



BRIEFING PAPERS FOR ELECTED MEMBERS' BRIEFING SESSION

Draft Only

SUPPLEMENTARY ITEMS AGENDA

to be held at
the Council Chambers, Civic Centre, Dundebur Road, Wanneroo
on 12 September, 2017 commencing at 6.00PM



Briefing Papers for Tuesday 12 September, 2017

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Item 5 Supplementary Reports

5.1 Review of the Long Term Financial Plan 2017/18-2036/37

File Ref:	30249 – 17/295039
Responsible Officer:	Director Corporate Strategy and Performance
Disclosure of Interest:	Nil
Attachments:	1

Issue

To outline the development of the Long Term Financial Plan 2017/18-36/37 (LTFP).

Background

The 2017/18 Integrated Planning & Reporting (IPR) development process commenced early in 2017 with a series of workshops with Elected Members. There were four workshops, with the subsequent adoption of the City's Budget on the 27 June 2017. Two additional workshops were held on the 3 July and 29 August to review the Long Term Financial Plan and discuss the Long Term Capital Works Program. These workshops focused on the assumptions and parameters of the 20 Year Long Term Financial Plan.

The August workshop considered three scenarios which provided a view of the impact of rating strategies and cost assumptions on the City's operating result. Upon discussion the Elected Members agreed that the 2017/18 LTFP should be based on a balanced approach scenario, referred to as Scenario 3, designed at keeping operating results within a targeted range. Rates increases for this scenario were within the range of CPI +0.5% to CPI +2%, and cost increases within the range of CPI to CPI +2.5%. Reflecting this prudent approach the municipally funded capital works program for the first four years of the plan was set within the range of \$23m to \$25m. The capital works plan incorporated key strategic projects and took into account the Active Reserves Masterplan.

Detail

The Draft Long Term Financial Plan (**Attachment 1**) uses the 2017/18 Budget to reflect the current financial position ('the baseline'). The estimates for future years use this baseline as the starting point and then projects future years using assumptions from a variety of sources including:

- City Strategy and Planning documents
- Capital Works Programs
- Asset Management Plans
- id forecast
- State and Federal Budgets
- Economic Forecasts from WA Treasury Corporation and WALGA

These assumptions are recurring and have an ongoing impact more so than one-off capital expenditures. However, the most important set of inputs to the plan are the City's Strategic Community Plan, Corporate Business Plan, and Capital Works Program.

The variables have been adjusted to enable the City to present a stable financial result which provides the community services and required capital works over the next 20 years. To

achieve this result a realistic rating scenario has been developed which adjusts rates within an acceptable range to achieve the desired outcome.

The supporting narrative has been updated in the Long Term Financial Plan to reflect these changes. Consideration has also been given to ensure compliance with the *Local Government Act 1995*, Sections 6.34 (a) and (b) that the proposed rating strategy is within the limit on income from general rates of not less than 90% or more than 110% of the budget deficiency.

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

General

- This Plan covers a period of 20 years.

Variables

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

Population Growth	The population forecasts by .id Forecast have been applied.
Consumer Price Index - (CPI)	Department of Treasury have provided forecast data up to 2018/19. Perth CPI was forecasted to increase to 2.25% in 2017/18 then to 2.5% in the following years. The rate of 2.5% has been used to determine: Operating Grants, Subsidies and Contributions, Fees and Charges, Other Revenue, Insurance, and Other Expenditure.
Rates Base	Based on the current rate increase for 2017/18 of 2.45% with future increases set to CPI + 0.5% to 2%. This is based on a balanced approach to achieve either a small operating surplus or a minimal deficit.
Rates Growth	Based on the population growth forecast provided by id Forecast. The projected figure in 2018/19 is 3.65%, decreasing over the remaining years to 2.40% by 2036/37.
Operating Grants etc.	Based on the Perth CPI figures as quoted above.
Fees and Charges	Based on the Perth CPI figures as quoted above.
Interest Yield	Based on the current yield at 2.75% for the life of the Plan.
Other Revenue	Based on the Perth CPI figures as quoted above.
Employee – Establishment	Costs are based on the current Enterprise Agreement which consists of 3% in 2017/18 and 3% in 2018/19. For the following projected years the current CPI index rate + 0.5% to 2.0% is used. Superannuation Guarantee costs are projected to increase from 9.5% to 12% and have also been incorporated into the plan.
Employee – Growth	It is intended to minimise growth of employee numbers by funding improvements to technology, whilst taking into consideration the City's expansion including new facilities. Employee growth has been set at 1.5% every year for the life of the Plan.

Materials & Contracts	Based on the current CPI index rate + 0.5% to 2.0% throughout the life of the plan.
Materials & Contracts – Asset Growth	Calculation of historical data has shown that the increase in maintenance and other materials costs has been consistently in the 5% range.
Utility Charges	With regular annual increases in Government charges plus consistent increases in City growth, this variable has been kept at 10% for the first 10 years of the LTFP. This is also consistent with past trends. However from Years 11 to 20 the rate has been decreased to 7.5% based on future initiatives that will be implemented by the City.
Depreciation	Is calculated from current asset values and future assets from the capital works program. These increases taper off from 4% in Years 2 to 5, to 3.5% in Years 6 to 14 and 3% in Years 15 to 20.
Insurance	Based on the Perth CPI figures as quoted above.
Other Expenditure	Based on the Perth CPI figures as quoted above.

Consultation

This document has been prepared in consultation with the Executive Leadership Team and the Elected Members.

Comment

It is anticipated that the Draft 20 Year Long Term Financial Plan and associated 20 Year Capital Works Program will provide some clarity for the long term financial sustainability of the City and present the community with a timeframe of when major capital projects are likely to occur. Through the review of this report and its supporting documents and any subsequent discussions, the Long Term Financial Plan will be prepared for adoption by Council on the 19 September 2017.

Statutory Compliance

As per the Department of Local Government and Communities guidance notes and the Integrated Planning & Reporting Framework.

Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2017 – 2027:

“4 Civic Leadership

4.2 Good Governance

4.2.2 Provide responsible resource and planning management which recognises our significant future growth”

Risk Management Considerations

Risk Title	Risk Rating
Strategic Community Plan	Low

Accountability	Action Planning Option
Director Corporate Strategy and Performance	Manage

Risk Title	Risk Rating
Integrated Planning and Reporting	Low
Accountability	Action Planning Option
Executive Leadership Team	Manage

Risk Title	Risk Rating
Financial Management	Low
Accountability	Action Planning Option
Executive Leadership Team	Manage

Risk Title	Risk Rating
Long Term Financial Plan	Moderate
Accountability	Action Planning Option
Director Corporate Strategy and Performance	Manage

Risk Title	Risk Rating
Long Term Capital Works Program	Moderate
Accountability	Action Planning Option
Director Assets	Manage

The above risks relating to the issue contained within this report have been identified and considered within the City's Strategic and Corporate risk registers. Action plans have been developed to manage these risks and to support existing management systems.

Policy Implications

This report and attachments are aligned to the guidelines identified with the Strategic Budget Policy.

Financial Implications

As outlined in the attachments to this report.

Voting Requirements

Simple Majority

Recommendation

That Council APPROVES the Long Term Financial Plan 2017/18-2036/37 as detailed in Attachment 1.

Attachments:
1. [2017-18 20 Year Long Term Financial Plan](#) 17/301290

City of Wanneroo

Long Term Financial Plan 2017/18–2036/37



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Strategic Financial Framework

Planning our Financial Future

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

The City has experienced significant population growth in recent years with an average annual increase of more than 6% over the past decade. By 2036, the City's population is expected to increase to over 360,000 people. Aligned to population growth, the City's service responsibilities have increased also, illustrated in the growth of infrastructure assets as shown in graph 1 and graph 2 in the Appendix.

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

It is critical that the City recognises what it can and cannot afford and with this in mind the City has developed a Long Term Financial Plan. To plan for a future in which the City operates within its means it must analyse financial trends over an extended period incorporating a range of assumptions to assess the impact of decisions on current and future sustainability.

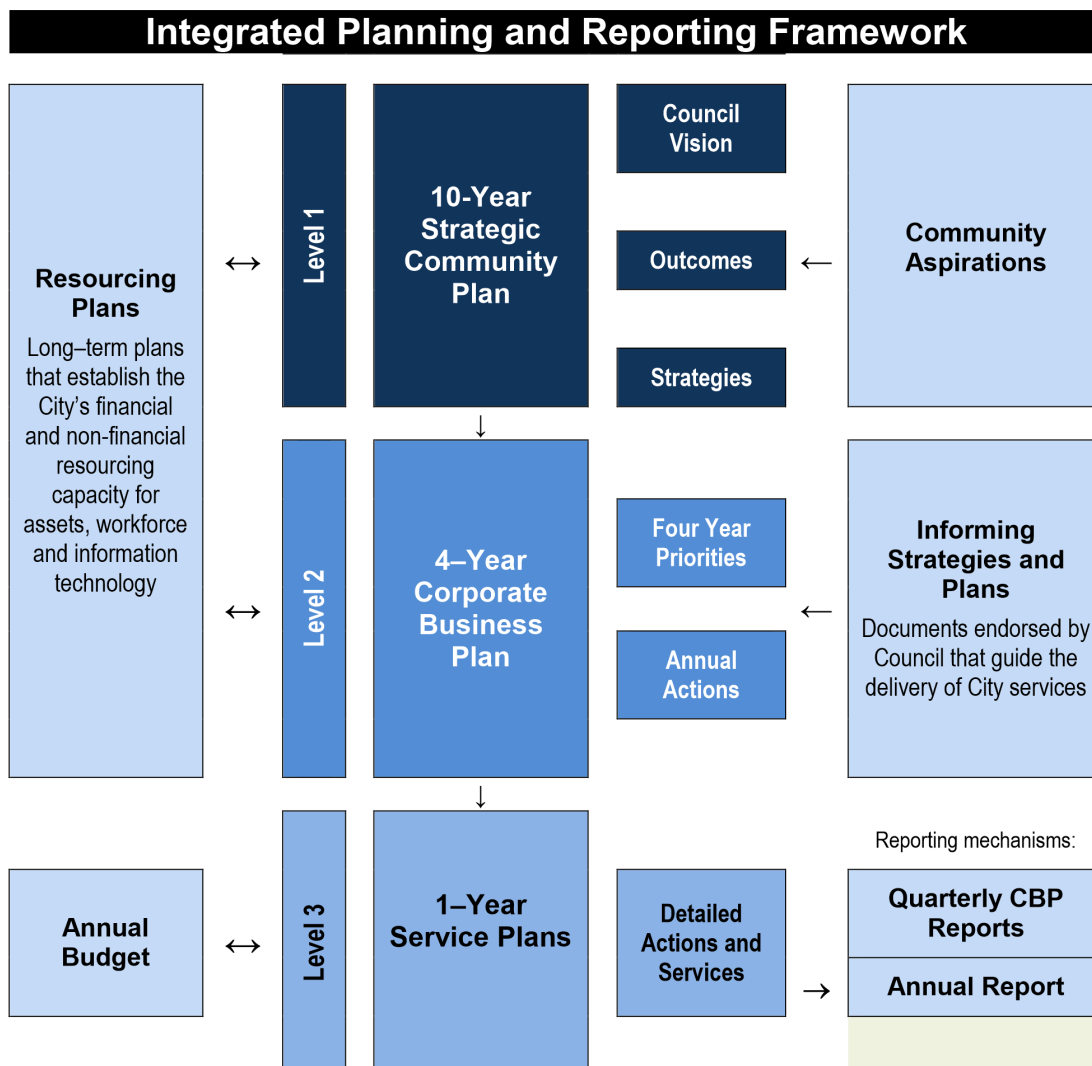
This document details the underlying principles that will help direct the City towards a financially sustainable future.

Integrated Planning and Reporting

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

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

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



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

The review resulted in a new 10-year Vision for the City, and an updated Strategic Community Plan that clearly links the community's aspirations with Council's vision and long-term strategies. Adopted in June 2017, the Corporate Business Plan 2017/18 – 2020/21 responds to and activates the Strategic Community Plan; it sets out the priorities over a four-year period which will deliver on the strategies to enable key community outcomes to be achieved. Integration of the Long Term Financial Plan – and other non-financial Resourcing Plans – with the Corporate Business Plan collectively demonstrates how the City's resourcing capacity will be prioritised and managed to deliver services and assets in a sustainable way.

Strategies to be Financially Sustainable

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

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

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

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

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

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

Operating Surpluses

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

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

The Long Term Financial Plan provides for an operating surplus in each year apart from 2017/18 (small deficit), which can then be applied towards capital projects and reserve provisions to meet future demand.

Framework of Long Term Financial Plan

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

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

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

This provides the City with the opportunity to:

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

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

Key Components

The key components of the Long Term Financial Plan are:

- Assessment of the City's current financial position and organisational capabilities for achieving longer term financial sustainability.
- Ensuring alignment with the Strategic Community Plan 2017/18– 2026/27.
- Considering Council's appropriate role and responsibilities.
- Ensuring strategic financial parameters are met in the short to medium term (years one to four).
- Ensuring a focus on high priority expenditure programs and service levels.

- Ensuring alignment with revenue and financing guidelines, including budget principles, rating policy and investment policy.
- Ensuring alignment with 20 Year Capital Works Program.
- Ensuring alignment with the Resourcing Framework, and Informing Strategies and Plans (e.g. 4 year Corporate Business Plan, Strategic Asset Management Plan and Strategic Workforce Management Plan).
- Ensuring all agreed future strategies are costed.

Financial Management Principles

Strategic Budget Policy

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

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

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

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

PRINCIPLES

1.1 Capacity to Pay

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

1.2 Intergenerational Equity

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

1.3 Funding Priority

The City recognises the competing demands for limited financial resources and endeavours to allocate resources in compliance with the objectives of this Policy.

Prioritisation of funding allocation will be based on the following: Activities requiring compliance; Risk mitigation activities or projects; Renewal, upgrade or maintenance of existing infrastructure assets; Current operational funding for programs; New programmes or assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes; and Council decisions for programmes and projects based on the current service levels demanded by the community or advised by City staff.

Rating Strategy

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

As part of the Long Term Financial Plan, the City of Wanneroo has entered the proposed 2017/18 budget and amount to be raised by rates which will allow Council to determine if the current rating strategy will meet its financial needs now and in the future.

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

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

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

As part of the inputs to the Plan, the City has developed a rating strategy to ensure financial sustainability and meet the agreed community requirements. A review of the rating strategy was finalised and adopted by Council at the Meeting held 4 April 2016.

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

PRINCIPLES

1.1 Objectivity

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

1.2 Fairness and equity

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

1.3 Consistency

The City will ensure that properties used for a similar purpose are being rated in the same way. There must be a 'reasonable degree of stability' in the rating from one year to the next. In other words, if the Long Term Financial Plan determines that a rate increase is the most sensible course of action then the rates must not be increased by an unreasonable amount.

1.4 Transparency

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

1.5 Administrative efficiency

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

1.6 Integrated Planning and Reporting Framework alignment

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

Fees and Charges

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

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

The City will be undertaking a review in 2017/18 of the application of a suitable policy and procedure to determine the level of recoveries of the City's costs for provision of services/assets. Currently, various methods of establishing fees and charges are applied across the organisation. However, the review will include methods such as market comparison, cost recovery, index existing by CPI, subsidised, and tied to regulation. A major objective of the review will be to ensure that, wherever possible, fees charged are recouping the costs involved with delivering the services.

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

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

PRINCIPLES

1.1 Acknowledges the National Competition Policy

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

1.2 User Contributes Approach

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

1.3 Costs

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

Reserves

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

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

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

PRINCIPLES

1.1 **Detailed Purpose of Reserve**

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

1.2 **Reviewed Regularly**

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

1.3 **Maintain an adequate balance**

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

Grants and Contributions

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

Whilst grants and contributions can be a useful alternative revenue source it is important that the programs and projects utilising the funding are a priority for the community.

Developer Contribution Plans (DCP)

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

Current operational scheme provisions include;

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

The City of Wanneroo has numerous infrastructure contribution areas and is working with the development industry and landowners to develop new requirements for future urban areas. The nature of the infrastructure will vary depending upon the anticipated 'need and nexus' of the infrastructure, the age of the contribution area and the timing for the provision of the required infrastructure. Each contribution scheme area will have its own infrastructure works,

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land value and contribution rate that is applied through the subdivision and development approval processes. The most common infrastructure that is provided includes public open space, open space development, regional roads, drainage and community infrastructure.

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

More specifically, the developer contribution schemes areas include;

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

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

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

The Yanchep/Two Rocks DCP operates for 10 years and is collecting funds for 3 facilities, while the Alkimos/Eglington DCP operates for 25 years and is collecting funds for 11 facilities. The balance of the Alkimos/Eglington DCP is slowly growing in advance of the first facilities required; however there is not currently adequate income being generated in the Yanchep/Two rocks DCP to fund the delivery of identified facilities. In the case of the Yanchep/Two Rocks DCP, the early provision of the infrastructure in advance of sufficient contributions being collected has required loan borrowing, the funding cost of which has been included into the DCP as a facility cost.

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

Investments

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

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

Whilst exercising the power to invest, the principle objectives are threefold in terms of preservation of capital, liquidity and the return on investment.

PRINCIPLES

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

Debt Management

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

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

PRINCIPLES

- 1.1 **Priorities**
Borrowings may be considered as a valid funding source for projects that contribute or achieve strategic goals identified in the Council's Strategic Community Plan and have an identified source of revenue.
- 1.2 **Borrowing criteria**
The criteria for borrowing will be driven by the economic climate.
- 1.3 **Debt management**
Cost / benefit analysis of borrowings will be undertaken alongside assessment and alignment to the City's strategic asset management plans and strategies. Borrowings are regularly reviewed to minimise cost to the City.

In 2006/07 the City entered into an agreement with the Western Australian Treasury Corporation (WATC) for a five year loan draw-down totalling \$60.78 million, to be repaid over

20 years. The agreement is for interest-only payments over a fixed period, with the capital due to be re-paid in December 2026.

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

Table 1: Loan Expenditure

Project Description	Approved Application	Funds Used	Funds to be Used			Approved Application
	2016/17	To 30/6/16	2016/17 *	2017/18	2018/19-19/20	2017/18
	\$	\$	\$	\$	\$	\$
WA Treasury Corp. Loan 2005/06						
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Develop Accessible and Inclusive Playground	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,481,274	1,161,024	40,000	949,000	400,000	2,550,024
Develop Wangara Industrial Area (Lot 257)	497,000	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	2,586,882	1,214,325	341,555	83,192	1,728,148	3,367,220
Kingsway Regional Playground	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,872,083	18,890,070	52,600	1,898,232	-	20,840,902
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo and Carosa Road	728,849	728,849	-	-	-	728,849
Redevelop Koondoola Precinct	1,293,000	1,293,000	-	-	-	1,293,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	-	-	-	1,214,615
Southern Suburbs Library	5,800,000	-	-	-	5,800,000	5,800,000
Upgrade Aquamotion	7,926,000	7,926,000	-	-	-	7,926,000
Upgrade Rocca Way Dundobar Road	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum and Library	10,416,178	10,416,178	-	-	-	10,416,178
Yanchep Active Open Space	56,460	56,460	-	-	-	56,460
Yanchep Lagoon - Brazier Road Realignment	3,851,445	3,859,181	-	-	-	3,859,181
Yanchep Surf Life Saving Club	1,530,000	1,157,500	-	-	-	1,157,500
	60,778,188	49,485,461	434,155	2,930,424	7,928,148	60,778,188
Commonwealth Bank Loan						
Yanchep Development Area Projects	8,862,653	-	-	-	-	-
Yanchep Active Open Space Oval Ground Works	-	-	825,045	-	-	825,045
Yanchep District Playing Fields	-	-	2,721,850	-	-	2,721,850
Yanchep District Sports Amenities Building Stage 1	-	-	357,417	938,054	-	1,295,471
Yanchep Surf Life Saving Club	-	-	1,695,688	2,324,599	-	4,020,287
	8,862,653	-	5,600,000	3,262,653	-	8,862,653
Totals	69,640,841	49,485,461	6,034,155	6,193,077	7,928,148	69,640,841

* 2016/17 figures stated are Revised Budget. End of Year Statutory Accounts not yet finalised at the time of preparation of this document.

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

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

In 2016/17 the Council borrowed funds to meet the immediate funding requirements for the Yanchep/Two Rock Developers' Contribution Plan projects. The City has forecast to borrow a total of \$8.86 million for these projects, however this is subject to the outcomes of the next annual review. There may be a requirement to borrow additional funds if current lot sale projections are not met.

Asset Management

Local Governments own and maintain a high number of assets, in particular infrastructure assets such as transport, parks and building assets which are necessary to support the delivery of services to the community. Of particular interest is the commitment to continue such services for current and future generations. With this commitment comes the ongoing maintenance and replacement obligations of these assets. The estimated replacement cost of the City's depreciable assets is \$2.6 billion.

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

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

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

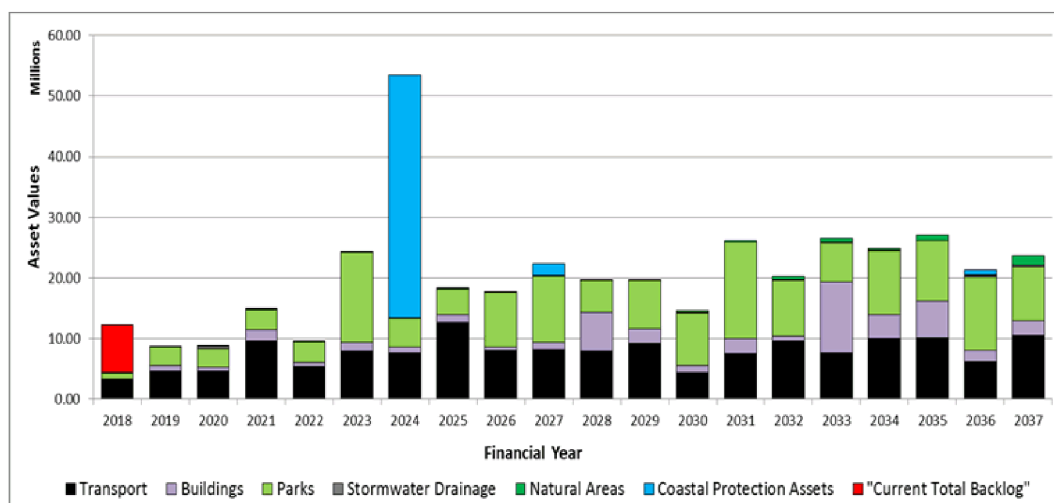
A significant challenge facing the City is how it will sustainably balance the timely provision of new facilities for the rapidly growing areas as well as ensuring that the existing portfolio of assets are maintained, refurbished and/or upgraded to suitable standards.

The City is reviewing its Asset Management Policy and Asset Management Strategy which collectively will set out how the City will implement and improve asset management practices and processes. The key objective being credible asset management plans which link to this Long Term Financial Plan. The Long Term Financial Plan captures the current asset values and the renewal gap, determining the impact of each on long term financial projections.

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

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

Figure 1: Asset Renewal Demand - 20 Year Profile



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

The spike in renewal demand in 2023/2024 as depicted in Figure 1 is attributed to the predicted renewal expenditure required for coastal infrastructure. There has been significant planning work already underway to address this requirement. Future budget allocations, and possibly grant applications will be made once the extent of works has been determined.

Apart from the impact of the spike in 2023/24, the planned annual renewal funding allocation over the 20 year period is largely aligned to the predicted annual renewal demand. This will need to be monitored in future years to ensure that the level of unfunded asset renewals (backlog) are kept at manageable levels.

Asset Performance Ratios

One of the ratios prescribed by the Department of Local Government, Sport and Cultural Industries (DLGSC) for Asset Management is the Asset Sustainability Ratio (ASR), which measures the extent of asset replacement at the end of useful life. The ratio is intended to indicate whether a local government is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is deteriorating. It is calculated by measuring capital expenditure on renewal or replacement of assets relative to the rate of depreciation of assets for the same period.

The standard set by the DLGSC is a ratio of between 90% and 110%; the current ASR for the City's assets is approximately 54%. The DLGSC's Asset Management Framework and Guidelines publication provides the following explanation in respect to the ASR:

"If capital expenditure on renewing or replacing assets is at least equal to depreciation on average over time, then the local government is ensuring the value of its existing stock of physical assets is maintained. If capital expenditure on existing assets is less than depreciation then, unless a local government's overall asset stock is relatively new, it is likely that it is underspending on renewal or replacement."

A large percentage of the City's assets are in new to very good condition with approximately 85% of the total asset base at or below condition 2 (a rating of '0' represents a new asset and a '10' represents an asset that has failed). Less than 1% of the asset base is at or above condition 8, which represents assets that require intervention.

With the City's current mix of old and new assets and continued high growth, a lower than average ASR is expected, and the current condition of assets and level of renewal expenditure confirms this position. As the asset stock ages and renewal expenditure incrementally increases the ratio should increase, however continued growth may keep it relatively lower than the industry standard.

Taking a long term outlook, the level of asset stock and renewal demand necessitates the development of strategies to address the future impact and ensure that the City can continue to grow and maintain its assets in a financially sustainable manner. Renewal expenditure is lower than the depreciation being charged and certain years experience increases in demand, and therefore an asset renewal reserve has been established. Factored into the model is a transfer to the reserve of \$2.0M per annum.

Other strategies may also be required to ensure the renewal demand and funding remains sustainable. These may include:

- target grant funding or partnerships;
- review and ensure currency of the condition rating of assets that informs the renewal intervention scheduling;
- reduce the level of service that is offered through a particular asset or asset class;
- consider opportunities to rationalise assets;
- increase rates or increase customer charges; or
- continue with regular reserve allocations to the Asset Renewal Reserve.

The City's 20-year Long Term Financial Plan is premised on providing for 'business as usual' activities over the life of the Plan, with the major changes arising from growth expectations. Over the 20 years the proposed capital spend amounts to approximately \$1.28 billion.

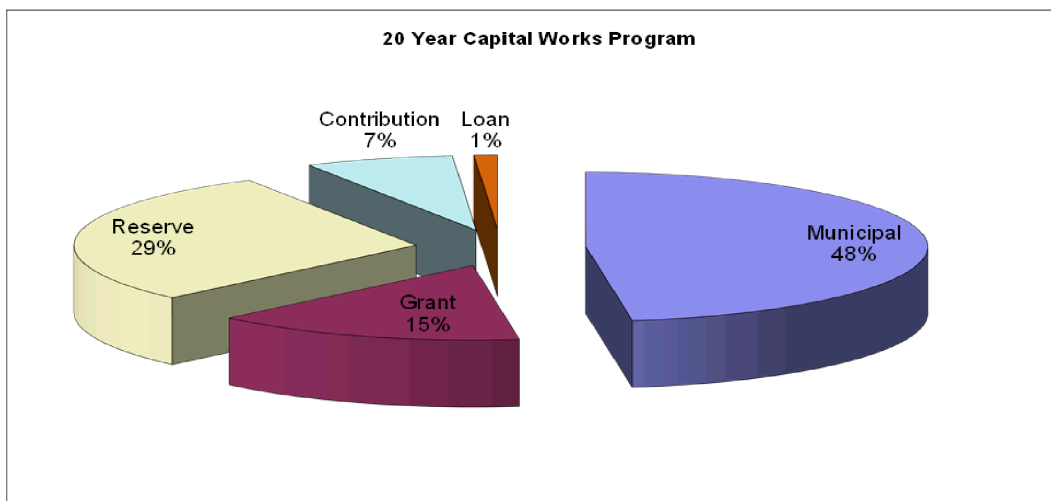
This plan includes the delivery of assets, replacement and renewal works, as well as enhancement and development of new facilities and infrastructure for the community.

The program relies on the following funding sources:

Table 2: Capital Works Funding Sources

**20 YEAR CAPITAL WORKS PROGRAM
FUNDING BREAKDOWN**

	\$M	
Municipal	611.85	47.8%
Grant	188.84	14.8%
Reserve	374.44	29.3%
Contribution	89.87	7.0%
Loan	14.12	1.1%
Grand Total	1,279.11	100%

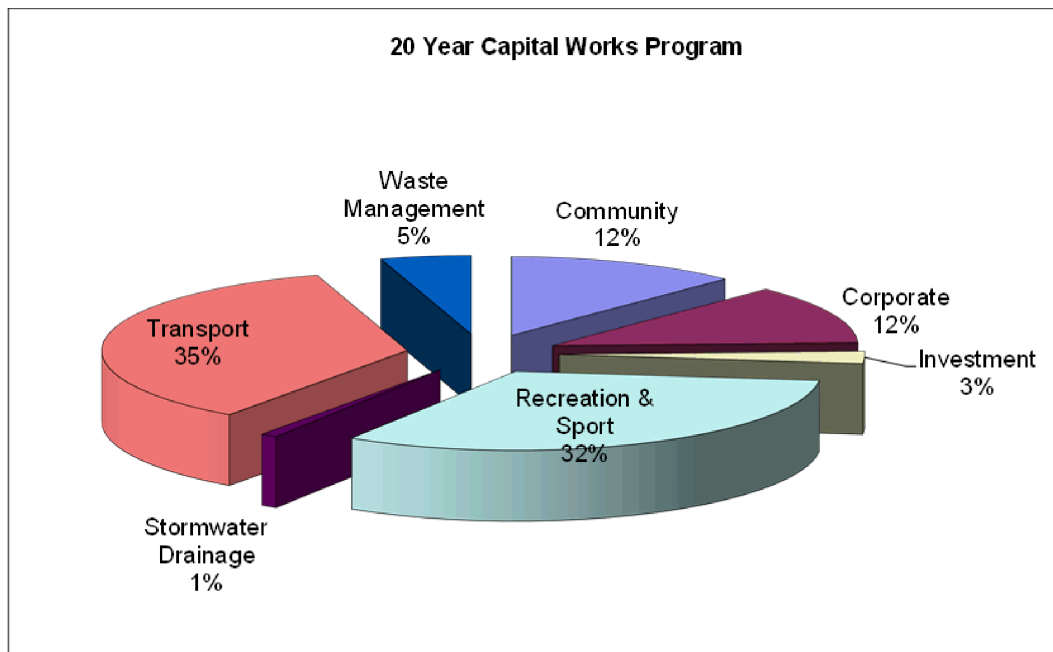


The following information details the 20 year Capital Works Program by Reporting Program:

Table 3: Capital Works by Reporting Program

**20 YEAR CAPITAL WORKS PROGRAM 2017/2018 - 2036/2037
PROGRAM BREAKDOWN**

Program	\$M	
Community	157.51	12.3%
Corporate	154.61	12.1%
Investment	31.34	2.5%
Recreation & Sport	411.10	32.1%
Stormwater Drainage	11.37	0.9%
Transport	451.99	35.3%
Waste Management	61.20	4.8%
Grand Total	1,279.11	100%



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

Assumptions

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

General

This Plan covers a period of 20 years.

Variables

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

Population Growth The population forecasts by .id Forecast have been applied.

Consumer Price Index - (CPI) Department of Treasury have provided forecast data up to 2018/19. Perth CPI was forecasted to increase slightly to 2.25% in 2017/18, then to 2.5% in the following years. We have used 2.5% throughout as this rate is used to determine: Operating Grants, Subsidies and Contributions, Fees and Charges, Other Revenue, Insurance, and Other Expenditure.

Rates Base Based on the current rate increase for 2017/18 of 2.45%, with future increases set to CPI + 0.5% to 2%. This is based on a

	balanced approach to achieve either a small operating surplus or a minimal deficit.
Rates Growth	Based on the population growth forecast as stated by id Forecast, which has been recently updated to reflect current conditions. The new projected figure for the City in 2018/19 is 3.65%, decreasing over the remaining years to an expected growth rate of 2.40% in 2036/37.
Operating Grants etc.	Based on the Perth CPI figures as quoted above.
Fees and Charges	Based on the Perth CPI figures as quoted above.
Interest Yield	Based on the current yield at 2.75% for the life of the Plan.
Other Revenue	Based on the Perth CPI figures as quoted above.
Employee – Establishment	Costs are based on the current Enterprise Agreement which consists of 3% in 2017/18 and 3% in 2018/19. For the projected years, the current CPI index rate + 0.5% to 2.0% is used. Superannuation Guarantee costs are projected to increase from 9.5% to 12% and have also been incorporated into the Plan..
Employee – Growth	It is intended to minimise growth of employee numbers by funding improvements to technology, whilst taking into consideration the City's expansion including new facilities. With the intention of minimising growth in employee numbers, employee growth has been set at 1.5% every year for the life of the Plan.
Materials & Contracts	Based on the current CPI index rate + 0.5% to 2.0% is used throughout the life of the Plan.
Materials & Contracts – Asset Growth	Calculation of historical data has shown that the increase in maintenance and other materials costs has been consistently at the 5% range.
Utility Charges	With regular annual increases in Government charges, plus consistent increases in City growth, the variable has been kept at 10% for the first 10 years of the LTFP. This is also consistent with past trends. However from Years 11 to 20 the rate has been decreased to 7.5% based on future initiatives that will be implemented by the City.
Depreciation	Is calculated from current asset values and future assets from the capital works program. These increases taper off from 4% in Years 2 to 5, to 3.5% in Years 6 to 14 and 3% in Years 15 to 20.
Insurance	Based on the Perth CPI figures as quoted above.
Other Expenditure	Based on the Perth CPI figures as quoted above.

Data

- Capital works expenditure figures are sourced from the current 20 year Capital Works Program.

- Operating revenues and expenses are based on the adopted 2017/18 budget.
- Depreciation is calculated based on current asset values and future assets from the Capital Works Program.
- Other expenditure currently takes into account the costs for Council elections (every two years); Mayoral elections (every four years) and rates gross rental value revaluations (every three years).
- Reserves transfers are based on data from the 20 year Capital Works Program, 20 year Fleet Replacement Program, estimated land sales etc.
- Asset Renewal Reserve is increasing by \$2.0M per annum.
- Any bottom line surplus/deficit is transferred to/from the Strategic Projects/Initiatives Reserve to balance the rate-setting statement as per Council policy.

Risk Assessment

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

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

Scenario Modelling/Sensitivity Analysis

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

1. Scenario 1 was based on a flat annual rates increase of CPI +1% for the life of the Plan. Other variables were kept constant over the 20 years.
2. Scenario 2 was based on a hypothetical 7 year economic cycle, with changes in revenue and expense variables representing the peaks and troughs of the cycle. Rates increases also followed the cycle but were also kept within a range of CPI +1% to CPI +2.5%.
3. Scenario 3 was based on a balanced approach, recognising that there would be changes to some variables such as employee costs over time, due to factors such as the cyclical negotiation of new Employee Pay Agreements. Rates increases were tailored to result in a balanced operating bottom line.

A summary of the results is shown in the table below, with the preferred scenario in bold.

Scenario	Rate Increase Basis	Years 2 – 20 Rate Increase	Results
1	CPI + 1%	3.5%	Operating deficits in the first 4 years, with surpluses in the remaining 16 years, increasing over time.
2	Economic Cycle	3.5% – 5.0%	Operating deficits in the first 3 years, with surpluses in the remaining 17 years, increasing significantly over time.
3	Balanced	3.0% – 4.5%	Operating deficits in the first 4 years, with surpluses in the remaining 16 years.

INCOME STATEMENT - SCENARIO MODELLING	Budget	Predictions																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	\$('000) 17-18	\$('000) 18-19	\$('000) 19-20	\$('000) 20-21	\$('000) 21-22	\$('000) 22-23	\$('000) 23-24	\$('000) 24-25	\$('000) 25-26	\$('000) 26-27	\$('000) 27-28	\$('000) 28-29	\$('000) 29-30	\$('000) 30-31	\$('000) 31-32	\$('000) 32-33	\$('000) 33-34	\$('000) 34-35	\$('000) 35-36	\$('000) 36-37	
SCENARIO 1 - Rates Increase of CPI + 1%																					
Total Operating Revenue	185,741	197,139	209,352	222,228	235,882	250,355	265,583	281,702	298,635	316,403	335,166	354,823	375,549	397,227	420,051	443,882	468,935	495,261	522,908	551,930	
Total Operating Expenditure	(188,944)	(199,647)	(210,743)	(223,146)	(234,585)	(249,036)	(263,668)	(277,940)	(294,640)	(310,464)	(324,277)	(343,900)	(363,879)	(383,908)	(406,585)	(431,246)	(454,584)	(482,763)	(511,428)	(540,480)	
Total Operating Result	(3,203)	(2,508)	(1,391)	(918)	1,297	1,320	1,915	3,763	3,995	5,939	10,890	10,923	11,671	13,319	13,466	12,636	14,351	12,498	11,480	11,451	
SCENARIO 2 - 7 Year Economic Cycle																					
Total Operating Revenue	185,741	197,139	209,352	223,579	240,232	258,146	277,301	297,881	319,855	343,294	366,100	387,707	410,493	434,326	459,421	485,624	513,173	545,682	583,890	624,626	
Total Operating Expenditure	(188,944)	(199,647)	(210,743)	(223,505)	(235,494)	(251,021)	(267,340)	(283,528)	(301,636)	(319,569)	(335,131)	(354,917)	(374,688)	(394,503)	(417,020)	(441,457)	(464,207)	(492,916)	(524,914)	(557,866)	
Total Operating Result	(3,203)	(2,508)	(1,391)	74	4,738	7,126	9,961	14,353	18,219	23,725	30,969	32,791	35,805	39,823	42,401	44,167	48,966	52,765	58,976	66,760	
SCENARIO 3 - Balanced Approach																					
Total Operating Revenue	185,741	197,249	209,470	223,226	238,824	255,524	272,195	289,932	307,412	325,756	343,698	362,387	381,991	402,375	425,518	449,683	475,087	501,781	532,090	564,073	
Total Operating Expenditure	(188,944)	(193,221)	(206,784)	(218,900)	(232,910)	(249,173)	(264,453)	(280,889)	(301,673)	(316,900)	(333,233)	(353,418)	(372,926)	(394,740)	(420,031)	(442,249)	(467,528)	(496,925)	(527,981)	(560,594)	
Total Operating Result	(3,203)	4,028	2,685	4,326	5,914	6,351	7,743	9,043	5,739	8,855	10,466	8,969	9,065	7,635	5,487	7,434	7,559	4,856	4,109	3,479	

Financial Reports, Ratios and Analysis

VARIABLES - Balanced Approach	Projection																		
	2 18-19	3 19-20	4 20-21	5 21-22	6 22-23	7 23-24	8 24-25	9 25-26	10 26-27	11 27-28	12 28-29	13 29-30	14 30-31	15 31-32	16 32-33	17 33-34	18 34-35	19 35-36	20 36-37
OPERATIONS-Revenue																			
Rates - Base	3.50%	3.50%	4.00%	4.50%	4.50%	4.00%	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%
Rates - Growth or Decline	3.65%	3.60%	3.50%	3.45%	3.40%	3.30%	3.25%	3.15%	3.05%	3.00%	2.90%	2.85%	2.75%	2.70%	2.60%	2.55%	2.50%	2.45%	2.40%
Operating grants, subsidies and contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fees and charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Interest Yield	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Other revenue	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OPERATIONS-Expenditure																			
Employee costs - establishment	3.00%	3.50%	2.50%	3.00%	4.00%	3.00%	3.00%	4.00%	2.50%	2.50%	3.50%	2.50%	2.50%	3.50%	2.50%	2.50%	3.50%	2.50%	2.50%
Employee costs - growth	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Materials and contracts	2.50%	2.50%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	3.00%	3.50%	3.50%
Materials and contracts - Growth due to increase in Asset Levels	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Utility charges - Increase due to growth	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Utility charges - Increase in Government Charges	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance expense	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenditure	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CAPITAL-Assets																			
Average Depreciation - PPE (Buildings)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Average Depreciation - PPE (Other)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Average Depreciation - Plant & Vehicles	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Average Depreciation - Infrastructure Roads	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Average Depreciation - Infrastructure Other	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
CPI Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

INCOME STATEMENT - Balanced Approach	Budget	Predictions																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37	
Operating Revenues																					
Rates - base	151,981	157,300	168,547	181,386	195,927	211,503	227,120	243,700	260,112	277,409	294,151	311,800	330,197	349,513	371,404	394,431	418,492	443,810	472,712	503,202	
Rates - growth or decline	-	5,547	5,862	6,104	6,468	6,881	7,207	7,616	7,916	8,175	8,568	8,779	9,137	9,332	9,689	9,908	10,311	10,720	11,136	11,612	
Operating grants, subsidies and contributions	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	
Fees and charges	15,916	16,314	16,722	17,140	17,568	18,008	18,458	18,919	19,392	19,877	20,374	20,883	21,405	21,941	22,489	23,051	23,628	24,218	24,824	25,444	
Interest earnings	8,238	8,464	8,697	8,936	9,182	9,434	9,694	9,960	10,234	10,516	10,805	11,102	11,407	11,721	12,043	12,375	12,715	13,065	13,424	13,793	
Other revenue	694	711	729	747	766	785	804	825	845	866	888	910	933	956	980	1,005	1,030	1,056	1,082	1,109	
Total Operating Revenue	185,741	197,249	209,470	223,226	238,824	255,524	272,195	289,932	307,412	325,756	343,698	362,387	381,991	402,375	425,518	449,683	475,087	501,781	532,090	564,073	
Operating Expenses																					
Employee costs - establishment	(70,171)	(72,276)	(75,896)	(78,920)	(82,478)	(87,026)	(90,929)	(95,021)	(100,261)	(104,250)	(108,420)	(113,857)	(118,395)	(123,131)	(129,305)	(134,459)	(139,837)	(146,849)	(152,702)	(158,810)	
Employee costs - growth	-	(1,053)	(1,100)	(1,155)	(1,201)	(1,255)	(1,324)	(1,384)	(1,446)	(1,526)	(1,587)	(1,650)	(1,733)	(1,802)	(1,874)	(1,968)	(2,046)	(2,128)	(2,235)	(2,324)	
Materials and contracts	(58,320)	(59,778)	(64,336)	(69,579)	(75,615)	(82,175)	(89,303)	(97,050)	(105,469)	(114,619)	(123,960)	(133,412)	(143,585)	(154,533)	(166,317)	(178,998)	(192,647)	(208,348)	(226,422)	(246,064)	
Utility charges (electricity, gas, water etc.)	(9,479)	(10,427)	(11,469)	(12,616)	(13,878)	(15,265)	(16,792)	(18,471)	(20,318)	(22,350)	(24,026)	(25,828)	(27,766)	(29,848)	(32,087)	(34,493)	(37,080)	(39,861)	(42,851)	(46,064)	
Depreciation on non-current assets	(45,000)	(40,589)	(43,530)	(46,959)	(49,436)	(52,250)	(54,951)	(57,741)	(61,665)	(64,388)	(66,609)	(68,976)	(71,788)	(75,515)	(78,431)	(81,087)	(83,547)	(85,815)	(89,488)	(92,557)	
Interest expense	(4,389)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,115)	(2,057)	-	-	-	-	-	-	-	-	-	-	
Insurance expense	(1,585)	(1,624)	(1,665)	(1,707)	(1,749)	(1,793)	(1,838)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(2,353)	(2,412)	(2,472)	(2,472)	
Materials and contracts from asset growth	-	(2,989)	(3,217)	(3,479)	(3,781)	(4,109)	(4,465)	(4,853)	(5,273)	(5,731)	(6,198)	(6,671)	(7,179)	(7,727)	(8,316)	(8,950)	(9,632)	(10,417)	(11,321)	(12,303)	
Other expenditure	-	-	(1,087)	-	(287)	(815)	(365)	-	(1,194)	-	(403)	(945)	(350)	-	(1,462)	-	(386)	(1,096)	(491)	-	
Total Operating Expenditure	(188,944)	(193,221)	(206,784)	(218,900)	(232,910)	(249,173)	(264,453)	(280,889)	(301,673)	(316,900)	(333,233)	(353,418)	(372,926)	(394,740)	(420,031)	(442,249)	(467,528)	(496,925)	(527,981)	(560,594)	
Operating Result	(3,203)	4,028	2,685	4,326	5,914	6,351	7,743	9,043	5,739	8,855	10,466	8,969	9,065	7,635	5,487	7,434	7,559	4,856	4,109	3,479	
Revenue (Asset related)																					
Non-Operating grants, subsidies and contributions	16,116	20,776	18,940	16,782	16,230	16,986	18,321	21,675	12,924	10,865	11,135	10,933	10,710	10,555	10,589	10,537	10,479	11,229	10,479	10,479	
Physical assets received from developers	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	45,000	45,000	45,000	45,000	45,000	40,000	40,000	40,000	40,000	40,000	35,000	35,000	
Town planning income	9,605	6,554	17,696	16,767	16,416	19,339	2,754	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	
Town planning expenses	(11,081)	(10,503)	(23,832)	(22,913)	(25,564)	(23,296)	(6,550)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	
Profit on asset disposal	1,000	2,667	3,500	6,000	6,167	4,833	4,333	2,833	6,500	4,000	2,365	500	500	500	500	500	500	500	500	500	
Loss on asset disposal	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	
Net Result	61,937	73,022	68,489	70,462	68,663	73,714	76,101	81,002	68,613	67,170	67,416	63,852	63,725	57,140	56,026	57,920	57,988	56,035	49,538	48,908	

STATEMENT OF CASH FLOWS - Balanced Approach	Budget	Projections/Predictions																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37
Cash Flows from Operating Activities																				
Receipts																				
Rates	151,981	162,847	174,409	187,490	202,395	218,385	234,327	251,315	268,028	285,584	302,719	320,579	339,333	358,845	381,093	404,340	428,802	454,531	483,848	514,814
Operating Grants, Subsidies and Contributions	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912
Fees and Charges	15,916	16,314	16,722	17,140	17,568	18,008	18,458	18,919	19,392	19,877	20,374	20,883	21,405	21,941	22,489	23,051	23,628	24,218	24,824	25,444
Interest Earnings	8,238	8,464	8,697	8,936	9,182	9,434	9,694	9,960	10,234	10,516	10,805	11,102	11,407	11,721	12,043	12,375	12,715	13,065	13,424	13,793
Goods and Services Tax	10,200	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Other Revenue	694	711	729	747	766	785	804	825	845	866	888	910	933	956	980	1,005	1,030	1,056	1,082	1,109
	195,941	206,249	218,470	232,226	247,824	264,524	281,195	298,932	316,412	334,756	352,698	371,387	390,991	411,375	434,518	458,683	484,087	510,781	541,090	573,073
Payments																				
Employee Costs	(70,171)	(73,329)	(76,996)	(80,075)	(83,679)	(88,281)	(92,254)	(96,405)	(101,707)	(105,776)	(110,007)	(115,507)	(120,127)	(124,932)	(131,179)	(136,426)	(141,883)	(148,977)	(154,937)	(161,134)
Materials and Contracts	(58,320)	(62,767)	(67,552)	(73,058)	(79,396)	(86,283)	(93,768)	(101,903)	(110,743)	(120,350)	(130,158)	(140,083)	(150,764)	(162,260)	(174,632)	(187,948)	(202,279)	(218,765)	(237,743)	(258,367)
Utility Charges	(9,479)	(10,427)	(11,469)	(12,616)	(13,878)	(15,265)	(16,792)	(18,471)	(20,318)	(22,350)	(24,026)	(25,828)	(27,766)	(29,848)	(32,087)	(34,493)	(37,080)	(39,861)	(42,851)	(46,064)
Interest Expense	(4,389)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,115)	(2,057)	-	-	-	-	-	-	-	-	-
Insurance Expense	(1,585)	(1,624)	(1,665)	(1,707)	(1,749)	(1,793)	(1,838)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(2,353)	(2,412)	(2,472)	(2,472)
Goods and Services Tax	(10,200)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Other Expenditure	-	-	(1,087)	-	(287)	(815)	(365)	(1,194)	-	(403)	(945)	(350)	-	-	(1,462)	-	(386)	(1,096)	(491)	-
	(154,144)	(161,632)	(172,255)	(180,941)	(192,473)	(205,923)	(218,502)	(232,148)	(249,008)	(261,512)	(275,624)	(293,443)	(310,138)	(328,225)	(350,600)	(370,163)	(392,981)	(420,111)	(447,493)	(477,037)
Net Cash Provided by Operating Activities	41,797	44,617	46,215	51,285	55,351	58,602	62,693	66,784	67,404	73,243	77,075	77,945	80,853	83,150	83,919	88,520	91,106	90,671	93,597	96,036
Cash Flows from Investing Activities																				
Payments for Purchase of Property, Plant & Equipment	(42,845)	(29,197)	(35,155)	(7,927)	(13,387)	(15,606)	(24,041)	(31,146)	(11,827)	(11,000)	(16,064)	(21,473)	(31,275)	(22,071)	(16,766)	(15,031)	(10,813)	(28,632)	(26,399)	(19,685)
Payments for Construction of Infrastructure	(40,399)	(40,967)	(49,394)	(55,852)	(52,163)	(51,782)	(53,652)	(66,375)	(56,681)	(49,360)	(50,004)	(65,080)	(76,558)	(79,373)	(58,760)	(61,579)	(60,912)	(73,524)	(73,485)	(73,005)
Grants, Subsidies and Contributions used for Development of Assets	16,116	20,776	18,940	16,782	16,230	16,986	18,321	21,675	12,924	10,865	11,135	10,933	10,710	10,555	10,589	10,537	10,479	11,229	10,479	10,479
Town Planning Income	9,605	6,554	17,696	16,767	16,416	19,339	2,754	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000
Town planning Expenses	(11,081)	(10,503)	(23,832)	(22,913)	(25,564)	(23,296)	(6,550)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)
Proceeds from Asset Disposal	1,453	3,294	4,445	6,212	7,032	6,016	4,736	4,292	7,387	4,257	3,188	1,286	1,539	1,246	1,204	1,214	1,020	1,674	1,546	1,546
Net Cash Used in Investing Activities	(67,150)	(50,043)	(67,300)	(46,931)	(51,436)	(48,344)	(58,431)	(73,603)	(49,247)	(46,288)	(52,795)	(75,384)	(96,635)	(90,694)	(63,783)	(64,910)	(60,277)	(89,304)	(87,909)	(80,715)
Cash Flows From Financing Activities																				
Proceeds from New Loans/(Repayment) of Loans	3,263	-	-	-	-	-	-	(8,863)	-	(60,778)	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	3,263	-	-	-	-	-	-	(8,863)	-	(60,778)	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash Held	(22,090)	(5,426)	(21,085)	4,353	3,914	10,258	4,262	(15,682)	18,157	(33,823)	24,279	2,561	(15,782)	(7,544)	20,135	23,611	30,829	1,367	5,687	15,321
Cash at Beginning of Year	323,443	301,353	295,927	274,842	279,195	283,109	293,367	297,629	281,947	300,103	266,281	290,560	293,121	277,340	269,796	289,931	313,542	344,371	345,738	351,425
Cash and Cash Equivalents at the End of Year	301,353	295,927	274,842	279,195	283,109	293,367	297,629	281,947	300,103	266,280	290,560	293,121	277,340	269,796	289,931	313,542	344,371	345,738	351,425	366,746

RATE SETTING STATEMENT - Balanced Approach		Projections/Predictions																		
	Budget	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	1	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37
Revenue																				
Fees and Charges	15,916	16,314	16,722	17,140	17,568	18,008	18,458	18,919	19,392	19,877	20,374	20,883	21,405	21,941	22,489	23,051	23,628	24,218	24,824	25,444
Operating Grants, Subsidies and Contributions	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912	8,912
Interest Earnings	8,238	8,464	8,697	8,936	9,182	9,434	9,694	9,960	10,234	10,516	10,805	11,102	11,407	11,721	12,043	12,375	12,715	13,065	13,424	13,793
Other Revenue	694	711	729	747	766	785	804	825	845	866	888	910	933	956	980	1,005	1,030	1,056	1,082	1,109
Total Revenues	33,760	34,402	35,060	35,736	36,429	37,139	37,869	38,617	39,384	40,172	40,979	41,808	42,658	43,530	44,425	45,343	46,285	47,251	48,242	49,259
Expenses																				
Employee Costs	(70,171)	(73,329)	(76,996)	(80,075)	(83,679)	(88,281)	(92,254)	(96,405)	(101,707)	(105,776)	(110,007)	(115,507)	(120,127)	(124,932)	(131,179)	(136,426)	(141,883)	(148,977)	(154,937)	(161,134)
Materials and Contracts	(58,320)	(62,767)	(67,552)	(73,058)	(79,396)	(86,283)	(93,768)	(101,903)	(110,743)	(120,350)	(130,158)	(140,083)	(150,764)	(162,260)	(174,632)	(187,948)	(202,279)	(218,765)	(237,743)	(258,367)
Utilities (Gas, Electricity, Water etc)	(9,479)	(10,427)	(11,469)	(12,616)	(13,878)	(15,265)	(16,792)	(18,471)	(20,318)	(22,350)	(24,026)	(25,828)	(27,766)	(29,848)	(32,087)	(34,493)	(37,080)	(39,861)	(42,851)	(46,064)
Insurance	(1,585)	(1,624)	(1,665)	(1,707)	(1,749)	(1,793)	(1,838)	(1,884)	(1,931)	(1,979)	(2,029)	(2,079)	(2,131)	(2,185)	(2,239)	(2,295)	(2,353)	(2,412)	(2,472)	(2,532)
Interest Expenses	(4,389)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,485)	(4,415)	(2,057)	-	-	-	-	-	-	-	-	-
Depreciation on Non-Current Assets	(45,000)	(40,589)	(43,530)	(46,959)	(49,436)	(52,250)	(54,951)	(57,741)	(61,665)	(64,388)	(66,609)	(68,976)	(71,788)	(75,515)	(78,431)	(81,087)	(83,547)	(85,815)	(89,488)	(92,557)
Other Expenditure	-	-	(1,087)	-	(287)	(815)	(365)	-	(1,194)	-	(403)	(945)	(350)	-	(1,462)	-	(386)	(1,096)	(491)	-
Total Expenses	(188,944)	(193,221)	(206,784)	(218,900)	(232,910)	(249,173)	(264,453)	(280,889)	(301,673)	(316,900)	(333,233)	(353,418)	(372,926)	(394,740)	(420,031)	(442,249)	(467,528)	(496,925)	(527,981)	(560,594)
Other Revenues and Expenses																				
Non-Operating Grants, Subsidies and Contributions	16,116	20,776	18,940	16,782	16,230	16,986	18,321	21,675	12,924	10,865	11,135	10,933	10,710	10,555	10,589	10,537	10,479	11,229	10,479	10,479
Town Planning Scheme Income (including Interest)	9,605	6,554	17,696	16,767	16,416	19,339	2,754	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000
Profit on Asset Disposal	1,000	2,667	3,500	6,000	6,167	4,833	4,333	2,833	6,500	4,000	2,365	500	500	500	500	500	500	500	500	500
Physical Assets Received from Developers	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	45,000	45,000	45,000	45,000	45,000	40,000	40,000	40,000	40,000	40,000	35,000	35,000
Town Planning Scheme Expenses	(11,081)	(10,503)	(23,832)	(22,913)	(25,564)	(23,296)	(6,550)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)	(3,050)
Loss on Asset Disposal	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Other Revenue and Expenses	65,140	68,994	65,804	66,136	62,749	67,362	68,358	71,959	62,874	58,315	56,950	54,883	54,660	49,505	50,539	50,487	50,429	51,179	45,429	45,429
Net Operating Result Excluding Rates	(90,043)	(89,825)	(105,921)	(117,028)	(133,733)	(144,671)	(158,226)	(170,314)	(199,415)	(218,413)	(235,303)	(256,727)	(275,608)	(301,704)	(325,067)	(346,420)	(370,814)	(398,495)	(434,310)	(465,906)
Adjustments for Cash Budget Requirements																				
(Profit)/Loss on Asset Disposals	(500)	(2,167)	(3,000)	(5,500)	(5,667)	(4,333)	(3,833)	(2,333)	(6,000)	(3,500)	(1,865)	-	-	-	-	-	-	-	-	-
Depreciation on Assets	45,000	40,589	43,530	46,959	49,436	52,250	54,951	57,741	61,665	64,388	66,609	68,976	71,788	75,515	78,431	81,087	83,547	85,815	89,488	92,557
Physical Assets Received from Developers	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(45,000)	(45,000)	(45,000)	(45,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(35,000)	(35,000)
Total Adjustments for Cash Budget Requirements	(5,000)	(11,578)	(9,470)	(8,541)	(6,230)	(2,083)	1,117	5,408	10,665	15,888	19,744	23,976	26,788	35,515	38,431	41,087	43,547	45,815	54,488	57,557
Adjustments for Non-Operating Expenditure and Income																				
Capital Acquisitions	(83,244)	(70,164)	(84,549)	(63,779)	(65,550)	(67,389)	(77,693)	(97,521)	(68,508)	(60,360)	(66,068)	(86,553)	(107,833)	(101,444)	(75,526)	(76,610)	(71,726)	(102,156)	(99,885)	(92,690)
Proceeds from Disposal of Assets	1,453	3,294	4,445	6,212	7,032	6,016	4,736	4,292	7,387	4,257	3,188	1,286	1,539	1,246	1,204	1,214	1,020	1,674	1,546	1,546
Proceeds/(Repayment) from/of Loan Borrowings	3,263	-	-	-	-	-	-	(8,863)	-	(60,778)	-	-	-	-	-	-	-	-	-	-
Total Adjustments for Non-Operating Expenditure & Income	(78,528)	(66,870)	(80,104)	(57,567)	(58,518)	(61,373)	(72,956)	(102,091)	(61,121)	(116,881)	(62,880)	(85,267)	(106,294)	(100,199)	(74,322)	(75,396)	(70,706)	(100,482)	(98,338)	(91,144)
Transfers																				
Transfers to Restricted Grants, Contributions and Loans	(3,263)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Restricted Grants, Contributions and Loans	6,193	3,453	4,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves	(27,605)	(27,605)	(28,354)	(28,657)	(30,048)	(35,899)	(30,720)	(27,023)	(36,209)	(37,882)	(39,171)	(23,432)	(23,774)	(23,125)	(34,639)	(37,165)	(39,711)	(25,768)	(25,728)	(25,911)
Transfers from Reserves	45,026	25,630	38,828	18,158	16,986	21,685	22,663	40,655	17,002	70,655	13,842	19,821	38,506	29,619	14,454	13,505	8,832	24,351	19,991	10,540
Transfers to Schemes	(9,605)	(6,554)	(17,696)	(16,767)	(16,416)	(19,339)	(2,754)	(1,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Transfers from Schemes	11,099	10,503	23,832	22,913	25,564	23,296	6,550	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050
Total Transfers	22,090	5,426	21,085	(4,353)	(3,914)	(10,258)	(4,262)	15,682	(18,157)	33,823	(24,279)	(2,561)	15,782	7,544	(20,135)	(23,611)	(30,829)	(1,367)	(5,687)	(15,321)
Surplus/(Deficit)																				
Estimated Surplus/(Deficit) July 1 Brought Forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Surplus/(Deficit) June 30 Carried Forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement																				
Amount Required to be Raised from Rates	(151,981)	(162,847)	(174,409)	(187,490)	(202,395)	(218,385)	(234,327)	(251,315)	(268,028)	(285,584)	(302,719)	(320,579)	(339,333)	(358,845)	(381,093)	(404,340)	(428,802)	(454,531)	(483,848)	(514,814)

BALANCE SHEET - Balanced Approach	Budget	Projections/Predictions																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
	\$('000) 17-18	\$('000) 18-19	\$('000) 19-20	\$('000) 20-21	\$('000) 21-22	\$('000) 22-23	\$('000) 23-24	\$('000) 24-25	\$('000) 25-26	\$('000) 26-27	\$('000) 27-28	\$('000) 28-29	\$('000) 29-30	\$('000) 30-31	\$('000) 31-32	\$('000) 32-33	\$('000) 33-34	\$('000) 34-35	\$('000) 35-36	\$('000) 36-37	
Current Assets																					
Unrestricted Cash and Equivalents	14,364	14,364	14,364	14,364	14,364	14,364	14,364	14,363	14,363	14,364	14,364	14,364	14,364	14,364	14,364	14,364	14,364	14,364	14,364	14,364	
Restricted Cash and Cash Equivalent																					
- Cashed Back Reserve	156,124	158,100	147,625	158,125	171,187	185,402	193,459	179,828	199,034	166,261	191,591	195,202	180,470	173,976	194,162	217,822	248,701	250,119	255,856	271,227	
- Town Planning Scheme	113,549	109,601	103,465	97,318	88,170	84,213	80,418	78,368	77,318	76,268	75,218	74,168	73,118	72,068	72,018	71,968	71,918	71,868	71,818	71,768	
- Unspent Loans	7,928	4,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Unspent Grants and Contributions	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	9,388	
Receivables	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	20,047	
Inventories	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	
Total Current Assets	321,785	316,359	295,274	299,627	303,541	313,799	318,061	302,379	320,535	286,713	310,992	313,553	297,772	290,228	310,363	333,974	364,803	366,170	371,858	387,178	
Non-Current Assets																					
Other Receivables	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	
Inventories	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	17,433	
Property Plant and Equipment	585,629	599,252	617,014	606,395	599,881	594,052	596,204	603,052	588,834	573,163	561,086	553,363	553,752	542,949	525,384	504,646	478,684	468,866	454,546	431,598	
Infrastructure Roads	1,077,240	1,107,049	1,143,405	1,191,073	1,231,476	1,260,328	1,288,692	1,317,325	1,346,687	1,373,535	1,396,981	1,420,012	1,442,811	1,462,469	1,481,804	1,501,194	1,520,311	1,539,049	1,555,019	1,572,001	
Infrastructure Other	595,934	629,239	660,621	685,127	709,821	742,428	773,051	809,912	832,944	849,954	867,266	892,661	921,327	949,302	961,348	973,292	983,887	994,615	1,000,973	1,005,817	
Other Financial Assets	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	19,040	
Indexation of Capex	-	1,711	5,785	10,339	16,504	24,331	35,030	50,510	62,790	74,818	89,274	109,861	137,514	165,369	187,443	211,156	234,566	269,585	305,427	340,137	
Total Non-Current Assets	2,297,637	2,376,085	2,465,659	2,531,768	2,596,516	2,659,972	2,731,811	2,819,632	2,870,088	2,910,303	2,953,440	3,014,731	3,094,238	3,158,922	3,194,813	3,229,122	3,256,281	3,310,949	3,354,800	3,388,386	
Total Assets	2,619,422	2,692,444	2,760,933	2,831,395	2,900,057	2,973,771	3,049,872	3,122,011	3,190,624	3,197,016	3,264,432	3,328,285	3,392,010	3,449,150	3,505,176	3,563,096	3,621,084	3,677,119	3,726,657	3,775,565	
Current Liabilities																					
Trade and Other Payables	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	24,938	
Current Portion of Long-term Liabilities	-	-	-	-	-	-	8,863	-	60,778	-	-	-	-	-	-	-	-	-	-	-	
Provisions	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	14,779	
Total Current Liabilities	39,716	39,716	39,716	39,716	39,716	39,716	48,579	39,716	100,495	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	
Non-Current Liabilities																					
Long-term Borrowings	69,641	69,641	69,641	69,641	69,641	69,641	60,778	60,778	-	-	-	-	-	-	-	-	-	-	-	-	
Provisions	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	
Total Non-Current Liabilities	71,062	71,062	71,062	71,062	71,062	71,062	62,199	62,199	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	
Total Liabilities	110,778	110,778	110,778	110,778	110,778	110,778	101,916	101,916	41,138	41,138	41,138	41,138	41,138	41,138	41,138	41,138	41,138	41,138	41,138	41,138	
Net Assets	2,508,644	2,581,666	2,650,155	2,720,616	2,789,279	2,862,993	2,939,094	3,020,095	3,088,708	3,155,879	3,223,295	3,287,147	3,350,872	3,408,012	3,464,038	3,521,958	3,579,946	3,635,981	3,685,520	3,734,427	
Equity																					
Retained Surplus	1,267,551	1,342,545	1,427,645	1,493,753	1,558,501	1,621,957	1,693,797	1,790,480	1,840,936	1,941,930	1,985,066	2,046,358	2,125,864	2,190,548	2,226,439	2,260,748	2,287,907	2,342,575	2,386,426	2,420,012	
Town Planning Schemes	110,089	106,140	100,004	93,858	84,710	80,753	76,957	74,907	73,857	72,807	71,757	70,707	69,657	68,607	68,557	68,507	68,457	68,407	68,357	68,307	
Reserves - Cash Backed	156,124	158,100	147,625	158,125	171,187	185,402	193,459	179,828	199,034	166,261	191,591	195,202	180,470	173,976	194,162	217,822	248,701	250,119	255,856	271,227	
Reserves - Revaluation	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	
Total Equity	2,508,644	2,581,666	2,650,155	2,720,616	2,789,279	2,862,993	2,939,094	3,020,096	3,088,708	3,155,879	3,223,295	3,287,147	3,350,872	3,408,012	3,464,038	3,521,958	3,579,947	3,635,982	3,685,520	3,734,427	

STATEMENT OF EQUITY - Balanced Approach	Budget	Projections/Predictions																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37
Retained Surplus																				
Opening Balance	1,186,454	1,267,551	1,342,545	1,427,645	1,493,753	1,558,501	1,621,957	1,693,797	1,790,480	1,840,936	1,941,930	1,985,066	2,046,358	2,125,864	2,190,548	2,226,439	2,260,748	2,287,907	2,342,575	2,386,426
Net Inflow / (Outflow)	81,097	74,995	85,099	66,108	64,748	63,456	71,839	96,684	50,456	100,993	43,137	61,291	79,506	64,684	35,890	34,310	27,159	54,668	43,851	33,587
Total Retained Surplus	1,267,551	1,342,545	1,427,645	1,493,753	1,558,501	1,621,957	1,693,797	1,790,480	1,840,936	1,941,930	1,985,066	2,046,358	2,125,864	2,190,548	2,226,439	2,260,748	2,287,907	2,342,575	2,386,426	2,420,012
Town Planning Schemes																				
Opening Balance	111,582	110,089	106,140	100,004	93,858	84,710	80,753	76,957	74,907	73,857	72,807	71,757	70,707	69,657	68,607	68,557	68,507	68,457	68,407	68,357
Net Inflow / (Outflow)	(1,494)	(3,948)	(6,136)	(6,146)	(9,148)	(3,957)	(3,796)	(2,050)	(1,050)	(1,050)	(1,050)	(1,050)	(1,050)	(1,050)	(50)	(50)	(50)	(50)	(50)	(50)
Total Town Planning Schemes	110,089	106,140	100,004	93,858	84,710	80,753	76,957	74,907	73,857	72,807	71,757	70,707	69,657	68,607	68,557	68,507	68,457	68,407	68,357	68,307
Reserves - Cash Backed																				
Opening Balance	173,790	156,124	158,100	147,625	158,125	171,187	185,402	193,459	179,828	199,034	166,261	191,591	195,202	180,470	173,976	194,162	217,822	248,701	250,119	255,856
Net Inflow / (Outflow)	(17,666)	1,976	(10,474)	10,499	13,062	14,215	8,058	(13,632)	19,207	(32,773)	25,329	3,611	(14,732)	(6,494)	20,185	23,661	30,879	1,417	5,737	15,371
Total Reserves - Cash Backed	156,124	158,100	147,625	158,125	171,187	185,402	193,459	179,828	199,034	166,261	191,591	195,202	180,470	173,976	194,162	217,822	248,701	250,119	255,856	271,227
Reserves - Revaluation																				
Opening Balance	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881
Net Inflow / (Outflow)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Reserves - Revaluation	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881	974,881
Total Equity	2,508,644	2,581,666	2,650,155	2,720,616	2,789,279	2,862,993	2,939,094	3,020,096	3,088,708	3,155,879	3,223,295	3,287,147	3,350,872	3,408,012	3,464,038	3,521,958	3,579,947	3,635,982	3,685,520	3,734,427

RESERVES SUMMARY -**Balanced Approach**

<< closing balances >>

Unrestricted Reserves

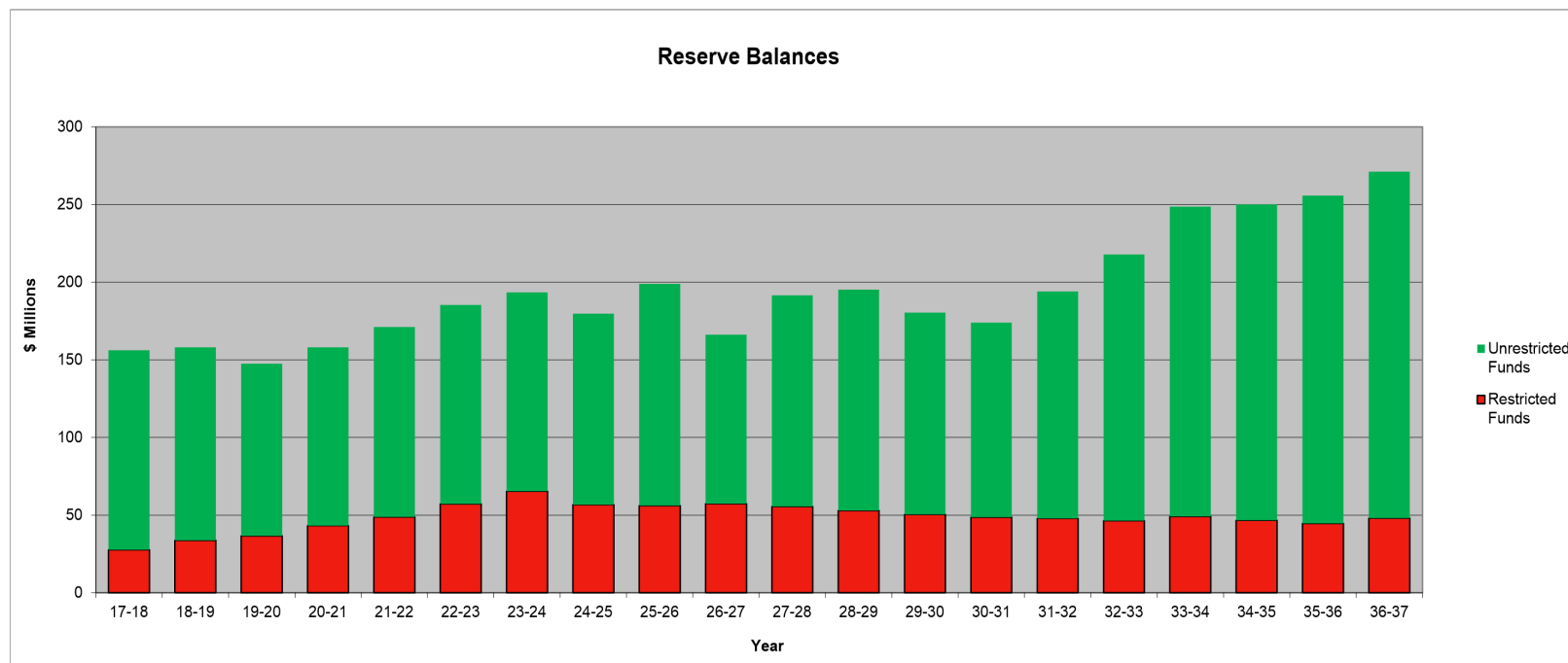
	Budget		Projections/Predictions																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36	36-37
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Renewal	11,475	11,790	12,115	12,448	12,790	13,142	13,503	13,875	14,256	14,648	15,051	15,465	15,890	16,327	16,776	17,238	17,712	18,199	18,699	19,213
Asset Replacement	4,546	4,643	4,570	4,696	4,825	4,958	5,094	5,234	5,378	5,581	5,844	6,170	6,560	6,915	7,258	7,584	7,931	8,299	8,688	9,096
Coastal Management	10,386	10,171	5,951	8,115	10,338	12,622	14,969	17,381	19,859	22,405	25,021	27,709	30,471	33,309	36,225	39,222	42,300	45,463	48,714	52,053
Domestic Refuse	7,512	7,303	7,454	7,609	7,403	7,557	7,715	7,512	7,668	7,829	7,629	7,789	7,953	7,757	7,920	8,088	7,896	8,063	8,235	8,046
Golf Courses	537	482	445	407	369	349	328	307	286	294	302	310	318	327	361	396	432	469	507	571
Land Acquisition	3,231	3,820	4,425	5,047	5,686	6,342	7,017	7,710	8,422	9,153	9,905	10,177	10,457	10,745	11,040	11,344	11,656	11,976	12,306	12,644
Loan Repayment	21,931	24,701	28,380	34,661	41,281	46,749	51,868	55,628	63,158	7,616	9,691	9,958	10,232	10,513	10,802	11,099	11,404	11,718	12,040	12,371
Neerabup Development	3,297	2,652	1,989	1,701	1,706	1,711	1,716	1,721	1,727	1,732	1,738	1,743	1,749	1,755	1,762	1,768	1,775	1,782	1,789	1,838
Plant Replacement	7,718	9,498	7,379	11,049	12,158	13,176	15,710	11,807	12,852	16,175	19,794	21,977	19,138	21,113	22,687	26,018	30,060	26,676	28,038	30,066
Regional Open Space	8,279	10,506	12,795	15,147	15,564	10,492	6,780	1,467	3,507	5,603	7,757	5,727	3,640	1,496	3,537	5,635	7,790	10,004	12,279	14,617
Strategic Projects / Initiatives	49,415	38,760	25,364	13,941	10,237	10,979	3,345	404	3,744	13,806	27,336	27,157	13,530	2,842	13,493	26,349	41,581	39,473	36,159	36,394
Sustainability Investment Fund	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	47	48	49
Total - Unrestricted Reserves	128,356	124,358	110,898	114,854	122,389	128,110	128,080	123,080	142,893	108,881	136,108	142,222	129,981	125,243	146,185	171,331	199,445	203,401	211,155	223,095

Restricted Reserves

Alkimos/Eglinton CF	13,123	16,899	21,827	25,369	28,865	34,064	39,053	38,535	37,402	38,102	35,648	32,575	29,499	27,145	25,775	23,659	25,776	22,572	19,871	22,599
Butler Collaborative	3,031	3,115	3,200	3,288	3,379	3,472	3,567	3,665	3,766	3,869	3,976	4,085	4,198	4,313	4,432	4,553	4,679	4,807	4,940	5,075
Fleming Park Lake	225	231	238	244	251	258	265	272	280	288	295	304	312	321	329	338	348	357	367	377
HACC Asset Replacement	621	658	696	735	776	817	859	903	948	994	1,041	1,090	1,140	1,191	1,244	1,298	1,354	1,411	1,470	1,530
Leave Liability	1,639	1,734	1,832	1,932	2,035	2,141	2,200	2,261	2,323	2,387	2,452	2,520	2,589	2,660	2,733	2,809	2,886	2,965	3,047	3,130
Section 152 Land	1,277	1,312	1,098	1,128	1,159	1,191	1,224	1,257	1,292	1,328	1,364	1,402	1,440	1,480	1,520	1,562	1,605	1,649	1,695	1,741
TPS 20 Distributor Road	6,934	7,125	7,321	7,522	7,729	7,942	8,160	8,384	8,615	8,852	9,095	9,346	9,603	9,867	10,138	10,417	10,703	10,997	11,300	11,611
Yanchep Bus	111	119	127	136	144	153	163	172	182	192	202	213	223	230	236	242	249	256	263	270
Yanchep/Two Rocks CF	806	2,549	388	2,916	4,460	7,254	9,889	1,298	1,333	1,370	1,408	1,447	1,486	1,527	1,569	1,612	1,657	1,702	1,749	1,797
Total - Restricted Reserves	27,768	33,742	36,727	43,271	48,798	57,292	65,379	56,747	56,141	57,380	55,482	52,979	50,489	48,733	47,976	46,491	49,256	46,718	44,701	48,132

TOTAL - ALL RESERVES

	156,124	158,100	147,625	158,125	171,187	185,402	193,459	179,828	199,034	166,261	191,591	195,202	180,470	173,976	194,162	217,822	248,701	250,119	255,856	271,227
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The City is currently targeting three main areas for reserve funding – coastal management, regional open space and asset renewal. Regular transfers into these reserves throughout the course of the 20 year life of the Plan should enable the City to meet required expenditure in these areas as and when it falls due.

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

RATIO ANALYSIS - Balanced Approach	Budget	Projections/Predictions																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$('000) 17-18	\$('000) 18-19	\$('000) 19-20	\$('000) 20-21	\$('000) 21-22	\$('000) 22-23	\$('000) 23-24	\$('000) 24-25	\$('000) 25-26	\$('000) 26-27	\$('000) 27-28	\$('000) 28-29	\$('000) 29-30	\$('000) 30-31	\$('000) 31-32	\$('000) 32-33	\$('000) 33-34	\$('000) 34-35	\$('000) 35-36	\$('000) 36-37
OPERATING RESULT																				
Operating Result	(3,203)	4,028	2,685	4,326	5,914	6,351	7,743	9,043	5,739	8,855	10,466	8,969	9,065	7,635	5,487	7,434	7,559	4,856	4,109	3,479
Own Source Operating Revenue	177,828	191,003	204,057	220,313	236,078	251,445	267,616	283,853	305,000	320,843	337,151	353,975	373,579	393,963	417,106	441,271	466,675	493,369	523,677	555,660
Operating Surplus Ratio	-1.8%	2.1%	1.3%	2.0%	2.5%	2.5%	2.9%	3.2%	1.9%	2.8%	3.1%	2.5%	2.4%	1.9%	1.3%	1.7%	1.6%	1.0%	0.8%	0.6%
Own Source Operating Revenue	177,828	191,003	204,057	220,313	236,078	251,445	267,616	283,853	305,000	320,843	337,151	353,975	373,579	393,963	417,106	441,271	466,675	493,369	523,677	555,660
Operating Expenses	189,444	193,721	207,284	219,400	233,410	249,673	264,953	281,389	302,173	317,400	333,733	353,918	373,426	395,240	420,531	442,749	468,028	497,425	528,481	561,094
Own Source Revenue Coverage Ratio	93.9%	98.6%	98.4%	100.4%	101.1%	100.7%	101.0%	100.9%	100.9%	101.1%	101.0%	100.0%	100.0%	99.7%	99.2%	99.7%	99.7%	99.2%	99.1%	99.0%
WORKING CAPITAL																				
Current Assets (less Restricted Assets)	34,796	34,796	34,796	34,796	34,796	34,796	34,796	34,795	34,795	34,796	34,796	34,796	34,796	34,796	34,796	34,796	34,796	34,796	34,796	34,796
Current Liabilities (less Restricted)	39,716	39,716	39,716	39,716	39,716	39,716	48,579	39,716	100,495	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716
Working Capital Ratio	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	71.6%	87.6%	34.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%	87.6%
RATES COVERAGE																				
Rates Revenue	151,981	162,847	174,409	187,490	202,395	218,385	234,327	251,315	268,028	285,584	302,719	320,579	339,333	358,845	381,093	404,340	428,802	454,531	483,848	514,814
Operating Expenses	189,444	193,721	207,284	219,400	233,410	249,673	264,953	281,389	302,173	317,400	333,733	353,918	373,426	395,240	420,531	442,749	468,028	497,425	528,481	561,094
Rates Coverage Ratio	80.2%	84.1%	84.1%	85.5%	86.7%	87.5%	88.4%	89.3%	88.7%	90.0%	90.7%	90.6%	90.9%	90.8%	90.6%	91.3%	91.6%	91.4%	91.6%	91.8%
DEBT SERVICE COVER																				
Operating Surplus less Interest & Depreciation	46,186	49,102	50,700	55,770	59,835	63,087	67,178	71,269	71,519	75,300	77,075	77,945	80,853	83,150	83,919	88,520	91,106	90,671	93,597	96,036
Debt Service Payments	4,615	4,485	4,485	4,485	4,485	4,485	4,485	13,348	4,115	62,836	-	-	-	-	-	-	-	-	-	-
Debt Service Cover Ratio	1001%	1095%	1130%	1243%	1334%	1407%	1498%	534%	1738%	120%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FIXED ASSETS																				
Asset Expenditure Renewal																				
Total Renewal Expenditure	24,086	19,798	28,473	15,557	20,815	23,535	24,635	31,403	28,254	24,868	28,281	34,290	43,529	36,635	42,048	40,942	40,325	56,393	53,615	52,995
Depreciation	45,000	40,589	43,530	46,959	49,436	52,250	54,951	57,741	61,665	64,388	66,609	68,976	71,788	75,515	78,431	81,087	83,547	85,815	89,488	92,557
Asset Sustainability Ratio	54.0%	49.0%	65.0%	33.0%	42.0%	45.0%	45.0%	54.0%	46.0%	39.0%	42.0%	50.0%	61.0%	49.0%	54.0%	50.0%	48.0%	66.0%	60.0%	57.0%
Asset Consumption																				
Written down value of Assets	2,171,513	2,258,804	2,335,540	2,421,040	2,482,595	2,541,178	2,596,807	2,657,948	2,730,289	2,768,465	2,796,652	2,825,333	2,866,037	2,917,890	2,954,720	2,968,536	2,979,132	2,982,882	3,002,530	3,010,538
Current Replacement Cost of Assets	2,322,008	2,454,298	2,571,624	2,700,654	2,809,167	2,917,187	3,025,066	3,141,157	3,271,239	3,371,080	3,463,655	3,558,945	3,668,625	3,792,266	3,904,610	3,996,858	4,088,540	4,175,837	4,281,300	4,378,796
Asset Consumption Ratio	93.5%	92.0%	90.8%	89.6%	88.4%	87.1%	85.8%	84.6%	83.5%	82.1%	80.7%	79.4%	78.1%	76.9%	75.7%	74.3%	72.9%	71.4%	70.1%	68.8%
Asset Renewal Funding																				
Asset Renewal Funding Ratio	62.6%	62.3%	62.5%	63.8%	62.2%	62.8%	61.9%	61.1%	60.6%	62.1%	62.9%	59.4%	57.9%	55.6%	54.5%	52.1%	50.1%	47.0%	43.7%	41.1%
ADJUSTED WORKING CAPITAL RATIO																				
Working Capital Ratio + Unrestricted Reserves																				
Current Assets (less Restricted Assets + Unrestricted Reserves)	163,152	159,154	145,694	149,649	157,185	162,906	162,876	157,876	177,689	143,676	170,904	177,018	164,777	160,039	180,981	206,127	234,241	238,196	245,951	257,891
Current Liabilities (less Restricted)	39,716	39,716	39,716	39,716	39,716	39,716	48,579	39,716	100,495	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716	39,716
Ratio Total	410.8%	400.7%	366.8%	376.8%	395.8%	410.2%	335.3%	397.5%	176.8%	361.8%	430.3%	445.7%	414.9%	403.0%	455.7%	519.0%	589.8%	599.7%	619.3%	649.3%

Note: The Debt Service Cover ratio is not applicable from Year 11 onwards, as all outstanding loans are due to be paid by the end of Year 10.

Key Performance Indicators

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

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Operating Surplus Ratio	Net operating surplus, divided by own source operating revenue, expressed as a percentage.	This is an indicator of the extent to which revenues raised cover operational expenses only or available for capital funding purposes	<p>Standard is not met if the operating surplus ratio is 0%</p> <p>Basic standard is met if the operating surplus ratio is between 0% and 15%.</p> <p>Advanced standard is met if the operating surplus ratio is greater than 15%</p>	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Not Met Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic
Comments Throughout the 20 years of the Long Term Financial Plan, the City's operating surplus meets the basic standard for this ratio, with the exception of year 1 for which a minor operating deficit is forecast.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Own Source Revenue Coverage Ratio	Own source operating revenue, divided by operating expenses, expressed as a percentage	This is an indicator of the ability of a local government to cover costs through its own revenue efforts.	<p>Standard is not met if the ratio is less than 40%</p> <p>Basic standard is met if the ratio is between 40% and 60%.</p> <p>Intermediate standard is met if the ratio is between 60% and 90%</p> <p>Advanced standard is met if the ratio is greater than 90%</p>	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced
<p>Comments</p> <p>The City consistently meets the criteria for the advanced standard with this ratio. It reflects the sustainability of the City to meet its operating requirements.</p>					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Working Capital Ratio	Current assets less restricted current assets divided by current liabilities less current liabilities associated with restricted assets. Expressed as 1:X, percentage or decimal figure	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past years transaction.	Standard is not met if this ratio is any value lower than 1 as to 1. Basic standard is met if the ratio is equal to an expression of 1:1 or greater (e.g. 100% or 1.0).	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met
<u>Comments</u> The City does not meet the requirements for the basic standard of this ratio in any of the 20 years of the Plan. All surplus funds at the end of each year are transferred to the Strategic Projects/Initiatives reserve, which is excluded from the Working Capital ratio. As can be seen from the balance sheet, the City has a strong liquidity position.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Rates Coverage Ratio	Rates revenue divided by total operating revenue	An indicator of a local government's ability to cover its costs through its own tax revenue efforts	<p>Standard is not met if this ratio is any value lower than 40%.</p> <p>Basic standard is met if the ratio is equal to or greater than 40%.</p>	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic Basic
Comments The City consistently meets the required standard for this ratio.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Debt Service Cover Ratio Note: City of Wanneroo's loan is interest payment only with principal due in 2026/27. The Yanchep/Two Rocks DCP loan is also interest payment only with principal due in 2024/25.	Annual operating surplus before interest and depreciation divided by annual debt service payments (both principal and interest).	Also known as 'debt coverage ratio', this is the ratio of cash available for debt servicing interest, principal and lease payments.	Standard is not met if this ratio is lower than 2. Basic standard is met if this ratio is greater than or equal to 2. Advanced standard is met at a higher level if this ratio is greater than 5.	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Not met Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable
Comments The City consistently meets the criteria for the advanced standard. 2026/27 is an anomaly due to the repayment of the principal of the City's \$60 million loan. After this period there are no more outstanding borrowings, hence the not applicable result.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Sustainability Ratio Note: Also refer to Asset Management Strategy for commentaries	Capital expenditure on replacement or renewal of assets divided by the depreciation expense. Expressed as a percentage.	This ratio indicates whether a local government is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.	Standard is not met if ratio data can't be identified or ratio is less than 90%. Basic standard is met if ratio data can be calculated and ratio is 90% or greater. Advanced standard is met if this ratio is between 90% and 110%	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met
Comments The City does not meet the requirements for the basic standard of this ratio in any of the 20 years of the Plan. This is due to the fact that the City is growing rapidly, and the vast majority of assets are in near new condition. The asset renewal funding gap is largely mitigated by the Asset Renewal reserve.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Consumption Ratio (ACR) Note: Also refer to Asset Management Strategy for commentaries	Depreciated replacement cost of depreciable assets divided by current replacement cost of depreciable assets, expressed as a percentage.	This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	Standard is not met if ratio data can't be identified or ratio is less than 50%. Basic standard is met if ratio data can be identified and ratio is 50% or greater. Advanced standard is met if this ratio is between 60% and 75%.	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced Advanced
Comments The City consistently meets the criteria for the advanced standard on this ratio. This is largely due to the significant amount of relatively new assets, which is a result of the City's rapid growth.					

Performance Indicator	Data and Calculation	Information	Standards	City of Wanneroo Ratio	Standard
Asset Renewal Funding Ratio Note: Also refer to Asset Management Strategy for commentaries	Net present value of planned capital renewals over 10 years, divided by the net present value of the required capital expenditure over 10 years, expressed as a percentage.	This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.	Standard is not met if ratio data can't be identified or ratio is less than 75% Basic standard is met if the ratio is between 75% and 95%. Advanced standard is met if the ratio is between 95% and 105%, the ASR falls within the range 90% to 110% and ACR is between 50% and 75%.	2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30 2030/31 2031/32 2032/33 2033/34 2034/35 2035/36 2036/37	Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met Not met
Comments The City does not meet the requirements for the basic standard of this ratio in any of the 20 years of the Plan. The City is currently reviewing its renewal expenditure needs to mitigate the risk presented by the asset renewal funding gap. The creation and growth of the Asset Renewal reserve is one measure to assist with this.					

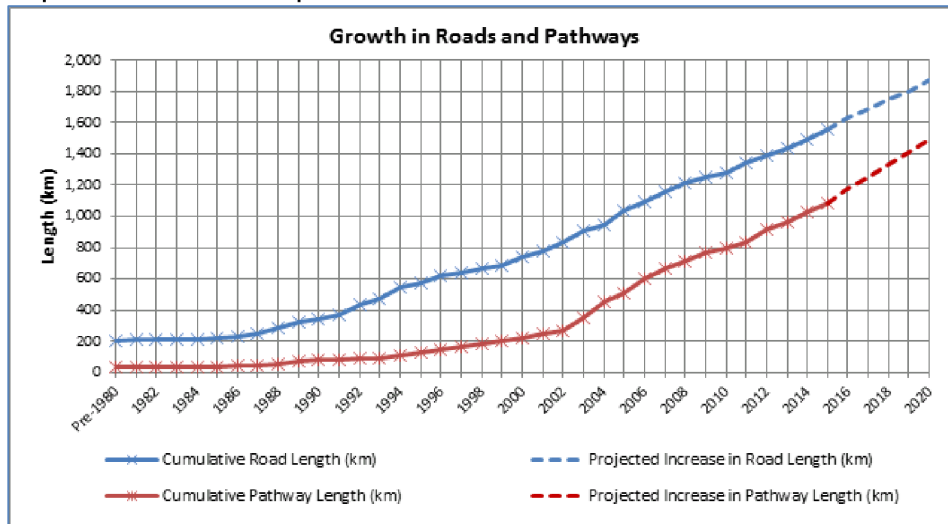
Adjusted Working Capital Ratio

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

Appendices

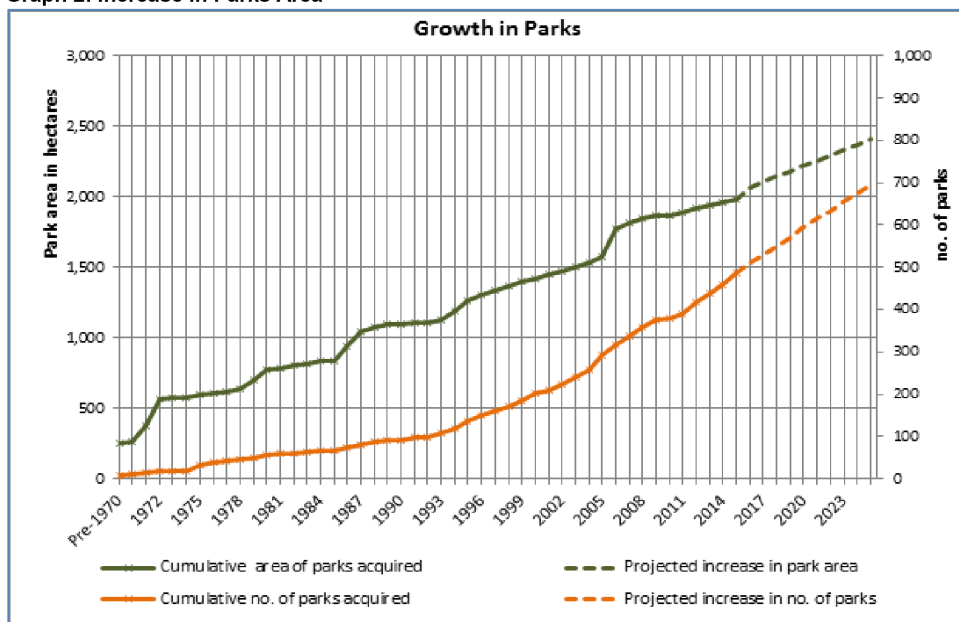
Growth of Infrastructure Assets

Graph 1: Growth in road and path assets



The projected increase in the length of roads and pathways is predicted at a rate of 60 km per annum and 80 km per annum respectively.

Graph 2: Increase in Parks Area



The projected increase in the number of parks and area of parks acquired is predicted at a rate of 20 new parks per annum and 40 ha per annum respectively.

Currently the main area of growth in the City is occurring in the northern coastal corridor, with new suburbs such as Alkimos, Eglinton and Jindalee rapidly expanding, together with the continuing escalation of existing suburbs such as Banksia Grove, Butler and Yanchep. Whilst growth has slowed somewhat over the past 12-18 months, it is still anticipated that the population will expand by over 4% per annum in the short term.

Integrated Planning and Reporting Framework

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

Strategic Community Plan

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

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

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

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

Figure 2: Strategic Community Plan 2017/18-2026/27

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

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

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

Corporate Business Plan 2017/18 – 2020/21

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

Resourcing Strategies

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

The City currently has the following Resourcing Strategies:

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

Our Services

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

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

Service Delivery

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

Definitions

Gross Rental Valuation

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

General funds

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

“general funds” means the review of income from —

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

Maintenance expenditure

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

Maintenance expenditure:

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

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

Operating surplus (deficit)

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

Renewals capital expenditure

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

Unimproved valuation (UV)

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

Upgrade capital expenditure

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

Own source revenue

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

Acronyms

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

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