reporting

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 2018, the Corporate Business Plan 2018/19 – 2021/22 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 four);
- Ensuring a focus on high priority expenditure programs and service levels;
- Ensuring alignment with Revenue and financing guidelines, including budget principles, Rating 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 proposed 2018/19 budget and amount to be 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 has 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

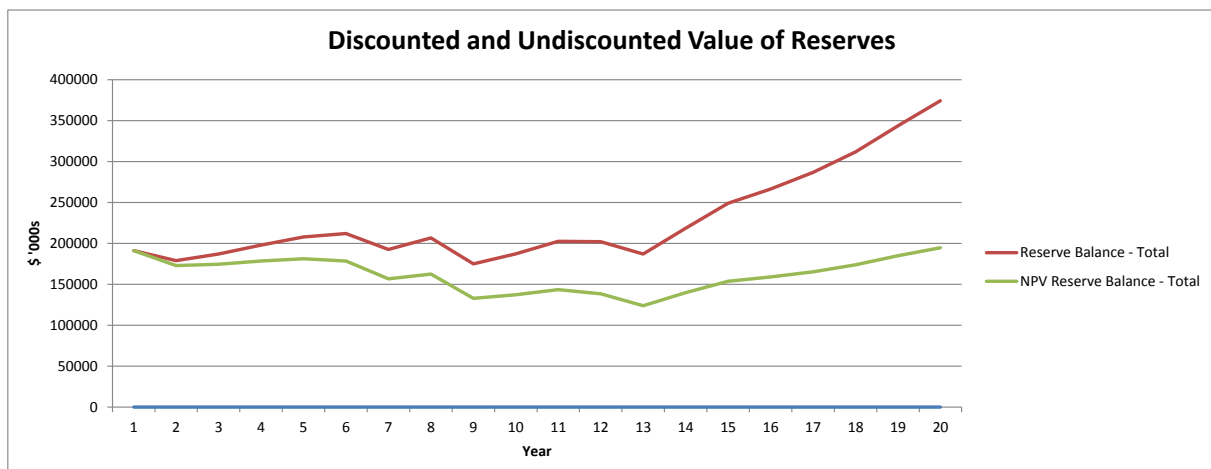
Costs to the community should be fairly set, equitable across the board and where appropriate, reflect the true cost of providing goods or services.

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 LTFF – (undiscounted)	NPV Total as per LTFF – (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 LTFF – (undiscounted)	NPV Total as per LTFF – (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.

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 10 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 2018/19 adopted Budget document

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 Dundobar 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.

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.

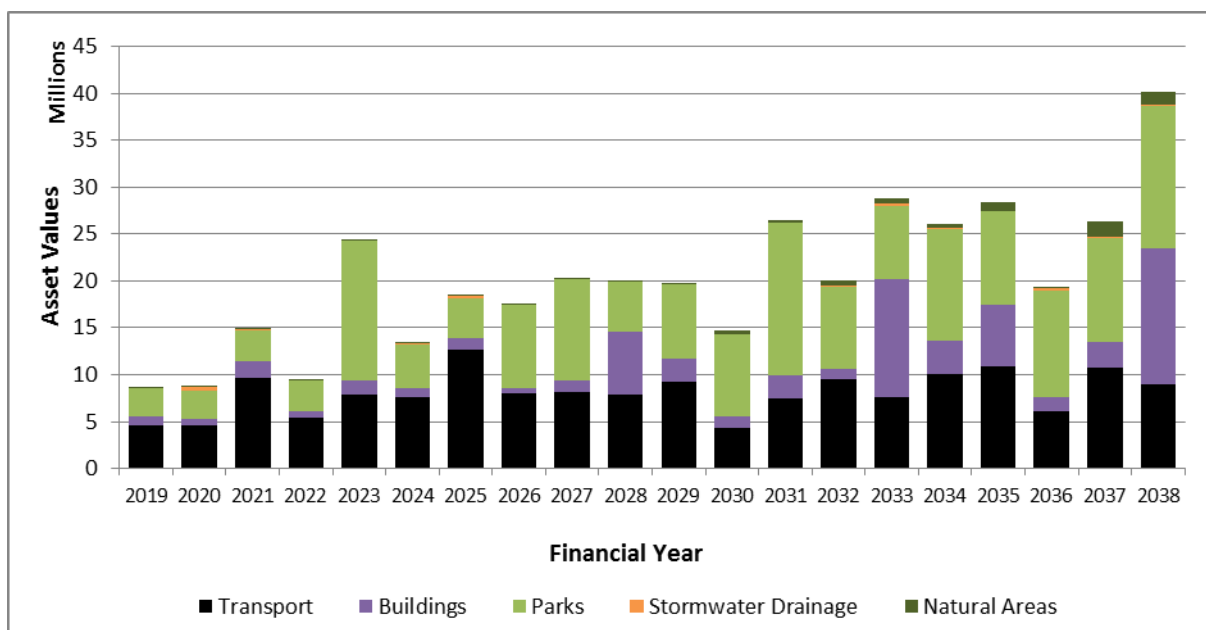
A significant challenge facing the City is how it will sustainably balance the timely provision of new facilities for the rapidly growing areas as well as ensuring that the existing portfolio of assets are maintained, refurbished and/or upgraded to suitable standards.

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



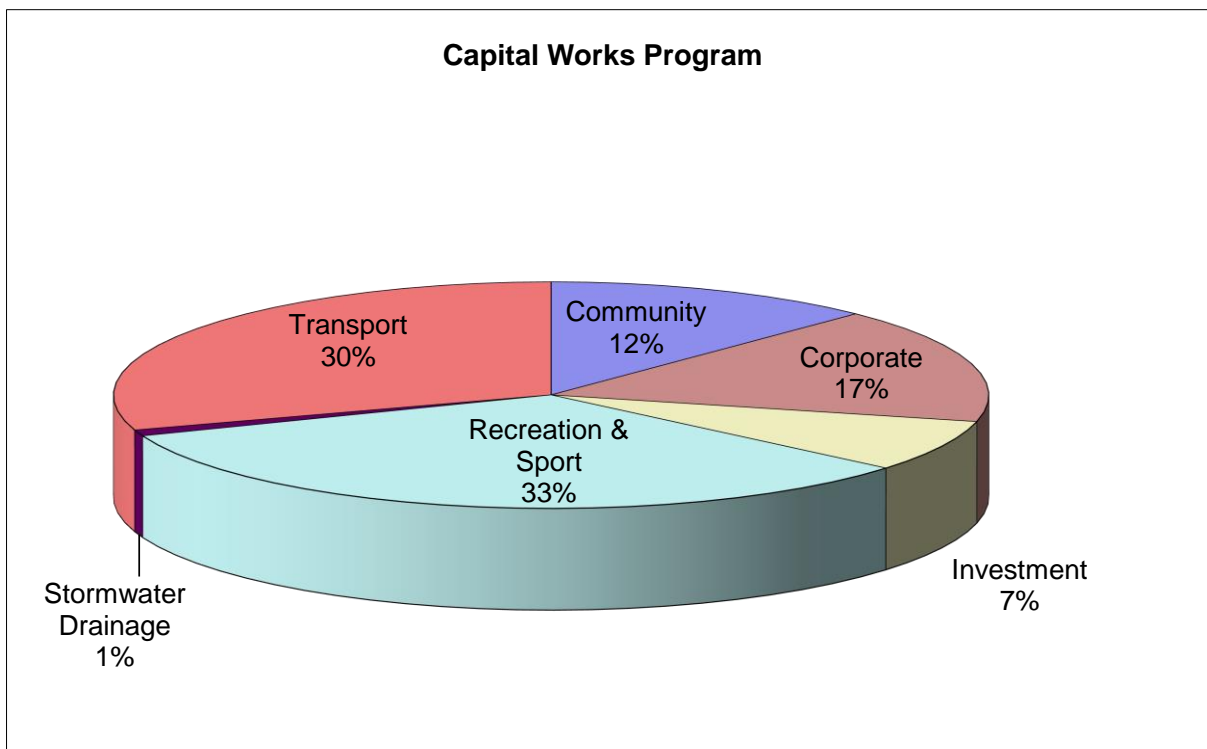
A longer term view of the City's infrastructure renewal demand depicted in Figure 1 identifies that the level of renewal expenditure required will increase with spikes in individual years, and continues to increase at a higher rate each year thereafter. This is the impact of the increasing amounts of 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 unfunded asset renewals (backlog) are kept at manageable levels.

Table 2: Capital Works Funding Sources

**CAPITAL WORKS PROGRAM
FUNDING BREAKDOWN**

	\$M	
Municipal	625.70	48.4%
Grant	156.40	12.1%
Reserve	424.66	32.8%
Contribution	76.62	5.9%
Loan	10.33	0.8%
Grand Total	1,293.71	100%

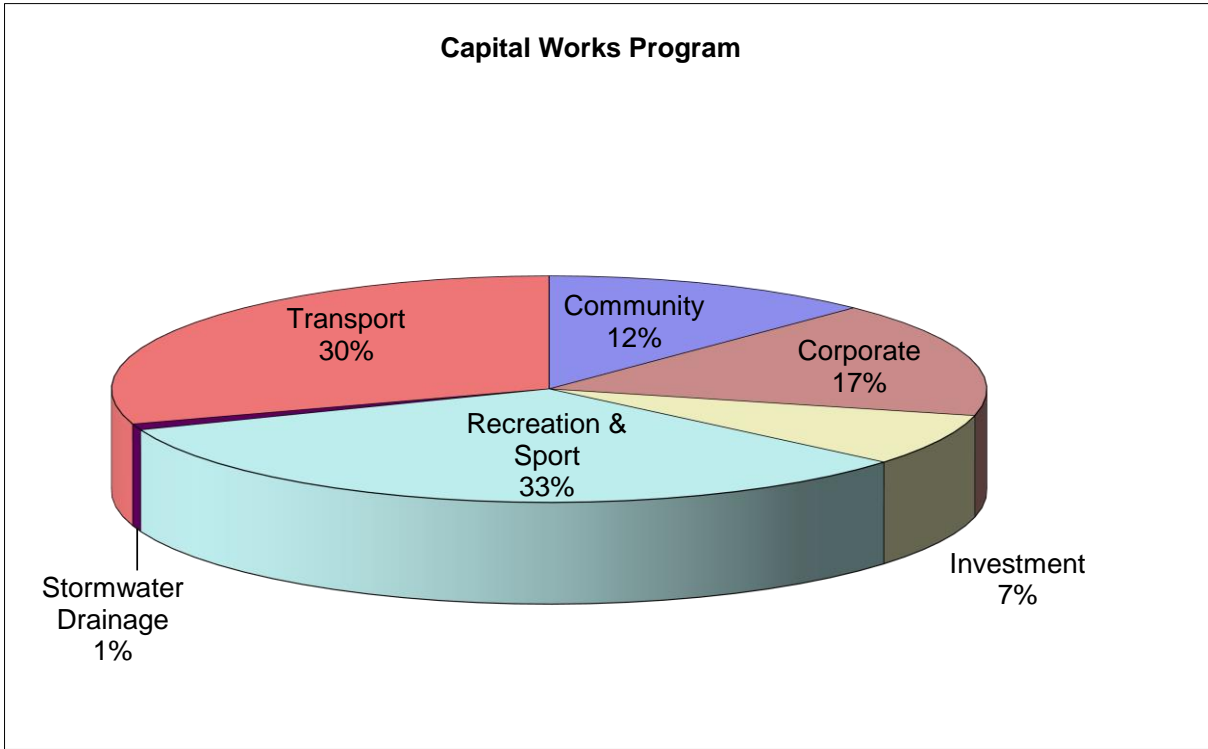


The following information details the Capital Works Program by Reporting Program:

Table 3: Capital Works by Reporting Program

**CAPITAL WORKS PROGRAM 2018/2019 - 2038/2039
PROGRAM BREAKDOWN**

Program	\$M	
Community	158.76	12.3%
Corporate	213.72	16.5%
Investment	95.47	7.4%
Recreation & Sport	426.11	32.9%
Stormwater Drainage	11.22	0.9%
Transport	388.43	30.0%
Grand Total	1,293.71	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 2022/23 (year 4) with moderate growth set at 2.0%-2.25% in the first three years.

Consumer Price Index -

(CPI) Department of Treasury have provided forecast data up to 2021/22. Perth CPI was forecasted to gradually increase to 2.0% in 2019/20, then to 2.5% in the following years. We have used 2.5% throughout as this rate is used to determine: Operating Grants, Subsidies and Contributions, Fees and Charges, Other Revenue, Insurance, and Other Expenditure.

Rates Base	Based on the current Rate increase for 2018/19 of 2.49%, with future increases set to CPI + 0.5% to 1%. This is based on a balanced approach to achieve either a small operating surplus or a minimal deficit.
Rates Growth	Based on the population growth forecast as stated by id Forecast, which has been recently updated to reflect current conditions.
Waste Fee	In 2018/19 the City separated Waste from Rates and introduced three Waste Service Fees: Residential Properties - \$410; Pensioner Owned Residential Properties (above minimum Rates \$971 to \$1,382) \$365; and Pensioner Owned Residential Properties (up to minimum Rates of \$971) \$312.
Operating Grants etc.	Based on the Perth CPI figures as quoted above.
Fees and Charges	Based on the Perth CPI figures as quoted above.
Interest Yield	Based on the current yield at 2.75% for the first two years increasing to 3.0% from 2021/22 (year 3) for the life of the Plan as economic indicators and market expectations point towards interest rate increase in the next 1-2 years.
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 + 0.5% 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 0.5% every year for the first seven years and 1.0% for the rest of the LTFP life with the exception of 2032/33 (year 14) which has been set at 2.0% due to the opening of a new Regional Library.
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 at CPI + 0.5% to 2.0%.
Utility Charges	With regular annual increases in Government charges, plus consistent increases in City growth, the variable has been kept at 10% for the first 10 years of the LTFP. This is also consistent with past trends. However from Years 11 to 20 the

rate has been decreased to 7.5% based on future 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 2018/19 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);

Reserve transfers

The proposed major Reserve transfers in the Draft LTFP are summarised below:

- Reserves transfers are based on data from the 20 year Capital Works Program, 20 year Fleet Replacement Program, estimated land sales and other major transactions;
- Asset Renewal Reserve is increasing by \$2.0m - \$4.0m per annum to a total of \$63m over the life of the LTFP;
- Asset Replacement Reserve is increasing by \$1.0m - \$3.0m per annum to a total of \$49m over the life of the LTFP;
- Coastal Infrastructure Management Reserve is increasing by \$2.0m - \$4.0m per annum to a total of \$48m over the life of the LTFP;
- Regional Open Space Reserve is increasing by \$2.0m - \$4.0m per annum to a total of \$51m over the life of the LTFP;
- Loan Repayment will decrease to \$NIL in 2031/32 (year 13) with \$15m transferred to Strategic Projects/Initiatives Reserve
- Land Acquisition Reserve is increasing by \$0.5m - \$2.0m per annum to a total of \$21m over the life of the LTFP;
- Neerabup Development Reserve is increased by \$86m during the life of the LTFP to fund the limestone extraction and site development; and
- Any bottom line surplus/deficit is transferred to/from the Strategic Projects/Initiatives Reserve to balance the rate-setting statement as per Council policy.

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. Non-controllable 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).

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 September 2018 and October 2018 respectively), the Elected Members considered different scenario modellings and agreed that the 2019/20 LTFP should be based on the balanced approach.

The balanced approach contained Rate increases to 3.0% - 3.5% for the life of the LTFP with the exception of years 4 to 7 where the increase was 3.75% and the result was small operating deficits in years 4, 5 and 7, with surpluses in the remaining years.

Financial Reports, Ratios and Analysis

VARIABLES	Projection																			
	1 19-20	2 20-21	3 21-22	4 22-23	5 23-24	6 24-25	7 25-26	8 26-27	9 27-28	10 28-29	11 29-30	12 30-31	13 31-32	14 32-33	15 33-34	16 34-35	17 35-36	18 36-37	19 37-38	20 38-39
OPERATIONS-Revenue																				
Rates - Base	3.00%	3.50%	3.50%	3.75%	3.75%	3.75%	3.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%
Rates - Growth or Decline	2.00%	2.00%	2.25%	2.35%	2.40%	2.55%	2.65%	2.80%	3.00%	2.90%	2.85%	2.75%	2.70%	2.60%	2.55%	2.50%	2.45%	2.36%	2.30%	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	2.50%	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%
Investment Interest Yield	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%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other revenue	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%
OPERATIONS-Expenditure																				
Employee costs - establishment	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	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	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	1.50%	1.00%	1.00%	1.00%	1.00%	1.50%
Materials and contracts	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%
Materials and contracts - Growth due to increase in Asset Levels	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.50%	3.50%	3.75%	3.75%	4.00%	4.00%	4.00%	4.00%	4.00%	4.25%	4.25%	4.50%
Utility charges - Increase due to growth	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Utility charges - Increase in Government Charges	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance expense	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%
Other expenditure	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%
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	2.50%	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%

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)	\$('000)	
18-19	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	37-38	38-39	38-39	
Operating Revenues																							
Rates - base	131,005	134,935	142,370	150,200	159,220	168,933	179,322	190,619	201,353	213,031	225,813	239,136	253,126	267,680	282,938	298,783	315,365	332,710	350,843	370,545	391,111		
Rates - growth or decline	-	2,620	2,751	3,265	3,606	3,908	4,407	4,869	5,474	6,205	6,358	6,617	6,758	7,017	7,142	7,397	7,654	7,914	8,039	8,254	8,523		
Operating grants, subsidies and contributions	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092		
Fees and charges	44,154	45,258	46,389	47,549	48,737	49,956	51,205	52,485	53,797	55,142	56,520	57,933	59,382	60,866	62,388	63,948	65,546	67,185	68,865	70,586	72,351		
Interest earnings	8,923	9,168	9,421	9,703	9,994	10,294	10,603	10,921	11,249	11,586	11,934	12,292	12,660	13,040	13,431	13,834	14,249	14,677	15,117	15,571	16,038		
Other revenue	715	733	751	770	789	809	829	850	871	893	915	938	961	985	1,010	1,035	1,061	1,088	1,115	1,143	1,171		
Total Operating Revenue	193,888	201,806	210,773	220,579	231,439	242,991	255,458	268,835	281,835	295,948	310,632	326,008	341,979	358,681	376,001	394,089	412,968	432,666	453,070	475,191	498,285		
Operating Expenses																							
Employee costs - establishment	(72,889)	(74,711)	(76,952)	(79,647)	(82,435)	(85,320)	(88,307)	(91,397)	(94,137)	(97,432)	(100,842)	(104,371)	(108,024)	(111,805)	(115,718)	(120,926)	(125,763)	(130,164)	(134,720)	(139,435)	(144,316)		
Employee costs - growth	-	(364)	(375)	(387)	(400)	(414)	(429)	(444)	(461)	(478)	(494)	(511)	(528)	(545)	(562)	(580)	(598)	(616)	(634)	(652)	(670)		
Materials and contracts	(60,391)	(61,901)	(63,552)	(65,352)	(67,301)	(69,402)	(71,659)	(74,176)	(76,954)	(79,904)	(83,034)	(86,351)	(89,962)	(93,875)	(98,097)	(102,638)	(107,500)	(112,691)	(118,220)	(124,197)	(130,532)		
Utility charges (electricity, gas, water etc.)	(9,721)	(10,693)	(11,762)	(12,939)	(14,232)	(15,656)	(17,221)	(18,943)	(20,838)	(22,921)	(24,641)	(26,489)	(28,475)	(30,611)	(32,907)	(35,375)	(38,028)	(40,880)	(43,946)	(47,242)	(50,785)		
Depreciation on non-current assets	(40,430)	(43,461)	(46,599)	(49,844)	(53,106)	(56,484)	(60,000)	(63,663)	(67,475)	(71,441)	(75,561)	(79,835)	(84,263)	(88,845)	(93,481)	(98,271)	(103,215)	(108,313)	(113,565)	(118,971)	(124,631)		
Interest expense	(4,115)	(4,485)	(4,885)	(5,315)	(5,775)	(6,265)	(6,785)	(7,335)	(7,915)	(8,525)	(9,165)	(9,835)	(10,535)	(11,265)	(12,025)	(12,815)	(13,635)	(14,485)	(15,365)	(16,275)	(17,215)		
Insurance expense	(1,477)	(1,514)	(1,552)	(1,590)	(1,630)	(1,671)	(1,713)	(1,756)	(1,799)	(1,844)	(1,891)	(1,938)	(1,986)	(2,036)	(2,087)	(2,139)	(2,192)	(2,247)	(2,303)	(2,361)	(2,420)		
Materials and contracts from asset growth	-	(1,857)	(1,961)	(2,070)	(2,185)	(2,307)	(2,436)	(2,572)	(2,716)	(2,868)	(3,028)	(3,196)	(3,371)	(3,554)	(3,744)	(3,941)	(4,145)	(4,356)	(4,574)	(4,799)	(5,031)		
Other expenditure	-	(1,061)	-	(280)	(295)	(356)	-	(1,165)	-	(393)	(922)	(341)	-	(1,427)	-	(377)	(1,069)	(479)	-	(1,567)	-		
Total Operating Expenditure	(189,022)	(200,047)	(209,038)	(219,807)	(232,111)	(243,012)	(254,627)	(268,864)	(278,187)	(289,971)	(304,336)	(318,588)	(334,003)	(352,230)	(369,538)	(388,832)	(408,521)	(428,547)	(449,930)	(474,343)	(497,803)		
Operating Result	4,866	1,759	1,735	772	(672)	(22)	831	(29)	3,648	5,978	6,295	7,419	7,976	6,451	6,463	5,257	4,447	4,118	3,140	848	482		
Revenue (Asset related)																							
Non-Operating grants, subsidies and contributions	13,893	29,261	16,512	15,269	16,038	18,090	18,616	8,748	6,350	6,817	5,922	5,697	5,547	5,586	5,539	5,486	6,241	5,496	5,501	3,245	3,245		
Physical assets received from developers	40,000	40,000	40,000	40,000	40,000	40,000	40,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000		
Town planning income	11,619	17,696	16,767	16,416	19,339	2,754	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		
Town planning expenses	(8,015)	(18,496)	(5,764)	(15,876)	(20,296)	(3,550)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)		
Profit on asset disposal	1,167	2,667	3,833	4,333	4,000	4,833	5,667	5,167	7,333	6,500	3,000	687	500	500	500	500	500	500	500	500	500		
Loss on asset disposal	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)		
Net Result	63,030	72,386	72,583	60,414	57,909	61,606	65,564	55,337	53,781	55,744	51,668	50,253	50,473	49,987	44,952	43,693	43,638	42,564	41,591	37,043	36,677		

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
	18-19	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
Cash Flows from Operating Activities																					
Receipts																					
Rates	131,005	137,555	145,121	153,465	162,827	172,841	183,730	195,488	206,827	219,236	232,171	245,753	259,884	274,697	290,080	306,180	323,020	340,624	358,882	378,800	399,634
Operating Grants, Subsidies and Contributions	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092
Fees and Charges	44,154	45,258	46,389	47,549	48,737	49,956	51,205	52,485	53,797	55,142	56,520	57,933	59,382	60,866	62,388	63,948	65,546	67,185	68,865	70,586	72,351
Interest Earnings	8,923	9,168	9,421	9,703	9,994	10,294	10,603	10,921	11,249	11,586	11,934	12,292	12,660	13,040	13,431	13,834	14,249	14,677	15,117	15,571	16,038
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	715	733	751	770	789	809	829	850	871	893	915	938	961	985	1,010	1,035	1,061	1,088	1,115	1,143	1,171
	206,585	210,806	219,773	229,579	240,439	251,991	264,458	277,835	290,835	304,948	319,632	335,008	350,979	367,681	385,001	403,089	421,968	441,666	462,070	484,191	507,285
Payments																					
Employee Costs	(72,889)	(75,075)	(77,328)	(80,034)	(82,835)	(85,735)	(88,735)	(91,841)	(95,055)	(98,382)	(101,826)	(105,390)	(109,078)	(112,896)	(117,976)	(122,695)	(126,990)	(131,434)	(136,035)	(140,796)	(146,428)
Materials and Contracts	(60,391)	(63,758)	(67,312)	(71,065)	(75,027)	(79,209)	(83,625)	(88,502)	(93,662)	(99,364)	(105,413)	(112,100)	(119,211)	(127,079)	(135,467)	(144,407)	(153,938)	(164,098)	(175,349)	(187,371)	(200,698)
Utility Charges	(9,721)	(10,693)	(11,762)	(12,939)	(14,232)	(15,656)	(17,221)	(18,943)	(20,838)	(22,921)	(24,641)	(26,489)	(28,475)	(30,611)	(32,907)	(35,375)	(38,028)	(40,880)	(43,946)	(47,242)	(50,785)
Interest Expense	(4,115)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(2,057)	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Expense	(1,477)	(1,514)	(1,552)	(1,590)	(1,630)	(1,671)	(1,713)	(1,756)	(1,799)	(1,844)	(1,891)	(1,938)	(1,986)	(2,036)	(2,087)	(2,139)	(2,192)	(2,247)	(2,303)	(2,361)	(2,361)
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	-	(1,061)	-	(280)	(795)	(356)	-	(1,165)	-	(393)	(922)	(341)	-	(1,427)	-	(377)	(1,069)	(479)	-	(1,567)	-
	(160,199)	(165,586)	(171,439)	(179,393)	(188,004)	(196,112)	(204,779)	(215,691)	(222,412)	(231,906)	(243,691)	(255,257)	(267,751)	(283,049)	(297,436)	(313,993)	(331,217)	(348,139)	(366,633)	(388,337)	(409,272)
Net Cash Provided by Operating Activities	46,386	45,220	48,334	50,186	52,435	55,879	59,678	62,144	68,422	73,043	75,940	79,751	83,228	84,632	87,565	89,096	90,751	93,527	95,437	95,854	98,013
Cash Flows from Investing Activities																					
Payments for Purchase of Property, Plant & Equipment	(34,381)	(38,645)	(34,153)	(28,723)	(25,370)	(31,492)	(52,419)	(17,832)	(21,625)	(40,263)	(26,294)	(33,982)	(44,321)	(26,465)	(26,329)	(35,080)	(33,033)	(29,317)	(23,558)	(22,449)	(19,631)
Payments for Construction of Infrastructure	(50,819)	(55,850)	(38,918)	(43,383)	(45,479)	(50,578)	(54,601)	(39,050)	(34,630)	(37,690)	(46,830)	(55,902)	(63,298)	(36,961)	(40,476)	(45,818)	(48,039)	(48,693)	(49,330)	(50,305)	(51,244)
Grants, Subsidies and Contributions used for Development of Assets	13,893	29,261	16,512	15,269	16,038	18,090	18,616	8,748	6,350	6,817	5,922	5,697	5,547	5,586	5,539	5,486	6,241	5,496	5,501	3,245	3,245
Town Planning Income	11,619	17,696	16,767	16,416	19,339	2,754	1,000	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	(8,015)	(18,496)	(5,764)	(15,876)	(20,296)	(3,550)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)
Proceeds from Asset Disposal	2,091	3,441	3,992	4,873	5,012	5,251	6,355	6,004	7,549	7,218	3,631	963	882	1,610	1,106	778	1,341	1,098	812	1,204	1,069
Net Movements in Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(65,613)	(62,593)	(41,564)	(51,425)	(50,755)	(59,525)	(81,098)	(40,179)	(40,405)	(61,969)	(61,620)	(81,274)	(99,241)	(53,280)	(57,209)	(71,684)	(70,540)	(68,467)	(63,626)	(65,355)	(63,610)
Cash Flows From Financing Activities																					
Proceeds from New Loans/(Repayment) of Loans	-	-	-	-	-	-	-	(8,300)	(60,778)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	-	-	-	-	-	-	-	(8,300)	(60,778)	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash Held	(19,227)	(17,373)	6,770	(1,239)	1,680	(3,646)	(21,420)	13,665	(32,761)	11,073	14,320	(1,524)	(16,013)	31,352	30,356	17,412	20,211	25,060	31,812	30,499	34,403
Cash at Beginning of Year	374,459	355,232	337,859	344,629	343,390	345,070	341,424	320,005	333,670	300,909	311,982	326,303	324,779	308,766	340,118	370,474	387,886	408,097	433,157	464,968	495,467
Cash and Cash Equivalents at the End of Year	355,232	337,859	344,629	343,390	345,070	341,424	320,005	333,670	300,909	311,982	326,303	324,779	308,766	340,118	370,474	387,886	408,097	433,157	464,968	495,467	529,870

RATE SETTING STATEMENT

	Budget	Projections/Predictions																			
	0 \$('000) 18-19	1 \$('000) 19-20	2 \$('000) 20-21	3 \$('000) 21-22	4 \$('000) 22-23	5 \$('000) 23-24	6 \$('000) 24-25	7 \$('000) 25-26	8 \$('000) 26-27	9 \$('000) 27-28	10 \$('000) 28-29	11 \$('000) 29-30	12 \$('000) 30-31	13 \$('000) 31-32	14 \$('000) 32-33	15 \$('000) 33-34	16 \$('000) 34-35	17 \$('000) 35-36	18 \$('000) 36-37	19 \$('000) 37-38	20 \$('000) 38-39
Revenue																					
Fees and Charges	44,154	45,258	46,389	47,549	48,737	49,956	51,205	52,485	53,797	55,142	56,520	57,933	59,382	60,866	62,388	63,948	65,546	67,185	68,865	70,586	72,351
Operating Grants, Subsidies and Contributions	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092	9,092
Interest Earnings	8,923	9,168	9,421	9,703	9,994	10,294	10,603	10,921	11,249	11,586	11,934	12,292	12,660	13,040	13,431	13,834	14,249	14,677	15,117	15,571	16,038
Other Revenue	715	733	751	770	789	809	829	850	871	893	915	938	961	985	1,010	1,035	1,061	1,088	1,115	1,143	1,171
Total Revenues	62,883	64,250	65,652	67,113	68,612	70,150	71,728	73,347	75,008	76,712	78,461	80,255	82,095	83,984	85,921	87,909	89,949	92,041	94,188	96,391	98,652
Expenses																					
Employee Costs	(72,889)	(75,075)	(77,328)	(80,034)	(82,835)	(85,735)	(88,735)	(91,841)	(95,055)	(98,382)	(101,826)	(105,390)	(109,078)	(112,896)	(117,976)	(122,695)	(126,990)	(131,434)	(136,035)	(140,796)	(146,428)
Materials and Contracts	(60,391)	(63,758)	(67,312)	(71,065)	(75,027)	(79,209)	(83,625)	(88,502)	(93,662)	(99,364)	(105,413)	(112,100)	(119,211)	(127,079)	(135,467)	(144,407)	(153,938)	(164,098)	(175,349)	(187,371)	(200,698)
Utilities (Gas, Electricity, Water etc)	(9,721)	(10,693)	(11,762)	(12,939)	(14,232)	(15,656)	(17,221)	(18,943)	(20,838)	(22,921)	(24,641)	(26,489)	(28,475)	(30,611)	(32,907)	(35,375)	(38,028)	(40,880)	(43,946)	(47,242)	(50,785)
Insurance	(1,477)	(1,514)	(1,552)	(1,590)	(1,630)	(1,671)	(1,713)	(1,756)	(1,799)	(1,844)	(1,891)	(1,938)	(1,986)	(2,036)	(2,087)	(2,139)	(2,192)	(2,247)	(2,303)	(2,361)	(2,421)
Interest Expenses	(4,115)	(4,485)	(4,885)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)
Depreciation on Non-Current Assets	(40,430)	(43,461)	(46,599)	(49,414)	(53,106)	(55,901)	(58,848)	(62,173)	(64,775)	(67,065)	(69,645)	(72,331)	(75,252)	(78,181)	(81,102)	(83,839)	(86,304)	(89,408)	(92,297)	(95,006)	(97,531)
Other Expenditure	-	(1,061)	-	(280)	(795)	(356)	-	(1,165)	-	(393)	(922)	(341)	-	(1,427)	-	(377)	(1,069)	(479)	-	(1,567)	-
Total Expenses	(189,022)	(200,047)	(209,038)	(219,807)	(232,111)	(243,012)	(254,627)	(268,864)	(278,187)	(289,971)	(304,336)	(318,588)	(334,003)	(352,230)	(369,538)	(388,832)	(408,521)	(428,547)	(449,930)	(474,343)	(497,803)
Other Revenue and Expenses																					
Non-Operating Grants, Subsidies and Contributions	13,893	29,261	16,512	15,269	16,038	18,090	18,616	8,748	6,350	6,817	5,922	5,697	5,547	5,586	5,539	5,486	6,241	5,496	5,501	3,245	3,245
Town Planning Scheme Income (Including Interest)	11,619	17,696	16,767	16,416	19,339	2,754	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
Profit on Asset Disposal	1,167	2,667	3,833	4,333	4,000	4,833	5,667	5,167	7,333	6,500	3,000	687	500	500	500	500	500	500	500	500	500
Physical Assets Received from Developers	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	35,000	35,000	35,000	35,000	35,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Town Planning Scheme Expenses	(8,015)	(18,496)	(5,764)	(15,876)	(20,296)	(3,550)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)
Loss on Asset Disposal	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Other Revenue and Expenses	58,164	70,628	70,848	59,642	58,581	61,628	64,733	55,365	50,134	49,767	45,372	42,834	42,497	43,536	38,489	38,436	39,191	38,446	38,451	36,195	36,195
Net Operating Result Excluding Rates	(67,975)	(65,169)	(72,538)	(93,051)	(104,918)	(111,234)	(118,166)	(140,152)	(153,045)	(163,492)	(180,503)	(195,500)	(209,411)	(224,711)	(245,129)	(262,487)	(279,382)	(298,060)	(317,291)	(341,756)	(362,956)
Adjustments for Cash Budget Requirements																					
(Profit)/Loss on Asset Disposals	(667)	(2,167)	(3,333)	(3,833)	(3,500)	(4,333)	(5,167)	(4,667)	(6,833)	(6,000)	(2,500)	(187)	-	-	-	-	-	-	-	-	-
Depreciation on Assets	40,430	43,461	46,599	49,414	53,106	55,901	58,848	62,173	64,775	67,065	69,645	72,331	75,252	78,181	81,102	83,839	86,304	89,408	92,297	95,006	97,531
Physical Assets Received from Developers	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Total Adjustments for Cash Budget Requirements	(237)	1,295	3,266	5,580	9,606	11,567	13,681	17,506	22,942	26,065	32,145	37,144	40,252	43,181	51,102	53,839	56,304	59,408	62,297	65,006	67,531
Adjustments for Non-Operating Expenditure and Income																					
Capital Acquisitions	(85,200)	(94,495)	(73,071)	(72,106)	(70,848)	(82,070)	(107,019)	(56,882)	(56,255)	(77,954)	(73,124)	(89,884)	(107,619)	(63,426)	(66,804)	(80,898)	(81,072)	(78,011)	(72,889)	(72,755)	(70,874)
Proceeds from Disposal of Assets	2,091	3,441	3,992	4,873	5,012	5,251	6,355	6,004	7,549	7,218	6,631	963	882	1,610	1,106	778	1,341	1,098	812	1,204	1,069
Movement in Non-Current Employee Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Pensioner Deferred Rate Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Leave Provisions To Reserve	89	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds/(Repayment) from/of Loan Borrowings	-	-	-	-	-	-	(8,863)	(60,778)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Adjustments for Non-Operating Expenditure & Income	(83,021)	(91,054)	(69,079)	(67,233)	(65,836)	(76,819)	(100,664)	(59,740)	(109,484)	(70,736)	(69,492)	(88,921)	(106,738)	(61,816)	(65,698)	(80,120)	(79,731)	(76,912)	(72,076)	(71,550)	(69,805)
Transfers																					
Transfers to Restricted Grants, Contributions and Loans	-	1,186	2,400	3,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Restricted Grants, Contributions and Loans	(26,164)	(33,807)	(46,350)	(40,490)	(32,364)	(33,739)	(44,086)	(35,722)	(39,629)	(53,717)	(35,854)	(25,132)	(51,489)	(50,478)	(48,838)	(57,948)	(41,699)	(44,297)	(51,375)	(45,055)	(49,119)
Transfers to Reserves	34,299	45,982	38,326	29,643	22,428	29,589	63,456	21,570	71,340	41,593	20,484	25,605	66,452	19,076	18,432	40,486	21,438	19,187	19,514	14,506	14,666
Transfers to Schemes	(11,619)	(17,696)	(16,767)	(16,416)	(19,339)	(2,754)	(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)
Transfers from Schemes	8,285	21,708	15,621	25,102	27,596	10,550	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050
Total Transfers	20,228	17,373	(6,770)	1,239	(4,880)	3,646	21,420	(13,102)	32,761	(11,073)	(14,320)	1,524	16,013	(31,352)	(30,356)	(17,412)	(20,211)	(25,060)	(31,812)	(30,499)	(34,403)
Surplus/(Deficit)																					
Estimated Surplus/(Deficit) July 1 Brought Forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Surplus/(Deficit) June 30 Carried Forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount Required to be Raised from Rates	(131,005)	(137,555)	(145,121)	(153,465)	(162,827)	(172,841)	(183,730)	(195,488)	(206,827)	(219,236)	(232,171)	(245,753)	(259,884)	(274,697)	(290,080)	(306,180)	(323,020)	(340,624)	(358,882)	(378,800)	(399,634)

BALANCE SHEET

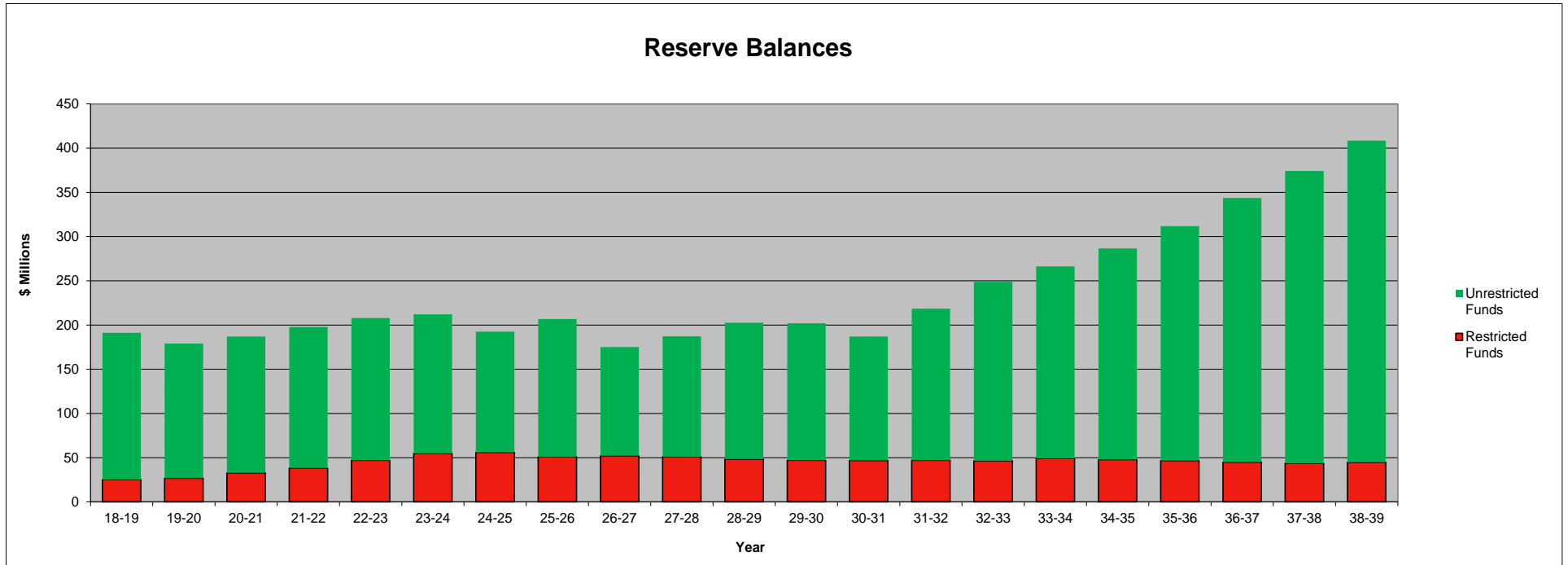
	Budget	Projections/Predictions																				
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	
	18-19	19-20	20-21	21-22	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
Current Assets																						
Unrestricted Cash and Equivalents	12,289	12,289	12,289	12,289	12,289	12,289	12,289	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852	12,852
Restricted Cash and Cash Equivalent																						
- Cashed Back Reserve	191,202	179,028	187,052	197,899	207,836	211,986	192,616	206,768	175,057	187,181	202,551	202,077	187,115	218,516	248,922	266,384	286,645	311,755	343,617	374,166	408,619	408,619
- Town Planning Scheme	125,871	121,859	123,005	114,319	106,062	98,267	96,217	95,167	94,117	93,067	92,017	90,967	89,917	89,867	89,817	89,767	89,717	89,667	89,617	89,567	89,517	89,517
- Unspent Loans	6,986	5,800	3,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Unspent Grants and Contributions	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883	18,883
Receivables	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023	20,023
Inventories	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316
Total Current Assets	375,571	358,198	364,969	363,730	365,410	361,764	340,344	354,009	321,248	332,322	346,642	345,119	329,106	360,458	390,813	408,225	428,436	453,496	485,308	515,807	550,210	550,210
Non-Current Assets																						
Other Receivables	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061	3,061
Inventories	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397	21,397
Property Plant and Equipment	359,484	385,396	405,804	418,663	425,198	436,782	467,251	460,768	457,104	470,116	467,419	470,941	482,683	473,850	463,195	459,556	451,509	437,576	415,980	390,903	361,345	361,345
Infrastructure Roads	1,187,154	1,219,789	1,242,925	1,272,810	1,294,943	1,318,804	1,338,018	1,359,158	1,375,041	1,387,710	1,399,254	1,410,982	1,422,740	1,434,517	1,443,531	1,452,687	1,461,678	1,471,174	1,480,853	1,490,746	1,500,248	1,500,248
Infrastructure Other	829,171	858,079	876,827	890,587	911,486	931,760	954,324	964,008	967,471	970,927	983,427	998,574	1,013,961	1,012,237	1,008,950	1,004,673	1,000,696	995,894	991,436	985,919	980,628	980,628
Other Financial Assets	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017	19,017
Indexation of Capex	-	2,305	5,826	10,974	17,637	27,169	41,906	50,936	61,019	76,553	92,553	113,932	141,531	158,946	178,471	203,512	229,972	256,714	282,869	310,113	337,735	337,735
Total Non-Current Assets	2,419,284	2,509,043	2,574,856	2,636,509	2,692,739	2,757,991	2,844,974	2,878,345	2,904,110	2,948,781	2,986,128	3,037,905	3,104,390	3,123,026	3,137,621	3,163,902	3,187,329	3,204,833	3,214,612	3,221,157	3,223,431	3,223,431
Total Assets	2,794,855	2,867,242	2,939,825	3,000,239	3,058,148	3,119,754	3,185,318	3,232,355	3,225,358	3,281,102	3,332,770	3,383,023	3,433,496	3,483,483	3,528,435	3,572,127	3,615,765	3,658,329	3,699,920	3,736,963	3,773,641	3,773,641
Current Liabilities																						
Trade and Other Payables	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446	23,446
Current Portion of Long-term Liabilities	-	-	-	-	-	-	8,300	60,778	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465	15,465
Total Current Liabilities	38,911	38,911	38,911	38,911	38,911	38,911	47,211	99,689	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911
Non-Current Liabilities																						
Long-term Borrowings	69,078	69,078	69,078	69,078	69,078	69,078	60,778	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647
Total Non-Current Liabilities	70,725	70,725	70,725	70,725	70,725	70,725	62,425	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647
Total Liabilities	109,637	109,637	109,637	109,637	109,637	109,637	101,337	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558	40,558
Net Assets	2,685,219	2,757,605	2,830,188	2,890,602	2,948,511	3,010,118	3,075,681	3,131,018	3,184,800	3,240,544	3,292,212	3,342,465	3,392,938	3,442,925	3,487,876	3,531,569	3,575,207	3,617,771	3,659,362	3,696,405	3,733,082	3,733,082
Equity																						
Retained Surplus	1,308,190	1,396,763	1,460,176	1,518,429	1,574,658	1,639,910	1,726,893	1,769,127	1,855,670	1,900,341	1,937,688	1,989,465	2,055,951	2,074,586	2,089,182	2,115,462	2,138,889	2,156,393	2,166,173	2,172,717	2,174,991	2,174,991
Town Planning Schemes	121,559	117,547	118,694	110,008	101,751	93,955	91,905	90,855	89,805	88,755	87,705	86,655	85,605	85,555	85,505	85,455	85,405	85,355	85,305	85,255	85,205	85,205
Reserves - Cash Backed	191,202	179,028	187,052	197,899	207,836	211,986	192,616	206,768	175,057	187,181	202,551	202,077	187,115	218,516	248,922	266,384	286,645	311,755	343,617	374,166	408,619	408,619
Reserves - Revaluation	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267	1,064,267
Total Equity	2,685,219	2,757,605	2,830,188	2,890,602	2,948,511	3,010,118	3,075,681	3,131,018	3,184,799	3,240,544	3,292,211	3,342,465	3,392,938	3,442,925	3,487,876	3,531,569	3,575,207	3,617,771	3,659,362	3,696,405	3,733,082	3,733,082

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)	\$(000)
	18-19	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	1,240,360	1,308,190	1,396,763	1,460,176	1,518,429	1,574,658	1,639,910	1,726,893	1,769,127	1,855,670	1,900,341	1,937,688	1,989,465	2,055,951	2,074,586	2,089,182	2,115,462	2,138,889	2,156,393	2,166,173	2,172,717	2,174,991

RESERVES SUMMARY

	Budget	Projections/Predictions																			
	0 18-19	1 19-20	2 20-21	3 21-22	4 22-23	5 23-24	6 24-25	7 25-26	8 26-27	9 27-28	10 28-29	11 29-30	12 30-31	13 31-32	14 32-33	15 33-34	16 34-35	17 35-36	18 36-37	19 37-38	20 38-39
<< 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	11,135	11,441	11,855	12,281	12,619	12,966	13,323	13,689	15,066	16,480	17,933	19,426	20,960	23,537	26,184	28,904	31,699	34,571	37,521	40,553	43,668
Asset Replacement	3,775	4,625	4,551	4,677	5,805	5,965	7,129	9,325	13,581	16,955	21,421	25,010	26,698	30,432	34,269	38,211	42,262	46,424	50,701	55,095	59,610
Carry Forward - Capital Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Management	13,660	12,535	14,430	17,827	20,317	23,876	26,532	30,262	33,094	37,004	40,022	43,122	46,308	49,582	52,945	56,401	59,952	63,601	67,350	71,202	75,160
Domestic Refuse	8,874	9,068	9,267	9,107	9,308	9,513	9,360	9,568	9,781	9,635	9,850	10,070	9,932	10,155	10,385	10,255	10,487	10,726	10,606	10,847	11,146
Golf Courses	630	997	625	1,042	691	1,130	781	1,222	906	1,381	1,069	1,548	1,241	1,750	1,473	1,988	1,718	2,240	2,002	2,557	2,327
Land Acquisition	3,309	3,900	4,507	5,131	5,772	6,431	7,108	7,803	8,518	9,252	9,506	9,768	10,036	12,312	14,651	17,054	19,523	22,060	24,666	27,345	30,096
Loan Repayment	23,890	26,713	30,781	35,461	39,936	45,368	51,782	57,873	5,520	11,671	14,492	15,078	0	0	0	0	0	0	0	0	0
Neerabup Development	4,228	2,085	1,972	1,917	1,882	1,845	1,821	1,799	1,765	1,746	1,727	1,707	1,687	1,656	1,635	1,613	1,590	1,567	1,533	1,508	1,483
Plant Replacement	10,030	10,179	11,121	10,859	11,441	12,816	11,810	11,308	13,496	14,606	15,404	15,877	18,157	17,189	17,899	20,674	19,836	19,738	20,943	23,827	24,777
Regional Open Space	11,500	11,816	16,141	16,585	11,541	7,859	2,575	4,646	6,773	8,960	6,962	4,910	2,801	5,878	9,039	12,288	15,626	19,055	22,579	26,200	29,921
Strategic Projects / Initiatives	74,903	58,861	49,035	44,643	41,538	29,374	4,415	8,193	14,396	8,511	15,797	8,482	2,437	18,996	33,944	29,753	36,166	44,997	60,636	71,317	85,593
Total - Unrestricted Reserves	165,932	152,221	154,286	159,530	160,850	157,142	136,636	155,686	122,895	136,200	154,183	154,998	140,257	171,487	202,424	217,141	238,860	264,978	298,537	330,452	363,783
Restricted Reserves																					
Alkimos/Eglinton CF	13,748	18,589	22,042	25,447	30,067	33,913	34,470	37,275	37,971	36,394	33,375	31,669	31,024	30,760	29,781	32,066	30,136	28,642	26,447	24,568	25,164
Butler Collaborative	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fleming Park Lake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leave Liability	1,634	1,729	1,826	1,927	2,030	2,085	2,143	2,202	2,262	2,324	2,388	2,454	2,521	2,591	2,662	2,735	2,810	2,888	2,967	3,049	3,133
Section 152 Land	1,321	858	781	803	825	847	871	895	919	945	970	997	1,025	1,053	1,082	1,111	1,142	1,173	1,206	1,239	1,273
TPS 20 Distributor Road	7,129	7,325	7,526	7,733	7,946	8,165	8,389	8,620	8,857	9,100	9,351	9,608	9,872	10,144	10,423	10,709	11,004	11,306	11,617	11,937	12,265
Yanchep Bus	111	119	127	136	144	153	163	172	182	192	202	213	219	225	231	237	244	250	257	264	272
Yanchep/Two Rocks CF	1,327	(1,812)	462	2,324	5,974	9,679	9,945	1,919	1,971	2,026	2,081	2,139	2,197	2,258	2,320	2,384	2,449	2,517	2,586	2,657	2,730
Total - Restricted Reserves	25,270	26,807	32,766	38,369	46,986	54,843	55,980	51,082	52,162	50,981	48,368	47,079	46,858	47,029	46,498	49,243	47,785	46,777	45,079	43,713	44,836
TOTAL - ALL RESERVES	191,202	179,028	187,052	197,899	207,836	211,986	192,616	206,768	175,057	187,181	202,551	202,077	187,115	218,516	248,922	266,384	286,645	311,755	343,617	374,166	408,619



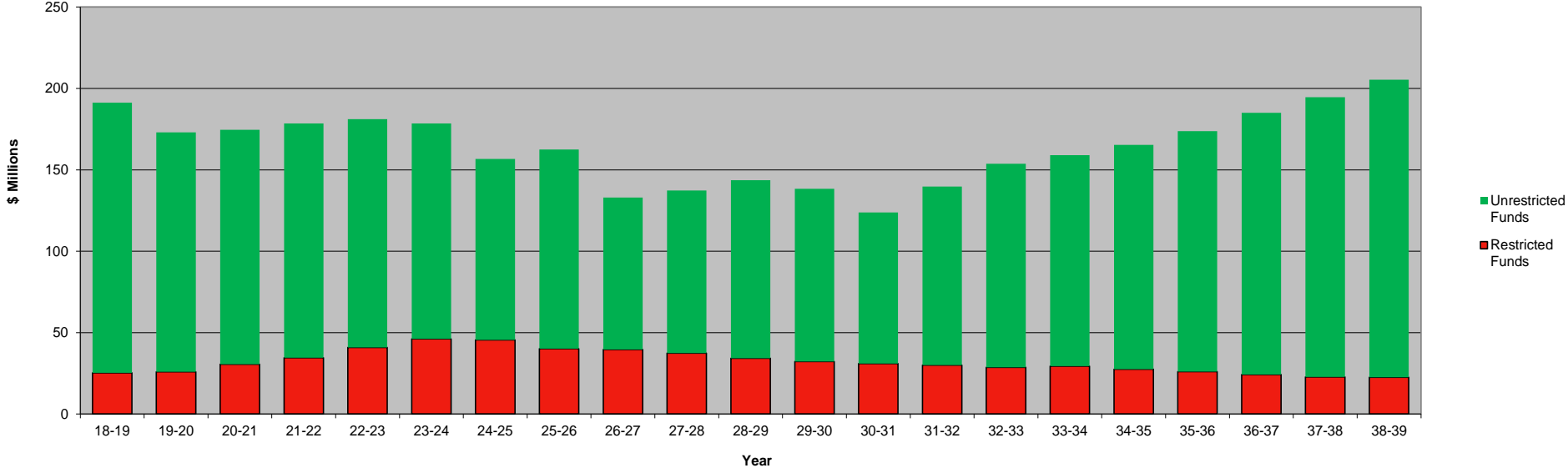
The City is currently targeting five main areas for reserve funding – Asset Renewal, Asset Replacement, Coastal Management, Regional Open Space and Land Acquisition. Regular transfers into these reserves throughout the course of the 20 year life of the Plan should enable the City to meet required expenditure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

RESERVES SUMMARY

	Discounted Reserve Balances (NPV @ 3.5%)																				
	Budget																				
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
<< closing balances >>	18-19	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
	\$'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	11,135	11,054	11,067	11,077	10,997	10,917	10,838	10,759	11,441	12,092	12,713	13,306	13,871	15,050	16,176	17,253	18,281	19,263	20,200	21,094	21,946
Asset Replacement	3,775	4,469	4,249	4,218	5,059	5,022	5,799	7,329	10,314	12,440	15,186	17,131	17,668	19,458	21,171	22,808	24,373	25,868	27,295	28,658	29,958
Carry Forward - Capital Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Management	13,660	12,111	13,470	16,079	17,705	20,103	21,584	23,786	25,132	27,151	28,372	29,537	30,646	31,703	32,709	33,665	34,575	35,439	36,259	37,036	37,773
Domestic Refuse	8,874	8,761	8,651	8,214	8,111	8,010	7,614	7,520	7,428	7,069	6,983	6,898	6,573	6,493	6,416	6,121	6,048	5,976	5,710	5,642	5,601
Golf Courses	630	964	583	940	602	951	635	961	688	1,013	758	1,060	821	1,119	910	1,187	991	1,248	1,078	1,330	1,170
Land Acquisition	3,309	3,768	4,207	4,628	5,030	5,414	5,782	6,133	6,468	6,788	6,739	6,690	6,642	7,872	9,051	10,179	11,259	12,292	13,279	14,223	15,125
Loan Repayment	23,890	25,810	28,735	31,984	34,802	38,199	42,125	45,488	4,192	8,564	10,274	10,328	0	0	0	0	0	0	0	0	0
Neerabup Development	4,228	2,015	1,840	1,729	1,640	1,553	1,482	1,414	1,340	1,281	1,224	1,169	1,116	1,059	1,010	963	917	873	825	785	745
Plant Replacement	10,030	9,834	10,382	9,794	9,971	10,791	9,608	8,888	10,249	10,717	10,920	10,875	12,016	10,991	11,058	12,340	11,440	10,998	11,275	12,394	12,452
Regional Open Space	11,500	11,417	15,068	14,959	10,058	6,617	2,095	3,651	5,144	6,574	4,936	3,363	1,853	3,758	5,584	7,334	9,011	10,618	12,156	13,628	15,037
Strategic Projects / Initiatives	74,903	56,871	45,774	40,265	36,198	24,732	3,591	6,439	10,933	6,245	11,199	5,810	1,613	12,146	20,970	17,759	20,857	25,072	32,644	37,096	43,016
Total - Unrestricted Reserves	165,932	147,073	144,028	143,887	140,171	132,310	111,153	122,368	93,328	99,934	109,303	106,165	92,820	109,650	125,054	129,609	137,752	147,647	160,721	171,887	182,825
Restricted Reserves																					
Alkimos/Eglinton CF	13,748	17,960	20,577	22,951	26,202	28,554	28,041	29,298	28,835	26,704	23,660	21,692	20,531	19,668	18,398	19,140	17,380	15,960	14,238	12,779	12,647
Butler Collaborative	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fleming Park Lake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leave Liability	1,634	1,670	1,705	1,738	1,769	1,756	1,743	1,730	1,718	1,705	1,693	1,681	1,669	1,657	1,645	1,633	1,621	1,609	1,597	1,586	1,574
Section 152 Land	1,321	829	729	724	719	713	708	703	698	693	688	683	678	673	668	663	659	654	649	644	640
TPS 20 Distributor Road	7,129	7,077	7,026	6,975	6,925	6,874	6,825	6,775	6,726	6,677	6,629	6,581	6,533	6,486	6,439	6,392	6,346	6,300	6,254	6,209	6,164
Yanchep Bus	111	115	119	122	126	129	132	135	138	141	143	146	145	144	143	142	140	139	138	137	136
Yanchep/Two Rocks CF	1,327	(1,751)	432	2,096	5,206	8,149	8,090	1,508	1,497	1,486	1,475	1,465	1,454	1,444	1,433	1,423	1,412	1,402	1,392	1,382	1,372
Total - Restricted Reserves	25,270	25,900	30,587	34,607	40,945	46,176	45,540	40,150	39,613	37,406	34,289	32,247	31,010	30,071	28,726	29,393	27,558	26,064	24,269	22,738	22,533
TOTAL - ALL RESERVES	191,202	172,974	174,615	178,493	181,117	178,486	156,693	162,518	132,940	137,340	143,592	138,412	123,829	139,720	153,780	159,002	165,310	173,711	184,990	194,624	205,358

Reserve Balances in 2018/19 Dollars (NPV)



RATIO ANALYSIS

	Budget		Projections/Predictions																		
	0 \$('000) 18-19	1 \$('000) 19-20	2 \$('000) 20-21	3 \$('000) 21-22	4 \$('000) 22-23	5 \$('000) 23-24	6 \$('000) 24-25	7 \$('000) 25-26	8 \$('000) 26-27	9 \$('000) 27-28	10 \$('000) 28-29	11 \$('000) 29-30	12 \$('000) 30-31	13 \$('000) 31-32	14 \$('000) 32-33	15 \$('000) 33-34	16 \$('000) 34-35	17 \$('000) 35-36	18 \$('000) 36-37	19 \$('000) 37-38	20 \$('000) 38-39
OPERATING RESULT																					
Operating Result	4,866	1,759	1,735	772	(672)	(22)	831	(29)	3,648	5,978	6,295	7,419	7,976	6,451	6,463	5,257	4,447	4,118	3,140	848	482
Own Source Operating Revenue	185,963	195,381	205,515	215,820	226,347	238,733	252,033	264,910	280,076	293,357	304,540	317,603	333,387	350,089	367,410	385,497	404,377	424,074	444,478	466,599	489,694
Operating Surplus Ratio	2.6%	0.9%	0.8%	0.4%	-0.3%	0.0%	0.3%	0.0%	1.3%	2.0%	2.1%	2.3%	2.4%	1.8%	1.8%	1.4%	1.1%	1.0%	0.7%	0.2%	0.1%
Own Source Operating Revenue	185,963	195,381	205,515	215,820	226,347	238,733	252,033	264,910	280,076	293,357	304,540	317,603	333,387	350,089	367,410	385,497	404,377	424,074	444,478	466,599	489,694
Operating Expenses	189,522	200,547	209,538	220,307	232,611	243,512	255,127	269,364	278,687	290,471	304,836	319,088	334,503	352,730	370,038	389,332	409,021	429,047	450,430	474,843	498,303
Own Source Revenue Coverage Ratio	98.1%	97.4%	98.1%	98.0%	97.3%	98.0%	98.8%	98.3%	100.5%	101.0%	99.9%	99.5%	99.7%	99.3%	99.3%	99.0%	98.9%	98.8%	98.7%	98.3%	98.3%
WORKING CAPITAL																					
Current Assets (less Restricted Assets)	32,629	32,629	32,629	32,629	32,629	32,629	32,629	33,191	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192	33,192
Current Liabilities (less Restricted)	38,911	38,911	38,911	38,911	38,911	38,911	47,211	99,689	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911
Current Ratio	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%	69.1%	33.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%	85.3%
DEBT SERVICE COVER																					
Operating Surplus less Interest & Depreciation	49,411	49,705	52,819	54,671	56,920	60,364	64,163	66,629	70,480	73,043	75,940	79,751	83,228	84,632	87,565	89,096	90,751	93,527	95,437	95,854	98,013
Debt Service Payments	4,615	4,485	4,485	4,485	4,485	4,485	4,485	4,485	12,785	62,836	-	-	-	-	-	-	-	-	-	-	-
Debt Service Cover Ratio	1071%	1108%	1178%	1219%	1269%	1346%	1431%	521%	112%	N/A	N/A	N/A	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	23,748	22,560	19,192	19,778	23,534	22,991	29,253	26,976	29,062	31,567	29,852	36,413	34,301	39,951	41,241	40,124	45,832	43,226	43,672	45,209	49,747
Depreciation	40,430	43,461	46,599	49,414	53,106	55,901	58,848	62,173	64,775	67,065	69,645	72,331	75,252	78,181	81,102	83,839	86,304	89,408	92,297	95,006	97,531
Asset Sustainability Ratio	59.0%	52.0%	41.0%	40.0%	44.0%	41.0%	50.0%	43.0%	45.0%	47.0%	43.0%	50.0%	46.0%	51.0%	51.0%	48.0%	53.0%	48.0%	47.0%	48.0%	51.0%
Asset Consumption																					
Written down value of Assets	2,291,951	2,375,809	2,463,264	2,525,556	2,582,060	2,631,626	2,687,346	2,759,592	2,783,935	2,799,615	2,828,752	2,850,100	2,880,497	2,919,385	2,920,604	2,915,675	2,916,915	2,913,882	2,904,644	2,888,269	2,867,568
Current Replacement Cost of Assets	2,437,339	2,561,615	2,692,531	2,801,422	2,907,340	3,010,013	3,121,634	3,252,728	3,339,243	3,419,698	3,515,900	3,606,893	3,709,621	3,823,761	3,903,161	3,979,334	4,064,413	4,147,684	4,227,854	4,303,776	4,378,082
Asset Consumption Ratio	94.0%	92.7%	91.5%	90.2%	88.8%	87.4%	86.1%	84.8%	83.4%	81.9%	80.5%	79.0%	77.6%	76.3%	74.8%	73.3%	71.8%	70.3%	68.7%	67.1%	65.5%
Asset Renewal Funding																					
Asset Renewal Funding Ratio	76.4%																				
ADJUSTED WORKING CAPITAL RATIO																					
Working Capital Ratio + Unrestricted Reserves																					
Current Assets (less Restricted Assets + Unrestricted Reserves)	198,561	184,850	186,915	192,159	193,479	189,771	169,264	188,878	156,086	169,391	187,374	188,190	173,449	204,679	235,616	250,333	272,052	298,170	331,729	363,644	396,974
Current Liabilities (less Restricted)	38,911	38,911	38,911	38,911	38,911	38,911	47,211	99,689	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911	38,911
Ratio Total	510.3%	475.1%	480.4%	493.8%	497.2%	487.7%	358.5%	189.5%	401.1%	435.3%	481.5%	483.6%	445.8%	526.0%	605.5%	643.3%	699.2%	766.3%	852.5%	934.5%	1020.2%

Note: The Debt Service Cover ratio is not applicable from Year 9 onwards, as all outstanding loans are due to be paid by the end of Year 8.

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. The Asset Renewal Funding Ratio has been calculated at 76.4%.

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>	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	Basic Basic Basic Basic Not Met Not Met Basic Not Met Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic
<p>Comments</p> <p>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.</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.	<p>Standard is not met if this ratio is any value lower than 1 as to 1.</p> <p>Basic standard is met if the ratio is equal to an expression of 1:1 or greater (e.g. 100% or 1.0).</p>	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
<p>Comments</p> <p>The City does not meet the requirements for the basic standard of this ratio in any of the years of the Plan. 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 can be seen from the balance sheet, the City has a strong liquidity position.</p>					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
<p>Debt Service Cover Ratio</p> <p>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.</p>	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.	<p>Standard is not met if this ratio is lower than 2.</p> <p>Basic standard is met if this ratio is greater than or equal to 2.</p> <p>Advanced standard is met at a higher level if this ratio is greater than 5.</p>	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	Advanced Advanced Advanced Advanced Advanced Advanced Advanced Not met Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable
<p>Comments</p> <p>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 this period there are no more outstanding borrowings, hence the not applicable result.</p>					

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%	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. 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 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%.	2018/19	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. The Asset Renewal Funding Ratio has been calculated at 76.4%.					

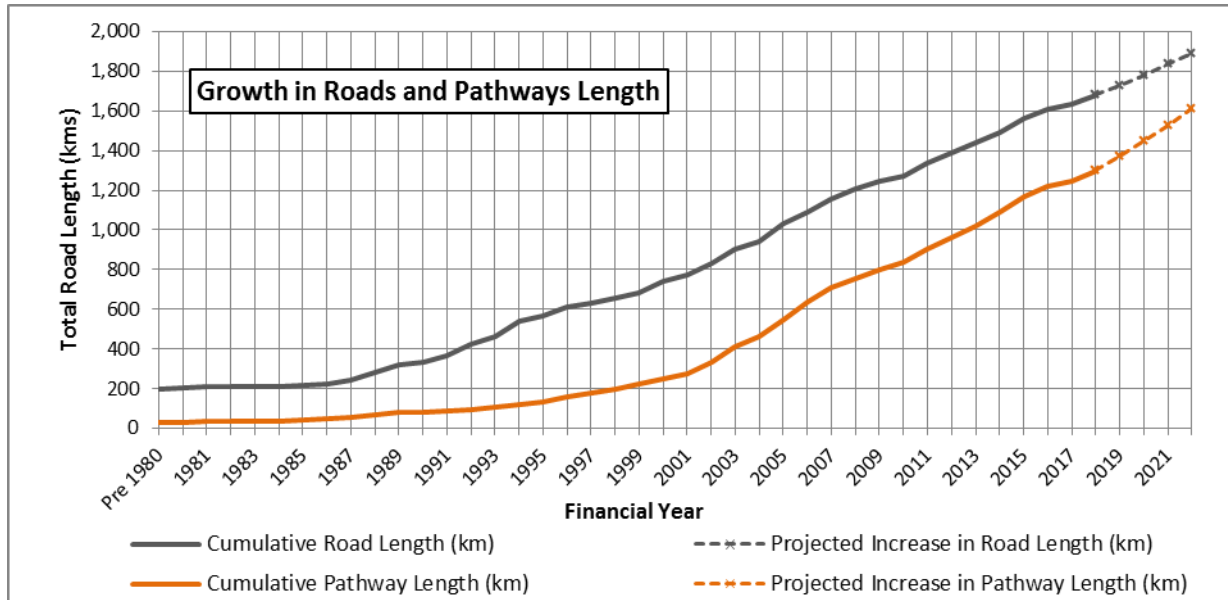
Adjusted Working Capital Ratio

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

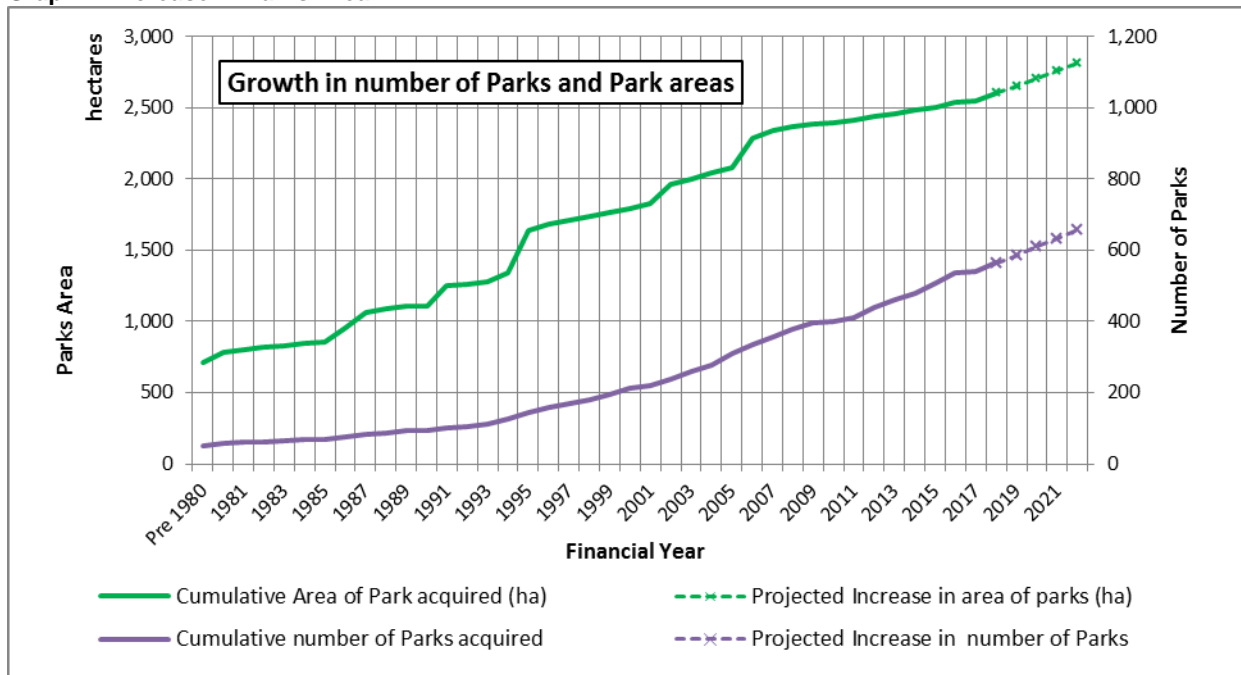
Growth of Infrastructure Assets

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

Disclaimer

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This report is subject to any assumption noted in it, as well as the assumption that the current economic, political or commercial environment does not materially change. The City does not warrant or guarantee any outcome or prediction in this report, or arising from reliance on it.

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