

City of Wanneroo

Long Term Financial Plan 2021/22–2040/41



Heath Park, Eglinton

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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 3.1% over the past decade. By 2041, the City's population is expected to increase to just above 345,000 people. This reflects a 67% change from the current population at just over 208,000 or an average of 3.4% per annum aligned to population growth, the City's service responsibilities have also increased as illustrated in the growth of infrastructure assets as shown in graph 1 and graph 2 in the Appendix.

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

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

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

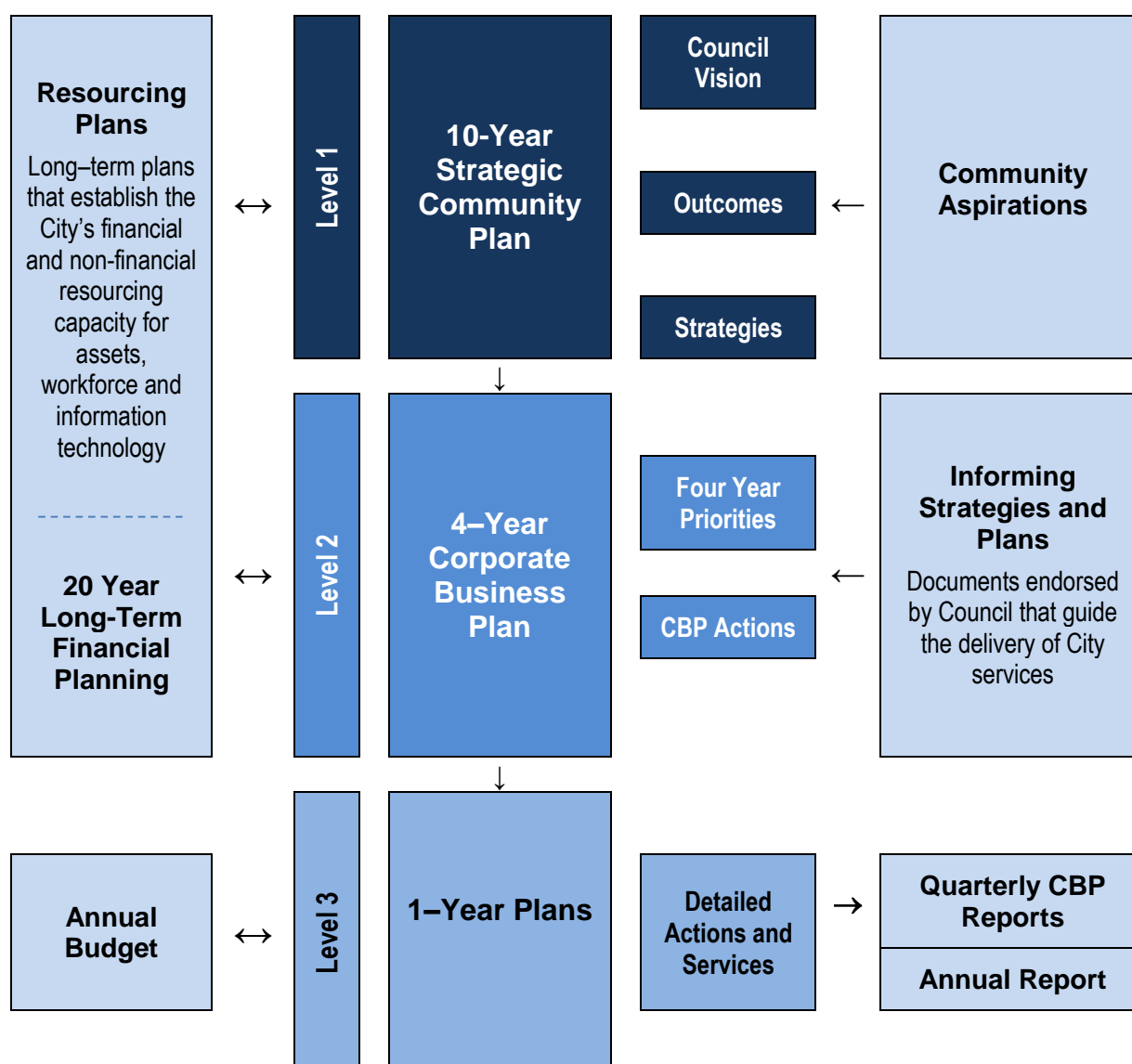
Integrated Planning and Reporting

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

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

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

Integrated Planning and Reporting Framework



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

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

Strategies to be Financially Sustainable

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

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

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

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

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

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

Operating Surpluses

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

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

Framework of Long Term Financial Plan

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

- Income Statement
- Statement of Cash Flows
- Rate Setting Statement
- Statement of Financial Position
- Equity Statement
- Reserves positions

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

This provides the City with the opportunity to:

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

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

Key Components

The key components of the Long Term Financial Plan are:

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

Financial Management Principles

Strategic Budget Policy

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

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

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

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

PRINCIPLES

1.1 Capacity to Pay

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

1.2 Intergenerational Equity

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

1.3 New Initiatives

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

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

1.4 Funding Priority

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

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

Rating Strategy

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

As part of the Long Term Financial Plan, the City of Wanneroo has entered the adopted 2020/21 budget (updated with the mid-year review forecast) and amount raised by rates which will allow Council to determine if the current rating strategy will meet its financial needs now and in the future.

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

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

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

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

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,

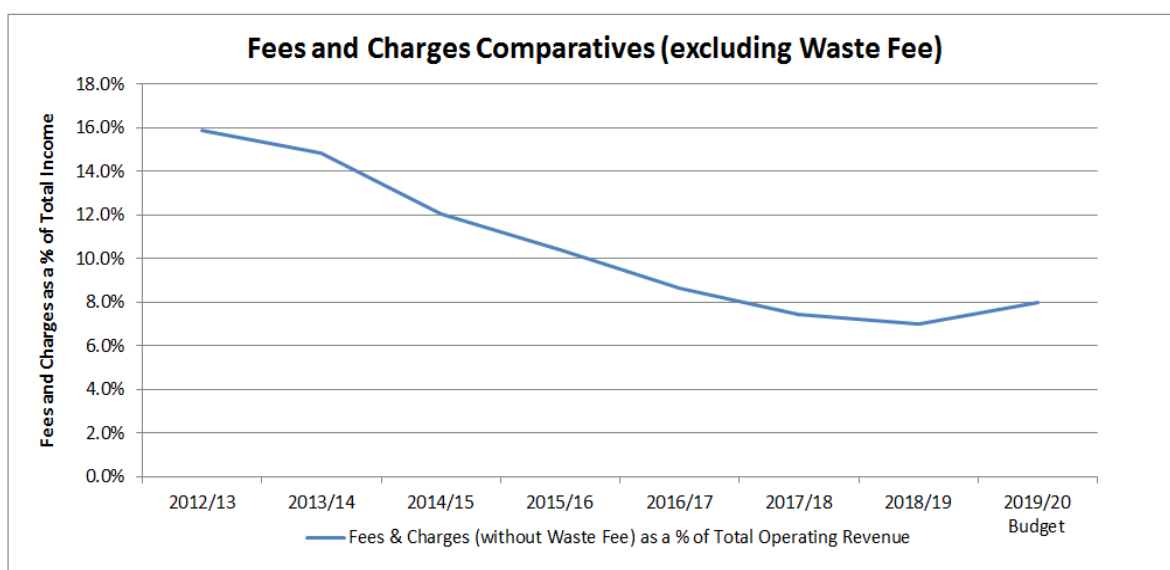
“... a local government is required to take into consideration the following factors
– *the cost to the local government of providing the service or goods; the importance of the service or goods to the community; and the price at which the service or goods could be provided by an alternative provider”*

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 as seen in the chart below.



In 2017 the City engaged PricewaterhouseCoopers (PWC) to review and update their 2009 report titled “Best Practices in Funding Rapidly Growing Local Governments”. The 2009 report had been used by the City in its rate setting decisions. The 2017 PWC report titled Review of City of Wanneroo Key Financial Performance Indicators (20 October 2017) confirmed the need

for the City to more closely consider its fee setting policies. For example, the report identified that over the period 2009 to 2017 non-rate revenue as a percentage of total revenue:

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

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

Importantly, fees and charges revenue per resident is only half that of the Cities 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***

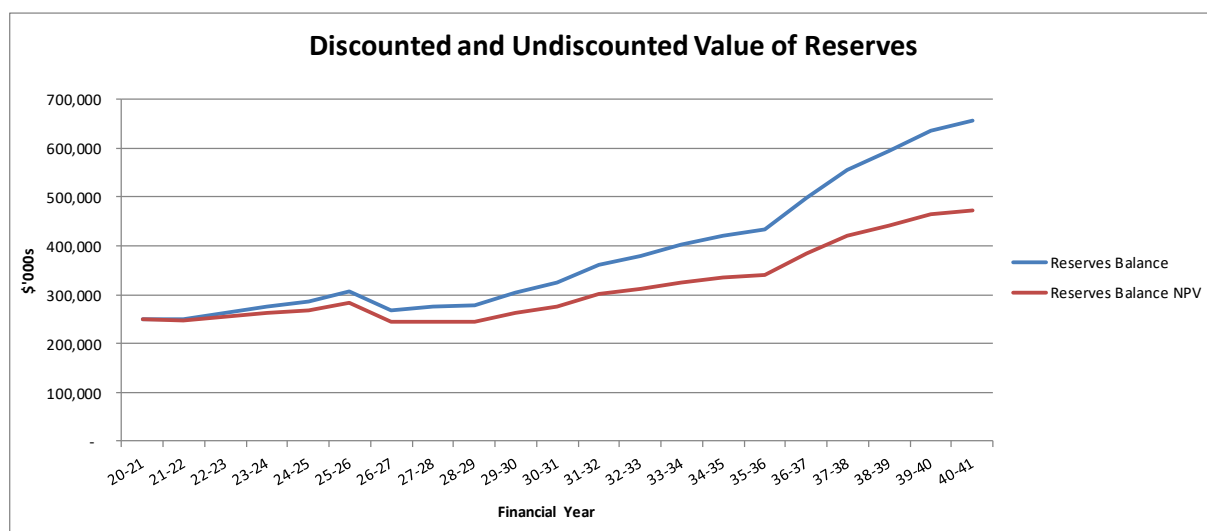
Costs to the community should be fairly set, equitable across the board and where appropriate, reflect the true cost of providing goods or services.

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 1.66% (per advice from the West Australian Treasury Corporation for social projects, cost of debt, as at 9 February 2021) was applied being the interest rate that the City is likely to pay on future borrowings.



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

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

At the half way mark – Year 10

Reserve	Total as per LTFP – (undiscounted)	NPV Total as per LTFP – (discounted at 1.66%)
Total - Unrestricted Reserves	\$307m	\$260m
Total - Restricted Reserves	\$19m	\$16m
Total	\$326m	\$276m

At the end of the plan – Year 20

Reserve	Total as per LTFP – (undiscounted)	NPV Total as per LTFP – discounted at 1.66%)
Total - Unrestricted Reserves	\$603m	\$434m
Total - Restricted Reserves	\$53m	\$39m
Total	\$656m	\$473m

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

PRINCIPLES

1.1 Detailed Purpose of Reserve

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

1.2 Reviewed Regularly

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

1.3 Maintain an adequate balance

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

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

Reserve Details	Opening Balance	Transfers In	Transfers Out	Closing Balance
Alkimos/Eglinton District Community Facilities Reserve	14,906,801	60,542,271	(64,866,697)	10,582,375
Asset Renewal Reserve	10,390,035	199,590,726	(104,265,809)	105,714,952
Asset Replacement Reserve	6,792,888	81,964,766	(31,496,653)	57,261,001
Carry Forward - Capital Works Reserve	3,953,277	-	(3,953,277)	-
Coastal Management Reserve	15,960,895	45,703,295	(11,132,151)	50,532,039
Domestic Refuse Reserve	10,115,189	53,773,739	(14,690,853)	49,198,076
East Wanneroo DCP Reserve (Proposed)	-	122,025,842	(71,961,069)	50,064,773
Golf Course Reserve	948,083	41,090,549	(8,555,181)	33,483,451
Strategic Land Reserve	4,493,301	75,634,145	(118,000)	80,009,446
Leave Liability Reserve	14,767,108	11,241,177	-	26,008,285
Loan Repayment Reserve	54,411,046	15,168,241	(60,778,188)	8,801,100
Neerabup Development Reserve	4,711,173	60,437,501	(37,673,689)	27,474,985
Plant Replacement Reserve	15,178,127	133,411,196	(131,618,894)	16,970,429
Regional Open Space Reserve	14,252,147	57,190,465	(25,354,499)	46,088,113
Section 152 Land Reserve	779,660	149,021	(501,000)	427,681
Strategic Projects/Initiatives Reserve	54,067,731	158,348,066	(84,399,239)	128,016,558
TPS 20 - District Distributor Road Headworks Reserve	7,292,332	2,795,807	-	10,088,139
Yanchep Bus Reserve	113,932	109,592	-	223,524
Yanchep/Two Rocks DCP Reserve (Proposed)	-	52,000,000	(95,107,466)	(43,107,466)
Yanchep/Two Rocks District Community Facilities Reserve	-	18,522,930	(19,451,343)	(928,413)
Reserves Total	233,133,728	1,189,699,328	(765,924,008)	656,909,048

The Yanchep/Two Rocks DCP Reserve (Proposed) listed above has a negative balance as projected transfers in (based on forecasted population growth) do not match with the Capital Works Projects allocated primarily in the outer years and will need further consideration.

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 contributions for infrastructure are an established part of the planning system. They may be levied by local governments under local planning schemes towards the cost of infrastructure necessary to accommodate urban growth. Contributions are generally levied directly through the subdivision and development process, or where there are multiple landowners, through Development Contribution Plans (DCPs). Infrastructure contributions are just one of a number of ways that can be used to meet the physical and social infrastructure needs of growing urban communities. Where contributions are sought beyond the standard requirements for infrastructure, mechanisms such as DCPs may be considered in cases where other mechanisms and funding streams cannot achieve a co-ordinated approach to the delivery of necessary 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 DPS2 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.

Each contribution scheme area depicts its own infrastructure works, land value and contribution rate that is applied through the subdivision and development approval processes.

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 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. In particular, the City is engaged with various landowners and state government departments in the preparation of new DCP areas, including:

- Future East Wanneroo District Structure Plan;
- Alkimos Eglington additional Infrastructure; and
- Yanchep Two Rocks (beyond 2030)

The nature of the infrastructure within the future DCP areas will vary depending upon the anticipated 'need and nexus' of the infrastructure and the timing for the provision of the required infrastructure. It is anticipated that the Western Australian Planning Commission will release the revised SPP3.6 early in 2021 and new DCPs' will need to be prepared in accordance with SPP3.6 and the relevant provisions of the Planning and Development Act 2005 and associated Regulations

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.

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.

Investments

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

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

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

PRINCIPLES

- 1.1 Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding of the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- 1.2 The investment portfolio must ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- 1.3 The investment is expected to achieve a predetermined market average rate of return that takes into account the City's tolerance to risk in accordance with the City's Risk Management Policy. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.
- 1.4 Investments must support wherever possible the City's environmental policies.

Debt Management

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

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

1.1 Priorities

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

1.2 Borrowing criteria

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

1.3 Debt management

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

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

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

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

Details per Loan	2020/21 Adopted Budget					
	Approved Application	Funds Applied/ Drawn	Funds to be Applied/Drawn			Approved Funds Applied/ Drawn
	2019/20 \$	At 30/6/19 \$	2019/20 \$	2020/21 \$	2021/22+ \$	2020/21 \$
Western Australian Treasury Corporation						
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)	1,950,024	1,635,024	190,000	125,000		1,950,024
Develop Wangara Industrial Area (Lot 257)	43,857	43,857				43,857
Flynn Drive Neerabup - Construct Road	1,623,298	1,623,298				1,623,298
Kingsway Regional Playground	650,000	650,000				650,000
Kingsway Regional Sporting Complex	23,340,824	21,524,982	1,815,842			23,340,824
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	5,644,000	-		556,000	5,088,000	5,644,000
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	53,003,346	2,005,842	681,000	5,088,000	60,778,188
Commonwealth Bank of Australia*						
Yanchep Active Open Space Oval Ground Works	3,005,847	3,005,847				3,005,847
Yanchep District Playing Fields	2,167,396	2,167,396				2,167,396
Yanchep District Sports Amenities Building Stage 1	1,902,796	1,902,796				1,902,796
Yanchep Surf Life Saving Club	3,923,961	3,923,961				3,923,961
	11,000,000	11,000,000	-	-	-	11,000,000
New Loan Facility						
Yanchep District Playing Fields	4,563,200		4,556,009			4,556,009
	4,563,200	-	4,556,009	-	-	4,556,009
Total	76,341,388	64,003,346	6,561,851	681,000	5,088,000	76,334,197

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 and an additional \$0.7m was drawn in 2019/20 with \$2.0m planned to be drawn in 2020/21 for a term of 10 years.

Asset Management

Local Governments own and maintain a large number of assets, in particular infrastructure assets such as transport, parks and building assets which are necessary to support the delivery of services to the community. Of particular importance is the need to continue such services for current and future generations. With this need comes the ongoing maintenance and replacement obligation of these assets. The estimated replacement cost of the City's depreciable assets is \$2.4 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.

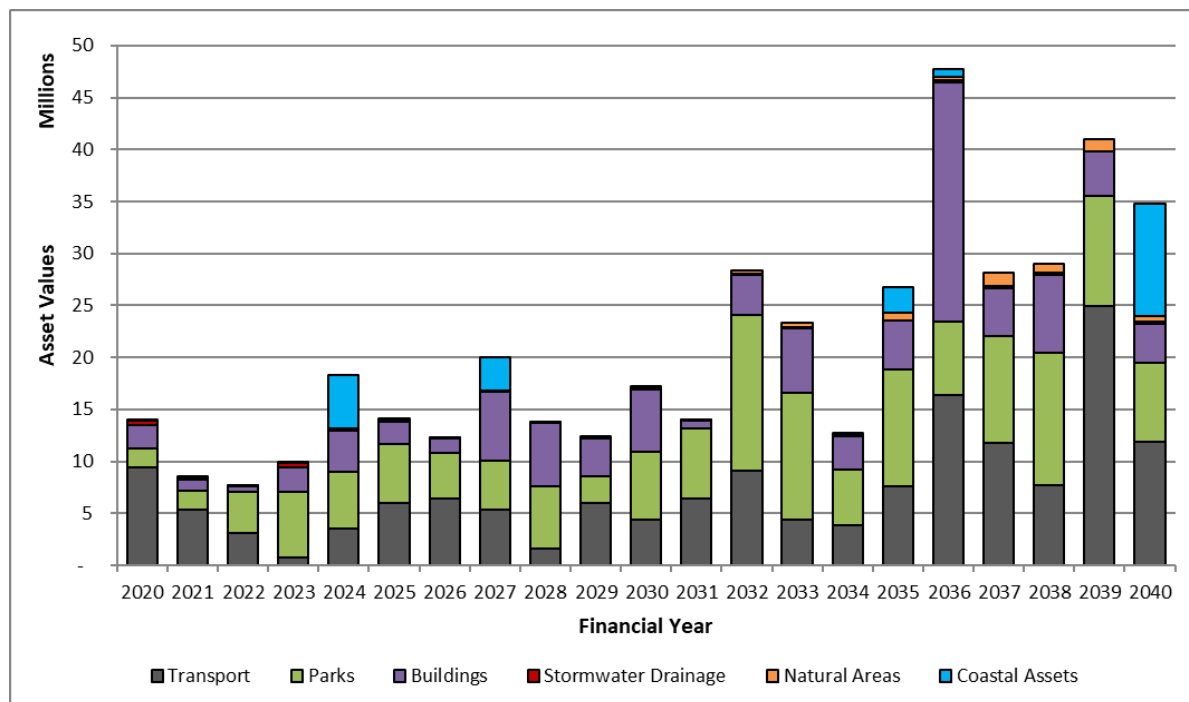
A significant challenge facing the City is how it will sustainably balance the timely provision of new facilities for the rapidly growing areas as well as ensuring that the existing portfolio of assets are maintained, refurbished and/or upgraded to suitable standards.

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

Figure 1: Asset Renewal Demand - 20 Year Profile



The long term view of the City's infrastructure renewal demand depicted in Figure 1 identifies that the level of renewal expenditure required will increase over the 20 years with spikes expected in individual years. This is the impact of the increasing amounts of gifted assets

resulting from continued growth experienced in the City of Wanneroo over the past 10 to 15 years.

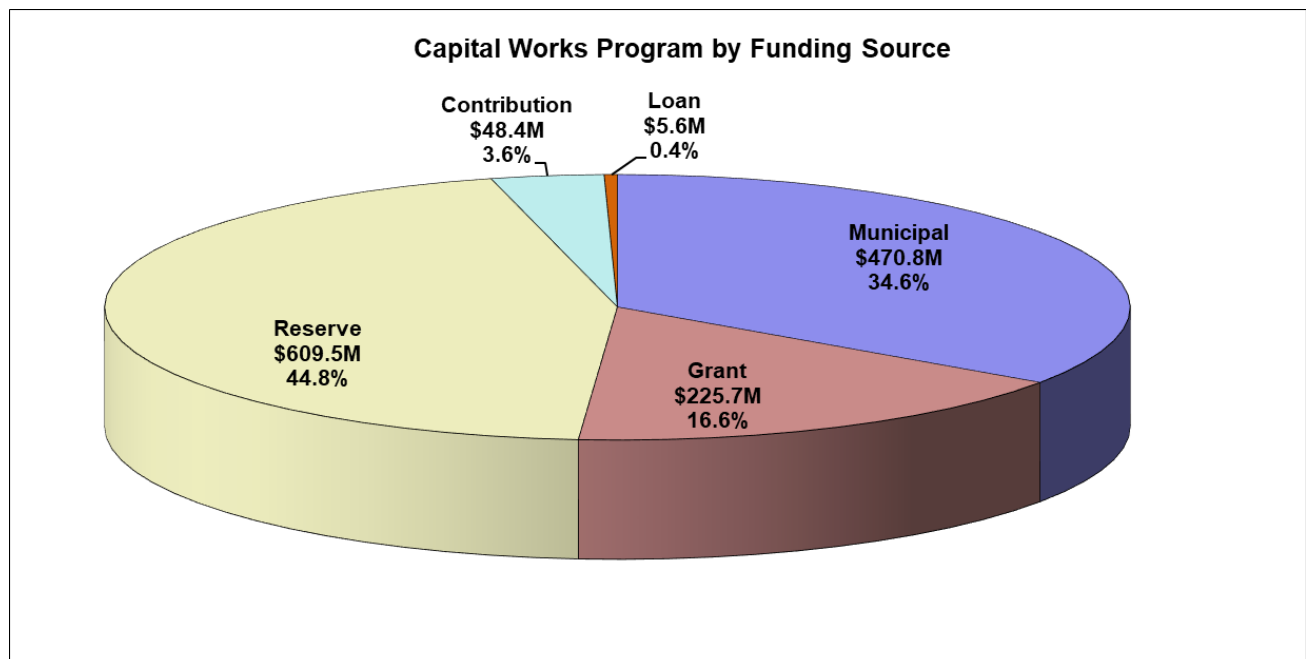
The planned annual renewal funding allocation over the 20-year period is largely aligned to the predicted annual renewal demand. Assessments on the suitability and the condition of assets is undertaken regularly to validate the predicted long term funding requirement of assets. The long term renewal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

The Table 2 below shows the projected funding sources for the 20-year Capital Works program.

Table 2: Capital Works Funding Sources

**CAPITAL WORKS PROGRAM 2020/21 - 2040/41
FUNDING BREAKDOWN**

	\$M	
Municipal	470.78	34.6%
Grant	225.72	16.6%
Reserve	609.52	44.8%
Contribution	48.37	3.6%
Loan	5.64	0.4%
Grand Total	1,360.02	100%

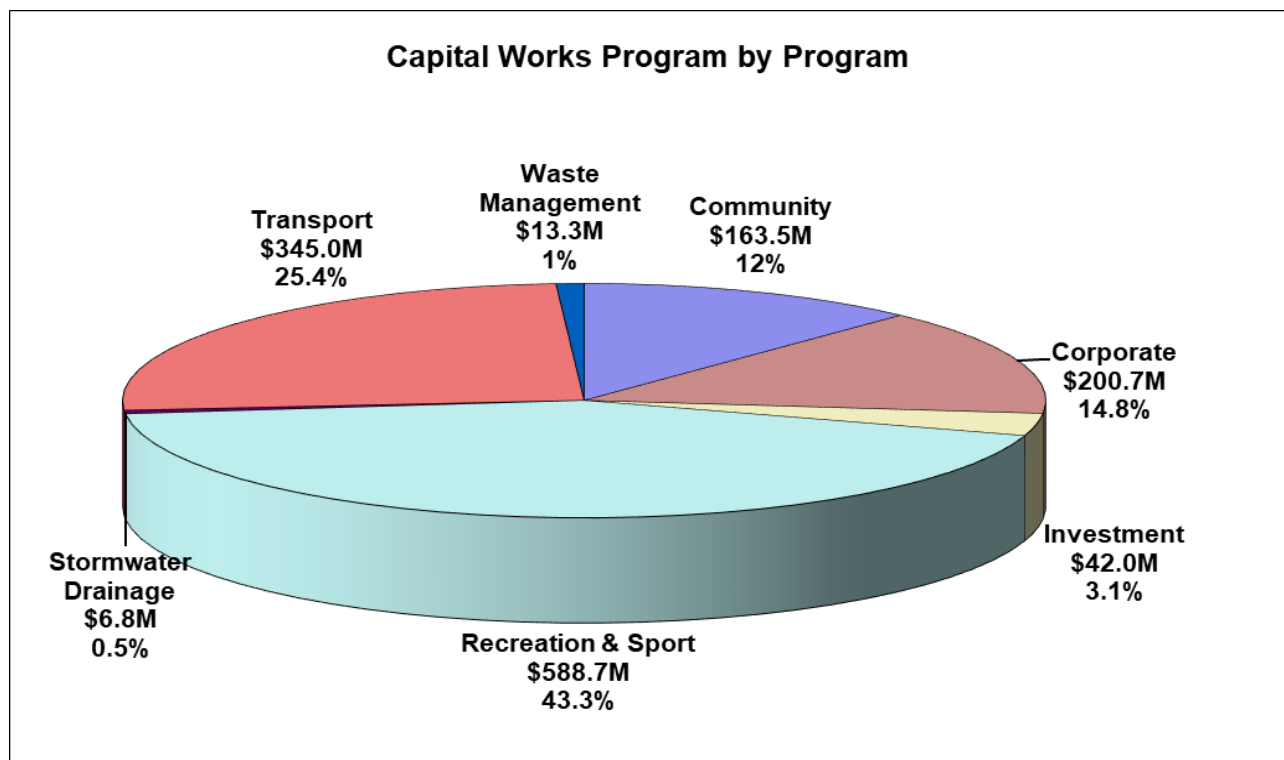


The following information details the Capital Works Program by Reporting Program:

Table 3: Capital Works by Reporting Program

**CAPITAL WORKS PROGRAM 2020/21 - 2040/41
PROGRAM BREAKDOWN**

Program	\$M	
Community	163.53	12.0%
Corporate	200.68	14.8%
Investment	42.00	3.1%
Recreation & Sport	588.70	43.3%
Stormwater Drainage	6.80	0.5%
Transport	345.04	25.4%
Waste Management	13.28	1.0%
Grand Total	1,360.02	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 as of May 2020 have been applied from year 2023/24 (year three). High growth at 2.0% - 3.0% has been applied in the first two years and then matched with Id forecast. The high growth is due to the Federal and State government's respective stimulus incentives which ended in March 2021 and December 2020 respectively.
Consumer Price Index -(CPI)	Department of Treasury have provided forecast data up to 2023/24. Perth CPI is forecasted to gradually increase to 1.75% in 2021/22 and remain as is for 2022/23, then to 2.00% in the third year, 2023/24. The model takes a more conservative approach by applying the low-point (i.e. 2.0%) of the Reserve Bank of Australia (RBA) CPI target range of 2.0% and 3.0% for the rest the years. This rate is used to determine: Fees and Charges, other revenue, materials and contracts, insurance, and other expenditure.
Rates Base	Based on a modified rate increase for 2021/22 at 1% whilst withdrawing the one of COVID-19 concession given in 2020/21, with future increases/ decrease 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 mentioned above, adjusted upwards to reflect current conditions for building approvals from the government stimulus programs for 2021/22 and 2022/23.
Waste Fee	<p>With the City moving to a Three Bin Model, conservative modelling shows a saving of up to \$30 per household. While a certain amount be used to reduce the Waste Fee in the future, at least 50% will be retained to build up the waste reserve to replenish it and build up to allow the City to fund other waste strategies for which business cases are being worked on.</p> <p>For 2021/22 it is proposed to leave the Waste Fee as is to bed down the Three Bin Model which will go live from June 2021.</p>
Operating Grants etc.	For, operating grants, subsidies and contributions, no increases are applied to reflect a reducing income pool for this income stream.

Fees and Charges	Based on the Perth CPI figures as quoted above.
Interest Yield	Based on the current yield adjusted for recent RBA Cash Rate announcements, at between 0.50% to 1.25% for the first six years increasing to 2.75% in year seven and eight after which increasing to 2.0% from 2028/29 (year eleven) for the life of the Plan as economic conditions and market expectations improve.
Other Revenue	Based on the Perth CPI figures as quoted above.
Employee – Establishment	The City has four Enterprise Agreements and in 2019, the City finalised two Enterprise Agreement negotiations, with two remaining to be negotiated during 2020/21. The City remains committed to ensuring employee benefits are reflective of community expectations, and align with national and local economic conditions. For the projected years the current CPI index rate is applied with the exception of 2021/22 to 2024/25 where CPI index rate + 0.06% is applied to account for the proposed superannuation guarantee increases from 9.5% to 12%.
Employee – Growth	<p>The City's Workforce Plan anticipates minimal growth in staff numbers, to be achieved by the Executive effectively assessing each vacancy and re-assigning it to areas of greatest need. The exception being for areas of growth, which continues to be risk based. With the City having completed a comprehensive analysis of roles engaged under the Salaried Officers Enterprise Agreement during 2019, The City is now in a stronger position to pre-plan for areas/ roles where there is likely to be future capability and capacity gaps of corporate risk or impact.</p> <p>From a strategic workforce planning perspective, the focus for ongoing years will be to consolidate effective change management through the implementation of new technologies, with a view to improving business systems and technology as a way of improving our overall efficiency and the customer experience. It is a priority for the City to continually improve residents' and customers' access to services 24/7, removing the need to physically visit City offices.</p> <p>It is intended to minimise growth of employee numbers by funding improvements to technology, whilst taking into consideration the City's expansion including new facilities. With the intention of minimising growth in employee numbers, this has been set at one third the Rates growth for the life of the plan.</p>
Materials & Contracts	Based on the current CPI as quoted above.
Materials & Contracts – Asset Growth	Calculation of historical data has shown that the increase in maintenance and other materials costs has been consistently in line with asset growth conservatively set at 2.5% for the first five years and then 4.0% for the remainder of the plan.

Utility Charges	<p>With regular annual increases in Government charges, plus consistent increases in City growth, the variable has been kept at 4.5% to 5% for the life of the LTFP. Higher increases in Street Lighting charges are being offset by future energy saving initiatives that will be implemented by the City.</p> <p>Whilst there are expectations that Western Power is converting street lamps to LED which have a low consumption costs, the supply charge for maintaining the infrastructure will increase resulting in minimal changes in costs over the plan.</p> <p>The assumption is that there is no cost effective disruptive technology for the City to take advantage of to bring down the Utility costs significantly.</p>
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 2020/21 budget adjusted as per the Mid-Year forecast;
- Depreciation is calculated based on current asset values and future assets from the Capital Works Program;
- Other expenditure currently takes into account the costs for Council elections (every two years); Mayoral elections (every four years) and Rates gross rental value revaluations (every three years); and
- Income generating assets identified use projections from feasibility studies undertaken.

Risk Assessment

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

1. As noted in The Global Risk Report 2021, among the highest likelihood risks of the next ten years are extreme weather, climate action failure and human-led environmental damage; as well as digital power concentration, digital inequality and cybersecurity failure. Among the highest impact risks of the next decade, infectious diseases are in the top spot, followed by climate action failure and other environmental risks; as well as weapons of mass destruction, livelihood crises, debt crises and IT infrastructure breakdown.

When it comes to the time-horizon within which these risks will become a critical threat to the world, the most imminent threats – those that are most likely in the next two years – include employment and livelihood crises, widespread youth disillusionment, digital

inequality, economic stagnation, human-made environmental damage, erosion of societal cohesion, and terrorist attacks.

Economic risks feature prominently in the 3-5 year timeframe, including asset bubbles, price instability, commodity shocks and debt crises; followed by geopolitical risks, including interstate relations and conflict, and resource geopolitisation. In the 5-10 year horizon, environmental risks such as biodiversity loss, natural resource crises and climate action failure dominate; alongside weapons of mass destruction, adverse effects of technology and collapse of states or multilateral institutions. The following chart is an extract from the 16th edition of “The Global Risk Report 2021”.



Top Risks

by likelihood

- 1 Extreme weather
- 2 Climate action failure
- 3 Human environmental damage
- 4 Infectious diseases
- 5 Biodiversity loss
- 6 Digital power concentration
- 7 Digital inequality
- 8 Interstate relations fracture
- 9 Cybersecurity failure
- 10 Livelihood crises

Top Risks

by impact

- 1 Infectious diseases
- 2 Climate action failure
- 3 Weapons of mass destruction
- 4 Biodiversity loss
- 5 Natural resource crises
- 6 Human environmental damage
- 7 Livelihood crises
- 8 Extreme weather
- 9 Debt crises
- 10 IT infrastructure breakdown

The planning and budgeting process considered the City's existing Strategic risk profile as captured in the table below however from a local government perspective some of the above that were identified within the global risk report will also be reviewed for discussion and where appropriate factored within the City's short and long term financial planning.

Strategic Risk Title
ST-G09 Long Term Financial Planning
ST-S04 Integrated Infrastructure & Utility Planning
ST-S05 Water Availability
ST-S06 Climate Change
ST-S12 Economic Growth
ST-S20 Strategic Community Plan
ST-S23 Stakeholder Relationships
ST-S24 Strategic Asset Management
ST-S24 Legislative Reform or Changes

As the world moves beyond managing the pandemic to resetting current systems and building back better economies, the City will need to consider areas highlighted within the Environmental, Economic, Social, people and infrastructure/technological areas to manage reputational pressures and budget impacts in order to create new opportunities fundamental to social cohesion and the viability of populations for the community.

2. Non-controllable pressures from State Government cost shifting.
3. The growth rate in new properties could change in response to any global or local uncertainties, which will affect both revenue and expenditures.
4. Continuous funding demands to meet community expectations, the City's Resourcing Strategies (e.g. Strategic Asset Management Plan and Strategic Workforce Management Plan).
5. Legislative changes as a result of the Local Government Act 1995 review.

Scenario Modelling/Sensitivity Analysis

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

During the consultation process (3 Workshops held in September 2020, October 2020 and February 2021 respectively including an update meeting in November 2020), the Elected Members considered different scenario modellings and agreed that the 2020/21 LTFP should be based on the balanced approach.

The balanced approach contained Rate increases to 2.0% - 3.0% for the life of the LTFP in line with the forecasted CPI in most cases, resulting in small operating surpluses in all the years.

Financial Reports, Ratios and Analysis

Variables

	Projections																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	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	40-41
OPERATIONS-Revenue																				
Rates - Base	1.00%	2.75%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%	2.00%	3.00%	3.00%	3.00%	3.00%
Rates - Growth or Decline	3.00%	2.00%	1.89%	2.30%	2.44%	2.73%	3.04%	3.27%	3.21%	3.18%	3.07%	3.00%	2.89%	2.84%	2.80%	2.73%	2.59%	2.49%	2.44%	2.43%
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	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest Yield	0.50%	0.75%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other revenue	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
OPERATIONS-Expenditure																				
Employee costs - establishment	1.81%	1.81%	2.06%	2.06%	2.06%	3.00%	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%
Employee costs - growth	1.00%	0.67%	0.63%	0.77%	0.81%	0.91%	1.01%	1.09%	1.07%	1.06%	1.02%	1.00%	0.96%	0.95%	0.93%	0.91%	0.86%	0.83%	0.81%	0.81%
Materials and contracts	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Materials and contracts - Growth due to increase in Asset Levels	2.50%	2.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Utility charges - Increase due to growth	2.50%	2.50%	2.50%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utility charges - Increase in Government Charges	2.40%	2.40%	2.40%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Depreciation on non-current assets	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Insurance expense	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other expenditure	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI-Inflation																				
CPI Inflation	1.75%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Income Statement - Balanced Model

	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)
	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	40-41
Operating Revenues																					
Rates - base	136,110	137,471	145,447	152,726	158,639	165,461	172,807	180,981	190,102	200,121	210,547	221,453	232,681	245,513	258,746	272,563	285,609	302,051	318,935	336,445	354,747
Rates - growth or decline	-	4,083	2,831	2,802	3,577	3,958	4,625	5,394	6,094	6,298	6,564	6,665	6,844	6,922	7,169	7,446	7,644	7,595	7,710	7,970	8,369
Operating grants, subsidies and contributions	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752
Fees and charges	48,478	49,326	50,189	51,193	52,217	57,326	58,473	59,642	60,835	62,052	63,293	64,559	65,850	67,167	68,510	69,880	71,278	77,859	79,416	81,004	82,625
Interest earnings	4,136	4,156	4,188	4,219	4,261	4,314	4,368	4,434	4,500	4,579	4,659	4,752	4,848	4,944	5,043	5,144	5,247	5,352	5,459	5,568	5,680
Other revenue	751	815	624	917	855	1,220	1,386	1,287	1,337	1,488	1,442	1,495	1,635	2,040	2,344	2,433	7,874	8,032	8,192	8,356	1,270
Total Operating Revenue	206,226	212,604	220,031	228,610	236,302	249,032	258,412	268,490	279,622	291,290	303,257	315,677	328,610	343,339	358,565	374,219	394,405	417,641	436,465	456,096	469,444
Operating Expenses																					
Employee costs - establishment	(75,234)	(76,596)	(78,748)	(81,640)	(83,837)	(86,206)	(92,474)	(96,110)	(99,007)	(102,566)	(106,228)	(110,010)	(113,886)	(118,901)	(123,019)	(127,259)	(131,628)	(136,781)	(148,709)	(154,405)	(160,293)
Employee costs - growth	-	(752)	(1,245)	(504)	(630)	(3,574)	(1,752)	(955)	(1,058)	(1,071)	(1,099)	(1,098)	(2,115)	(1,117)	(1,136)	(1,159)	(1,169)	(7,597)	(1,198)	(1,219)	(1,261)
Materials and contracts	(70,435)	(86,668)	(73,252)	(74,485)	(76,951)	(80,758)	(83,680)	(86,818)	(90,184)	(93,792)	(99,495)	(105,544)	(111,961)	(118,769)	(125,990)	(133,650)	(141,776)	(151,859)	(161,092)	(170,886)	(181,276)
Utility charges (electricity, gas, water etc.)	(9,534)	(10,002)	(10,534)	(11,050)	(11,547)	(12,395)	(13,049)	(13,702)	(14,387)	(15,106)	(15,862)	(16,655)	(17,529)	(18,406)	(19,326)	(20,292)	(21,307)	(23,114)	(24,270)	(25,484)	(26,758)
Depreciation on non-current assets	(42,863)	(40,229)	(43,324)	(45,992)	(49,541)	(52,206)	(54,539)	(57,350)	(60,378)	(63,432)	(66,069)	(68,621)	(71,485)	(74,670)	(77,933)	(81,132)	(84,320)	(86,937)	(89,316)	(92,604)	(95,428)
Interest expense	(4,115)	(4,639)	(4,601)	(4,564)	(4,526)	(4,489)	(2,396)	(340)	(303)	(265)	(44)	-	-	-	-	-	-	-	-	-	-
Insurance expense	(880)	(896)	(911)	(929)	(948)	(989)	(1,009)	(1,029)	(1,050)	(1,070)	(1,092)	(1,114)	(1,136)	(1,159)	(1,182)	(1,206)	(1,230)	(1,282)	(1,308)	(1,334)	(1,361)
Materials and contracts from asset growth	-	(2,167)	(1,831)	(2,979)	(3,078)	(3,230)	(3,347)	(3,473)	(3,607)	(3,752)	(3,980)	(4,222)	(4,478)	(4,751)	(5,040)	(5,346)	(5,671)	(6,074)	(6,444)	(6,835)	(7,251)
Other expenditure	-	(275)	-	(1,114)	-	(297)	(812)	(377)	-	(1,183)	-	(408)	(915)	(348)	-	(1,413)	-	(376)	(1,030)	(478)	-
Total Operating Expenditure	(203,061)	(222,222)	(214,446)	(223,257)	(231,058)	(244,144)	(253,059)	(260,154)	(269,974)	(282,238)	(293,867)	(307,672)	(323,506)	(338,120)	(353,626)	(371,456)	(387,100)	(414,021)	(433,368)	(453,245)	(473,627)
Operating Result	3,165	(9,618)	5,585	5,353	5,244	4,888	5,353	8,336	9,648	9,052	9,390	8,005	5,103	5,219	4,939	2,763	7,305	3,620	3,098	2,851	(4,184)
Non Operating																					
Non-Operating grants, subsidies and contributions	15,970	25,385	17,698	25,722	14,763	12,888	13,176	17,334	18,877	14,800	11,768	10,076	14,387	14,794	16,105	11,709	9,729	8,899	9,998	11,176	10,097
Physical assets received from developers	9,092	18,502	18,872	19,249	19,683	20,175	20,729	21,351	21,970	22,597	23,218	23,845	24,465	25,089	25,716	26,346	26,968	27,588	28,209	28,843	29,492
TPS/DCP Income	11,116	36,356	29,473	8,455	5,129	8,142	7,728	12,315	13,914	14,092	12,833	12,126	17,718	17,847	17,921	19,876	20,485	20,703	20,800	20,896	17,905
TPS/DCP Expenses	(4,994)	(34,856)	(34,860)	(9,453)	(8,049)	(5,726)	(4,617)	(4,424)	(4,25)	(4,25)	(184)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(50)
Profit on asset disposal	1,698	1,000	2,667	1,167	4,167	1,167	2,500	1,333	2,000	2,000	2,500	833	2,667	1,333	3,333	3,333	4,500	500	2,931	500	500
Loss on asset disposal	(14,821)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Net Result	21,226	36,269	38,935	49,994	40,436	41,033	44,369	55,746	65,484	61,615	59,025	54,259	63,713	63,655	67,388	63,900	68,360	60,683	64,409	63,640	53,261

RATE SETTING STATEMENT

Rate Setting Statement	Budget	Projections																			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	(\$'000) 20-21	(\$'000) 21-22	(\$'000) 22-23	(\$'000) 23-24	(\$'000) 24-25	(\$'000) 25-26	(\$'000) 26-27	(\$'000) 27-28	(\$'000) 28-29	(\$'000) 29-30	(\$'000) 30-31	(\$'000) 31-32	(\$'000) 32-33	(\$'000) 33-34	(\$'000) 34-35	(\$'000) 35-36	(\$'000) 36-37	(\$'000) 37-38	(\$'000) 38-39	(\$'000) 39-40	(\$'000) 40-41
Revenue																					
Fees and Charges	48,478	49,326	50,189	51,193	52,217	57,326	58,473	59,642	60,835	62,052	63,293	64,559	65,850	67,167	68,510	69,880	71,278	77,859	79,416	81,004	82,625
Operating Grants, Subsidies and Contributions	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752
Interest Earnings	4,136	4,156	4,188	4,219	4,261	4,314	4,368	4,434	4,500	4,579	4,659	4,752	4,848	4,944	5,043	5,144	5,247	5,352	5,459	5,568	5,680
Other Revenue	751	815	624	917	855	1,220	1,386	1,287	1,337	1,488	1,442	1,495	1,635	2,040	2,344	2,433	7,874	8,032	8,192	8,356	1,270
Total Revenues	70,117	71,050	71,753	73,081	74,085	79,613	80,980	82,115	83,425	84,872	86,146	87,558	89,085	90,904	92,649	94,210	101,152	107,995	109,820	111,681	106,327
Expenses																					
Employee Costs	(75,234)	(77,348)	(79,993)	(82,144)	(84,466)	(89,781)	(94,226)	(97,065)	(100,065)	(103,637)	(107,326)	(111,108)	(116,001)	(120,018)	(124,155)	(128,418)	(132,797)	(144,378)	(149,907)	(155,624)	(161,553)
Materials and Contracts	(70,435)	(88,834)	(75,083)	(77,464)	(80,029)	(83,988)	(87,028)	(90,291)	(93,792)	(97,544)	(103,475)	(109,766)	(116,440)	(123,519)	(131,029)	(138,996)	(147,447)	(157,933)	(167,536)	(177,722)	(188,527)
Utilities (Gas, Electricity, Water etc)	(9,534)	(10,002)	(10,534)	(11,050)	(11,547)	(12,395)	(13,049)	(13,702)	(14,387)	(15,106)	(15,862)	(16,655)	(17,529)	(18,406)	(19,326)	(20,292)	(21,307)	(23,114)	(24,270)	(25,484)	(26,758)
Insurance	(880)	(896)	(911)	(929)	(948)	(989)	(1,009)	(1,029)	(1,050)	(1,070)	(1,092)	(1,114)	(1,136)	(1,159)	(1,182)	(1,206)	(1,230)	(1,282)	(1,308)	(1,334)	(1,361)
Interest Expenses	(4,115)	(4,639)	(4,601)	(4,564)	(4,526)	(4,489)	(2,396)	(340)	(303)	(265)	(44)	-	-	-	-	-	-	-	-	-	-
Depreciation on Non-Current Assets	(42,863)	(40,229)	(43,324)	(45,992)	(49,541)	(52,206)	(54,539)	(57,350)	(60,378)	(63,432)	(66,069)	(68,621)	(71,485)	(74,670)	(77,933)	(81,132)	(84,320)	(86,937)	(89,316)	(92,604)	(95,428)
Other Expenditure	-	(275)	-	(1,114)	-	(297)	(812)	(377)	-	(1,183)	-	(408)	(915)	(348)	-	(1,413)	-	(376)	(1,030)	(478)	-
Total Expenses	(203,061)	(222,222)	(214,446)	(223,257)	(231,058)	(244,144)	(253,059)	(260,154)	(269,974)	(282,238)	(293,867)	(307,672)	(323,506)	(338,120)	(353,626)	(371,456)	(387,100)	(414,021)	(433,368)	(453,245)	(473,627)
Other Revenue and Expenses																					
Non-Operating Grants, Subsidies and Contributions	15,970	25,385	17,698	25,722	14,763	12,888	13,176	17,334	18,877	14,800	11,768	10,076	14,387	14,794	16,105	11,709	9,729	8,899	9,998	11,176	10,097
TPS/DCP Income	11,116	36,356	29,473	8,455	5,129	8,142	7,728	12,315	13,914	14,092	12,833	12,126	17,718	17,847	17,921	19,876	20,485	20,703	20,800	20,896	17,905
Profit on Asset Disposal	1,698	1,000	2,667	1,167	4,167	1,167	2,500	1,333	2,000	2,000	2,500	833	2,667	1,333	3,333	3,833	4,500	500	2,931	500	500
Physical Assets Received from Developers	9,092	18,502	18,872	19,249	19,683	20,175	20,729	21,351	21,970	22,597	23,218	23,845	24,465	25,089	25,716	26,346	26,968	27,588	28,209	28,843	29,492
TPS/DCP Expenses	(4,994)	(34,856)	(34,860)	(9,453)	(5,726)	(4,617)	(4,424)	(425)	(425)	(184)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(50)
Loss on Asset Disposal	(14,821)	(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	18,061	45,887	33,349	44,641	35,192	36,145	39,016	47,410	55,836	52,563	49,635	46,255	58,610	58,437	62,449	61,137	61,055	57,063	61,311	60,789	57,445
Net Operating Result Excluding Rates	(114,884)	(105,285)	(109,343)	(105,535)	(121,780)	(128,386)	(133,063)	(130,629)	(130,713)	(144,803)	(158,086)	(173,859)	(175,811)	(188,780)	(198,527)	(216,109)	(224,893)	(248,963)	(262,236)	(280,775)	(309,856)
Adjustments for Cash Budget Requirements																					
(Profit)/Loss on Asset Disposals	13,123	(500)	(2,167)	(667)	(3,667)	(667)	(2,000)	(833)	(1,500)	(1,500)	(2,000)	(333)	(2,167)	(833)	(2,833)	(3,333)	(4,000)	-	(2,431)	-	-
Depreciation on Assets	42,863	40,229	43,324	45,992	49,541	52,206	54,539	57,350	60,378	63,432	66,069	68,621	71,485	74,670	77,933	81,132	84,320	86,937	89,316	92,604	95,428
Physical Assets Received from Developers	(9,092)	(18,502)	(18,872)	(19,249)	(19,683)	(20,175)	(20,729)	(21,351)	(21,970)	(22,597)	(23,218)	(23,845)	(24,465)	(25,089)	(25,716)	(26,346)	(26,968)	(27,588)	(28,209)	(28,843)	(29,492)
Total Adjustments for Cash Budget Requirements	46,894	21,227	22,285	26,075	26,192	31,364	31,809	35,165	36,908	39,335	40,851	44,443	44,854	48,748	49,384	51,452	53,352	59,349	58,677	63,760	65,936
Adjustments for Non-Operating Expenditure and Income																					
Capital Acquisitions	(68,839)	(75,489)	(63,404)	(67,163)	(70,829)	(52,890)	(61,627)	(89,218)	(98,662)	(77,537)	(67,185)	(65,848)	(92,072)	(93,235)	(102,023)	(105,909)	(61,203)	(62,470)	(92,271)	(91,011)	(99,486)
Proceeds from Disposal of Assets	2,527	1,704	3,494	1,280	4,773	1,788	2,985	2,001	2,490	2,138	2,812	1,756	3,344	1,880	3,788	4,236	4,849	1,036	3,737	970	1,049
Movement in Non-Current Employee Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Pensioner Deferred Rate Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement in other Non-current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds/(Repayment) from/of Loan Borrowings	2,000	15,000	(1,875)	(1,875)	(1,875)	(1,875)	(62,653)	(1,875)	(1,875)	(1,875)	(1,875)	(15,556)	-	-	-	-	-	-	-	-	-
Total Adjustments for Non-Operating Expenditure & Income	(64,312)	(58,785)	(61,785)	(67,758)	(67,931)	(52,977)	(121,295)	(89,092)	(98,047)	(77,274)	(79,929)	(64,092)	(88,728)	(91,356)	(98,235)	(101,673)	(56,355)	(61,434)	(88,534)	(90,041)	(98,436)
Transfers																					
Transfers to Restricted Grants, Contributions and Loans	295	5,345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Restricted Grants, Contributions and loans	(93,835)	(24,306)	(36,562)	(32,522)	(37,542)	(37,919)	(43,653)	(46,156)	(52,733)	(61,199)	(62,721)	(59,389)	(61,305)	(63,637)	(63,205)	(68,806)	(80,631)	(78,596)	(70,693)	(58,441)	(55,847)
Transfers to Reserves	77,458	22,772	24,704	18,869	28,352	16,443	82,190	40,142	48,589	36,723	40,457	24,575	41,763	40,886	44,965	55,424	16,071	20,795	31,884	16,824	36,307
Transfers to TPS	(7,732)	(32,622)	(25,553)	(4,273)	(500)	(1,060)	(500)	(500)	(1,000)	(1,000)	(1,000)	(1,000)	(1,500)	(1,500)	(1,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Transfers from TPS	6,400	38,726	37,978	14,616	10,993	8,116	9,080	8,695	799	1,799	1,317	1,203	1,203	1,203	1,203	1,203	1,203	6,257	6,257	1,050	1,050
Total Transfers	(17,413)	9,916	565	(3,311)	1,303	(14,420)	47,117	2,181	(4,345)	(23,677)	(21,947)	(34,611)	(19,839)	(23,048)	(18,537)	(13,679)	(65,357)	(58,598)	(34,552)	(37,359)	(20,760)
Surplus/(Deficit)																					
Estimated Surplus/(Deficit) July 1 Brought Forward	14,979	1,373	10,000	10,000	15,000	15,000	20,000	22,000	26,000	26,000	26,000	24,000	24,000	24,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Estimated Surplus/(Deficit) June 30 Carried Forward	10,000	10,000	10,000	15,000	15,000	20,000	22,000	26,000	26,000	26,000	24,000	24,000	24,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Movement	(13,605)	8,627	-	5,000	-	5,000	2,000	4,000	-	(2,000)	-	-	(2,000)	-	-	-	-	-	-	-	-
Amount Required to be Raised from Rates	(136,110)	(141,554)	(148,278)	(155,529)	(162,216)	(169,419)	(177,432)	(186,375)	(196,197)	(206,419)	(217,111)	(228,119)	(239,525)	(252,435)	(265,915)	(280,009)	(293,253)	(309,646)	(326,645)	(344,415)	(363,117)

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS		Budget	Projections																			
	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)	
	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	40-41	
Cash Flows from Operating Activities																						
Receipts																						
Rates	136,110	141,554	148,278	155,529	162,216	169,419	177,432	186,375	196,197	206,419	217,111	228,119	239,525	252,435	265,915	280,009	293,253	309,646	326,645	344,415	363,117	
Operating Grants, Subsidies and Contributions	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	16,752	
Fees and Charges	48,478	49,326	50,189	51,193	52,217	57,326	58,473	59,642	60,835	62,052	63,293	64,559	65,850	67,167	68,510	69,880	71,278	77,859	79,416	81,004	82,625	
Interest Earnings	4,136	4,156	4,188	4,219	4,261	4,314	4,368	4,434	4,500	4,579	4,659	4,752	4,848	4,944	5,043	5,144	5,247	5,352	5,459	5,568	5,680	
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	751	815	624	917	855	1,220	1,386	1,287	1,337	1,488	1,442	1,495	1,635	2,040	2,344	2,433	7,874	8,032	8,192	8,356	1,270	
	218,923	221,604	229,031	237,610	245,302	258,032	267,412	277,490	288,622	300,290	312,257	324,677	337,610	352,339	367,565	383,219	403,405	426,641	445,465	465,096	478,444	
Payments																						
Employee Costs	(75,234)	(77,348)	(79,993)	(82,144)	(84,466)	(89,781)	(94,226)	(97,065)	(100,065)	(103,637)	(107,326)	(111,108)	(116,001)	(120,018)	(124,155)	(128,418)	(132,797)	(144,378)	(149,907)	(155,624)	(161,553)	
Materials and Contracts	(70,435)	(88,834)	(75,083)	(77,464)	(80,029)	(83,988)	(87,028)	(90,291)	(93,792)	(97,544)	(103,475)	(109,766)	(116,440)	(123,519)	(131,029)	(138,996)	(147,447)	(157,933)	(167,536)	(177,722)	(188,527)	
Utility Charges	(9,534)	(10,002)	(10,534)	(11,050)	(11,547)	(12,395)	(13,049)	(13,702)	(14,387)	(15,106)	(15,862)	(16,655)	(17,529)	(18,406)	(19,326)	(20,292)	(21,307)	(23,114)	(24,270)	(25,484)	(26,758)	
Interest Expense	(4,115)	(4,639)	(4,601)	(4,564)	(4,526)	(4,489)	(2,396)	(340)	(303)	(265)	(44)	-	-	-	-	-	-	-	-	-	-	
Insurance Expense	(880)	(896)	(911)	(929)	(948)	(989)	(1,009)	(1,029)	(1,050)	(1,070)	(1,092)	(1,114)	(1,136)	(1,159)	(1,182)	(1,206)	(1,230)	(1,282)	(1,308)	(1,334)	(1,361)	
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	-	(275)	-	(1,114)	-	(297)	(812)	(377)	-	(1,183)	-	(408)	(915)	(348)	-	(1,413)	-	(376)	(1,030)	(478)	-	
	(171,805)	(190,993)	(180,122)	(186,265)	(190,516)	(200,938)	(207,520)	(211,804)	(218,595)	(227,806)	(236,799)	(248,051)	(261,021)	(272,450)	(284,692)	(299,325)	(311,780)	(336,084)	(353,051)	(369,642)	(387,199)	
Net Cash Provided by Operating Activities	47,117	30,611	48,909	51,345	54,785	57,094	59,892	65,686	70,026	72,484	75,459	76,626	76,589	79,889	82,872	83,894	91,624	90,557	92,414	95,455	91,245	
Cash Flows from Investing Activities																						
Payments for Purchase of Property, Plant & Equipment	(45,684)	(40,640)	(31,271)	(39,053)	(41,926)	(23,682)	(26,844)	(39,582)	(43,339)	(31,893)	(33,132)	(33,971)	(54,045)	(50,029)	(55,208)	(57,790)	(25,564)	(26,607)	(37,802)	(27,431)	(28,300)	
Payments for Construction of Infrastructure	(23,155)	(34,849)	(32,133)	(28,110)	(28,903)	(29,208)	(34,783)	(49,636)	(55,324)	(45,644)	(34,053)	(31,876)	(38,026)	(43,206)	(46,816)	(48,119)	(35,640)	(35,863)	(54,469)	(63,579)	(71,185)	
Grants, Subsidies and Contributions used for Development of Assets	16,970	27,005	18,447	26,472	15,512	13,638	13,925	18,084	19,626	15,549	12,035	10,229	14,540	14,947	16,258	11,862	9,882	9,052	10,151	11,329	10,097	
TPS/DCP Income	11,116	36,356	29,473	8,455	5,129	8,142	7,728	12,315	13,914	14,092	12,833	12,126	17,718	17,847	17,921	19,876	20,485	20,703	20,800	20,896	17,905	
TPS/DCP Expenses	(4,994)	(34,856)	(34,860)	(9,453)	(8,049)	(5,726)	(4,617)	(4,424)	(425)	(425)	(184)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(50)	
Proceeds from Asset Disposal	2,527	1,704	3,494	1,280	4,773	1,788	2,985	2,001	2,490	2,138	2,812	1,756	3,344	1,880	3,788	4,236	4,849	1,036	3,737	970	1,049	
Net Movements in Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Cash Used in Investing Activities	(43,220)	(45,281)	(46,850)	(40,410)	(53,464)	(35,049)	(41,606)	(61,243)	(63,057)	(46,182)	(39,689)	(41,862)	(56,597)	(58,688)	(64,183)	(70,062)	(26,114)	(31,806)	(57,710)	(57,943)	(70,484)	
Cash Flows From Financing Activities																						
Proceeds from New Loans/(Repayment) of Loans	2,000	15,000	(1,875)	(1,875)	(1,875)	(1,875)	(62,653)	(1,875)	(1,875)	(1,875)	(15,556)	-	-	-	-	-	-	-	-	-	-	
Net Cash Provided by (Used in) Financing Activities	2,000	15,000	(1,875)	(1,875)	(1,875)	(1,875)	(62,653)	(1,875)	(1,875)	(1,875)	(15,556)	-	-	-	-	-	-	-	-	-	-	
Net Increase (Decrease) in Cash Held	5,897	331	184	9,060	(553)	20,170	(44,367)	2,568	5,094	24,427	20,214	34,764	19,992	21,201	18,690	13,832	65,510	58,751	34,705	37,512	20,760	
Cash at Beginning of Year	375,028	380,924	381,255	381,439	390,499	389,945	410,115	365,748	368,316	373,410	397,837	418,051	452,814	472,806	494,007	512,697	526,529	592,040	650,791	685,495	723,008	
Cash and Cash Equivalents at the End of Year	380,924	381,255	381,439	390,499	389,945	410,115	365,748	368,316	373,410	397,837	418,051	452,814	472,806	494,007	512,697	526,529	592,040	650,791	685,495	723,008	743,768	

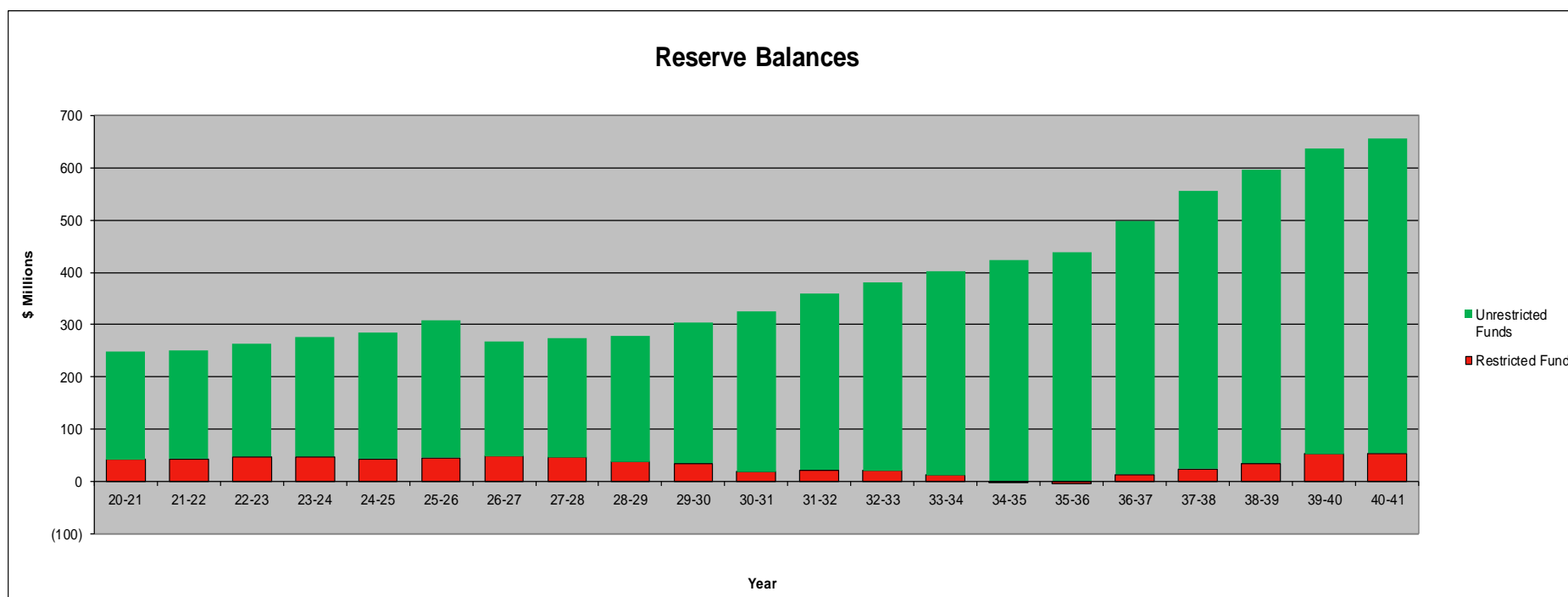
BALANCE SHEET

BALANCE SHEET		Budget	Projections																			
	0 \$('000) 20-21	1 \$('000) 21-22	2 \$('000) 22-23	3 \$('000) 23-24	4 \$('000) 24-25	5 \$('000) 25-26	6 \$('000) 26-27	7 \$('000) 27-28	8 \$('000) 28-29	9 \$('000) 29-30	10 \$('000) 30-31	11 \$('000) 31-32	12 \$('000) 32-33	13 \$('000) 33-34	14 \$('000) 34-35	15 \$('000) 35-36	16 \$('000) 36-37	17 \$('000) 37-38	18 \$('000) 38-39	19 \$('000) 39-40	20 \$('000) 40-41	
Current Assets																						
Unrestricted Cash and Equivalents	22,452	31,079	31,079	36,079	36,079	41,079	43,079	47,079	47,079	47,079	45,079	45,079	45,079	43,079	43,079	43,079	43,079	43,079	43,079	43,079	43,079	
Restricted Cash and Cash Equivalent																						
- Cashfed Back Reserve	249,510	251,044	262,903	276,556	285,746	307,222	268,685	274,699	278,843	303,320	325,584	360,397	379,939	402,690	420,930	434,312	498,872	556,674	595,482	637,099	656,909	
- Town Planning Scheme	93,816	89,991	78,316	68,723	58,980	52,673	44,843	37,397	38,347	38,297	38,247	38,197	38,647	39,097	39,547	39,997	40,947	41,897	37,793	33,689	34,639	
- Unspent Loans	6,005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Unspent Grants and Contributions	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	9,141	
Receivables	19,872	19,872	19,872	14,872	14,872	14,872	11,792	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	9,292	
Inventories	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	533	
Total Current Assets	401,329	401,659	401,843	405,903	405,350	425,520	378,073	378,141	383,235	407,662	427,876	462,639	482,631	503,832	522,522	536,354	601,864	660,616	695,320	732,833	753,593	
Non-Current Assets																						
Other Receivables	3,712	3,712	3,712	3,712	3,712	3,712	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	2,212	
Inventories	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	21,867	
Property Plant and Equipment	369,643	397,971	414,397	437,251	459,451	461,256	464,572	478,281	493,688	495,735	496,947	496,379	513,779	524,623	538,042	551,475	530,127	507,582	494,151	468,179	441,079	
Infrastructure Roads	1,297,370	1,305,440	1,312,868	1,320,895	1,330,020	1,347,635	1,363,615	1,374,681	1,389,516	1,397,892	1,406,456	1,415,192	1,424,094	1,433,153	1,442,361	1,451,734	1,461,394	1,478,329	1,495,918	1,505,329	1,509,329	
Infrastructure Other	717,683	733,353	744,320	750,284	754,848	755,907	758,173	769,370	788,120	794,963	797,099	796,124	794,745	796,800	798,852	799,601	798,178	795,511	794,516	800,949	818,933	
Other Financial Assets	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	19,276	
Indevation of Capex	-	1,298	3,461	7,023	12,095	16,845	23,480	34,646	48,687	61,025	72,824	85,452	104,569	125,376	149,698	176,527	192,928	210,565	237,914	266,144	298,350	
Total Non-Current Assets	2,422,290	2,474,848	2,512,473	2,552,281	2,592,145	2,611,882	2,637,215	2,689,267	2,748,531	2,784,595	2,808,117	2,827,766	2,871,640	2,914,247	2,963,099	3,013,319	3,016,322	3,018,407	3,048,265	3,074,546	3,107,046	
Total Assets	2,823,619	2,876,507	2,914,316	2,958,184	2,997,494	3,037,402	3,015,288	3,067,408	3,131,766	3,192,256	3,235,992	3,290,405	3,354,271	3,418,080	3,485,621	3,549,673	3,618,187	3,679,023	3,743,585	3,807,378	3,860,639	
Current Liabilities																						
Trade and Other Payables	39,066	39,066	39,066	39,066	39,066	43,122	43,122	43,122	43,122	43,921	41,921	42,124	42,124	42,124	42,124	42,124	42,124	42,124	44,381	46,138	45,188	
Contract and Lease Liabilities	10,332	10,332	10,332	10,332	15,332	15,332	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	16,027	18,527	18,527	
Current Portion of Long-term Liabilities	-	1,875	1,875	1,875	1,875	62,653	1,875	1,875	1,875	15,556	-	-	-	-	-	-	-	-	-	-	-	
Provisions	18,997	24,441	24,441	24,441	24,441	27,441	27,441	29,941	29,941	29,941	30,259	30,259	30,259	30,259	30,259	30,259	30,259	30,259	30,259	30,259	30,259	
Total Current Liabilities	68,395	75,714	75,714	75,714	80,714	148,549	87,770	90,965	90,965	105,446	88,207	88,410	88,410	88,410	88,410	88,410	88,410	88,410	90,667	94,924	93,974	
Non-Current Liabilities																						
Long-term Borrowings	76,334	89,459	87,584	85,709	83,834	21,181	19,306	17,431	15,556	-	-	-	-	-	-	-	-	-	-	-	-	
Contract and Lease Liabilities	93,192	89,367	77,692	68,099	58,355	52,049	44,218	36,773	37,723	37,673	37,623	37,573	38,023	38,473	38,923	39,373	40,323	41,273	37,169	33,065	34,015	
Provisions	13,415	13,415	25,840	31,182	36,675	36,675	40,675	43,175	42,974	42,974	44,974	44,974	44,677	44,380	44,083	43,786	42,989	42,192	44,192	44,192	44,192	
Total Non-Current Liabilities	182,942	192,242	191,116	184,990	178,865	109,905	104,199	97,379	96,253	80,647	82,597	82,547	82,700	82,853	83,006	83,159	83,312	83,465	81,361	77,257	78,207	
Total Liabilities	251,336	267,956	266,830	260,705	259,579	258,453	191,970	188,344	187,218	186,093	170,804	170,957	171,110	171,263	171,416	171,569	171,722	171,875	172,028	172,181	172,181	
Net Assets	2,572,282	2,608,551	2,647,486	2,697,479	2,737,916	2,778,949	2,823,318	2,879,064	2,944,548	3,006,164	3,065,189	3,119,448	3,183,161	3,246,817	3,314,205	3,378,105	3,446,465	3,507,148	3,571,557	3,635,198	3,688,459	
Equity																						
Retained Surplus	1,273,458	1,308,193	1,335,268	1,371,609	1,402,855	1,422,412	1,505,318	1,555,050	1,616,391	1,653,529	1,690,291	1,709,736	1,753,908	1,794,812	1,843,961	1,894,478	1,898,278	1,901,160	1,926,760	1,948,784	1,982,235	
Town Planning Schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves - Cash Backed	249,510	251,044	262,903	276,556	285,746	307,222	268,685	274,699	278,843	303,320	325,584	360,397	379,939	402,690	420,930	434,312	498,872	556,674	595,482	637,099	656,909	
Reserves - Revaluation	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	
Total Equity	2,572,282	2,608,551	2,647,486	2,697,479	2,737,916	2,778,949	2,823,318	2,879,064	2,944,548	3,006,164	3,065,189	3,119,448	3,183,161	3,246,817	3,314,205	3,378,105	3,446,465	3,507,148	3,571,557	3,635,198	3,688,459	

STATEMENT OF EQUITY

STATEMENT OF EQUITY	Budget	Projections																			
	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)
	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	40-41
Retained Surplus																					
Opening Balance	1,268,608	1,273,458	1,308,193	1,335,268	1,371,609	1,402,855	1,422,412	1,505,318	1,555,050	1,616,391	1,653,529	1,690,291	1,709,736	1,753,908	1,794,812	1,843,961	1,894,478	1,898,278	1,901,160	1,926,760	1,948,784
Net Inflow / (Outflow)	4,849	34,735	27,076	36,340	31,246	19,557	82,906	49,732	61,340	37,139	36,761	19,446	44,171	40,905	49,149	50,517	3,800	2,882	25,601	22,024	33,451
Total Retained Surplus	1,273,458	1,308,193	1,335,268	1,371,609	1,402,855	1,422,412	1,505,318	1,555,050	1,616,391	1,653,529	1,690,291	1,709,736	1,753,908	1,794,812	1,843,961	1,894,478	1,898,278	1,901,160	1,926,760	1,948,784	1,982,235
Reserves - Cash Backed																					
Opening Balance	233,134	249,510	251,044	262,903	276,556	285,746	307,222	268,685	274,699	278,843	303,320	325,584	360,397	379,939	379,939	402,690	420,930	434,312	498,872	556,674	595,482
Net Inflow / (Outflow)	16,376	1,534	11,859	13,653	9,190	21,477	(38,537)	6,014	4,144	24,477	22,264	34,814	19,542	22,751	18,240	13,382	64,560	57,801	38,809	41,616	19,810
Total Reserves - Cash Backed	249,510	251,044	262,903	276,556	285,746	307,222	268,685	274,699	278,843	303,320	325,584	360,397	379,939	402,690	420,930	434,312	498,872	556,674	595,482	637,099	656,909
Reserves - Revaluation																					
Opening Balance	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315
Net Inflow / (Outflow)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserves - Revaluation	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315	1,049,315
Total Equity	2,572,282	2,608,551	2,647,486	2,697,479	2,737,916	2,778,949	2,823,318	2,879,064	2,944,548	3,006,164	3,065,189	3,119,448	3,183,161	3,246,817	3,314,205	3,378,105	3,446,465	3,507,148	3,571,557	3,635,198	3,688,459

RESERVES SUMMARY	Actual	Budget	Projections/Predictions																			
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	40-41
<< closing balances >>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unrestricted Reserves																						
Asset Renewal	10,390	30,981	30,815	30,862	33,808	35,271	37,897	39,071	44,257	55,021	59,784	66,630	72,962	79,422	82,810	86,266	93,592	99,963	103,363	104,730	104,524	105,715
Asset Replacement	6,793	27,771	25,604	24,191	23,472	25,207	26,834	28,094	28,871	30,558	34,630	39,275	38,398	37,534	35,822	34,192	39,328	45,724	52,330	52,205	51,751	57,261
Carry Forward - Capital Works	3,953	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Management	15,961	15,695	13,074	10,822	11,853	12,972	15,134	17,323	19,583	21,476	23,852	26,120	28,642	31,215	33,389	36,057	38,778	41,554	44,385	46,772	48,708	50,532
Domestic Refuse	10,115	9,429	9,836	10,164	10,495	10,973	11,834	12,687	13,193	15,071	17,013	18,626	20,676	24,771	28,580	30,830	33,124	37,101	41,524	44,036	46,591	49,198
Golf Courses	948	1,150	2,136	3,152	4,176	5,217	6,283	7,391	8,532	11,690	14,924	18,216	21,635	25,123	28,680	29,309	29,950	30,629	31,321	32,028	32,748	33,483
Strategic Land	4,493	6,007	7,938	9,997	12,072	14,193	16,370	19,575	21,702	23,527	25,439	27,884	30,775	35,557	39,102	44,717	52,945	62,004	67,244	73,019	76,480	80,009
Loan Repayment	54,411	56,461	57,244	59,840	60,955	65,231	66,713	6,769	6,871	6,974	7,096	7,220	7,364	7,512	7,662	7,815	7,971	8,131	8,293	8,459	8,629	8,801
Neerabup Development	4,711	3,432	3,579	3,430	4,727	5,876	7,726	9,621	11,223	13,188	13,725	17,281	21,321	16,102	18,287	20,243	17,059	21,244	25,521	22,733	25,041	27,475
Plant Replacement	15,178	13,877	11,381	12,958	15,584	16,055	15,790	13,665	14,828	16,165	13,829	15,775	14,313	13,215	13,550	15,650	16,618	16,911	19,574	17,645	19,659	16,970
Regional Open Space	14,252	18,357	20,449	22,602	24,771	27,019	29,357	30,568	21,177	11,146	13,341	15,574	17,885	20,243	22,648	25,101	27,603	31,155	34,778	38,474	42,243	46,088
Strategic Projects / Initiatives	54,068	24,470	25,842	27,907	27,053	25,064	27,791	35,583	38,288	36,807	45,047	54,177	64,288	69,095	80,155	93,345	81,789	91,087	104,122	120,647	128,278	128,017
Total - Unrestricted Reserves	195,274	207,630	207,897	215,923	228,966	243,078	261,729	220,346	228,523	241,624	268,680	306,778	338,261	359,789	390,686	423,525	438,757	485,503	532,456	560,749	584,653	603,550
Restricted Reserves																						
Alkimos/Eglinton CF	14,907	17,180	18,636	21,648	21,197	14,751	13,956	13,421	9,412	2,924	(609)	(3,846)	(7,084)	(4,262)	(1,851)	(1,262)	(1,017)	1,429	4,420	7,471	10,582	10,582
East Wanneroo DCP (Proposed)	0	0	0	0	0	0	800	963	(79)	(1,135)	3,865	8,883	13,472	19,920	19,130	16,851	22,332	31,764	33,665	35,405	45,266	50,065
Leave Liability	14,767	15,807	15,936	16,155	16,377	16,640	16,948	17,260	17,619	17,983	18,498	19,022	19,602	20,194	20,798	21,414	22,142	22,885	23,643	24,416	25,204	26,008
Section 152 Land	780	784	788	794	800	808	568	575	334	339	345	351	358	365	372	380	387	395	403	411	419	428
TPS 20 Distributor Road	7,292	7,346	7,383	7,438	7,494	7,569	7,663	7,759	7,875	7,994	8,133	8,276	8,441	8,610	8,782	8,958	9,137	9,320	9,506	9,696	9,890	10,088
Yanchep Bus	114	120	125	131	137	144	150	157	165	172	180	183	187	191	195	198	202	207	211	215	219	224
Yanchep/Two Rock DCP (Proposed)	0	0	0	0	0	0	1,000	2,000	2,294	(2,140)	(9,648)	(13,134)	(11,912)	(23,940)	(34,494)	(48,207)	(56,702)	(51,702)	(46,702)	(41,952)	(38,206)	(43,107)
Yanchep/Two Rocks CF	0	643	279	813	1,585	2,756	4,406	6,203	8,556	11,082	13,876	(928)	(928)	(928)	(928)	(928)	(928)	(928)	(928)	(928)	(928)	(928)
Total - Restricted Reserves	37,860	41,880	43,147	46,979	47,589	42,668	45,493	48,339	46,176	37,219	34,640	18,806	22,137	20,150	12,004	(2,595)	(4,445)	13,370	24,218	34,733	52,446	53,359
TOTAL - ALL RESERVES	233,134	249,510	251,044	262,903	276,556	285,746	307,222	268,685	274,699	278,843	303,320	325,584	360,397	379,939	402,690	420,930	434,312	498,872	556,674	595,482	637,099	656,909



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

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

RATIO ANALYSIS

	Budget	Projections																			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$('000) 20-21	\$('000) 21-22	\$('000) 22-23	\$('000) 23-24	\$('000) 24-25	\$('000) 25-26	\$('000) 26-27	\$('000) 27-28	\$('000) 28-29	\$('000) 29-30	\$('000) 30-31	\$('000) 31-32	\$('000) 32-33	\$('000) 33-34	\$('000) 34-35	\$('000) 35-36	\$('000) 36-37	\$('000) 37-38	\$('000) 38-39	\$('000) 39-40	\$('000) 40-41
OPERATING RESULT																					
Operating Result	3,165	(9,618)	5,585	5,353	5,244	4,888	5,353	8,336	9,648	9,052	9,390	8,005	5,103	5,219	4,939	2,763	7,305	3,620	3,098	2,851	(4,184)
Own Source Operating Revenue	191,172	196,852	205,945	213,024	223,716	233,446	244,159	253,071	264,869	276,538	289,005	299,758	314,524	327,920	345,145	361,300	382,152	401,389	422,644	439,844	453,191
Operating Surplus Ratio	1.7%	-4.9%	2.7%	2.5%	2.3%	2.1%	2.2%	3.3%	3.6%	3.3%	3.2%	2.7%	1.6%	1.6%	1.4%	0.8%	1.9%	0.9%	0.7%	0.6%	-0.9%
Own Source Operating Revenue	191,172	196,852	205,945	213,024	223,716	233,446	244,159	253,071	264,869	276,538	289,005	299,758	314,524	327,920	345,145	361,300	382,152	401,389	422,644	439,844	453,191
Operating Expenses	217,883	222,722	214,946	223,757	231,558	244,644	253,559	260,654	270,474	282,738	294,367	308,172	324,006	338,620	354,126	371,956	387,600	414,521	433,868	453,745	474,127
Own Source Revenue Coverage Ratio	87.7%	88.4%	95.8%	95.2%	96.6%	95.4%	96.3%	97.1%	97.9%	97.8%	98.2%	97.3%	97.1%	96.8%	97.5%	97.1%	98.6%	96.8%	97.4%	96.9%	95.6%
WORKING CAPITAL																					
Current Assets (less Restricted Assets)	42,857	51,484	51,484	51,484	51,484	56,484	55,404	56,904	56,904	56,904	54,904	54,904	54,904	52,904	52,904	52,904	52,904	52,904	52,904	52,904	52,904
Current Liabilities (less Restricted)	42,256	47,571	47,352	47,131	46,867	53,615	53,303	55,444	55,080	55,364	53,158	52,781	52,189	51,585	50,969	50,241	49,498	48,740	50,224	51,193	49,439
Current Ratio	101.4%	108.2%	108.7%	109.2%	109.9%	105.4%	103.9%	102.6%	103.3%	102.8%	103.3%	104.0%	105.2%	102.6%	103.8%	105.3%	106.9%	108.5%	105.3%	103.3%	107.0%
DEBT SERVICE COVER																					
Operating Surplus less Interest & Depreciation	50,143	35,250	53,511	55,909	59,312	61,583	62,288	66,026	70,329	72,749	75,502	76,626	76,589	79,889	82,872	83,894	91,624	90,557	92,414	95,455	91,245
Debt Service Payments	4,339	4,639	6,476	6,439	6,401	6,364	65,049	2,215	2,178	2,140	15,600	-	-	-	-	-	-	-	-	-	-
Debt Service Cover Ratio	1156%	760%	826%	868%	927%	968%	96%	2981%	3230%	3399%	484%	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	22,728	25,481	23,133	17,567	21,696	24,942	29,619	27,202	26,418	25,964	26,625	32,847	33,009	33,611	31,425	33,891	34,267	32,086	40,563	36,301	34,608
Depreciation	42,863	40,229	43,324	45,992	49,541	52,206	54,539	57,350	60,378	63,432	66,069	68,621	71,485	74,670	77,933	81,132	84,320	86,937	89,316	92,604	95,428
Asset Sustainability Ratio	53.0%	63.0%	53.0%	38.0%	44.0%	48.0%	54.0%	47.0%	44.0%	41.0%	40.0%	48.0%	46.0%	45.0%	40.0%	42.0%	41.0%	37.0%	45.0%	39.0%	36.0%
Asset Consumption																					
Written down value of Assets	2,355,184	2,377,435	2,428,695	2,464,157	2,500,403	2,535,195	2,550,183	2,570,380	2,611,266	2,656,490	2,680,215	2,691,938	2,698,959	2,723,716	2,745,517	2,770,047	2,793,437	2,780,039	2,764,487	2,766,996	2,765,046
Current Replacement Cost of Assets	2,478,502	2,541,857	2,633,346	2,712,132	2,794,369	2,878,703	2,945,896	3,020,633	3,118,868	3,224,470	3,311,627	3,389,419	3,465,061	3,561,304	3,657,775	3,760,237	3,864,760	3,935,681	4,007,067	4,098,892	4,189,546
Asset Consumption Ratio	95.0%	93.5%	92.2%	90.9%	89.5%	88.1%	86.6%	85.1%	83.7%	82.4%	80.9%	79.4%	77.9%	76.5%	75.1%	73.7%	72.3%	70.6%	69.0%	67.5%	66.0%
Asset Renewal Funding																					
Asset Renewal Funding Ratio	98.6%	99.1%	91.9%	87.2%	88.3%	83.6%	73.4%	69.8%	67.2%	62.2%	59.2%	57.4%	54.9%	52.6%	51.4%	50.1%	48.8%	47.2%	47.1%	46.8%	46.4%

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

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

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Operating Surplus Ratio	Net operating surplus, divided by own source operating revenue, expressed as a percentage.	This is an indicator of the extent to which revenues raised cover operational expenses only or available for capital funding purposes	<p>Standard is not met if the operating surplus ratio is 0%</p> <p>Basic standard is met if the operating surplus ratio is between 0% and 15%.</p> <p>Advanced standard is met if the operating surplus ratio is greater than 15%</p>	2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	Basic Not Met Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Not Met
<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 two years for which a minor operating deficit is forecast.</p>					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Own Source Revenue Coverage Ratio	Own source operating revenue, divided by operating expenses, expressed as a percentage	This is an indicator of the ability of a local government to cover costs through its own revenue efforts.	<p>Standard is not met if the ratio is less than 40%</p> <p>Basic standard is met if the ratio is between 40% and 60%.</p> <p>Intermediate standard is met if the ratio is between 60% and 90%</p> <p>Advanced standard is met if the ratio is greater than 90%</p>	2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	Intermediate Intermediate Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced
<p><u>Comments</u></p> <p>The City consistently meets the criteria for the advanced standard with this ratio in most years. It reflects the sustainability of the City to meet its operating requirements.</p>					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Current Ratio	Current assets less restricted current assets divided by current liabilities less current liabilities associated with restricted assets. Expressed as 1:X, percentage or decimal figure	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past years transaction.	<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>	2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic
<p><u>Comments</u></p> <p>The City does meet the requirements for the basic standard of this ratio in all years of the Plan. The City amended its Reserves Policy in 2020 allowing for some surplus funds at the end of each year to remain as un-restricted and the balance transferred to the Strategic Projects/Initiatives Reserve (which is excluded from the Working Capital ratio) as per the Reserves Policy. The change in the policy allows the City the flexibility to carrying adequate un-restricted surplus funds to meet the ratio benchmark. In addition, 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
Debt Service Cover Ratio Note: City of Wanneroo's loan is interest payment only with principal due in 2026/27. The Yanchep/Two Rocks DCP loan is also interest payment only with principal due in 2024/25.	Annual operating surplus before interest and depreciation divided by annual debt service payments (both principal and interest).	Also known as 'debt coverage ratio', this is the ratio of cash available for debt servicing interest, principal and lease payments.	Standard is not met if this ratio is lower than 2. Basic standard is met if this ratio is greater than or equal to 2. Advanced standard is met at a higher level if this ratio is greater than 5.	2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	Advanced Advanced Advanced Advanced Advanced Advanced Not met Advanced Advanced Advanced Advanced Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable
Comments The City consistently meets the criteria for the advanced standard. 2026/27 is an anomaly due to the repayment of the principal of the City's \$60 million loan. After 2030/31 there are no more outstanding borrowings, hence the not applicable result.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Sustainability Ratio Note: Also refer to Asset Management Strategy for commentaries	Capital expenditure on replacement or renewal of assets divided by the depreciation expense. Expressed as a percentage.	This ratio indicates whether a local government is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.	Standard is not met if ratio data can't be identified or ratio is less than 75%. Basic standard is met if ratio data can be calculated and ratio is between 75% and 90% Advanced standard is met if this ratio is between 90% and 110%	2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	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 meet the requirements for the standard of this ratio for the whole Plan period. This is due to the fact that the City is growing rapidly, and the vast majority of assets are in near new condition. The asset renewal funding gap is largely mitigated by the Asset Renewal Reserve.					

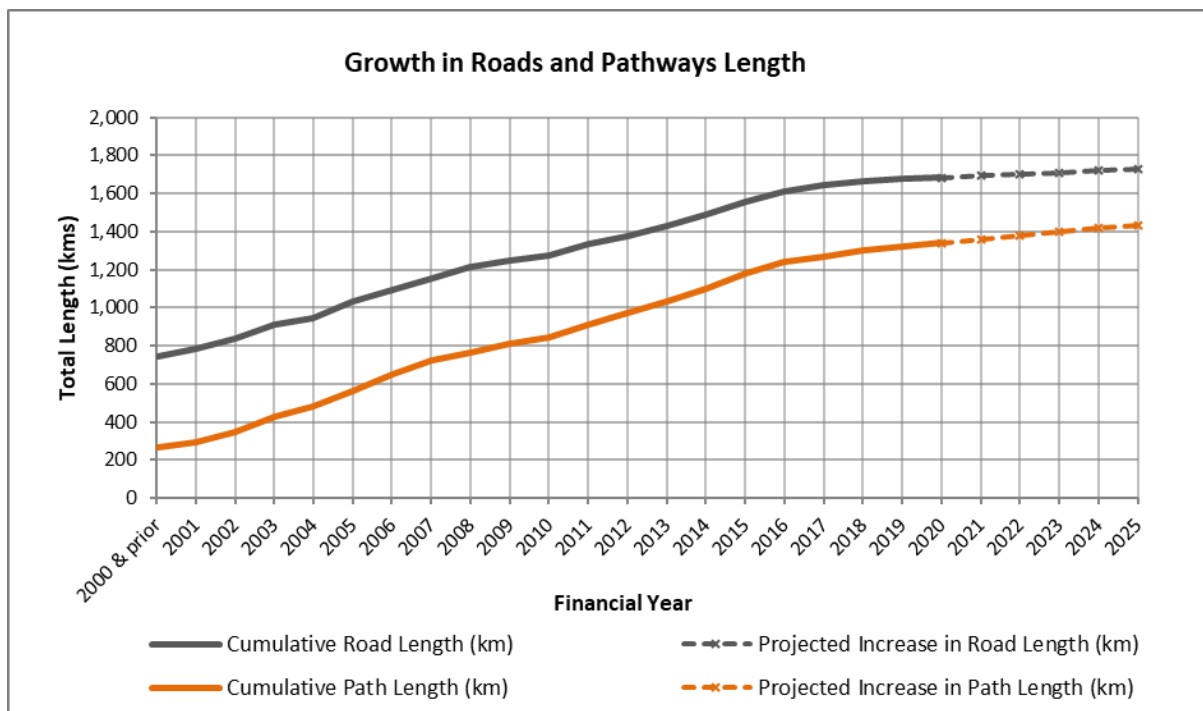
Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Consumption Ratio (ACR) Note: Also refer to Asset Management Strategy for commentaries	Depreciated replacement cost of depreciable assets divided by current replacement cost of depreciable assets, expressed as a percentage.	This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	Standard is not met if ratio data can't be identified or ratio is less than 50%. Basic standard is met if ratio data can be identified and ratio is 50% or greater. Advanced standard is met if this ratio is between 60% and 75%.	2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37 2037/38 2038/39 2039/40 2040/41	Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Basic Basic Basic Basic Basic Basic
Comments The City meets the criteria for the advanced standard on this ratio in most years of the Plan. This is largely due to the significant amount of relatively new assets, which is a result of the City's rapid growth.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Renewal Funding Ratio Note: Also refer to Asset Management Strategy for commentaries	Net present value of planned capital renewals over 10 years, divided by the net present value of the required capital expenditure over 10 years, expressed as a percentage.	This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.	Standard is not met if ratio data can't be identified or ratio is less than 75% Basic standard is met if the ratio is between 75% and 95%. Advanced standard is met if the ratio is between 95% and 105%, the ASR falls within the range 90% to 110% and ACR is between 50% and 75%.	2021/22 2022/23 2023/24 2024/25 2025/26	Advanced Advanced Basic Basic Basic Basic
Comments The City meets the requirements for the Advanced or Basic standard of this ratio for the first six years. The ratio calculation is limited to the six years due to limitation in quality data on renewals. 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.					

Appendices

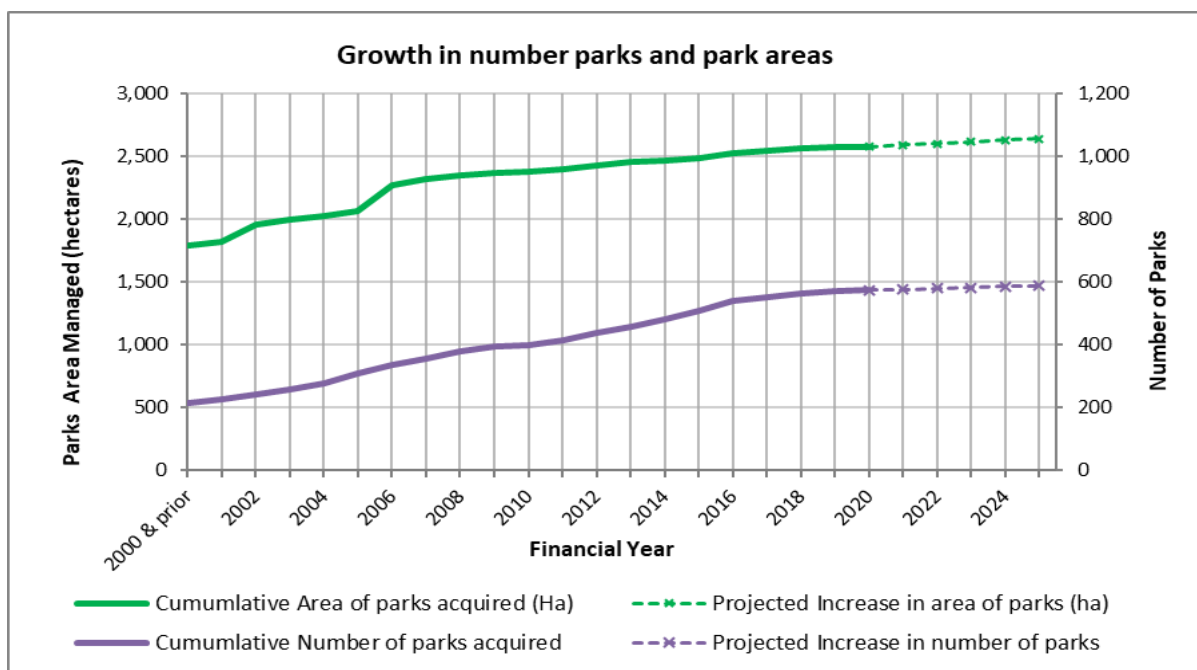
Growth of Infrastructure Assets

Graph 1: Growth in road and path assets



The projected increase in the length of roads and pathways is predicted to slow down to a rate of 10 km per annum and 20 km per annum respectively. This slowdown is likely to be short lived once the economy recovers.

Graph 2: Increase in Parks Area



The projected increase in the number of parks and area of parks acquired is predicted to slow down to a rate of 3 new parks per annum and 15 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 that will continue to expand, together with the continuing escalation of existing suburbs such as Banksia Grove 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 the Council's long-term vision 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 City to track and report back to the community on its progress.

As part of the development of the *Strategic Community Plan* the City conducted extensive community and Council Member consultation. The 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
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

Outcome	Strategy
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
	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

Outcome	Strategy
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 2020/21 – 2023/24

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

Resource Planning

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

The City's resource planning currently includes:

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

Our Services

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

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

Service Delivery

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

Definitions

Gross Rental Valuation

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

General funds

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

“general funds” means the review of income from —

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

Maintenance expenditure

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

Maintenance expenditure:

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

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

Operating surplus (deficit)

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

Renewals capital expenditure

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

Unimproved valuation (UV)

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

Upgrade capital expenditure

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

Own source revenue

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

Acronyms

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

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