



Long Term Financial Plan

2026/27 to 2035/36

Contents

Contents

1.0	Introduction	4
2.0	Our City	5
3.0	Strategic Financial Framework	8
3.1	Planning our Financial Future	8
3.2	Integrated Planning & Reporting	9
3.3	Strategies to be Financially Sustainable	12
4.0	Long Term Financial Plan (LTFP)	13
4.1	Background	13
4.2	Forecasting & Modelling	13
4.3	Key Components	14
5.0	Financial Management Principles	14
5.1	Strategic Budget Policy	14
5.2	Rating Strategy	15
6.0	Reserve Funds	16
6.1	Reserve Funds Restricted by Council	16
6.2	Reserve Funds Restricted by Legislation/Agreement	18
7.0	Grants and Contributions	19
7.1	Development Contribution Plans (DCPs)	20
8.0	Investments	21
9.0	Debt Management	22
9.1	Current Borrowings	22
9.2	Proposed Borrowings	23
10.0	Asset Management	23
11.0	Capital Works Program	25
11.1	Capital Works Overview	25
11.2	Capital Works Funding	25
11.3	Capital Works Type	26
12.0	Assumptions	27
13.0	Risk Assessment	28
13.1	Capital Projects Delivery Risks	28
13.2	Global Risks	29
14.0	Scenario Modelling	30
15.0	LTFP Financial Information	31
15.1	Statement of Comprehensive Income	33
15.2	Statement of Financial Activity	34

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

15.3	Statement of Cash Flows	36
15.4	Statement of Financial Position	37
15.5	Statement of Equity	38
15.6	Reserves Schedule	39
15.7	Financial Ratios	40
16.0	Disclaimer	42

1.0 Introduction

The City of Wanneroo is a rapidly growing local government located 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, bush, wineries, industrial and commercial estates, and expanding residential estates across 36 suburbs.

A Long-Term Financial Plan (**LTFP**) is essential for the City as it provides a strategic roadmap to achieve sustainable long-term objectives. It guides decision-making, supports risk management, and ensures sustainable funding. By anticipating future challenges, leveraging opportunities, and allocating resources effectively, the LTFP enables the City to secure growth and success.

A principal aim of long-term financial planning is to ensure that the City remains financially sustainable and provide intergenerational equity. The definition of financial sustainability that is relevant to the Asset Management Framework and the LTFP can be found in the report titled: National Financial Sustainability Study of Local Government (Australian Local Government Association, “Text Book 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.*

As a high-level strategy, the LTFP illustrates the financial pathway for realising the City’s vision and strategic goals of the Council Plan (**CP**). Furthermore, it addresses operational planning and resourcing in relation to asset management, financial management and workforce management.

The LTFP is guided by a range of policies, strategies and principles that are regularly reviewed to reflect changes in our economic environment and demographic trends. This approach ensures the City can operate within its means while delivering quality services and infrastructure.

Our strategic planning framework begins with the CP, which outlines the long-term vision and aspirations of the community. The CP identifies key priorities over 10-year period. These priorities are further informed by the:

- Strategic Asset Management Plan,
- Local Area Plans,
- Development Contribution Plans,
- Environmental Strategies and Plans,
- Service Levels,
- Waste Strategic Plan,
- Active Reserve Master Plan,
- Strategic Workforce Plan,
- East Wanneroo Community Infrastructure Plan,
- Northern Growth Corridor Community Facilities Plan (**NGCCFP**), and
- Population Growth Forecasts (sourced from id forecasting tools).

Together, these elements form the foundation of the LTFP and support our commitment to prudent financial management.

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

The LTFP is reviewed regularly to accommodate changing priorities and financial conditions. This may result in adjustments to project timing or funding allocations to better align with Council and community expectations. Key financial assumptions and parameters are also reviewed and updated to reflect the City's current and projected economic outlook.

The CWP is updated continually throughout the year and the LTFP is formally considered by Council annually. The ongoing review process considers the latest financial data, prevailing economic conditions, Council Member priorities and feedback from the community. This ensures the LTFP remains responsive, realistic and aligned with long-term goals.

2.0 Our City

The City of Wanneroo is located along the north-eastern urban corridor of the Perth metropolitan area, 12 km from the Perth CBD at its nearest point, stretching to 62km from the CBD at its furthest. We are bordered by:

- North: Shire of Gingin,
- East: Shire of Chittering and City of Swan,
- South: Cities of Stirling and Joondalup, and
- West: the Indian Ocean and the City of Joondalup.

As one of Western Australia's largest and fastest-growing local government areas, the City of Wanneroo is a popular place to live, work and do business.

Our landscape is diverse, with a mix of urban, rural and industrial areas, as well as significant natural bushland and state forest. Key natural features include:

- Yanchep National Park,
- Neerabup National Park,
- Yellagonga Regional Park, and
- A natural wetland system, including Lake Joondalup, which forms a natural boundary with the City of Joondalup.

Urban areas are primarily residential, supported by two key commercial and industrial hubs:

- Wangara – a well-established industrial centre, and
- Neerabup Industrial Area – an emerging employment and service precinct.

What we offer

The City provides a wide range of services and facilities for residents and visitors and the below figure depicts an overview.

Figure 1 – Services Provided by the City

Hundreds of parks and open spaces to play and explore

A stunning stretch of coastline, including Yanchep Lagoon

Playgrounds for children of all ages

Four libraries, an art gallery and a regional museum

Major recreation centres, including Aquamotion and Kingsway Indoor Stadium

Skate parks and BMX tracks

Courts for netball, tennis, basketball, badminton, soccer and volleyball

Youth centres and community centres

Two golf courses

Lawn bowls facilities

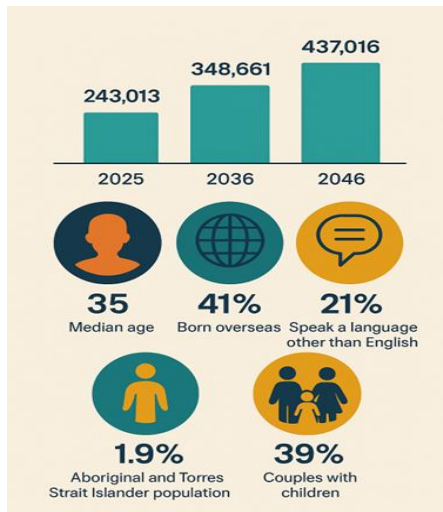
Key Statistics

The below information provides various statics about the City and its services.

Population

- ✓ Future population growth shows the fast growth expected in City and its services in next 2 decades.
- ✓ Other demographic information presented below is current (status at 2025).

Figure 2 – Population



Infrastructure assets

- ✓ The City’s current (2025) infrastructure assets are presented in the below.
- ✓ The infrastructure assets are expected to increase significantly over the next 2 decades.

Figure 3 – Infrastructure



Community facilities

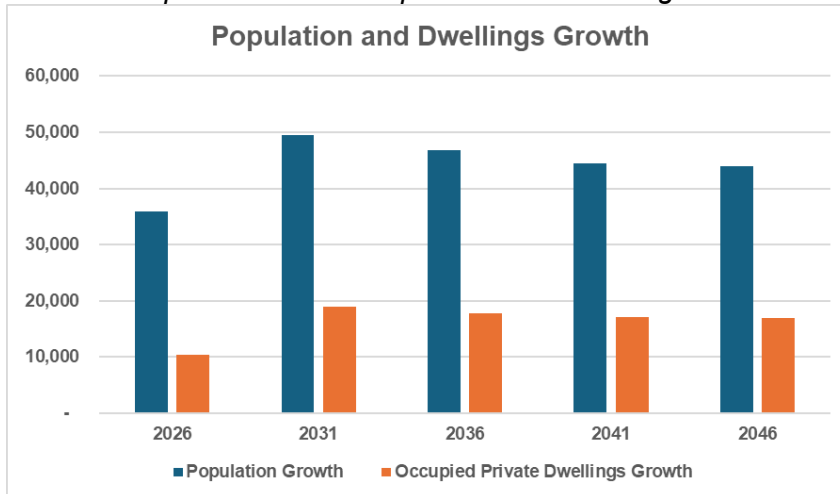
- ✓ The City’s current (2025) community facilities are given below.
- ✓ These facilities will be increase in line with population growth.

Figure 4 – Community Facilities



Population and Occupied Private Dwellings

Chart 1 - Population and Occupied Private Dwellings Growth



(Source – id forecast)

The main contributor for the increase in population is net migration. The highest migration for the City is forecast for the period from 2027 to 2031, which is expected to have a net change of 37,540 people. The greatest natural increase is forecast for the period from 2042 to 2046, which is expected to have a net change of 16,223 people.

Table 1 - Components of Population Change

City of Wanneroo	Forecast period				
	2024-2026	2027-2031	2032-2036	2037-2041	2042-2046
Births	9,814	18,594	22,131	25,511	28,078
Deaths	3,341	6,658	8,264	10,035	11,855
Natural increase/decrease	6,474	11,936	13,867	15,476	16,223
Net migration	17,719	37,540	32,939	28,980	27,679

(Source – id forecast)

3.0 Strategic Financial Framework

3.1 Planning our Financial Future

The City has experienced significant population growth in recent years with an average annual increase of more than 2.5% over the past decade. By 2046, the City’s population is expected to increase to just above 437,000 people. This reflects an 80% change from the current (2025) population at just under 243,000, or an average annual change of 2.8%.

The City of Wanneroo has a healthy balance sheet underpinned by a strong governance structure which will ensure future residents enjoy the same level of financial stability and prosperity as its current residents. 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 an LTFP. 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.

3.2 Integrated Planning and Reporting

The City of Wanneroo’s Integrated Planning and Reporting Framework (IPRF) guides our planning processes to ensure they align with the aspirations and priorities identified by our community.

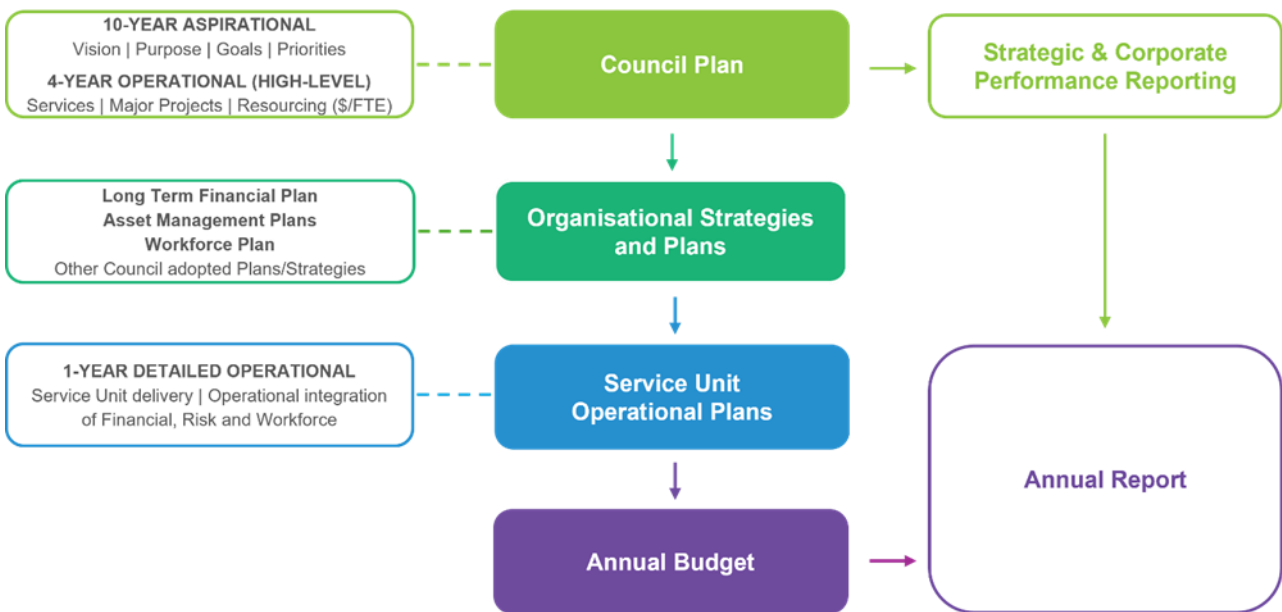
The IPRF ensures that our strategic direction, service delivery and resource allocation are coordinated and transparent. It supports informed decision-making and helps us deliver on our long-term vision.

Risk is managed in line with the City’s risk appetite, as determined by Council. To ensure effective risk management across all levels of planning and decision-making, risks are assessed at four levels:

- Strategic,
- Corporate,
- Operational, and
- Project.

The IPRF also meets the legislative requirements for local governments in Western Australia, as outlined in the *Local Government (Administration) Regulations 1996*.

Chart 2 - Integrated Planning and Reporting Framework



Council Plan (CP) Development 2025

The City adopted its new CP 2025-34 in August 2025 with a refreshed strategic direction for the next decade.

The Council Plan outlines a shared vision: **‘Together we grow – safe, green, and connected’**.

This vision reflects the City of Wanneroo’s commitment to building inclusive, vibrant, and resilient communities where everyone feels they belong. “Together we grow” speaks to a shared journey, residents, businesses, and Council working hand in hand to shape a City that supports people at all stages of life and our future population growth. It emphasises collaboration, equity and shared responsibility.

“Safe, green and connected” highlights the foundations of a liveable City. Safety means more than the absence of harm, it is about feeling secure, supported and connected. Green spaces cool our streets, support biodiversity, and bring people together. And connection, through transport, technology, services, and community life, ensures every person has access to what they need, close to home.

This vision recognises that neighbourhoods are where daily life happens. By prioritising safety, sustainability and local connection, the City is building not just infrastructure, but a stronger sense of place, pride and possibilities for all. It introduces five strategic goals focused on:

Chart 3 – Strategic Directions



The CP will guide future planning, investment and service delivery, ensuring alignment with community aspirations and long-term priorities and will incorporate the key legislative requirements Integrated Planning and Reporting. The CP will also allow the City to address statutory requirements to have a ‘Plan for the Future’.

The CP will be reviewed regularly and required adjustment will be made to remain relevant with ever changing social, economic and environmental priorities. Where such changes have significant financial impact, the LTFP modelling will reflect to support the changes in strategic directions.

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

We will be delivering our services under following 21 Operational Services and Projects:

Strategic Goal 1 - A Safe City

- (1) Community Safety
- (2) Emergency Management
- (3) Public Health

Strategic Goal 2 - A Sustainable City

- (4) Environmental Management
- (5) Parks & Conservation Areas
- (6) Waste Management

Strategic Goal 3 - A Thriving Economy

- (7) Economic Development
- (8) Tourism

Strategic Goal 4 - A Connected & Liveable City

- (9) Community Development
- (10) Community Recreation Programs & Facilities
- (11) Future Land Use Planning
- (12) Heritage, Museums & Arts
- (13) Library Services
- (14) Place Management
- (15) Planning & Building Approvals
- (16) Planning & Building Compliance
- (17) Transport & Drainage

Strategic Goal 5 - A Well-Governed & Managed City

- (18) Advocacy
- (19) Customer & Stakeholder Delivery
- (20) Leadership, Strategy & Governance
- (21) Results & Sustainable Performance

3.3 Strategies to be Financially Sustainable

A principal aim of long-term financial planning is to ensure that the City remains financially sustainable.

Financial sustainability in local government can be defined as the ability of a local government to cover the service delivery requirements and other financial obligations without compromising their capacity to meet future commitments.

Out of many assessment criteria, there are four (4) key areas where the City should be strong to be financial sustainable:

- Strategic Financial Planning and short-term solvency – A measure of the ability to meet short-term obligations (measured by Current Ratio) whilst maintaining and monitoring transparent reporting and having robust governance to manage risks.
- Operating Performance – By assessing the ability to generate sufficient operating revenue to cover operating expenses. This can be measured by the Operating Surplus Ratio: A positive ratio indicates that the local government generates more revenue (excluding capital grants and other contributions) than operational expenditure. A negative ratio indicates that operational expenditure exceeds revenue.
- Asset management – By assessing Asset Sustainability Ratio, which measures whether assets are being renewed and replaced in an optimal way, relative to depreciation.
- Long term solvency – By assessing the level of debt relative to the local government's financial capacity to repay. This can be measure by Debt Service Cover Ratio respectively: A measure of the proportion of local government's general income used to repay financial liabilities. If financial liabilities account for a significant portion of operating revenue, a local government will have limited capacity to increase loan borrowings and may experience stress in servicing existing debt.

Generally, local governments are considered 'financially unsustainable' if they have experienced an operating deficit for several years, a relatively high net financial liabilities ratio, and are without a clear plan to address these matters. Without Financial Assistance Grants and other contributions, a significant proportion of local governments would not meet conventional tests of financial sustainability.

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 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 CP which is the City's long-term plan that captures the aspirations of the community and the Council Plan which provides the focus on key priorities over the next 10 years. Following on from the key objectives of the CP, the Strategic Asset Management Plan (**SAMP**) and the Strategic Workforce Management Plan (**SWMP**) set the priorities and ties together to form the LTFP.

This LTFP 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.

The City is actively pursuing new revenue streams to minimise the dependency on traditional sources. This is evident by the accumulation of funds in the Strategic Property Reserve.

4.0 Long Term Financial Plan (LTFP)

4.1 Background

The Long-Term Financial Plan (**LTFP**) is a critical component of the City's integrated planning framework. It provides a comprehensive overview of the resources required and the financial capacity necessary to achieve the City's strategic objectives and priorities.

Through detailed financial modelling, the LTFP delivers reliable and robust information to assess the City's ability to maintain long-term financial sustainability. Importantly, it ensures that appropriate funding arrangements are in place to support both capital renewal programs and new capital projects. The City's LTFP has been developed in compliance with the Department of Local Government's guidelines for long-term financial planning.

4.2 Forecasting & Modelling

A series of LTFP Workshops were held to discuss priorities based on the community expectations and capacity to deliver. During these discussions various modelling scenarios were critically evaluated in delivering services and the 10-year Capital Works Program (**CWP**) within the financial capacity.

During the workshops different assumptions were evaluated to have a positive operating surplus in each financial year of the plan while generating adequate cash to fund the CWP and setting aside funds in reserves for future demand. The final financial model presented for adoption has achieved positive operating surpluses in each year of the plan and marginal closing funding surpluses or deficits in the Statement of Financial Activity (**SOFA**).

In addition, the final model has produced positive operating cash flows and healthy financial ratios as discussed later in the report.

To achieve this result, the following discretionary decisions were taken:

- Variable rate % increases from year 1 to 5 and forecast Consumer Price Index (**CPI**) increase thereafter,
- In addition to forecast CPI increase in Waste Service Fees, an additional \$20 increase in Waste Service Fees from year 1 and another \$10 increase in year 2, and
- Loan funding for certain significant capital projects.

The Plan includes the following financial information:

- Statement of Operating Income,
- Statement of Financial Activity,
- Statement of Cash Flows,
- Statement of Financial Position,
- Statement of Equity,
- Reserves Positions,
- Financial Ratios, and
- Assumptions

The LTFP is reviewed annually considering prevailing economic circumstances and community requirements. The review may result in new priorities being added or planned projects being deferred/advanced 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 CP, and corresponding reviews of the SWMP and Strategic Asset Management Plans (**SAMPs**).

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

4.3 Key Components

The key components of the LTFP are:

- Assessment of the City's current financial position and organisational capabilities for achieving longer term financial sustainability,
- Ensuring alignment with the CP 2025/26-34/35,
- 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 10-year CWP,
- Ensuring alignment with the Resourcing Framework, and Informing Strategies and Plans (e.g. SAMP and SWMP), and
- Ensuring all agreed future strategies are costed.

5.0 Financial Management Principles

5.1 Strategic Budget Policy

The City of Wanneroo has a Strategic Budget Policy, which is reviewed annually and was last updated and adopted by Council on 15 March 2022. This policy document provides clear principles and guidelines in delivering the City's strategic goals. 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. The City's annual 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 prescribed limitations (the amount raised from general Rates is not more than 110% or less than 90% of the Budget deficiency).

In consideration with this policy, the LTFP is formulated to address the strategies and deployment objectives outlined in the City's CP, Asset Management Plans, Workforce Management Plan and relevant informing strategies and resourcing plans.

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

- **Stewardship and Accountability**
The City must ensure that it fulfils all regulatory, legal and budgetary reporting requirements imposed by Federal and State governments as well as complying with accounting guidelines and standards. The City will have a financial management system consisting of:
 - accurate and dependable accounting,
 - effective internal controls procedures,

- transparent reporting,
- informed analysis,
- responsible budgeting and long-term financial planning, and
- appropriate responses to its financial data.

In order to be financially accountable, the City must adopt and follow good financial and risk management policies. The City must use these reports and other sources to make sound management decisions and plan for the future of the City including the long-term financial planning taking into account a balanced approach to revenue and future expenditure.

- **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.

- **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 LTFP and Annual Budgeting processes.

- **New Initiatives**

All new operational or capital work projects will be evaluated against the CP 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.

- **Funding Priority**

The City recognises the competing demands for limited financial resources and endeavours to allocate resources in compliance with the objectives of this Plan. 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 programs and projects based on the current service levels demanded by the community or advised by City staff.

5.2 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.

To manage and maintain financial sustainability, the City must generate enough own source income to cover current operational and capital funding requirements. To achieve this, as a minimum, rates revenue should be escalated by Consumer Price Index (CPI) plus an additional %. The rating strategy has a direct implication on balancing the annual budgets and long term financial sustainability.

Need for a robust and sustainable rating strategy is vital due to the following reasons:

- High dependence on grants from other tiers of government,
- Stagnated own-source revenue relative to State and Commonwealth revenue growth,
- State government shifting services to local governments without commensurate resourcing,
- Cumulative asset maintenance and renewal shortfalls and therefore worsen over time,

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

- The value of Financial Assistance Grants as a proportion of Commonwealth Government outlays, Commonwealth taxation revenue, Gross Domestic Product has shrunk over time, and
- The competitive nature of State and Commonwealth programs also makes tied grant funding difficult to access for many local communities. This weakens the effectiveness of grants as a revenue source for local government.

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. The 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.

6.0 Reserve Funds

The City has established cash backed reserve funds to streamline the short- and long-term Municipal contributions towards specific purposes. This is to help ensure there are no significant fluctuations in the annual funding requirement from general rates revenue. These 13 reserves are grouped into the Reserve Funds Restricted by Council category.

In addition, contributions received to fulfil legislative and/or contractual obligations are set aside in reserves and grouped into the Reserve Funds Restricted by Legislation/Agreement category. Currently, we maintain 5 such reserves.

Accumulation of reserve funds will support the Strategic Budgeting principle of intergenerational equity.

6.1 Reserve Funds Restricted by Council

Reserves are replenished from the annual operating budget allocations and other sources to assist with creating a solid and sustainable financial position. The reserve funds are committed or designated for special purposes over the long term. The cash backed reserves can only be drawn down for the set purpose and included in the annual budget.

Reserves are reviewed regularly to confirm that:

- They are being utilised when necessary,
- The reserve purpose is still relevant, and
- To ensure the balances are sufficient for the requirements of the City, without being excessive.

The following 13 reserves managed by the City are restricted for specific purposes by Council:

Table 2 –Purpose of the reserves restricted by Council

Name of Reserve	Purpose of the Reserve
Asset Replacement/Enhancement Reserve	To be used for the funding of renewal, upgrade and acquisition of new or replacement assets for the City.
Carried Forward Capital Projects Reserve	To be used for the Municipally funded carried forward projects.
Coastal Infrastructure Management Reserve	To be used for the accumulation of funds to support Coastal Infrastructure capital projects.
Golf Course Reserve	To be used for the capital improvement of the Carramar and Marangaroo Golf Courses.
Information, Communication & Technology Reserve	To be used for the purpose of Information, Communication and Technology capital and operating projects.
Leave Liability Reserve	To be used to cash back the liability of the City for long service leave and annual leave.
Loan Repayment Reserve	To be used for setting aside adequate funds over time to repay loan commitments.

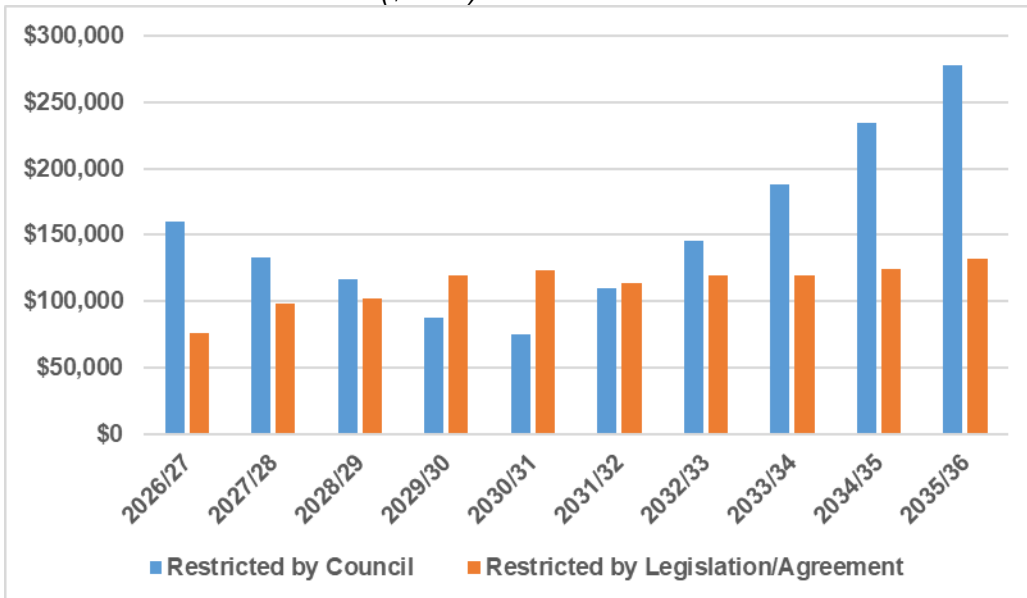
Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

Neerabup Development Reserve	To be used for meeting the associated cost of developing the City's investment land in Neerabup.
Plant Replacement Reserve	To be used for replacing the City's fleet, plant and equipment.
Regional Recreational Reserve	To be used to support regional recreational capital works.
Strategic Projects/Initiatives Reserve	To be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works, per the City's Long Term Financial Plan. The annual funds transfer is derived from the rate setting surplus less municipal funding of capital works carried forward.
Strategic Property Reserve	To be used for receiving the proceeds of sale of significant property assets, acquisition, leasing, development and/or disposal of properties under the City of Wanneroo Strategic Land Policy.
Waste Management Reserve	To be used for additional requirements specifically needed for the provision of the waste management service.

Within the 10-year financial plan, the City will make significant yet prudent use of previously accumulated reserve funds to support prioritised projects. This approach ensures that reserves are leveraged responsibly to meet current needs while maintaining financial sustainability. Recognising future demands for new capital projects and asset renewal, the plan also emphasises a structured replenishment strategy to restore reserve levels and ensure long-term sustainability.

As per the below chart the lowest balance of reserves restricted by Council is in the 2030/31 financial year. Thereafter, the overall balance is improving mainly due to forecast positive cashflows from the development of the Neerabup Industrial Area. The 10-year average reserve balances controlled by Council is about \$152m, whereas, the 10-year average reserve funds restricted by legislation/agreement balances are about \$113m.

Chart 4 – Reserve Balances (\$ '000)



6.2 Reserve Funds Restricted by Legislation/Agreement

The following 7 Reserves managed by the City are restricted for specific purposes by legislation/agreement:

Table 3 –Purpose of the reserves restricted by Legislation/Agreement

Name of Reserve	Purpose of the Reserve
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	To be used for accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Alkimos/Eglinton Development Contribution Area.
Cash Paid in Lieu of Public Open Space prior to 10 April 2006 Reserve	To be used for holding any remaining unexpended funds received in lieu of Public Open Space prior to 10 April 2006 under the Planning and Development Act 2005. Separate sub-reserve accounts are maintained for each sub-division.
Clarkson Butler Planning District (TPS 20) Reserve	To be used for the construction of District Distribution Roads associated with Town Planning Scheme 20.
East Wanneroo DCP Reserve (Proposed)	To be used for accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the East Wanneroo Development Contribution Area.
Section 152 Reserve (formerly section 20A Land Reserve)	To be used for capital improvements on recreation reserves in the general locality from which funds were sourced.
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Yanchep/Two Rocks Development Contribution Area.
Yanchep/Two Rocks DCP Reserve (Proposed)	To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Yanchep/Two Rocks Development Contribution Area.

Of the 7 Reserves restricted by legislation/agreement, East Wanneroo DCP Reserve and Yanchep/Two Rocks DCP Reserve are proposed to commence in 2026/27 and 2031/32, respectively.

The following principles from the City's Cash Backed Reserves Policy are considered in annual reviews:

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.

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.

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 below table summarises the net movements in the City’s reserves over the life of the Plan:

- The total closing reserves balance of \$410m comprises two main categories of restrictions. Of this amount, \$278m (approximately 68%) is restricted by Council, reflecting funds earmarked for specific strategic priorities and commitments such as repayment of loans and staff leave liabilities. The remaining \$132m (around 32%) is restricted by agreement or legislation, ensuring compliance with statutory obligations and externally mandated requirements.
- The average usage of reserves restricted by Council over the 10-year period is \$87.8m and those reserves will be replenished at an average of \$47.5m per year.

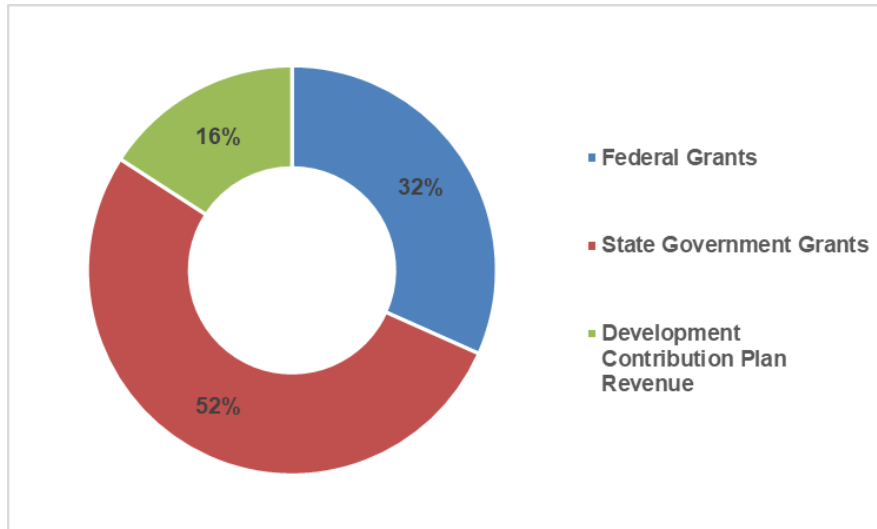
Table 4 – 10 Years Summary Reserves Movements

Reserve Details	Opening Balance	Transfers In	Transfers Out	Closing Balance
Reserves - Restricted by Council				
Asset Replacement/Enhancement	73,200,650	311,251,571	(346,702,120)	37,750,101
Carry Forward	1,632,806	0	(1,632,806)	0
Coastal Management	11,499,309	16,355,647	(14,060,906)	13,794,051
Golf Course	8,079,023	24,746,810	(13,688,489)	19,137,344
Information, Communication and Technology	13,750,788	40,793,315	(38,711,184)	15,832,918
Leave Liability	17,101,994	4,207,323	(11,382,036)	9,927,281
Loan Repayment	60,778,188	0	(60,778,188)	0
Neerabup Development	14,392,452	118,058,107	(87,361,174)	45,089,385
Plant Replacement	19,933,697	117,702,775	(121,119,155)	16,517,317
Regional Recreational	46,632,272	52,538,549	(68,720,837)	30,449,984
Strategic Property	13,123,567	33,862,502	(2,918,885)	44,067,184
Strategic Projects/Initiatives	25,239,691	138,758,630	(120,807,631)	43,190,690
Waste Management	13,850,321	38,376,451	(49,961,182)	2,265,590
Total Restricted by Council	319,214,759	896,651,681	(937,844,593)	278,021,847
Reserves - Restricted by Legislation/Agreement				
Alkimos/Eglinton Coastal Corridor Community Facilities	37,404,212	79,759,487	(115,250,981)	1,912,718
Cash in Lieu of Public Open Space prior to 10 April 2006 and post 12 September 2020	2,944,009	1,258,491	0	4,202,499
Clarkson Butler Planning District (TPS 20)	9,866,680	2,869,506	(4,963,912)	7,772,275
East Wanneroo DCP (Proposed)	0	248,739,574	(148,394,551)	100,345,023
Section 152 (formerly Section 20A Land Reserve)	843,799	360,722	0	1,204,521
Yanchep/Two Rocks DCP (Proposed)	0	18,323,004	(9,483,745)	8,839,259
Yanchep/Two Rocks Coastal Corridor Community Facilities	7,909,803	18,385,321	(18,447,804)	7,847,321
Total Restricted by Legislation/Agreement	58,968,503	369,696,106	(296,540,993)	132,123,616
Reserves Total	378,183,262	1,266,347,787	(1,234,385,586)	410,145,463

7.0 Grants and Contributions

Grants may be received from the State or Federal government. Grants forecasted in delivering the CWP are tied for specific projects and can only be recognised as revenue upon project milestones being achieved. Contributions are mainly received from the Development Contribution Plans (DCP), sporting clubs or individuals. As depicted in the below chart, over the 10-year period, 52% Grants and Contributions are from State Government, whereas 32% and 16% are from Federal Grants and Development Contribution Plans, respectively.

Chart 5 – Grants and Contributions



The City aims to obtain grant/contribution funding wherever possible 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 programs and projects utilising the funding are a priority for the community.

The successful delivery of grant funded capital projects are dependent on certainty of funding approval/confirmation. The CWP will be recalibrated to reflect a more certain funding mix as we progress over the plan.

7.1 Development Contribution Plans (DCPs)

Development 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 DCPs. Infrastructure contributions are just one of several 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:

- Schedule 14 for the East Wanneroo Cells (1-9),
- Schedule 15 for Clarkson/Butler District Distributor Roads, and
- Schedules 12 and 13 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 or other contribution arrangement areas include:

- Alkimos/Eglington,
- Berkley Road,
- Clarkson/Butler,
- 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),
- Woodvale, and
- Yanchep/Two Rocks.

The City is experiencing rapid growth and this is expected to continue into the future. East Wanneroo District Structure Plan along with the suburbs of Yanchep and Two Rocks are areas identified as rapidly growing communities requiring new, additional infrastructure. The City is working with a variety of stakeholders including the development industry, landowners and the State Government to plan and deliver the required infrastructure to adequately service these new and growing communities.

The areas of East Wanneroo District Structure Plan and Yanchep and Two Rocks can be defined as Development Contribution Areas (**DCA**). Carabooda may have the potential to be a DCA as well, subject to further consideration.

When lots are subdivided or developed, contributions are required to be paid to fund the necessary community infrastructure for their applicable area. Community Facilities Plans (**CFP**) and population projections will guide the infrastructure required for each area, while State Planning Policy 3.6 – Infrastructure Contributions (SP3.6) will guide the preparation of future DCA's.

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 LTFFP 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.

8.0 Investments

The City has adopted a prudent and conservative investment strategy and as restricted by the *Local Government (Financial Management) Regulations 1996, Regulation 19C*, only the following secured investments are allowed to be entered into:

- Authorised deposit-taking institutions as defined in the *Banking Act 159 (Commonwealth) section 5* and the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*, 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, and
- All investments are in Australian currency.

Whilst exercising the power to invest, the principal 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 considers 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.

In line with the statutory requirement and the City's investment policy, the City invests in term deposits. On average, the City has forecasted \$17m return on investments per annum over the LTFP period. The forecast return is dependent on the projected interest rates and the investment portfolio balance.

9.0 Debt Management

The City regularly reviews its debt levels and borrowing requirements under various scenarios to ensure alignment with equitable intergenerational needs. This process involves:

- **Cost-Benefit Analysis:** Conducted in conjunction with the City's current plans and strategies.
- **Funding Mix Optimisation:** Identifying the right combination of funding sources for capital projects to support rates smoothing.

When necessary, the City will pursue long-term borrowings, leveraging its strong financial position and borrowing capacity. The City maintains a healthy financial profile, demonstrated by:

- **Debt Service Coverage Ratio:** An indicator ensuring sufficient operating income to cover debt service obligations.
- **Net Financial Liabilities Ratio:** An indicator of the extent to which the net financial liabilities of the City can be serviced by its operating revenues. Potential indicator of the City's capacity to access new/additional debt to meet future capital funding requirements.

9.1 Current Borrowings

As of 30 June 2025, the City's total borrowings reported as \$74.3m, of which \$60.8m was borrowed from the Western Australia Treasury Corporation (**WATC**) in 2006/07 under a 20-year term. This loan is scheduled for full repayment in the 2026/27 financial year. To ensure prudent and sustainable financial management, the City has been accumulating funds in the Cash-Backed Loan Repayment Reserve, which will be fully utilised to discharge this liability.

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 have been transferred to the Loan Repayment reserve.

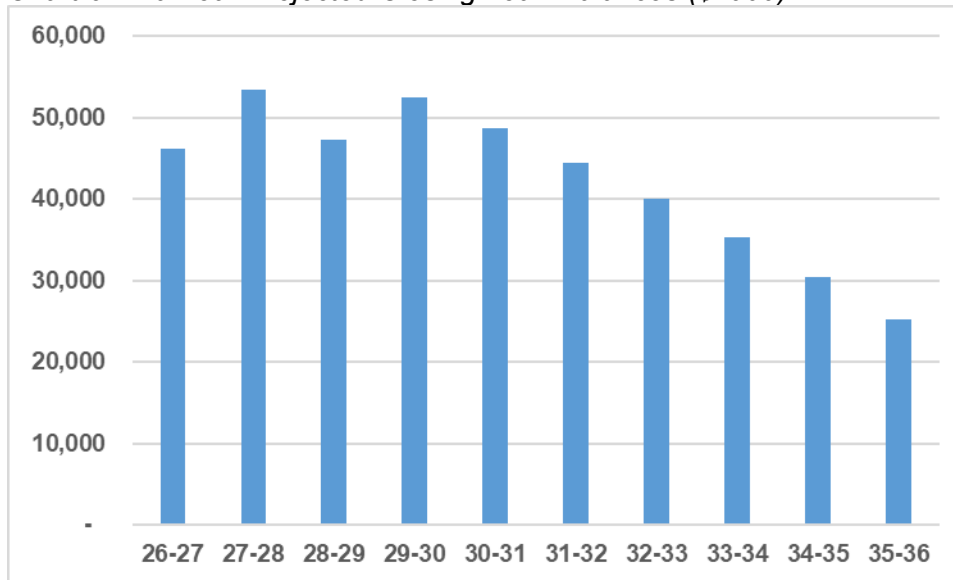
The balance amount of \$13.5m was borrowed from the Commonwealth Bank of Australia (**CBA**) (\$9m) and WATC (\$4.6m) for the City's DCP projects (Active Open Space Oval Ground Works, District Playing Fields, District Sports Amenities Building Stage 1, and Surf Life Saving Club) and

will be repaid when sufficient funds are accumulated in the Yanchep/Two Rocks District Community Facilities Reserve.

9.2 Proposed Borrowings

The 10-year LTFP has been developed with careful consideration of delivery capacity and affordability. Consequently, the plan includes four new borrowings. Loan serviceability, along with both short- and long-term financial sustainability, was assessed in determining the funding mix of the projects financed through borrowings.

Chart 6 – 10 Year Projected Closing Loan Balances (\$ '000)



10.0 Asset Management

Effective asset management is essential for ensuring that infrastructure assets such as roads, parks, pathways, and buildings continue to deliver services to the community both now and into the future. It involves a systematic approach to planning, maintaining, and renewing assets to optimise their performance, extend their useful life, and minimise lifecycle costs. By aligning asset management practices with long-term financial planning, we can balance service delivery expectations with budget constraints, address risks associated with ageing infrastructure and ensure sustainability for future generations. As of 30 June 2025, the total depreciated replacement cost of the City's assets was \$3.1 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. Over the 10-year period the LTFP has forecasted to receive \$375m worth of contributed assets from developers. This will significantly impact on the renewal demand and maintenance costs over the period.

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 assets 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.

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

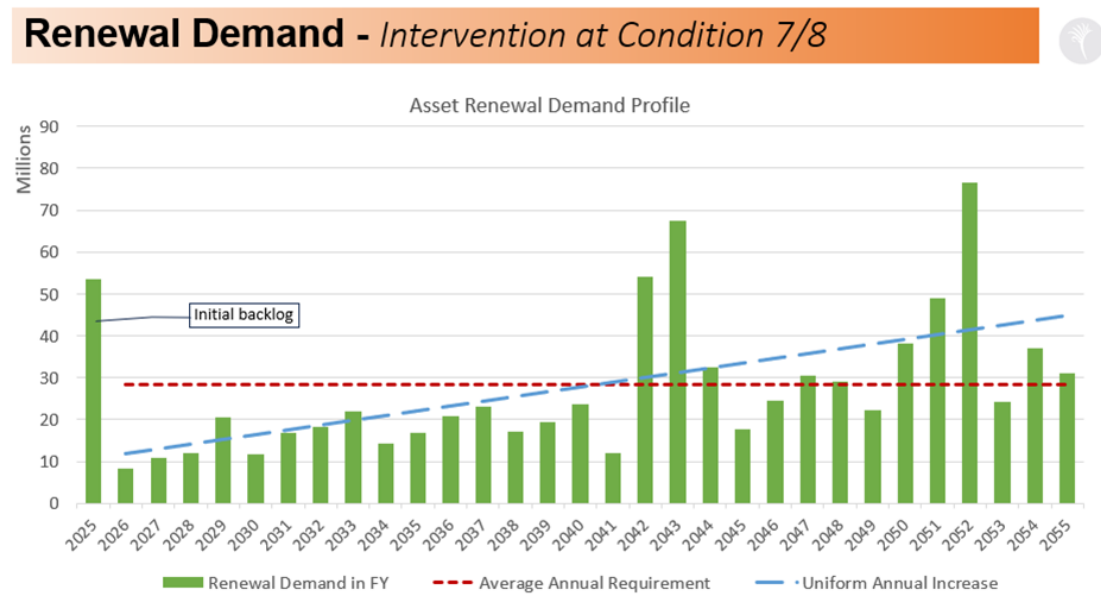
The City’s Asset Management Policy and Asset Management Strategy together with Asset Management Plans collectively sets out how the City will implement and improve its asset management practices and processes. The long-term funding requirements from the Asset Management Plans are updated and integrated with this LTFP.

The renewal planning for plant and equipment assets is relatively finite and the planned renewal cycle of these assets have set timeframes and is accommodated in the LTFP with set amounts allocated in their respective funding reserves.

On the other hand, the renewal cycle for building assets and 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.

The below chart illustrates the asset renewal demand profile for the City's buildings and infrastructure assets over the LTFP period and beyond. The average renewal demand across the depicted timeframe is approximately \$30 million per annum. Adequate provisions have been allocated to the Asset Replacement/Enhancement Reserve to ensure the City can meet the anticipated renewal requirements.

Chart 7 – Buildings and Infrastructure Assets Renewal Demand



In 2024/25, Council decided to renew assets at intervention condition 7/8 instead of historical practice of 8/9 to maintain the City assets at better conditions for its residents. The long-term view of the City's infrastructure renewal demand depicted in the chart above identifies that the level of renewal expenditure required will increase over the 10 years and beyond with spikes expected in certain individual years. This is the impact of the new asset additions from the City’s Capital Works Program and increasing amounts of gifted assets resulting from continued growth experienced in the City of Wanneroo over the past two decades.

This LTFP plans to gradually increase its renewal funding allocation annually over the long term to meet the predicted asset renewal demand and reduce the renewal backlog over the next 10 years. The long-term renewal projections are based on best available asset condition data. Assessments on the condition of assets are undertaken regularly to validate the predicted long term funding requirement of assets.

11.0 Capital Works Program

11.1 Capital Works Overview

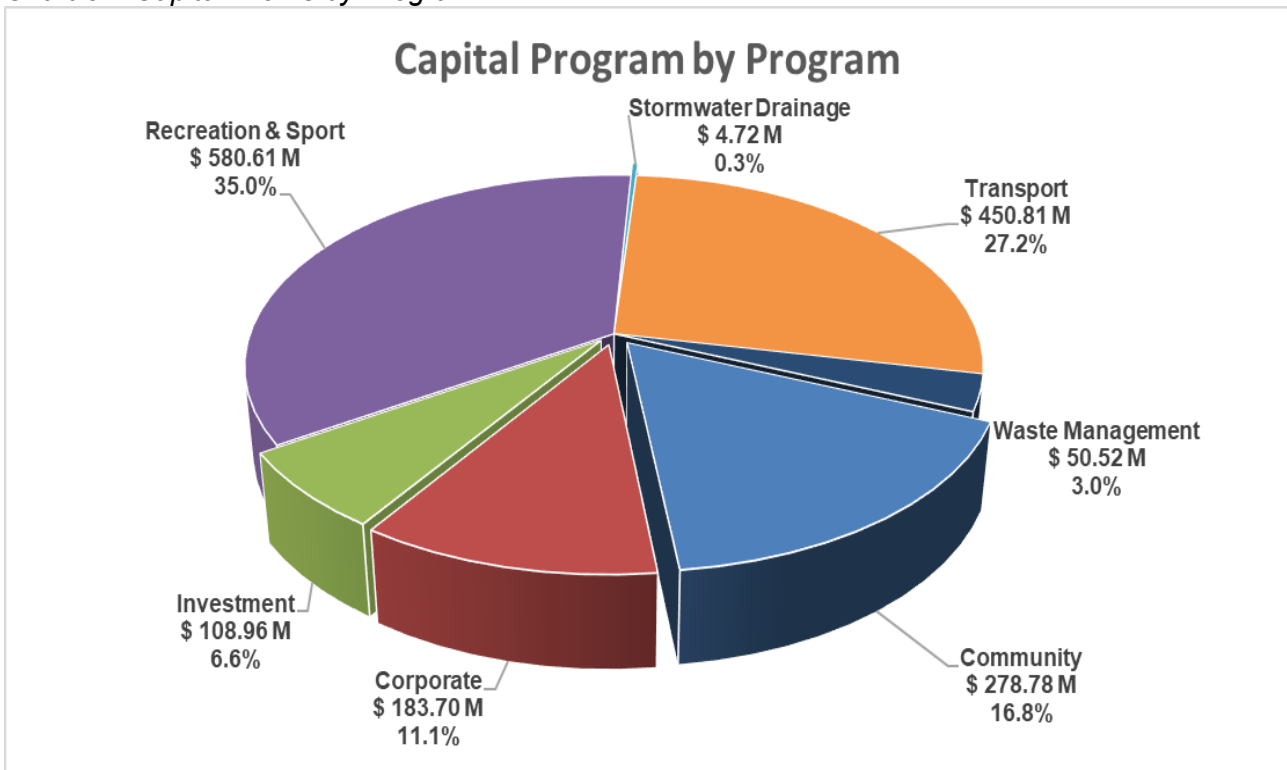
Administration conducted a comprehensive review of the Capital Works Program (**CWP**) through a series of LTFP workshops. This process incorporated key insights from various Strategic Asset Management Plans (**SAMPs**), resulting in a significantly updated and more accurate CWP.

The revised program represents a total investment of \$1.7 billion over the next decade, ensuring the delivery of high-quality community infrastructure and the enhancement of social capital. These outcomes will provide long-term benefits for the community and contribute to improved quality of life.

This achievement reflects a rigorous assessment of both operational and capital expenditure, with a strategic focus on strengthening the City’s financial sustainability. By aligning resources with priorities, the City is positioned to deliver infrastructure that meets community needs while maintaining financial responsibility.

The following chart shows the 10-year CWP by program reporting:

Chart 8 – Capital Works by Program



11.2 Capital Works Funding

The LTFP outlines a responsible and sustainable financial strategy for the City. All projects included in the Plan are fully funded within the financial model. Funding sources comprise accumulated reserve funds, borrowings, grant revenue, contributions and municipal funds, ensuring a balanced and forward-looking approach to sustainable financial management.

The below table shows the projected funding sources for the 10-year Capital Works program.

Table 5: Capital Works Funding Sources

**CAPITAL WORKS PROGRAM 2026/27 - 2035/36
FUNDING BREAKDOWN**

Funding Source	\$M	%
Municipal	286.24	17.3%
Grant	289.03	17.4%
Reserve	959.92	57.9%
Contribution	54.76	3.3%
Loan	68.15	4.1%
Grand Total	1,658.10	100%

11.3 Capital Works Type

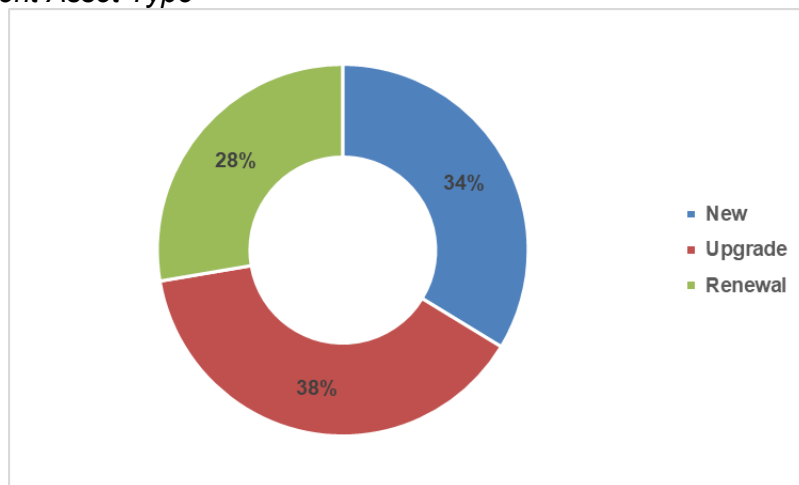
Over the next decade, the City plans to invest \$562m in the acquisition and construction of new assets. The majority of asset-related investments will focus on upgrades (\$637m), while \$459m has been earmarked for asset renewal.

As the City continues to grow, developers are contributing a significant number of assets. Combined with City-acquired and constructed assets, this will create substantial future demand for asset renewal. To address this, the City has been building its Assets Replacement/Enhancement Reserve, which is projected to reach \$37.4 million by the end of the plan.

The LTFP incorporates the maintenance requirements for assets added to the portfolio, arising from both acquisitions and contributed assets. Maintenance of assets is a critical component of the LTFP as it ensures the continued functionality, safety, and compliance of infrastructure and facilities. Proactive maintenance extends asset life, reduces the risk of costly emergency repairs, and ensures community expectations. By incorporating maintenance requirements into financial planning, the City mitigates future budget shocks, preserves asset value, and supports sustainable financial management aligned with community expectations.

The composition of investment in assets over the next decade is graphically shown in the below chart:

Chart 9 – Investment Asset Type



12.0 Assumptions

This Long-Term Financial Plan was created iteratively. Core assumptions and parameters were kept stable, while discretionary funding components, including rates revenue, reserves, and borrowings, were adjusted to determine the most effective financial model.

The following assumptions form the basis upon which this LTFP has been constructed:

General

This Plan covers a period of 10 years.

Variables

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

Population Growth

The population forecasts range between 4.15% - 2.73% as per id Forecast as of November 2025. The average population growth for the 10-year LTFP period is 3.29%.

Dwelling Growth

The dwelling forecasts range between 4.47% - 2.96% as per id Forecast as of November 2025. The average dwelling growth for the 10-year LTFP period is 3.59%.

Consumer Price Index -(CPI)

Department of Treasury has provided forecast data up to 2028/29. Perth CPI is forecasted to be 2.5% up to 2028/29. As a result, rate of 2.5% has been applied throughout 10-year.

Rates Base

The rate base has been forecasted at CPI plus an additional % (variable rate % increase) from 2026/27 to 2030/31 to balance the budget. Thereafter, rate base has been increased by assumed 2.5% of CPI increase.

Rates Growth

Based on the dwelling growth forecast as stated by id Forecast mentioned above.

Waste Fee

Waste fee income has been increased by the CPI as quoted above. To ensure sufficient funds are maintained in the Waste Management Reserve, an additional \$20 increase and \$10 increase is required in 2026/27 and 2027/28 respectively.

Operating Grants, Subsidies and Contributions

Based on the Perth CPI figures as quoted above.

Fees and Charges

Based on the Perth CPI figures as quoted above.

Investment Interest Yield

2026/27 is based on the current decreasing trend in Reserve Bank of Australia (**RBA**) cash rate. Thereafter, it is forecasted to be an average of 3% as future economic conditions are unknown at this stage.

Other Revenue

Based on the Perth CPI figures as quoted above.

Employee – Establishment

2026/27 and 2027/28 are based on the Salaried Offices Industrial Agreements (**SOIA**). Thereafter it is forecasted to be at CPI increase as the outcome of future agreements are unknown at this stage. The majority of the City employees' salaries are governed by the

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

SOIA. The City remains committed to ensuring employee benefits are reflective of community expectations and align with national and local economic conditions.

Employee – Growth

The City will continue using the LTFP to forecast FTE growth and standard assumptions that include dwelling growth, approved capital works, technological advancements and industry benchmarks. The growth in employees has been set at one third the dwelling growth for the life of the plan.

Materials & Contracts

Based on the current CPI as quoted above.

Materials & Contracts – Growth due to Increase in Asset Levels

The growth in Materials & Contracts is dependent on growth in services, additions to the assets base due to purchase and construction of assets and contributed assets from developers. The historical data has shown that the increase in maintenance and other materials costs has been consistently in line with asset growth. Materials & Contracts growth has been forecasted to be 2.5% annually for the life of the plan.

Utility Charges

With regular annual increases in Government charges, plus consistent increases in City growth, the variable has been kept at the CPI quoted above and additional 2% (growth).

Depreciation

Depreciation is calculated from current asset values and future assets from the capital works program at an average rate of 4.21% over the life of the plan. Individual asset classes are depreciated using the rates disclosed in the variables table below.

Insurance

Based on the Perth CPI figures as quoted above.

Other Expenditure

Based on the Perth CPI figures as quoted above.

13.0 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.

Certain significant risks that are affecting the City's LTFP are:

- Capital projects delivery risks,
- Non-controllable pressures from State Government cost shifting,
- The growth rate in new properties could change in response to any global or local uncertainties, which will affect both revenue and expenditures,
- Continuous funding demands to meet community expectations, the City's Resourcing Strategies (e.g. Strategic Asset Management Plan and Strategic Workforce Management Plan),
- Lack of reserve replenishments for future demands, and
- Legislative changes as a result of amendments to the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

13.1 Capital Projects Delivery Risks

The delivery Risk remains consistent with previous programs of work. These risks are being managed through City process and essential service improvements. These improvements allow the City to

delivery larger CWP programs compared to the previous years. Whilst these improvements have made delivery of larger projects possible, risks remain evident within the delivery.

Consistent risks include:

- Grant approvals,
- External service providers and environmental approvals,
- Procurement of contractors and materials, and
- Retention of staff resourcing.

Projects also rely on approvals provided by third parties, such as Western Power, Water Corporation, and clearing permits submitted to the Department of Water and Environmental Regulation (**DWER**). Allowance is made within correct project programming to allow for application, assessment and response; however, it remains relatively unpredictable if additional information is required, additional time is required, and or objections raised. These remain outside of the City's control although a reasonable allowance can be made.

Major Projects offer the largest delivery risk as unforeseen circumstances and delays to delivery may result in large carry forward budgets. The City's risk management process identifies as many risks as reasonably foreseeable within delivery and applies mitigations. However genuine unforeseen risks, or risks outside of the City's control can still occur which may impact delivery.

13.2 Global Risks

The geopolitical landscape in 2025 is dominated by escalating conflicts and systemic instability. Russia's ongoing invasion of Ukraine, wars in the Middle East, and Sudan's civil crisis have propelled state-based armed conflict to the top of global risk rankings, marking a sharp rise from previous years. These conflicts are reshaping alliances, disrupting energy markets, and amplifying humanitarian crises.

Key Risks Identified:

- **State-Based Armed Conflict (#1):** Proxy wars, civil unrest, and terrorism threaten global security and economic stability,
- **Extreme Weather Events (#2):** Climate-driven disasters compound supply chain vulnerabilities and resource scarcity,
- **Geoeconomic Confrontation (#3):** Sanctions, tariffs, and investment restrictions deepen fragmentation and trade uncertainty, and
- **Misinformation & Societal Polarization (#4 & #5):** Erode trust, complicate crisis response, and fuel instability.

Strategic Implications:

- **Economic Outlook:** Persistent recessionary pressures and inflation risks demand robust financial resilience strategies,
- **Supply Chain Security:** Diversification and risk mapping are critical to mitigate disruptions from geopolitical and climate shocks,
- **Energy & Resource Management:** Heightened volatility in oil, gas, and critical minerals necessitates contingency planning, and
- **Governance & Communication:** Combatting misinformation and fostering societal cohesion are essential for operational continuity.

The City will actively monitor global risk trends and evaluate their potential implications for the LTFP. As economic, environmental, and geopolitical conditions evolve, these risks can significantly influence revenue forecasts, expenditure priorities, and investment strategies. To maintain financial resilience and strategic alignment, the City will periodically review and recalibrate key assumptions and variables within the LTFP. This proactive approach ensures that the plan remains responsive to

emerging challenges and opportunities, safeguarding the City’s capacity to deliver sustainable services and achieve long-term objectives.

Chart 10 – Global Risks ranked by severity over the short and long term



(Source – The Global Risk report/World Economic Forum/January 2025)

14.0 Scenario Modelling

The City modelled various rating scenarios for the 10-year life of the Plan, using different variables for each.

During the consultation process, the Council Members considered different scenario modellings and agreed that the 2026/27 – 2035/36 LTFP should be based on an approach of variable rates increases to balance the funding requirements.

The LTFP is an optimisation model developed through an iterative process. After defining primary inputs and sustainable parameters, multiple scenarios are tested. Each iteration is critically assessed against key criteria such as:

- Financial Activity Statement - Ensure a balanced or marginal surplus,
- Industry Ratios - Meet acceptable levels of industry financial ratios,
- Operating Surplus - Maintain a relatively small operating surplus,
- Plan Sustainability - Critically assess sustainability across the entire planning horizon,
- Project Deliverability - Confirm feasibility of discretionary operating and capital projects,
- Rate Management - Keep rating increases within acceptable levels annually, and
- Working Capital Sustainability- Maintain a sustainable cash balance across all years.

15.0 LTFP Financial Information

The following financial statements and information are presented in this plan:

- Assumptions,
- Financial Ratios,
- Reserves Schedule,
- Statement of Cash Flow,
- Statement of Equity,
- Statement of Financial Activity,
- Statement of Financial Position, and
- Statement of Income.

The purpose of financial statements is to provide a comprehensive overview of the City's projected financial position as outlined in LTFP. It demonstrates how the proposed strategies and initiatives will impact the City's assets, liabilities, and overall sustainability over the planning horizon. By analysing these projections, the report highlights whether the City is expected to experience an improvement or decline in its financial health, ensuring transparency and informed decision-making for stakeholders. This will allow to understand the financial implications of strategic choices and their alignment with the City's long-term objectives.

The financial statements below clearly demonstrate the City's unwavering commitment to sustainability and transparency. By delivering reliable financial information, we empower stakeholders to make confident, informed decisions that drive progress. This achievement reflects rigorous oversight of service delivery and the accelerated implementation of key strategic projects and actions that position the City as a leader in achieving its short term and long-term goals.

The financial information covers 10-years from 2026/27 demonstrating steady growth in its operations and financial position.

This plan starts with a modest operating surplus, and it will grow stronger over time to make sure the City can keep its reserves healthy. Over the next 10 years, the City expects to maintain an average surplus of about 10% of rate revenue. To fund major projects and keep reserves replenished for future needs, rates were set higher than inflation in the early years by about 2% to 3.5%. These steps mean the City can deliver exciting, state-of-the-art facilities that our community will enjoy for years to come.

The favourable operating position over the plan has reflected in the Operating Surplus Ratio achieving the benchmark.

The forecast Statement of Financial Activity (**SOFA**) has produced either balanced or marginal surplus position over the next decade. Over the LTFP period, the City will manage \$4 billion worth of operating revenue and \$3.7 billion worth of operating expenses. The planned CWP for the 10-year period is \$1.7 billion which will be funded from mix of reserves, grants & contributions, borrowings and municipal funds.

The SOFA shows the required level of rates income for each year of the plan. Within the plan the City has forecast to manage \$2.8 billion worth of rates money. Through responsible financial modelling, the City aims to maintain long-term sustainability within ten years while maintaining fairness for ratepayers.

Maintaining the required benchmarks for the Debt Service Coverage Ratio and Net Financial Liability Ratio demonstrates our commitment to sustainable financial management. The Debt Service Coverage Ratio falls below the benchmark in the 2026/27 financial year due to the repayment of a \$60.8m loan borrowed from the WATC. This does not adversely affect our financial position, as the City has prudently accumulated funds in the Loan Repayment Reserve, over the term of the loan, to meet this obligation.

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

Positive net operating cash flows, coupled with a healthy cash position across financial years of the plan, demonstrate effective and sustainable working capital management.

The Statement of Financial Position reflects a consistent expansion of the asset base, driven by purchase of assets, construction activities, and developer-contributed assets. The projections indicate a positive net current asset position and strong net assets, highlighting sound financial management and a solid foundation for future growth. The City's equity position grows over the plan which is in line with the growth in net assets.

The forecast Current Ratio has achieved the benchmark throughout the plan.

The Asset Consumption Ratio indicates the proportion of the City's depreciable assets that have been consumed over the forecast period. Due to proactive maintenance and frequent asset renewal, the asset base remains relatively young and in good condition, resulting in a ratio that exceeds the benchmark.

Being a growth Council, our investment in new assets is relatively higher than invest in renewal of assets resulting a lower Asset Sustainability Ratio throughout the plan. The other contributing factor is relatively young nature of the City's asset base and not needing heavy renewal work within the planned 10 year period. In addition, increase in depreciation due to assets handover by the developers also contribute to lower the ratio. The City has now implemented a robust renewal program with early intervention at asset condition 7/8 as opposed to historical intervention level at 8/9.

15.1 Statement of Income

The Operating Statement provides an estimate of all revenues and expenditures associated with the City’s normal day-to-day activities. It incorporates non-cash items such as depreciation and profit and loss from disposal of assets. The statement excludes: repayments of loan principal, proceeds from new borrowings and capital expenditure items. These excluded items are presented in the Statement of Financial Activity.

Information contained within the Statement of Income is utilised to calculate the Operating Surplus Ratio, which is a statutory indicator of financial sustainability.

Table 7 – Statement of Income

	Revised Budget \$('000) 25-26	1 \$('000) 26-27	2 \$('000) 27-28	3 \$('000) 28-29	4 \$('000) 29-30	5 \$('000) 30-31	6 \$('000) 31-32	7 \$('000) 32-33	8 \$('000) 33-34	9 \$('000) 34-35	10 \$('000) 35-36	10 Year Total \$('000)
Operating Revenues												
Rates - base	174,680	185,161	204,547	225,493	246,648	269,561	285,859	302,668	319,981	338,091	357,092	2,735,101
Rates - growth or decline	0	7,808	8,182	8,296	8,861	9,326	9,426	9,508	9,865	10,291	10,312	91,876
Operating grants, subsidies and contributions	8,409	18,619	19,085	19,562	20,051	20,552	21,066	21,593	22,132	22,686	23,253	208,599
Fees and charges	58,136	61,280	67,964	69,663	71,405	73,190	75,020	76,895	78,818	80,788	82,808	737,831
Interest revenue	23,100	17,351	15,320	15,434	15,309	15,215	14,989	16,005	17,549	19,127	20,976	167,275
Other revenue	3,697	3,790	3,884	3,981	4,081	4,183	4,288	4,395	4,505	4,617	4,733	42,457
Total Operating Revenue	268,022	294,009	318,983	342,430	366,354	392,027	410,649	431,064	452,849	475,600	499,174	3,983,138
Operating Expenses												
Employee costs - establishment	(101,580)	(105,897)	(112,457)	(120,417)	(124,993)	(129,693)	(134,517)	(140,891)	(145,921)	(151,101)	(157,364)	(1,323,250)
Employee costs - growth	0	(2,235)	(5,023)	(1,527)	(1,537)	(1,544)	(2,937)	(1,471)	(1,495)	(2,425)	(1,520)	(21,713)
Materials and contracts	(101,967)	(104,516)	(111,323)	(116,958)	(122,879)	(129,100)	(135,636)	(142,502)	(149,717)	(157,296)	(165,259)	(1,335,186)
Utility charges	(11,331)	(11,938)	(13,060)	(13,713)	(14,399)	(15,119)	(16,072)	(16,876)	(17,719)	(18,643)	(19,575)	(157,114)
Depreciation on non-current assets	(52,411)	(54,789)	(61,014)	(65,125)	(69,724)	(74,268)	(79,654)	(83,916)	(88,651)	(92,921)	(97,921)	(767,983)
Finance Costs	(4,148)	(3,660)	(2,027)	(1,897)	(2,202)	(2,181)	(2,003)	(1,817)	(1,623)	(1,421)	(1,210)	(20,041)
Insurance expense	(1,743)	(1,787)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(20,538)
Materials and contracts from asset growth	0	(2,613)	(2,783)	(2,924)	(3,072)	(3,228)	(3,391)	(3,563)	(3,743)	(3,932)	(4,131)	(33,380)
Other expenditure	0	(943)	(389)	0	(1,347)	0	(429)	(1,094)	(366)	0	(1,651)	(6,218)
Total Operating Expenditure	(273,178)	(288,377)	(309,960)	(324,493)	(342,131)	(357,161)	(376,718)	(394,260)	(411,418)	(429,978)	(450,927)	(3,685,423)
Operating Result	(5,156)	5,632	9,023	17,937	24,223	34,866	33,930	36,804	41,430	45,623	48,247	297,715
Non Operating Revenue												
Capital Grants, Subsidies and Contributions	52,177	46,804	53,372	17,911	15,370	24,655	28,561	18,554	32,077	15,427	43,111	295,843
Physical assets received from developers	130,000	50,000	25,000	50,000	25,000	50,000	25,000	50,000	25,000	50,000	25,000	375,000
TPS Income	26,558	5,653	397	24,191	8,105	8,739	6,477	190	5,511	4,828	4,763	68,853
DCP Income	9,203	3,941	4,149	19,504	13,850	19,400	37,134	30,742	35,193	35,117	32,603	231,633
TPS Expenses	(26,060)	(3,064)	(247)	(21,052)	(218)	(1,615)	(218)	(190)	(779)	(96)	(31)	(27,509)
DCP Expenses	(1,199)	(1,239)	(1,239)	(1,239)	(1,239)	(594)	(492)	(492)	(492)	(492)	(492)	(8,008)
Profit on asset disposal	11,843	0	12,402	12,712	0	2,170	6,673	13,681	2,337	7,187	14,733	71,894
Loss on asset disposal	(659)	0	0	0	0	0	0	0	0	0	0	0
Total Non Operating Expenditure	201,863	102,094	93,834	102,027	60,869	102,755	103,137	112,485	98,847	111,970	119,687	1,007,705
Net Result	196,707	107,726	102,857	119,964	85,091	137,621	137,067	149,290	140,277	157,593	167,934	1,305,420

15.2 Statement of Financial Activity

This high-level financial statement provides a comprehensive overview of the City’s projected financial performance, funding movements and the closing funding position over the 10-year planning horizon. It consolidates operating and non-operating revenues & expenditures, loan proceeds and principal repayments, transfers to/from cash-backed reserves, capital expenditure and their funding sources, and elimination of non-cash items.

Table 8 – Statement of Financial Activity

	Revised Budget \$(’000) 25-26	1 \$(’000) 26-27	2 \$(’000) 27-28	3 \$(’000) 28-29	4 \$(’000) 29-30	5 \$(’000) 30-31	6 \$(’000) 31-32	7 \$(’000) 32-33	8 \$(’000) 33-34	9 \$(’000) 34-35	10 \$(’000) 35-36	10 Year Total \$(’000)
Operating Activities												
Inflows from Operating Activities												
Rates	174,680	192,969	212,729	233,789	255,508	278,887	295,286	312,176	329,845	348,383	367,404	2,826,977
Fees and Charges	58,136	61,280	67,964	69,663	71,405	73,190	75,020	76,895	78,818	80,788	82,808	737,831
Operating Grants, Subsidies and Contributions	8,409	18,619	19,085	19,562	20,051	20,552	21,066	21,593	22,132	22,686	23,253	208,599
Interest Revenue	23,100	17,351	15,320	15,434	15,309	15,215	14,989	16,005	17,549	19,127	20,976	167,275
Profit on Asset Disposals	11,843	0	12,402	12,712	0	2,170	6,673	13,681	2,337	7,187	14,733	71,894
Other Revenue	3,697	3,790	3,884	3,981	4,081	4,183	4,288	4,395	4,505	4,617	4,733	42,457
Total Revenues	279,865	294,009	331,384	355,142	366,354	394,198	417,322	444,745	455,186	482,787	513,906	4,055,033
Outflows from Operating Activities												
Employee Costs	(101,580)	(108,132)	(117,480)	(121,944)	(126,530)	(131,236)	(137,454)	(142,362)	(147,415)	(153,526)	(158,884)	(1,344,963)
Materials and Contracts	(101,967)	(107,129)	(114,106)	(119,882)	(125,951)	(132,328)	(139,027)	(146,065)	(153,459)	(161,228)	(169,391)	(1,368,566)
Utility Charges	(11,331)	(11,938)	(13,060)	(13,713)	(14,399)	(15,119)	(16,072)	(16,876)	(17,719)	(18,643)	(19,575)	(157,114)
Insurance	(1,743)	(1,787)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(20,538)
Finance Costs	(4,148)	(3,660)	(2,027)	(1,897)	(2,202)	(2,181)	(2,003)	(1,817)	(1,623)	(1,421)	(1,210)	(20,041)
Depreciation	(52,411)	(54,789)	(61,014)	(65,125)	(69,724)	(74,268)	(79,654)	(83,916)	(88,651)	(92,921)	(97,921)	(767,983)
Loss on Asset Disposal	(659)	0	0	0	0	0	0	0	0	0	0	0
Other Expenditure	0	(943)	(389)	0	(1,347)	0	(429)	(1,094)	(366)	0	(1,651)	(6,218)
Total Expenses	(273,838)	(288,377)	(309,960)	(324,493)	(342,131)	(357,161)	(376,718)	(394,260)	(411,418)	(429,978)	(450,927)	(3,685,423)
Non-Cash Amounts Excluded from Operating Activities	41,227	54,789	48,612	52,414	69,724	72,098	72,980	70,235	86,314	85,734	83,188	696,088
Total Operating Activities	47,255	60,421	70,037	83,062	93,947	109,135	113,584	120,720	130,081	138,543	146,168	1,065,698

Long Term Financial Plan 2026/27-2035/36 – City of Wanneroo

	Revised Budget \$('000) 25-26	1 \$('000) 26-27	2 \$('000) 27-28	3 \$('000) 28-29	4 \$('000) 29-30	5 \$('000) 30-31	6 \$('000) 31-32	7 \$('000) 32-33	8 \$('000) 33-34	9 \$('000) 34-35	10 \$('000) 35-36	10 Year Total \$('000)
Investing Activities												
Inflows from Investing Activities												
Capital Grants, Subsidies and Contributions	52,177	46,804	53,372	17,911	15,370	24,655	28,561	18,554	32,077	15,427	43,111	295,843
Physical Assets Received from Developers	130,000	50,000	25,000	50,000	25,000	50,000	25,000	50,000	25,000	50,000	25,000	375,000
DCP Revenue	9,203	24,098	27,008	27,605	32,646	30,038	32,949	42,158	42,330	49,174	48,837	356,844
TPS Revenue	26,558	7,160	3,363	22,248	2,261	4,466	2,128	615	2,001	0	0	44,241
Proceeds from Disposal of Assets	2,011	982	20,335	21,092	1,879	4,552	11,531	22,278	4,856	12,603	24,451	124,559
Distributions from Investments in Associates	11,667	11,667	3,155	0	0	0	0	0	0	0	0	14,821
Total Inflows	231,615	140,711	132,233	138,856	77,156	113,711	100,169	133,606	106,263	127,204	141,399	1,211,308
Outflows from Investing Activities												
Purchase of Propety, Plant and Equipment	(91,782)	(140,988)	(85,682)	(87,499)	(82,438)	(115,394)	(111,394)	(87,244)	(84,063)	(72,048)	(125,551)	(992,301)
Purchase and Construction of Infrastructure	(51,808)	(71,417)	(76,012)	(62,379)	(66,343)	(53,868)	(56,279)	(58,174)	(74,933)	(77,473)	(68,917)	(665,796)
DCP Expenses	(1,199)	(1,239)	(1,239)	(1,239)	(1,239)	(594)	(492)	(492)	(492)	(492)	(492)	(8,008)
TPS Expenses	(26,060)	(3,064)	(247)	(21,052)	(218)	(1,615)	(218)	(190)	(779)	(96)	(31)	(27,509)
Total Outflows	(170,848)	(216,709)	(163,180)	(172,170)	(150,238)	(171,472)	(168,382)	(146,099)	(160,266)	(150,109)	(194,991)	(1,693,614)
Non-Cash Amounts Excluded from Investing Activities	(138,502)	(71,664)	(50,825)	(56,157)	(37,952)	(56,365)	(16,466)	(61,842)	(28,627)	(59,230)	(36,471)	(475,600)
Total Investing Activities	(77,735)	(147,662)	(81,772)	(89,471)	(111,034)	(114,126)	(84,679)	(74,335)	(82,630)	(82,134)	(90,062)	(957,906)
Financing Activities												
Inflows from Financing Activities												
Transfers from Reserves	76,461	188,797	92,129	121,402	101,115	113,753	110,429	101,771	104,734	108,707	115,088	1,157,925
Movement in Restricted Grants, Contributions and Loans	0	(28,157)	7,286	(6,245)	5,210	(3,683)	(4,305)	(4,491)	(4,685)	(4,887)	(5,098)	(49,055)
Transfers from Development Contribution Plans	26,557	0	0	0	0	0	0	0	0	0	0	0
Total Inflows	103,018	160,640	99,415	115,157	106,325	110,070	106,124	97,280	100,049	103,820	109,990	1,108,870
Outflows from Financing Activities												
Transfers to Reserves	(46,821)	(76,300)	(87,680)	(108,749)	(89,238)	(105,078)	(135,024)	(143,659)	(147,496)	(160,218)	(166,085)	(1,219,527)
Transfers to Development Contribution Plans	(26,557)	0	0	0	0	0	0	0	0	0	0	0
Total Outflows	(73,378)	(76,300)	(87,680)	(108,749)	(89,238)	(105,078)	(135,024)	(143,659)	(147,496)	(160,218)	(166,085)	(1,219,527)
Total Financing Activities	29,640	84,340	11,735	6,409	17,087	4,991	(28,900)	(46,380)	(47,447)	(56,398)	(56,094)	(110,657)
Movement in Surplus / Deficit												
Surplus or Deficit at the Start of Financial Year	3,741	2,901	0	0	0	0	0	5	10	14	24	2,953
Amount Attributable to Operating Activities	47,255	60,421	70,037	83,062	93,947	109,135	113,584	120,720	130,081	138,543	146,168	1,065,698
Amount Attributable to Investing Activities	(77,735)	(147,662)	(81,772)	(89,471)	(111,034)	(114,126)	(84,679)	(74,335)	(82,630)	(82,134)	(90,062)	(957,906)
Amount Attributable to Financing Activities	29,640	84,340	11,735	6,409	17,087	4,991	(28,900)	(46,380)	(47,447)	(56,398)	(56,094)	(110,657)
Surplus / (Deficit) After Imposition of Rates	2,901	0	0	0	0	0	5	10	14	24	35	88

15.3 Statement of Cash Flows

This statement provides information about the City’s cash inflows and outflows. It helps users of financial statements assess the entity’s ability to generate cash and cash equivalents, as well as its requirements for utilising those resources. Such information is essential for evaluating the timing, certainty, and sufficiency of cash flows, which supports informed decision-making.

Table 9 – Statement of Cash Flows

	Revised Budget	1	2	3	4	5	6	7	8	9	10	10 Year Total
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	
Operating Activities												
Inflows from Operating Activities												
Rates	174,680	192,969	212,729	233,789	255,508	278,887	295,286	312,176	329,845	348,383	367,404	2,826,977
Operating Grants, Subsidies and Contributions	8,409	18,619	19,085	19,562	20,051	20,552	21,066	21,593	22,132	22,686	23,253	208,599
Fees and Charges	58,136	61,280	67,964	69,663	71,405	73,190	75,020	76,895	78,818	80,788	82,808	737,831
Interest Revenue	23,100	17,351	15,320	15,434	15,309	15,215	14,989	16,005	17,549	19,127	20,976	167,275
Other Revenue	3,697	3,790	3,884	3,981	4,081	4,183	4,288	4,395	4,505	4,617	4,733	42,457
Total Revenues	268,022	294,009	318,983	342,430	366,354	392,027	410,649	431,064	452,849	475,600	499,174	3,983,138
Outflows from Operating Activities												
Employee Costs	(101,580)	(108,132)	(117,480)	(121,944)	(126,530)	(131,236)	(137,454)	(142,362)	(147,415)	(153,526)	(158,884)	(1,344,963)
Materials and Contracts	(101,967)	(107,129)	(114,106)	(119,882)	(125,951)	(132,328)	(139,027)	(146,065)	(153,459)	(161,228)	(169,391)	(1,368,566)
Utility Charges	(11,331)	(11,938)	(13,060)	(13,713)	(14,399)	(15,119)	(16,072)	(16,876)	(17,719)	(18,643)	(19,575)	(157,114)
Finance Costs	(4,148)	(3,660)	(2,027)	(1,897)	(2,202)	(2,181)	(2,003)	(1,817)	(1,623)	(1,421)	(1,210)	(20,041)
Insurance	(1,743)	(1,787)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(20,538)
Other Expenditure	0	(943)	(389)	0	(1,347)	0	(429)	(1,094)	(366)	0	(1,651)	(6,218)
Total Expenses	(220,768)	(233,588)	(248,945)	(259,367)	(272,407)	(282,893)	(297,065)	(310,344)	(322,768)	(337,057)	(353,006)	(2,917,440)
Net Cash Provided by Operating Activities	47,254	60,421	70,037	83,062	93,947	109,135	113,584	120,720	130,081	138,543	146,168	1,065,698
Cash Flows from Investing Activities												
Payments for Purchase of Property, Plant & Equipment	(91,782)	(137,550)	(81,554)	(81,252)	(74,685)	(101,991)	(96,054)	(73,395)	(68,994)	(57,691)	(98,080)	(871,246)
Payments for Construction of Infrastructure	(51,808)	(74,856)	(80,141)	(68,627)	(74,097)	(67,271)	(71,619)	(72,022)	(90,002)	(91,831)	(96,388)	(786,851)
Capital Grants, Subsidies and Contributions	52,177	46,804	53,372	17,911	15,370	24,655	28,561	18,554	32,077	15,427	43,111	295,843
Town Planning Income	35,761	9,594	4,546	43,695	21,955	28,139	43,611	30,932	40,703	39,944	37,366	300,485
Town planning Expenses	(27,259)	(4,303)	(1,486)	(22,291)	(1,456)	(2,210)	(709)	(681)	(1,270)	(587)	(523)	(35,518)
Proceeds from Asset Disposal	2,011	982	20,335	21,092	1,879	4,552	11,531	22,278	4,856	12,603	24,451	124,559
Net Movements in Investments	24,167	110,990	1,483	14,597	17,721	12,948	(20,246)	(42,315)	(39,253)	(46,683)	(46,233)	(36,991)
Net Cash Used in Investing Activities	(56,733)	(48,338)	(83,443)	(74,874)	(93,313)	(101,178)	(104,925)	(116,650)	(121,883)	(128,818)	(136,295)	(1,009,718)
Cash Flows From Financing Activities												
Net Movements in Borrowings	0	(28,157)	7,286	(6,245)	5,210	(3,683)	(4,305)	(4,491)	(4,685)	(4,887)	(5,098)	(49,055)
Repayment of Leases	(272)	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (Used in) Financing Activities	(272)	(28,157)	7,286	(6,245)	5,210	(3,683)	(4,305)	(4,491)	(4,685)	(4,887)	(5,098)	(49,055)
Net Increase (Decrease) in Cash Held	(9,750)	(16,074)	(6,121)	1,944	5,844	4,273	4,354	(421)	3,513	4,838	4,774	6,925
Cash at Beginning of Year	42,063	32,313	16,239	10,118	12,062	17,906	22,179	26,532	26,112	29,625	34,464	227,551
Cash and Cash Equivalents at the End of Year	32,313	16,239	10,118	12,062	17,906	22,179	26,532	26,112	29,625	34,464	39,238	234,476

15.4 Statement of Financial Position

This financial statement illustrates the effect of the LTFP proposals on the City’s assets and liabilities. It provides insight into whether these proposals lead to an improvement or deterioration in the City’s overall financial position.

Table 10 – Statement of Financial Position

	Revised Budget \$(’000) 25-26	1 \$(’000) 26-27	2 \$(’000) 27-28	3 \$(’000) 28-29	4 \$(’000) 29-30	5 \$(’000) 30-31	6 \$(’000) 31-32	7 \$(’000) 32-33	8 \$(’000) 33-34	9 \$(’000) 34-35	10 \$(’000) 35-36
Current Assets											
Inflows from Operating Activities											
Unrestricted Cash and Equivalents	32,313	16,239	10,118	12,062	17,906	22,179	26,532	26,112	29,625	34,464	39,238
Other Financial Assets (Unrestricted)	47,057	47,057	47,057	47,057	47,057	47,057	47,057	47,057	47,057	47,057	47,057
Restricted Cash and Cash Equivalent											
- Cashed Back Reserve	348,543	236,046	231,597	218,943	207,066	198,392	222,987	264,876	307,638	359,149	410,145
- Town Planning Scheme	76,010	77,517	80,483	78,539	72,695	68,423	64,073	64,499	60,990	56,162	51,399
- Unspent Grants and Contributions	20,970	20,970	20,970	20,970	20,970	20,970	20,970	20,970	20,970	20,970	20,970
Receivables	39,297	39,255	39,255	39,255	39,255	39,255	39,255	39,255	39,255	39,255	39,255
Inventories	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709
Total Current Assets	567,898	440,792	433,189	420,535	408,658	399,984	424,583	466,478	509,244	560,765	611,773
Non Current Assets											
Other Receivables	4,990	4,990	4,990	4,990	4,990	4,990	4,990	4,990	4,990	4,990	4,990
Inventories	14,428	14,428	14,428	14,428	14,428	14,428	14,428	14,428	14,428	14,428	14,428
Property Plant and Equipment	654,873	778,345	834,848	888,010	938,636	1,012,995	1,075,455	1,108,417	1,140,173	1,154,998	1,203,168
Infrastructure Roads	1,645,805	1,683,660	1,702,077	1,743,179	1,768,611	1,799,212	1,808,493	1,831,893	1,856,891	1,897,264	1,917,215
Infrastructure Other	997,555	1,037,722	1,072,758	1,094,166	1,106,293	1,124,286	1,137,617	1,161,078	1,168,648	1,184,839	1,185,998
Investment in Associates	27,033	27,033	27,033	27,033	27,033	27,033	27,033	27,033	27,033	27,033	27,033
Indexation of Capex	0	5,181	12,972	23,673	37,666	57,325	80,414	103,497	131,998	161,793	204,343
Total Non Current Assets	3,344,684	3,551,359	3,669,106	3,795,478	3,897,657	4,040,269	4,148,431	4,251,336	4,344,162	4,445,346	4,557,175
Total Assets	3,912,582	3,992,152	4,102,294	4,216,014	4,306,315	4,440,253	4,573,015	4,717,813	4,853,406	5,006,112	5,168,947
Current Liabilities											
Trade and Other Payables	80,847	80,847	80,847	80,847	80,847	80,847	80,847	80,847	80,847	80,847	80,847
Other Current Liabilities	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069	36,069
Current Portion of Long-term Borrowings	65,978	3,714	6,245	3,790	8,683	4,305	4,491	4,685	4,887	5,098	4,103
Provisions	17,111	17,111	17,111	17,111	17,111	17,111	17,111	17,111	17,111	17,111	17,111
Total Current Liabilities	200,006	137,742	140,272	137,818	142,711	138,333	138,519	138,713	138,915	139,126	138,131
Non Current Liabilities											
Long-term Borrowings	8,356	42,463	47,218	43,429	43,745	44,440	39,950	35,265	30,378	25,280	21,176
Other Non-Current Liabilities	103,738	103,738	103,738	103,738	103,738	103,738	103,738	103,738	103,738	103,738	103,738
Provisions	15,238	15,238	15,238	15,238	15,238	15,238	15,238	15,238	15,238	15,238	15,238
Total Non Current Liabilities	127,332	161,439	166,194	162,405	162,721	163,416	158,926	154,241	149,354	144,256	140,152
Total Liabilities	327,338	299,181	306,467	300,222	305,432	301,749	297,444	292,953	288,269	283,382	278,284
Net Assets	3,585,244	3,692,970	3,795,828	3,915,791	4,000,883	4,138,504	4,275,571	4,424,860	4,565,137	4,722,730	4,890,664
Equity											
Retained Surplus	1,583,792	1,804,015	1,911,321	2,043,938	2,140,907	2,287,202	2,399,674	2,507,075	2,604,589	2,710,671	2,827,609
Reserves - Cash Backed	348,543	236,046	231,597	218,943	207,066	198,392	222,987	264,876	307,638	359,149	410,145
Reserves Revaluation	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910
Total Equity	3,585,244	3,692,970	3,795,828	3,915,791	4,000,883	4,138,504	4,275,571	4,424,860	4,565,137	4,722,730	4,890,664

15.5 Statement of Equity

The Equity Statement illustrates the cumulative impact of the proposals outlined in the Long-Term Financial Plan on the City’s Net Equity.

Table 11 – Statement of Equity

	Revised Budget	1	2	3	4	5	6	7	8	9	10
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Retained Surplus											
Opening Balance	1,357,445	1,583,792	1,804,015	1,911,321	2,043,938	2,140,907	2,287,202	2,399,674	2,507,075	2,604,589	2,710,671
Net Inflow / (Outflow)	226,347	220,223	107,307	132,617	96,968	146,295	112,472	107,401	97,515	106,082	116,938
Total Retained Surplus	1,583,792	1,804,015	1,911,321	2,043,938	2,140,907	2,287,202	2,399,674	2,507,075	2,604,589	2,710,671	2,827,609
Reserves - Cash Backed											
Opening Balance	378,183	348,543	236,046	231,597	218,943	207,066	198,392	222,987	264,876	307,638	359,149
Net Inflow / (Outflow)	(29,640)	(112,497)	(4,449)	(12,653)	(11,877)	(8,675)	24,595	41,889	42,762	51,511	50,996
Total Reserves - Cash Backed	348,543	236,046	231,597	218,943	207,066	198,392	222,987	264,876	307,638	359,149	410,145
Reserves - Revaluation											
Opening Balance	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910
Net Inflow / (Outflow)	0	0	0	0	0	0	0	0	0	0	0
Total Reserves - Revaluation	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910	1,652,910
Total Equity	3,585,244	3,692,970	3,795,828	3,915,791	4,000,883	4,138,504	4,275,571	4,424,860	4,565,137	4,722,730	4,890,664

15.6 Reserves Schedule

Reserves are funds retained by the City to help meet future needs. Holding a certain amount of funds in reserve can help the City to operate effectively in challenging economic times, as well as facilitate planning for major works in the future.

Table 12 – Reserves Schedule

	Revised Budget \$('000)	1 \$('000)	2 \$('000)	3 \$('000)	4 \$('000)	5 \$('000)	6 \$('000)	7 \$('000)	8 \$('000)	9 \$('000)	10 \$('000)
	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Reserves - Restricted by Council											
Asset Replacement/Enhancement	59,232	44,456	27,914	14,775	8,742	4,262	5,149	3,682	27,726	34,689	37,750
Coastal Management	11,985	12,272	11,327	8,551	7,508	4,563	6,759	6,213	9,730	12,421	13,794
Golf Courses	11,897	13,206	6,437	6,910	8,409	9,985	11,641	13,381	15,208	17,126	19,137
Information, Communication and Technology Reserve	14,172	12,213	8,562	10,090	6,871	5,872	8,409	8,690	12,589	13,914	15,833
Leave Liability	15,426	9,927	9,927	9,927	9,927	9,927	9,927	9,927	9,927	9,927	9,927
Loan Repayment	60,778	0	0	0	0	0	0	0	0	0	0
Neerabup Development	11,349	2,251	10,786	15,275	7,173	704	2,812	21,871	17,239	23,857	45,089
Plant Replacement	26,749	16,931	14,394	17,147	9,655	9,911	15,603	17,031	16,378	15,287	16,517
Regional Recreational	40,912	19,281	14,860	6,806	2,010	2,070	11,852	21,614	24,653	34,768	30,450
Strategic Property	14,496	16,772	17,595	18,123	18,666	19,226	24,803	25,547	27,314	31,133	44,067
Strategic Projects / Initiatives	13,291	6,565	5,888	3,989	3,717	4,168	9,074	14,346	24,777	39,020	43,191
Waste Management	7,032	5,926	5,526	5,246	4,665	4,234	3,383	3,147	2,965	2,280	2,266
Total -Reserves - Restricted by Council	287,319	159,802	133,216	116,838	87,343	74,922	109,414	145,450	188,506	234,423	278,022
Reserves - Restricted by Legislation/Agreement											
Alkimos/Eglinton Coastal Corridor Community Facilities	38,021	43,660	49,051	43,648	42,387	35,079	10,810	9,331	12,116	9,398	1,913
Cash in Lieu of Public Open Space prior to 10 April 2006 and post 12 September 2020	3,119	3,221	3,317	3,417	3,520	3,625	3,734	3,846	3,961	4,080	4,202
Clarkson / Butler Planning District (TPS 20)	9,912	10,121	10,309	9,099	7,937	6,704	6,906	7,113	7,326	7,546	7,772
East Wanneroo DCP (Proposed)	0	11,861	26,268	36,753	53,419	69,174	79,815	83,516	78,653	85,407	100,345
Section 152 (formerly Section 20A Land Reserve)	894	923	951	979	1,009	1,039	1,070	1,102	1,135	1,169	1,205
Yanchep /Two Rocks DCP (Proposed)	0	0	0	0	0	0	3,392	6,670	8,093	9,278	8,839
Yanchep/Two Rocks Coastal Corridor Community Facilities	9,278	6,458	8,484	8,208	11,451	7,847	7,847	7,847	7,847	7,847	7,847
Total Reserves - Restricted by Legislation/Agreement	61,224	76,244	98,380	102,105	119,723	123,470	113,573	119,426	119,132	124,726	132,124
Total Reserves	348,543	236,046	231,597	218,943	207,066	198,392	222,987	264,876	307,638	359,149	410,145

15.7 Financial Ratios

The below ratios are performance indicators based on the information contained within the LTFP. They are calculated and assessed in accordance with the Department of Local Government’s Guidelines. (Green colour represents achieving benchmark score, while Amber colour refers to below the benchmark score)

Table 13 – Financial Ratios

	Revised Budget \$('000) 25-26	1 \$('000) 26-27	2 \$('000) 27-28	3 \$('000) 28-29	4 \$('000) 29-30	5 \$('000) 30-31	6 \$('000) 31-32	7 \$('000) 32-33	8 \$('000) 33-34	9 \$('000) 34-35	10 \$('000) 35-36
Operating Surplus Ratio											
Adjusted Operating Surplus	(906)	17,048	29,662	22,134	28,439	39,103	38,517	41,251	45,727	49,939	52,584
Adjusted Operating Revenue	284,116	305,425	352,023	359,338	370,571	398,434	421,909	449,192	459,482	487,104	518,243
	(0.00)	0.06	0.08	0.06	0.08	0.10	0.09	0.09	0.10	0.10	0.10
Benchmark Score is 0.0.											
Debt Service Coverage Ratio											
Adjusted Operating Surplus	51,402	64,081	72,064	84,959	96,148	111,316	115,587	122,537	131,704	139,964	147,378
Debt Service Costs	4,148	71,816	5,741	8,141	5,991	10,864	6,308	6,308	6,308	6,308	6,308
	12.39	0.89	12.55	10.44	16.05	10.25	18.32	19.43	20.88	22.19	23.36
Benchmark Score is 2.											
Current Ratio											
Unrestricted Current Assets	122,375	106,260	100,139	102,083	107,927	112,200	116,553	116,133	119,646	124,484	129,259
Current Liabilities associated with Unrestricted Current Assets	148,511	91,746	94,276	91,821	96,714	92,336	92,522	92,716	92,918	93,129	92,135
	0.82	1.16	1.06	1.11	1.12	1.22	1.26	1.25	1.29	1.34	1.40
Benchmark Score is 1.0.											
Net Financial Liability Ratio											
Net Financial Liabilities	(268,874)	(169,925)	(155,036)	(148,627)	(131,540)	(126,548)	(155,453)	(201,838)	(249,289)	(305,698)	(361,803)
Operating Revenue	268,022	294,009	318,983	342,430	366,354	392,027	410,649	431,064	452,849	475,600	499,174
	(1.00)	(0.58)	(0.49)	(0.43)	(0.36)	(0.32)	(0.38)	(0.47)	(0.55)	(0.64)	(0.72)
Benchmark Score is less than 0.30.											
Asset Consumption Ratio											
Depreciated Replacement Cost of Assets	3,023,052	3,204,499	3,318,974	3,422,841	3,514,620	3,652,006	3,760,683	3,870,169	3,957,863	4,059,848	4,178,848
Replacement Cost of Depreciable Assets	3,106,186	3,279,301	3,473,369	3,660,532	3,837,906	4,067,052	4,267,983	4,477,389	4,661,445	4,868,137	5,087,702
	0.97	0.98	0.96	0.94	0.92	0.90	0.88	0.86	0.85	0.83	0.82
Benchmark Score is between 0.60 to 0.75.											
Asset Sustainability Ratio											
Capital Renewal and Replacement Expenditure	24,669	55,452	49,893	34,946	38,871	35,304	34,266	34,352	37,791	42,525	38,780
Depreciation	52,411	54,789	61,014	65,125	69,724	74,268	79,654	83,916	88,651	92,921	97,921
	0.47	1.01	0.82	0.54	0.56	0.48	0.43	0.41	0.43	0.46	0.40
Benchmark Score is 0.90.											

15.8 Assumptions

The following assumptions have been used in formulating the LTFP. These variables will be reviewed and adjusted regularly to reflect prevailing economic conditions and the City’s priorities:

Table 14 - Assumptions

Assumptions	1	2	3	4	5	6	7	8	9	10
	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
OPERATIONS-Revenue										
Rates - Base	6.00%	6.00%	6.00%	5.50%	5.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates - Dwelling Growth	4.47%	4.24%	3.90%	3.79%	3.65%	3.38%	3.22%	3.16%	3.12%	2.96%
Operating grants, subsidies and contributions	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Interest Yield	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other revenue	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OPERATIONS-Expenditure										
Employee costs - establishment	4.25%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs - growth in FTEs	1.49%	1.41%	1.30%	1.26%	1.22%	1.13%	1.07%	1.05%	1.04%	0.99%
Materials and contracts	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and contracts - Growth due to increase in Asset Levels	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utility charges - Increase due to growth	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utility charges - Increase in Government Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance expense	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenditure	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CAPITAL-Assets										
Average Depreciation - PPE (Buildings)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average Depreciation - PPE (Other)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Average Depreciation - Plant & Vehicles	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Average Depreciation - Infrastructure Roads	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Average Depreciation - Infrastructure Other	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
CPI Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

16.0 Disclaimer

This report is provided for informational purposes only and may not be relied upon by any person except with the City of Wanneroo's express written consent. The City acknowledges that the report may be made available to the public, without obtaining the City's consent.

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

The information in this report is provided by the City in good faith on the basis of information available and supplied to the City. The City has not independently verified the information supplied to it. Accordingly, the City does not represent that the information contained in this report is accurate or complete, and it should not be relied upon as such. The City is under no obligation or duty to notify anyone if there is any change in any information or any new information, or if it forms a different opinion at any time after the date of this report.

To the extent permitted by law, neither the City nor any of its employees, contractors, servants or agents accept any responsibility or liability (including, without limitation, liability in negligence) for any expense, damage, claim, cause of action, loss or costs incurred by any person, directly or indirectly, relying or acting, or refraining to act, on the basis of the content of this report.