

ATTACHMENT 1

RATE SETTING PROJECTIONS

Version: **12 July 2021**

Draft for review at MPFC

Critical Assumptions		1	2	3	4	5	6	7	8	9	10
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
1 Rates: Base	%	-5.68%	0.90%	1.8%	2.0%	2.0%	2.3%	2.3%	2.3%	2.5%	2.5%
2 Fees and Charges #1	%		3.5%	1.8%	2.0%	2.0%	2.3%	2.3%	2.3%	2.5%	2.5%
3 Salaries and Wages	%		6.9%	1.8%	2.0%	2.0%	2.3%	2.5%	2.5%	2.5%	2.5%
4 Materials and Contracts	%		8.1%	1.8%	2.0%	2.0%	2.2%	2.3%	2.3%	2.5%	2.5%

#1 Applies to most fees and charges but there are several items (e.g. Building Fees) with separate assumptions

Ratios		1	2	3	4	5	6	7	8	9	10
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
1 Operating Surplus Ratio %	For Year %	(3.6%)	(6.7%)	(4.7%)	(4.0%)	(3.9%)	(2.9%)	(1.9%)	(1.6%)	(1.2%)	(0.6%)
2 Asset Sustainability Ratio %	For Year %	129.8%	63.2%	30.6%	35.4%	50.0%	53.2%	72.1%	75.7%	69.0%	44.3%
3 Debt Service Coverage Ratio	Ratio for Year	9.9	10.4	23.1	25.0	26.8	280.3	341.1	408.6	507.6	352.6
<i>Fall below Score of 5, Five Years in a Row</i>		No	No	No	No	No	No	No	No	No	No

10 Year Rate Setting Statement		1	2	3	4	5	6	7	8	9	10
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OPERATING INCOME											
1 Rates: Base	\$000s	99,252	100,452	102,465	104,514	106,604	109,003	111,455	113,963	116,812	119,732
2 Rates: Growth	\$000s		250	635	1,037	1,418	3,542	5,431	6,545	7,410	8,665
3 Fees and Charges / Other: Base	\$000s	40,496	41,916	42,795	43,470	44,094	44,859	45,566	46,478	47,733	48,870
4 Fees and Charges / Other: Growth	\$000s			(139)	1,241	2,655	2,459	2,808	3,332	3,594	4,189
5 Operating Grants and Subsidies, Contributions and Reimbursements	\$000s	5,350	7,203	7,223	7,245	7,268	7,295	7,322	7,349	7,380	7,413
6 Interest: Reserves	\$000s	333	312	1,522	1,550	1,724	2,077	2,420	2,697	3,120	3,558
7 Interest: Municipal	\$000s	1,130	354	1,052	1,172	1,310	1,404	1,568	1,668	1,708	1,700
8 Profit on Disposal	\$000s	1,666	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403
A Operating Income	\$000s	148,228	151,891	156,954	161,632	166,477	172,040	177,962	183,436	189,160	195,531
OPERATING EXPENSES											
9 Employment Costs: Base	\$000s	(61,897)	(66,183)	(67,342)	(68,688)	(70,062)	(71,639)	(73,426)	(75,258)	(77,140)	(79,068)
10 Employment Costs: Growth	\$000s			(301)	(761)	(1,253)	(1,341)	(1,374)	(1,579)	(1,619)	(1,659)
11 Materials and Contracts: Base	\$000s	(51,079)	(55,195)	(56,211)	(56,999)	(57,881)	(58,839)	(59,821)	(61,081)	(62,602)	(64,152)
12 Materials and Contracts: Growth	\$000s			1,404	1,460	1,355	1,192	1,079	792	812	493
13 Utilities: Base	\$000s	(5,665)	(6,134)	(6,333)	(6,548)	(6,772)	(7,045)	(7,333)	(7,633)	(7,946)	(8,272)
14 Utilities: Growth	\$000s			(185)	(239)	(247)	(257)	(268)	(279)	(290)	(302)
15 Interest on Borrowings: Existing	\$000s	(385)	(323)	(220)	(183)	(144)	(115)	(102)	(89)	(75)	(115)
16 Interest on Borrowings: New	\$000s										
17 Insurance Expenses	\$000s	(1,467)	(1,629)	(1,657)	(1,690)	(1,724)	(1,763)	(1,803)	(1,843)	(1,889)	(1,937)
18 Depreciation: Existing	\$000s	(32,891)	(31,927)	(32,486)	(33,136)	(33,798)	(34,559)	(35,337)	(36,132)	(37,035)	(37,961)
19 Depreciation: New	\$000s			(483)	(855)	(2,006)	(2,321)	(2,622)	(2,927)	(3,346)	(3,579)
20 Loss on Disposal	\$000s	(84)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)
B Operating Expenses	\$000s	(153,469)	(161,594)	(164,017)	(167,841)	(172,734)	(176,889)	(181,208)	(186,232)	(191,332)	(196,754)
C Operating Surplus / (Deficit) after Depreciation A+B	\$000s	(5,241)	(9,703)	(7,063)	(6,209)	(6,257)	(4,848)	(3,247)	(2,796)	(2,172)	(1,223)
D Non Cash Items (Depn, Profit and Loss on Disposals)	\$000s	(31,409)	(30,827)	(31,769)	(32,790)	(34,604)	(35,679)	(36,758)	(37,858)	(39,180)	(40,339)
E Operating Cashflow C-D	\$000s	26,168	21,123	24,706	26,581	28,347	30,831	33,511	35,063	37,008	39,116
CAPITAL EXPENDITURE & LOAN PAYMENTS											
21 Capital Expenditure: Renewal	\$000s	(20,766)	(22,551)	(19,616)	(13,190)	(13,536)	(12,981)	(16,856)	(18,956)	(21,892)	(21,441)
22 Capital Expenditure: Upgrade	\$000s	(14,075)	(26,296)	(10,791)	(8,149)	(9,612)	(9,496)	(8,098)	(8,280)	(8,487)	(8,699)
23 Capital Expenditure: New	\$000s	(3,633)	(4,037)	(4,843)	(9,155)	(2,294)	(1,539)	(11,798)	(19,056)	(6,354)	(18,318)
24 Capital Grants	\$000s	9,035	11,218	6,918	5,765	5,987	6,075	5,534	5,658	5,800	5,945
25 Loan Repayment Principal: Existing	\$000s	(2,446)	(1,837)	(910)	(936)	(963)					
26 Loan Repayment Principal: New	\$000s										
F Capital Expenditure/Grants and Loan Repayments	\$000s	(31,884)	(43,503)	(29,242)	(25,664)	(20,417)	(17,941)	(31,218)	(40,633)	(30,933)	(42,513)
G Surplus / (Deficit) after Capital and Loan Repayments E+F	\$000s	(5,716)	(22,379)	(4,536)	917	7,929	12,890	2,293	(5,571)	6,075	(3,398)
RESERVES, PROCEEDS AND BORROWINGS											
27 Disposal Proceeds	\$000s	3,534	3,604	1,798	1,643	2,930	2,106	7,982	9,764	8,863	1,946
28 Reserves: Transfer From	\$000s	23,897	30,779	20,195	17,271	11,685	9,290	20,983	29,331	17,603	28,701
29 Reserves: Transfer To	\$000s	(40,095)	(13,233)	(17,457)	(19,831)	(22,544)	(24,287)	(31,258)	(33,524)	(32,541)	(30,682)
30 Borrowings	\$000s										3,432
H Municipal Cashflow Movements for Year G+23:30	\$000s	(18,380)	(1,229)	(0)	(0)	(0)	(0)	0	0	0	(0)
I Municipal Cash Opening Balance	\$000s	19,609	1,229	0	0	0	0	(0)	0	0	0
J Municipal Cash Closing Balance	\$000s	1,229	0	0	0	0	(0)	0	0	0	0
TREASURY											
K Reserves Closing Balance	\$000s	103,013	85,467	82,729	85,289	96,148	111,145	121,420	125,613	140,551	142,532
L Cash Closing Balance (Reserves and Municipal)	\$000s	104,242	85,467	82,729	85,289	96,148	111,145	121,420	125,613	140,551	142,532
M Borrowings: Principal Owing at end of Year	\$000s	(4,644)	(2,808)	(1,898)	(963)	0	0	0	0	0	(3,432)
N Cash Held less Borrowings Owing	\$000s	99,598	82,659	80,831	84,326	96,149	111,145	121,420	125,613	140,551	139,100

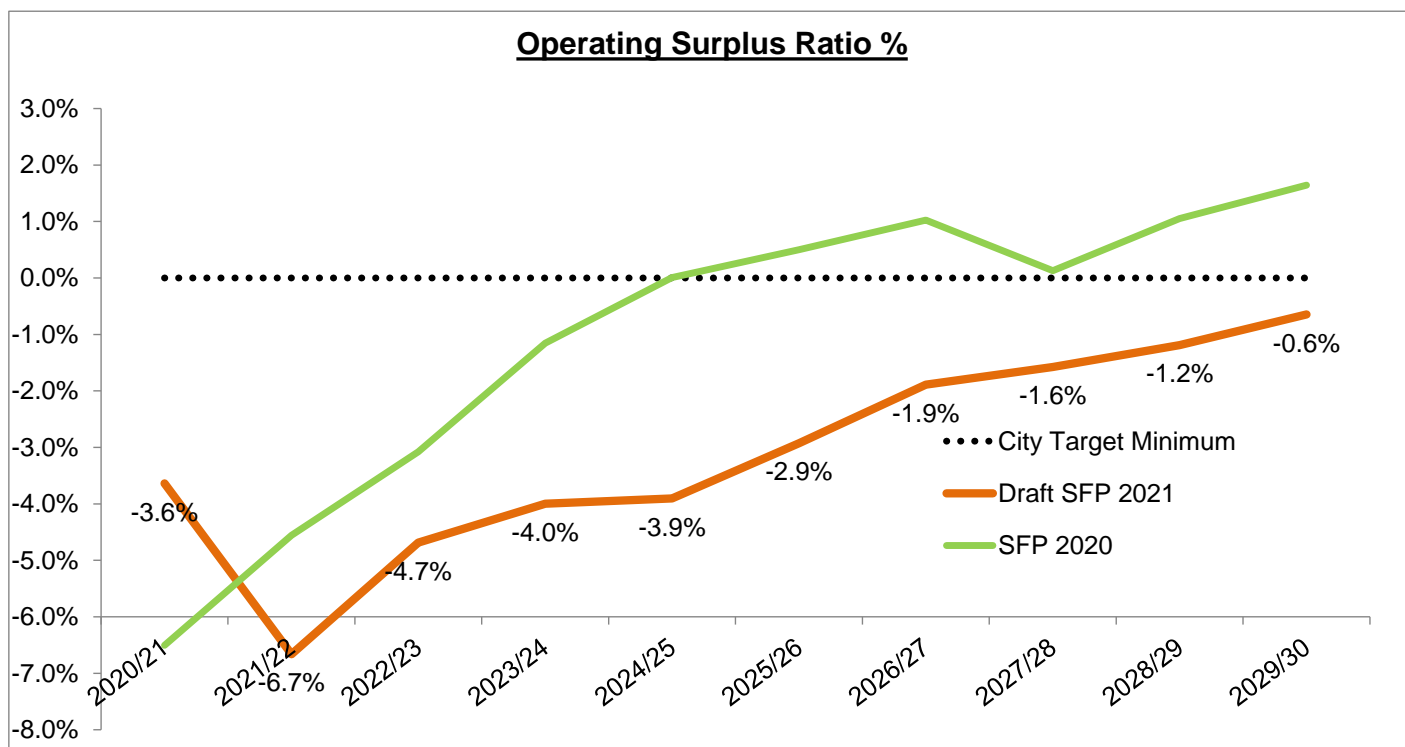
KEY RATIOS SUMMARY

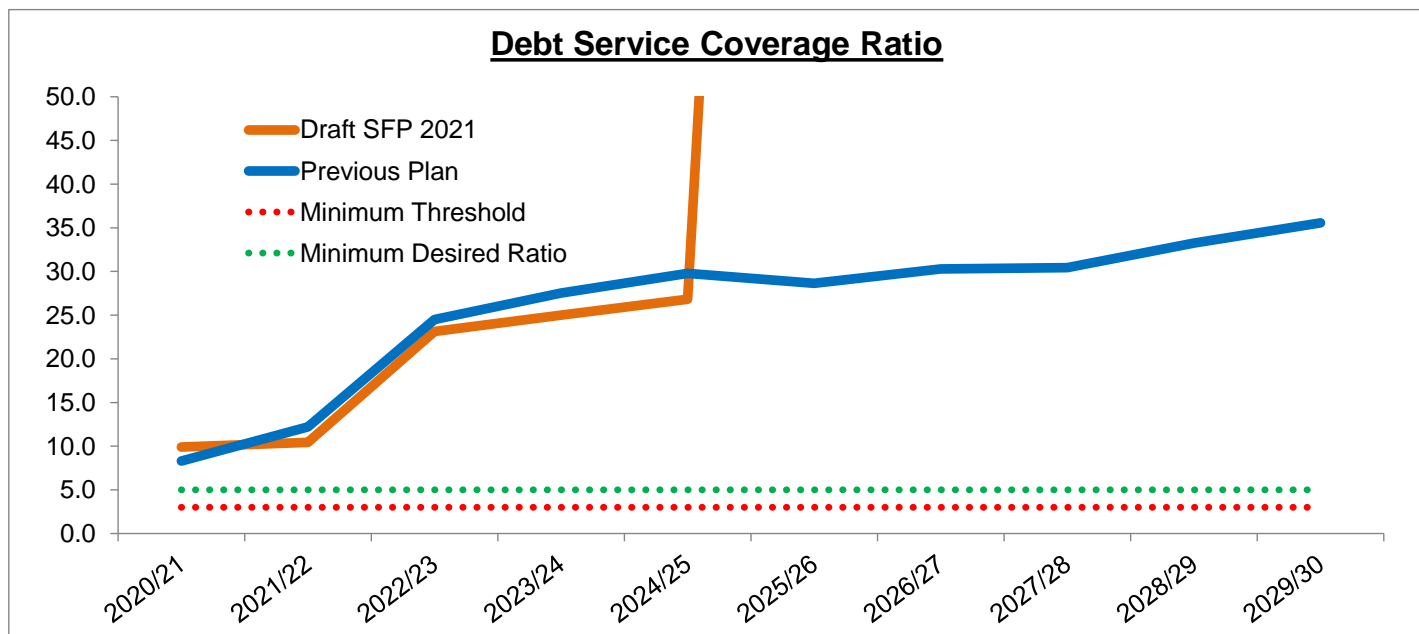
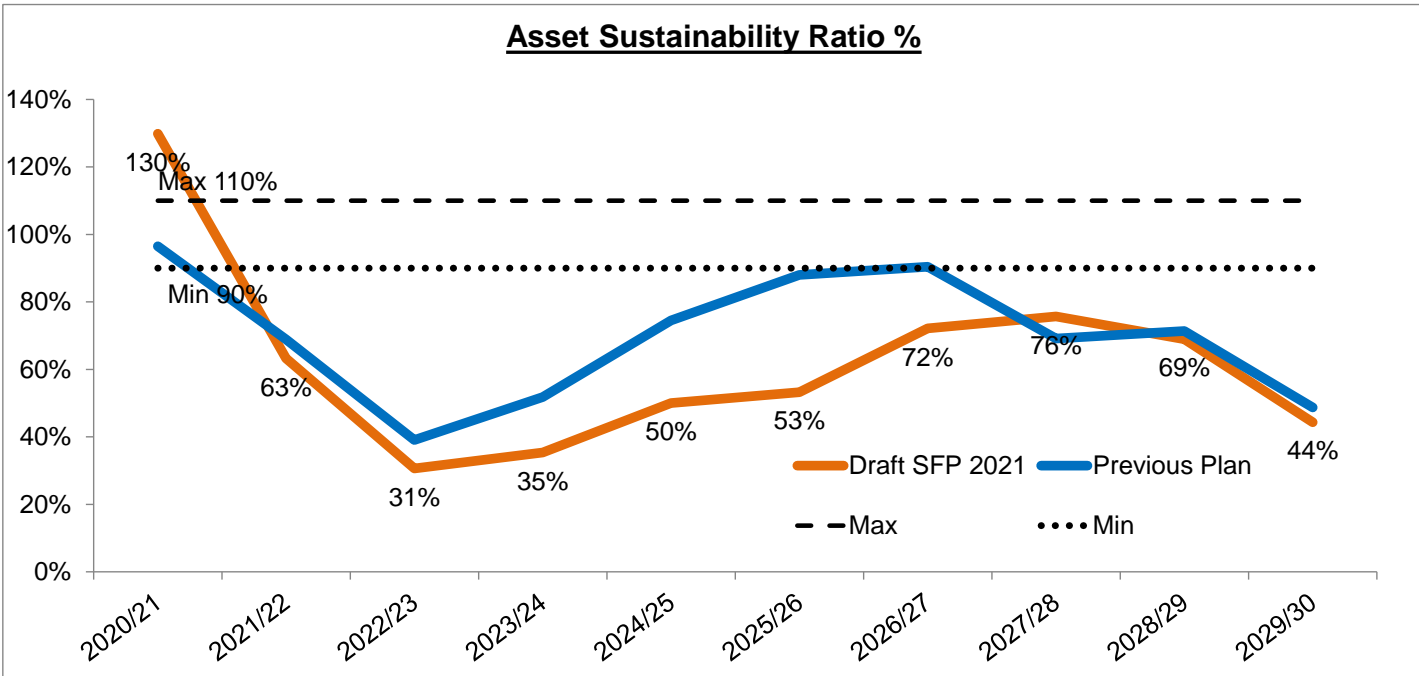
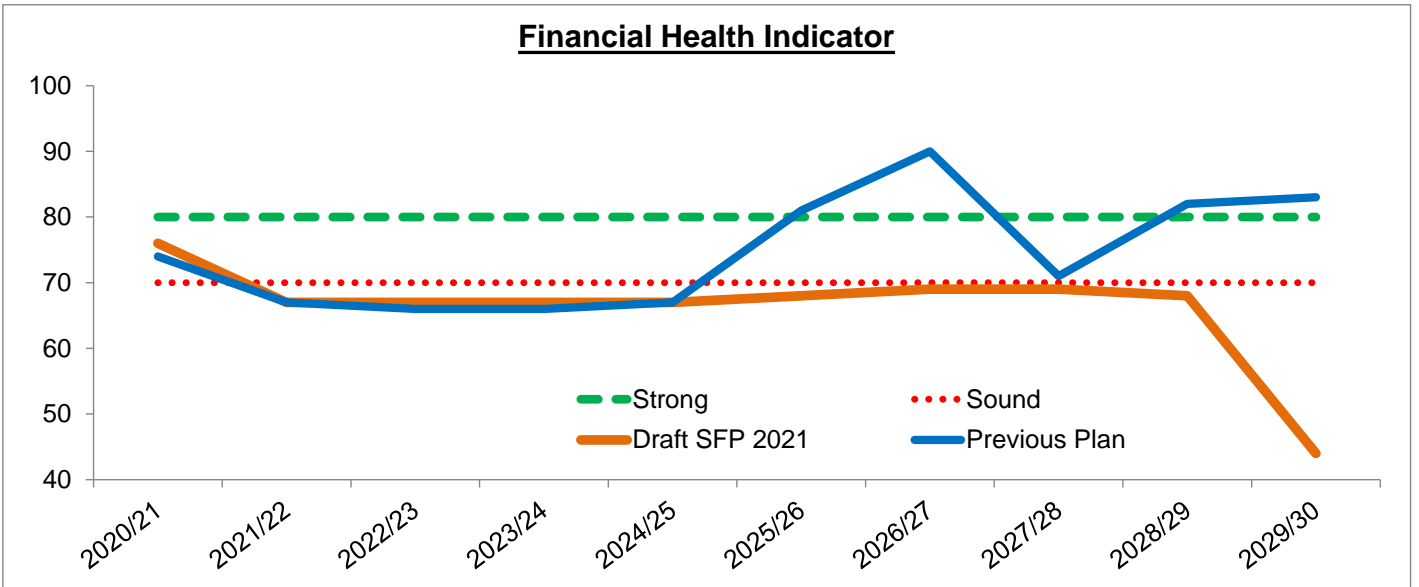
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KEY RATIOS	Target Range		Updated SFP		Previous	
	Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Previous	Draft versus Prev
1 Operating Surplus Ratio %	0.0%	1.0%	0	10	●	6 -6
2 Asset Sustainability Ratio %	90.0%	110.0%	1	9	●	2 -1
3 Debt Service Coverage Ratio	3.0	>5	10	0	●	10 0
Total			11	19	●	18 -7

<u>OTHER KEY INDICATORS</u>			<u>Updated Plan versus Previous</u>			
Indicator	Measure	Updated Plan	Previous	Difference		
1 Financial Health Indicator: Yr 1 to 6	Score out of 100(70 is Sound)	69	68	1	●	
2 Borrowings	20 Year Total (\$m)	\$65.1	\$9.0	\$56.1	●	
3 Cash Held less Borrowings Owing:	at end of 2028-29 \$ms	\$139.1	\$164.0	(\$24.9)	●	
4 Rates % Increase:	Average Increase Years 1 to 5	0.2%	0.3%	-0.1%	●	
5 Operating Surplus Ratio:	What Year is target first achieved?	0	2024/25	- 4 yrs	●	
6 Operating Surplus Ratio:	Average Years 1 to 10	-3.1%	-1.3%	-1.9%	●	





Supporting Schedule 1 - Assumptions											
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
CRITICAL ASSUMPTIONS											
Headline Economic Indicators											
Perth CPI	%	1.50%	1.75%	1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Perth Wages Price Index	%	1.50%	1.75%	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Income											
Fees and Charges #1	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Rates: Base	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Expenses											
Salaries and Wages	%			1.75%	2.00%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%
Materials and Contracts	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Sum of above (weighted)	%			1.75%	2.00%	2.00%	2.25%	2.39%	2.39%	2.50%	2.50%
Waste											
Waste Expenditure	%		4.05%	1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Refuse Charge per Household	Household	\$346	\$360	\$367	\$370	\$374	\$378	\$382	\$390	\$397	\$407

#1 Applies to most fees and charges but there are several items (e.g. Building Fees) with separate assumptions

OPERATING INCOME

Rates: Base	%	-5.68%	0.90%	1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Refuse Charges	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Building and Development Fees (CRS)	%						1.00%				
Building and Development Fees (PS)	%			1.40%	1.50%	1.50%	1.75%	2.25%	2.25%	2.50%	2.50%
Building and Development Fees (FS)	%						1.00%				
Dog and Cat Registration Income	%			6.9%	-20.4%	-18.1%	2.3%	9.81%	4.99%	4.83%	2.00%
Licenses and Registrations, excl Dog	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Sports and Recreation Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Hire and Rentals / Leases	%			2.75%	3.00%	3.00%	3.25%	3.25%	3.25%	3.50%	3.50%
Inspection and Control Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Fines and Penalties	%				12.00%					11.00%	
Parking Fees	%			5.00%	4.76%	4.55%	4.35%	1.75%	2.00%	2.00%	2.50%
Other Fees and Charges	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Other Revenue	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Grants and Subsidies - Operating	%										
Contributions, Sponsorships and Reir	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%

OPERATING EXPENSES

Salaries and Wages	%	0.00%	1.67%	1.75%	2.00%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%
Other Employment Costs	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Members Allowances and Meeting Fe	%			1.50%		1.50%		1.50%		1.50%	
Members Costs Various	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Accommodation and Property (Ops)	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Accommodation and Prop (Others)	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Administration	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Telephones and Communication	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Finance Related Cost	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Professional Fees, excl Consultancy	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Consultancy	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Public Relations, Advertising	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Contributions and Donations paid by (%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Computing	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Furniture, Equipment	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Other Materials	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Books and Publications	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Travel, Vehicles and Plant	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
External Services, excl Tipping Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Tipping Fees	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Waste Management Services	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Charges and Recoveries	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Electricity - Western Power (WP) Stre	%			1.75%	2.00%	2.00%	3.20%	3.20%	3.20%	3.20%	3.20%
Electricity - excluding WP Streetlightir	%			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gas and Water	%			1.75%	2.00%	2.00%	2.25%	3.50%	3.50%	3.50%	3.50%
Insurance Expenses	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Depreciation: Existing	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%

Capital Expenditure and Capital Grants

All Other Capital	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Road and Bridge Construction	%			2.30%	1.75%	1.75%	2.00%	2.25%	2.25%	2.50%	2.50%
Non Residential Building	%			1.40%	1.50%	1.50%	1.75%	2.25%	2.25%	2.50%	2.50%

Grants and Disposal Proceeds

Capital Grants	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
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Financing

Cash Reserves earnings	%			1.87%	1.98%	2.10%	2.21%	2.33%	2.44%	2.56%	2.67%
Borrowings Fixed Term - 5 Years	%	0.73%	0.79%	0.93%	1.09%	1.24%	1.39%	1.55%	1.70%	1.86%	2.01%
Borrowings Fixed Term - 10 Years	%	1.60%	1.76%	1.87%	1.98%	2.10%	2.21%	2.33%	2.44%	2.56%	2.67%
Borrowings Fixed Term - 15 Years	%	2.23%	2.39%	2.47%	2.56%	2.65%	2.74%	2.83%	2.92%	3.01%	3.10%
Borrowings Fixed Term - 20 Years	%	2.62%	2.78%	2.85%	2.93%	3.00%	3.08%	3.15%	3.23%	3.31%	3.38%

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Supporting Schedule 3 - Major Projects Assumptions

Major Project	Year #1	Cost #2	Purpose	Source of Estimate	Funding Sources
1 Joondalup City Centre Development - Boas Place	2021/22	(\$0.1)	Project Costs required to working with a proponent for City Centre Development	Project Costs only included at this stage	Municipal. Future land proceeds may offset initial costs of project.
2 Cafes / Kiosks / Restaurants - Pinnaroo Point	2021/22	(\$0.6)	Service Provision and Project Costs. New facility built by operator	Service Provision based on QS Estimate	Municipal and Reserves
3 Percy Doyle - Refurbishment Works	2021/22	(\$1.4)	Refurbishment of existing facilities to keep in working order until Master Plan is completed.	Council Report 2015.	Grants, Club Contribution, Reserves and Municipal
4 Warwick Sports Centre	2021/22	(\$1.3)	Refurbishment of existing facilities.	Tender 2021	Municipal
5 Joondalup Administration Building - refurbishment	2021/22	(\$0.9)	Refurbishment of Admin Building	Some works require further scoping	Municipal and Reserves
6 Chichester Park Redevelopment	2022/23	(\$4.3)	Redevelopment of existing facilities.	Council approved Nov 2018	Grants and Reserves
7 Craigie LC Refurbishment Phase 1	2022/23	(\$8.4)	Refurbishment of facilities to meet future requirements.	Approved Council Report December 2019	Reserves and Municipal
8 Craigie LC Geothermal bore replacement	2022/23	(\$1.0)	Renewal of existing assets	Asset management report from external consultant	Asset Renewal Reserve
9 Ocean Reef Marina - City Commercial area	2023/24	(\$3.6)	New commercial facilities for City to generate a recurring income stream	Financial Evaluation February 2021	Reserve
10 Burns Beach Coastal Node redevelopment	2024/25	(\$3.2)	Redevelopment of area, works required to support Café / Restaurant	Report to MPFC - Sept 2020	Reserve
11 Burns Beach Café Restaurant	2024/25	(\$3.9)	Construction Costs, Service Provision, Project Costs	Report to MPFC - Sept 2020	Reserve
12 Ocean Reef Marina	2026/27	(\$0.8)	Project costs to work with State to develop Ocean Reef Marina	Estimated Project Costs	Municipal
13 Multi Storey Car Park (2)	2027/28	(\$17.1)	Second Multi Storey Car Park in City Centre.	Based on capital costs of Reid Promenade Multi Storey Car Park	Reserves and loan if insufficient reserves
14 Warwick Community Facilities	2028/29	(\$5.0)	Rationalisation of existing 3 buildings	Feasibility Study 2020	Intent is for land proceeds to fund the majority of the capital costs.
15 Edgewater Quarry Masterplan	2028/29	(\$13.4)	Development of quarry Sale of land estimated to contribute	Financial Evaluation 2020	Reserve, land proceeds will repay to reserve
16 Calectasia Hall / Greenwood Scout and Guide Hall	2029/30	(\$5.0)	Facility Redevelopment	Active Reserve and Community Facilities Review December 2017	Reserves
17 Percy Doyle Master-Plan Phase 1 and 2	2036/37	(\$14.4)	Development of sporting and leisure facilities at the Percy Doyle Reserve	Report to Strategy 2014	Reserves
TOTAL		(\$84.5)			

#1 Year of Completion for some projects such as the Joondalup City Centre Development relates to last year of Capital Costs included in 20 Year SFP, as opposed to the proposed project completion date

#2 Capital Costs shown are based on 2020/21 to 2029/30 only, exclude escalation and exclude costs incurred prior to 2020/21

CAPEX, excluding escalation	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Section A - by Project	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
A1 Capital Works Program, excl MPP										
1 Parks Development	(2,628)	(2,454)	(1,755)	(1,325)	(1,375)	(1,275)				
2 Foreshore and Natural Areas	(1,101)	(135)	(320)	(460)	(285)	(355)				
3 Parks Equipment	(2,852)	(2,845)	(1,994)	(1,850)	(2,018)	(1,894)				
4 Streetscape Enhancement	(902)	(2,230)	(1,300)	(1,200)	(1,200)	(1,200)				
5 Local Traffic management	(920)	(1,104)	(575)	(500)	(500)	(500)				
6 State Blackspot	(1,147)	(1,009)	(1,690)	(1,350)	(1,350)	(1,350)				
7 Parking Facilities	(1,070)	(1,008)	(290)	(255)	(276)	(285)				
8 Major Road Construction	(3,162)	(5,354)	(2,432)	(2,742)	(2,725)	(2,725)				
9 New Paths	(1,807)	(960)	(445)	(419)	(434)	(292)				
10 Path Replacement	(1,518)	(1,848)	(1,292)	(968)	(1,000)	(950)				
11 Stormwater Drainage	(809)	(845)	(545)	(550)	(550)	(550)	(301)	(301)	(301)	(301)
12 Lighting	(3,986)	(3,660)	(1,810)	(730)	(730)	(730)	(758)	(758)	(758)	(758)
13 Road Preservation and Resurfacing	(8,084)	(7,592)	(7,190)	(7,290)	(7,290)	(7,290)				
14 Building Construction Works	(2,932)	(1,821)	(1,590)	(1,110)	(1,820)	(1,310)	(1,168)	(1,168)	(1,168)	(1,168)
16 Parks Asset Class							(3,838)	(3,838)	(3,838)	(3,838)
18 Transport Asset Class							(15,638)	(15,638)	(15,638)	(15,638)
Total Capital Works Program, excl MPP	(32,919)	(32,865)	(23,227)	(20,748)	(21,553)	(20,706)	(21,702)	(21,702)	(21,702)	(21,702)
A2 Capital Projects - Annual Programs										
21 Fleet	(1,703)	(2,820)	(3,305)	(1,250)	(1,719)	(1,182)	(865)	(1,069)	(994)	(1,784)
22 IT	(464)	(698)	(450)	(250)	(250)	(250)	(250)	(250)	(200)	(200)
24 CCTV	(87)	(256)								
25 Parking Infrastructure			(1,625)							
29 Year 1 and 2 Various	(1,672)	(2,356)								
Total Capital Projects - Annual Programs	(3,925)	(6,130)	(5,380)	(1,500)	(1,969)	(1,432)	(1,115)	(1,319)	(1,194)	(1,984)
A3 Major Projects less than \$3m										
31 Craigie LC Geothermal bore replacement		(50)	(950)							
32 Warwick Sports Centre	(106)	(1,154)								
Total Major Projects less than \$3m	(106)	(1,204)	(950)							
A4 Major Projects greater than \$3m										
41 Joondalup Performing Arts and Cultural Facility									(200)	(200)
42 Joondalup City Centre Development - Boas Place	(40)	(56)								
43 Ocean Reef Marina	(137)	(171)	(90)	(125)	(96)	(96)	(96)			
44 Ocean Reef Marina - City Commercial area			(1,800)	(1,800)						
45 Warwick Community Facilities							(600)	(1,400)	(3,000)	
46 Cafes / Kiosks / Restaurants - Pinnaroo Point		(613)								
47 Burns Beach Coastal Node redevelopment		(97)	(477)	(2,423)	(200)					
48 Burns Beach Café Restaurant		(119)	(585)	(2,955)	(260)					
49 Edgewater Quarry Masterplan							(4,467)	(4,467)	(4,467)	
51 Percy Doyle Master-Plan Phase 1 and 2										(14,400)
52 Chichester Park Redevelopment	(387)	(2,872)	(1,087)							
53 Craigie LC Refurbishment Phase 1	(158)	(7,247)	(1,043)							
55 Calectasia Hall / Greenwood Scout and Guide Hall								(600)	(1,400)	(3,000)
56 Percy Doyle - Refurbishment Works	(644)	(760)								
57 Joondalup Administration Building - refurbishment	(157)	(750)								
62 Multi Storey Car Park (2)							(5,355)	(11,745)		
Total Major Projects greater than \$3m	(1,524)	(12,684)	(5,082)	(7,303)	(556)	(96)	(10,518)	(18,212)	(9,067)	(17,600)

CAPEX, excluding escalation

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30

Section B - Summary**Category**

Capital Works Program, excl MPP	(32,919)	(32,865)	(23,227)	(20,748)	(21,553)	(20,706)	(21,702)	(21,702)	(21,702)	(21,702)
Capital Projects - Annual Programs	(3,925)	(6,130)	(5,380)	(1,500)	(1,969)	(1,432)	(1,115)	(1,319)	(1,194)	(1,984)
Major Projects less than \$3m	(106)	(1,204)	(950)							
Major Projects greater than \$3m	(1,524)	(12,684)	(5,082)	(7,303)	(556)	(96)	(10,518)	(18,212)	(9,067)	(17,600)
TOTAL CAPITAL EXPENDITURE	(38,474)	(52,884)	(34,639)	(29,552)	(24,078)	(22,234)	(33,335)	(41,233)	(31,963)	(41,286)

Renewal / Upgrade / New

Renewal	(20,766)	(22,551)	(19,260)	(12,692)	(12,791)	(12,019)	(15,259)	(16,863)	(19,138)	(18,528)
Upgrade	(14,075)	(26,296)	(10,602)	(7,844)	(9,094)	(8,793)	(7,320)	(7,320)	(7,320)	(7,320)
New	(3,633)	(4,037)	(4,777)	(9,016)	(2,193)	(1,422)	(10,756)	(17,050)	(5,505)	(15,438)

Renewal %	54.0%	42.6%	55.6%	42.9%	53.1%	54.1%	45.8%	40.9%	59.9%	44.9%
Upgrade %	36.6%	49.7%	30.6%	26.5%	37.8%	39.5%	22.0%	17.8%	22.9%	17.7%
New %	9.4%	7.6%	13.8%	30.5%	9.1%	6.4%	32.3%	41.4%	17.2%	37.4%

CAPEX, including escalation	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Section A - by Project	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
A1 Capital Works Program, excl MPP										
1 Parks Development	(2,628)	(2,454)	(1,786)	(1,375)	(1,456)	(1,380)				
2 Foreshore and Natural Areas	(1,101)	(135)	(326)	(477)	(302)	(384)				
3 Parks Equipment	(2,852)	(2,845)	(2,029)	(1,920)	(2,136)	(2,050)				
4 Streetscape Enhancement	(902)	(2,230)	(1,323)	(1,245)	(1,270)	(1,299)				
5 Local Traffic management	(920)	(1,104)	(585)	(519)	(529)	(541)				
6 State Blackspot	(1,147)	(1,009)	(1,728)	(1,405)	(1,430)	(1,458)				
7 Parking Facilities	(1,070)	(1,008)	(297)	(265)	(292)	(308)				
8 Major Road Construction	(3,162)	(5,354)	(2,488)	(2,854)	(2,886)	(2,944)				
9 New Paths	(1,807)	(960)	(452)	(435)	(459)	(316)				
10 Path Replacement	(1,518)	(1,848)	(1,315)	(1,005)	(1,059)	(1,028)				
11 Stormwater Drainage	(809)	(845)	(555)	(571)	(582)	(595)	(333)	(340)	(349)	(357)
12 Lighting	(3,986)	(3,660)	(1,842)	(758)	(773)	(790)	(839)	(858)	(879)	(901)
13 Road Preservation and Resurfacing	(8,084)	(7,592)	(7,355)	(7,588)	(7,721)	(7,875)				
14 Building Construction Works	(2,932)	(1,821)	(1,612)	(1,142)	(1,901)	(1,392)	(1,269)	(1,298)	(1,330)	(1,363)
16 Parks Asset Class							(4,247)	(4,343)	(4,452)	(4,563)
18 Transport Asset Class							(17,308)	(17,697)	(18,140)	(18,593)
Total Capital Works Program, excl MPP	(32,919)	(32,865)	(23,692)	(21,560)	(22,796)	(22,362)	(23,996)	(24,536)	(25,149)	(25,778)
A2 Capital Projects - Annual Programs										
21 Fleet	(1,703)	(2,820)	(3,363)	(1,297)	(1,820)	(1,279)	(957)	(1,210)	(1,153)	(2,121)
22 IT	(464)	(698)	(458)	(259)	(265)	(271)	(277)	(283)	(232)	(238)
24 CCTV	(87)	(256)								
25 Parking Infrastructure			(1,653)							
29 Year 1 and 2 Various	(1,672)	(2,356)								
Total Capital Projects - Annual Programs	(3,925)	(6,130)	(5,474)	(1,557)	(2,084)	(1,550)	(1,234)	(1,493)	(1,385)	(2,359)
A3 Major Projects less than \$3m										
31 Craigie LC Geothermal bore replacement		(50)	(950)							
32 Warwick Sports Centre	(106)	(1,154)								
Total Major Projects less than \$3m	(106)	(1,204)	(950)							
A4 Major Projects greater than \$3m										
41 Joondalup Performing Arts and Cultural Facility									(200)	(200)
42 Joondalup City Centre Development - Boas Place	(40)	(56)								
43 Ocean Reef Marina	(137)	(171)	(92)	(130)	(102)	(104)	(106)			
44 Ocean Reef Marina - City Commercial area			(1,832)	(1,868)						
45 Warwick Community Facilities							(652)	(1,556)	(3,417)	
46 Cafes / Kiosks / Restaurants - Pinnaroo Point		(613)								
47 Burns Beach Coastal Node redevelopment		(97)	(477)	(2,423)	(200)					
48 Burns Beach Café Restaurant		(119)	(585)	(2,955)	(260)					
49 Edgewater Quarry Masterplan							(4,944)	(5,055)	(5,181)	
51 Percy Doyle Master-Plan Phase 1 and 2										(17,121)
52 Chichester Park Redevelopment	(387)	(2,872)	(1,106)							
53 Craigie LC Refurbishment Phase 1	(158)	(7,247)	(1,043)							
55 Calectasia Hall / Greenwood Scout and Guide Hall								(600)	(1,400)	(3,000)
56 Percy Doyle - Refurbishment Works	(644)	(760)								
57 Joondalup Administration Building - refurbishment	(157)	(750)								
62 Multi Storey Car Park (2)							(5,820)	(13,052)		
Total Major Projects greater than \$3m	(1,524)	(12,684)	(5,134)	(7,376)	(562)	(104)	(11,522)	(20,263)	(10,198)	(20,321)

CAPEX, including escalation

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30

Section B - Summary**Category**

Capital Works Program, excl MPP	(32,919)	(32,865)	(23,692)	(21,560)	(22,796)	(22,362)	(23,996)	(24,536)	(25,149)	(25,778)
Capital Projects - Annual Programs	(3,925)	(6,130)	(5,474)	(1,557)	(2,084)	(1,550)	(1,234)	(1,493)	(1,385)	(2,359)
Major Projects less than \$3m	(106)	(1,204)	(950)							
Major Projects greater than \$3m	(1,524)	(12,684)	(5,134)	(7,376)	(562)	(104)	(11,522)	(20,263)	(10,198)	(20,321)
TOTAL CAPITAL EXPENDITURE	(38,474)	(52,884)	(35,250)	(30,493)	(25,442)	(24,016)	(36,752)	(46,292)	(36,733)	(48,458)

Renewal / Upgrade / New

Renewal	(20,766)	(22,551)	(19,616)	(13,190)	(13,536)	(12,981)	(16,856)	(18,956)	(21,892)	(21,441)
Upgrade	(14,075)	(26,296)	(10,791)	(8,149)	(9,612)	(9,496)	(8,098)	(8,280)	(8,487)	(8,699)
New	(3,633)	(4,037)	(4,843)	(9,155)	(2,294)	(1,539)	(11,798)	(19,056)	(6,354)	(18,318)

Renewal %	54.0%	42.6%	55.6%	43.3%	53.2%	54.1%	45.9%	40.9%	59.6%	44.2%
Upgrade %	36.6%	49.7%	30.6%	26.7%	37.8%	39.5%	22.0%	17.9%	23.1%	18.0%
New %	9.4%	7.6%	13.7%	30.0%	9.0%	6.4%	32.1%	41.2%	17.3%	37.8%

Project Funding Estimates

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr 1 to 10
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
1 Parks Development											
Grants	\$000's	2	155								156
Disposal Proceeds / Other Contribution	\$000's		155								155
Reserves	\$000's	1,531	777	783	778	847	595				5,312
Loans	\$000's										
Municipal	\$000's	1,095	1,367	1,002	597	609	785				5,455
Capital Expenditure Total	\$000's	2,628	2,454	1,786	1,375	1,456	1,380				11,078
2 Foreshore and Natural Areas											
Grants	\$000's	491									491
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's	200	100	224	125	127	130				906
Loans	\$000's										
Municipal	\$000's	410	35	102	353	175	254				1,329
Capital Expenditure Total	\$000's	1,101	135	326	477	302	384				2,725
3 Parks Equipment											
Grants	\$000's	117	175								292
Disposal Proceeds / Other Contribution	\$000's	18									18
Reserves	\$000's	1,056	851	1,136	1,244	923	944				6,154
Loans	\$000's										
Municipal	\$000's	1,662	1,819	893	676	1,213	1,106				7,368
Capital Expenditure Total	\$000's	2,852	2,845	2,029	1,920	2,136	2,050				13,832
4 Streetscape Enhancement											
Grants	\$000's										
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's	3	747	305	311	318	325				2,009
Loans	\$000's	(0)									(0)
Municipal	\$000's	899	1,483	1,018	934	953	974				6,261
Capital Expenditure Total	\$000's	902	2,230	1,323	1,245	1,270	1,299				8,270
5 Local Traffic management											
Grants	\$000's	20	260	234	182						696
Disposal Proceeds / Other Contribution	\$000's		10								10
Reserves	\$000's	115	320	23							458
Loans	\$000's										
Municipal	\$000's	785	514	328	337	529	541				3,034
Capital Expenditure Total	\$000's	920	1,104	585	519	529	541				4,198
6 State Blackspot											
Grants	\$000's	813	518	1,473	937	953	972				5,665
Disposal Proceeds / Other Contribution	\$000's	5									5
Reserves	\$000's										
Loans	\$000's										
Municipal	\$000's	329	492	256	468	477	486				2,507
Capital Expenditure Total	\$000's	1,147	1,009	1,728	1,405	1,430	1,458				8,178
7 Parking Facilities											
Grants	\$000's	95	373	31	31	32					562
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's	105	367								472
Loans	\$000's										
Municipal	\$000's	870	268	266	234	261	308				2,207
Capital Expenditure Total	\$000's	1,070	1,008	297	265	292	308				3,240
8 Major Road Construction											
Grants	\$000's	1,260	2,627	2,073	1,885	1,906	1,945				11,697
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's		760	184	156	159	162				1,421
Loans	\$000's										
Municipal	\$000's	1,902	1,966	230	813	821	837				6,569
Capital Expenditure Total	\$000's	3,162	5,354	2,488	2,854	2,886	2,944				19,688
9 New Paths											
Grants	\$000's	201	445	117	104	106	108				1,081
Disposal Proceeds / Other Contribution	\$000's	681									681
Reserves	\$000's		25			26					51
Loans	\$000's		0								0
Municipal	\$000's	926	490	335	331	327	208				2,617
Capital Expenditure Total	\$000's	1,807	960	452	435	459	316				4,430
10 Path Replacement											
Grants	\$000's	629	1,696								2,325
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's	698	152	402	486	371	379				2,487
Loans	\$000's										
Municipal	\$000's	190		913	519	688	649				2,960
Capital Expenditure Total	\$000's	1,518	1,848	1,315	1,005	1,059	1,028				7,772
11 Stormwater Drainage											
Grants	\$000's	5	85								90
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's	180	85	132	78	79	81	221	226	232	1,553
Loans	\$000's		(0)								(0)
Municipal	\$000's	624	675	422	493	503	514	111	114	117	3,693
Capital Expenditure Total	\$000's	809	845	555	571	582	595	333	340	349	5,336

Project Funding Estimates		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr 1 to 10
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
32 Warwick Sports Centre												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's		46									46
Reserves	\$000's											
Loans	\$000's											
Municipal	\$000's	106	1,109									1,215
Capital Expenditure Total	\$000's	106	1,154									1,261
41 Joondalup Performing Arts and Cultural Facility												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's									200	200	400
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's									200	200	400
42 Joondalup City Centre Development - Boas Place												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's											
Loans	\$000's											
Municipal	\$000's	40	56									96
Capital Expenditure Total	\$000's	40	56									96
43 Ocean Reef Marina												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's											
Loans	\$000's											
Municipal	\$000's	137	171	92	130	102	104	106				841
Capital Expenditure Total	\$000's	137	171	92	130	102	104	106				841
44 Ocean Reef Marina - City Commercial area												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's			1,832	1,868							3,700
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's			1,832	1,868							3,700
45 Warwick Community Facilities												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's							664	1,584	2,088		4,336
Reserves	\$000's											
Loans	\$000's											
Municipal	\$000's							(12)	(29)	1,329		1,289
Capital Expenditure Total	\$000's							652	1,556	3,417		5,625
46 Cafes / Kiosks / Restaurants - Pinnaroo Point												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's											
Loans	\$000's											
Municipal	\$000's		613									613
Capital Expenditure Total	\$000's		613									613
47 Burns Beach Coastal Node redevelopment												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's		97	477	2,423	200						3,197
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's		97	477	2,423	200						3,197
48 Burns Beach Café Restaurant												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's		119	585	2,955	260						3,919
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's		119	585	2,955	260						3,919
49 Edgewater Quarry Masterplan												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's							4,944	5,055	5,181		15,180
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's							4,944	5,055	5,181		15,180
51 Percy Doyle Master-Plan Phase 1 and 2												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's										16,689	16,689
Loans	\$000's										432	432
Municipal	\$000's											
Capital Expenditure Total	\$000's										17,121	17,121

Project Funding Estimates		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr 1 to 10
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
52 Chichester Park Redevelopment												
Grants	\$000's		400									400
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's	287	2,472	1,106								3,865
Loans	\$000's											
Municipal	\$000's	100										100
Capital Expenditure Total	\$000's	387	2,872	1,106								4,365
53 Craigie LC Refurbishment Phase 1												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's	158	7,247	1,043								8,448
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's	158	7,247	1,043								8,448
55 Calectasia Hall / Greenwood Scout and C												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's							600	1,400		3,000	2,000
Loans	\$000's											3,000
Municipal	\$000's											
Capital Expenditure Total	\$000's							600	1,400		3,000	5,000
56 Percy Doyle - Refurbishment Works												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's	251	760									1,011
Loans	\$000's											
Municipal	\$000's	393										393
Capital Expenditure Total	\$000's	644	760									1,404
57 Joondalup Administration Building - refurbishment												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's		750									750
Loans	\$000's											
Municipal	\$000's	157										157
Capital Expenditure Total	\$000's	157	750									907
62 Multi Storey Car Park (2)												
Grants	\$000's											
Disposal Proceeds / Other Contribution	\$000's											
Reserves	\$000's							5,820	13,052			18,872
Loans	\$000's											
Municipal	\$000's											
Capital Expenditure Total	\$000's							5,820	13,052			18,872
A Total (sum of projects listed above)												
Grants	\$000's	7,743	11,007	6,918	5,765	5,987	6,075	5,534	5,658	5,800	5,945	66,433
Disposal Proceeds / Other Contribution	\$000's	1,595	723	798	310	430	273	839	1,820	2,310	446	9,544
Reserves	\$000's	13,653	23,642	18,895	17,171	10,935	9,290	20,983	29,331	17,603	28,701	190,203
Loans	\$000's	0	(0)								3,432	3,432
Municipal	\$000's	15,482	17,512	8,639	7,247	8,090	8,377	9,397	9,483	11,021	9,934	105,182
Capital Expenditure Total	\$000's	38,474	52,884	35,250	30,493	25,442	24,016	36,752	46,292	36,733	48,458	374,794

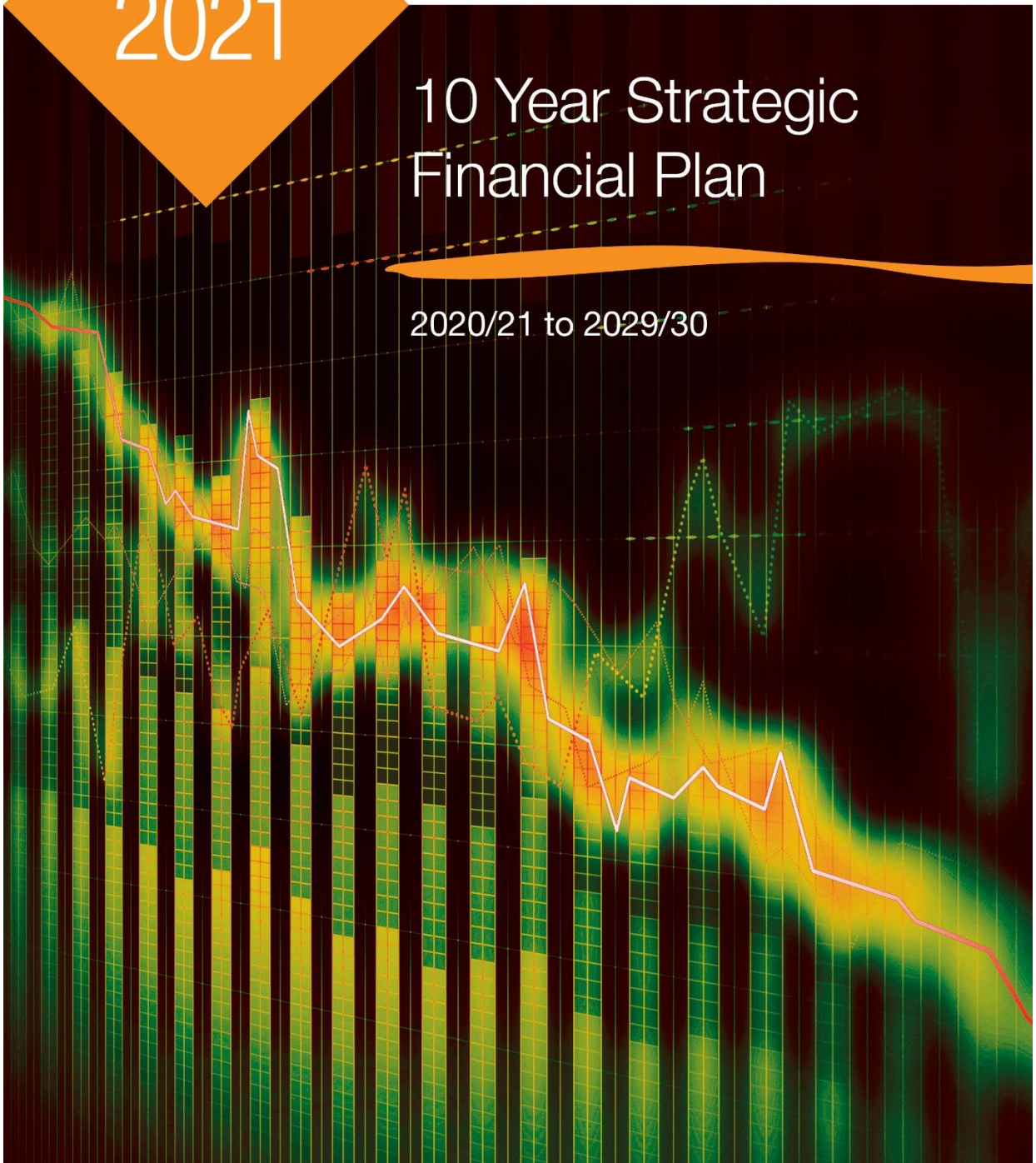


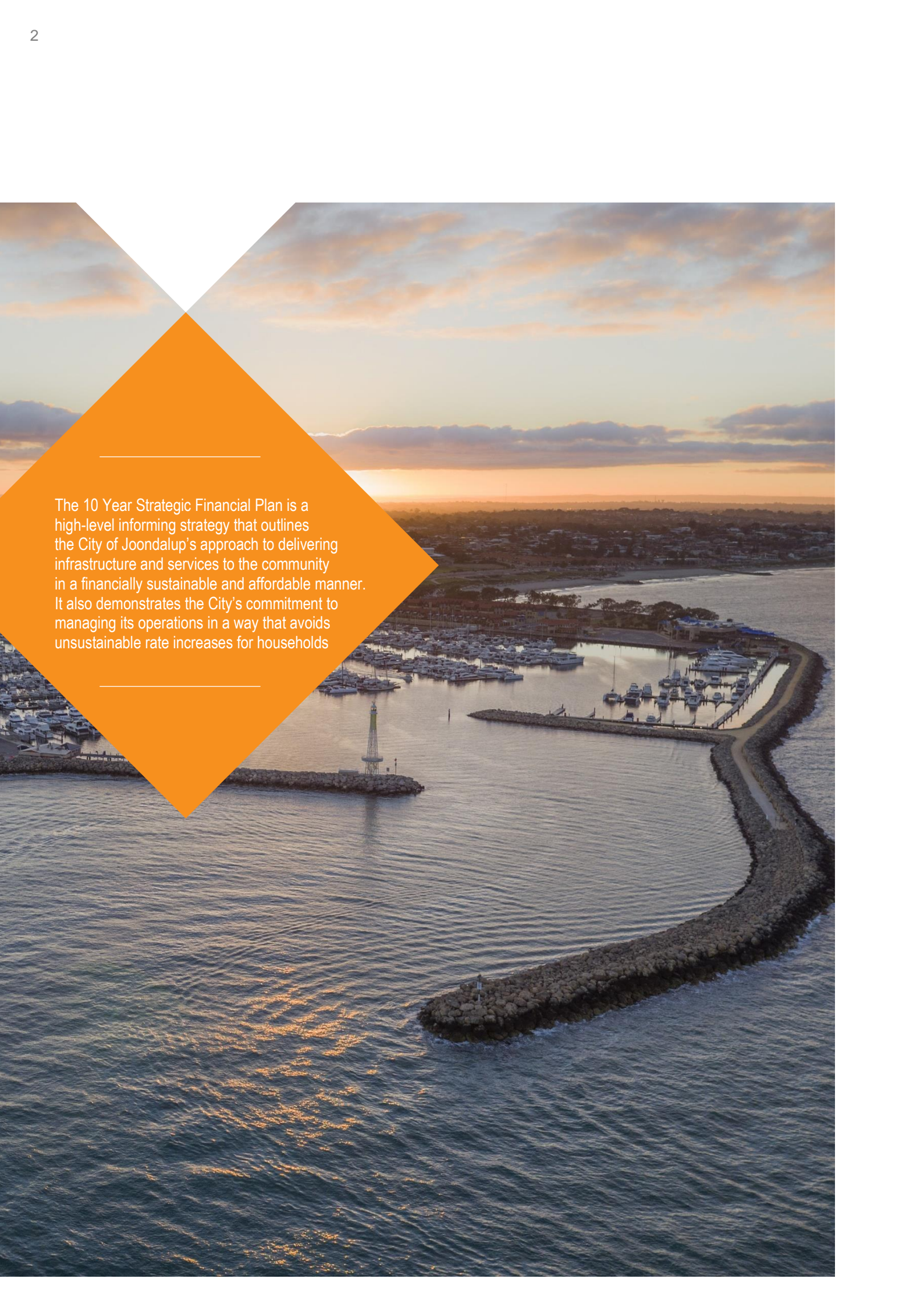
UPDATED MAY

2021

10 Year Strategic Financial Plan

2020/21 to 2029/30



An aerial photograph of a harbor at sunset. The sky is filled with soft, orange and pink clouds, and the sun is low on the horizon, casting a golden glow over the water. The harbor is filled with numerous boats docked at piers. A long, curved breakwater made of rocks extends from the shore into the water. In the background, a residential area with houses and buildings is visible. A large orange diamond shape is overlaid on the left side of the image, containing white text. Two horizontal white lines are positioned above and below the text.

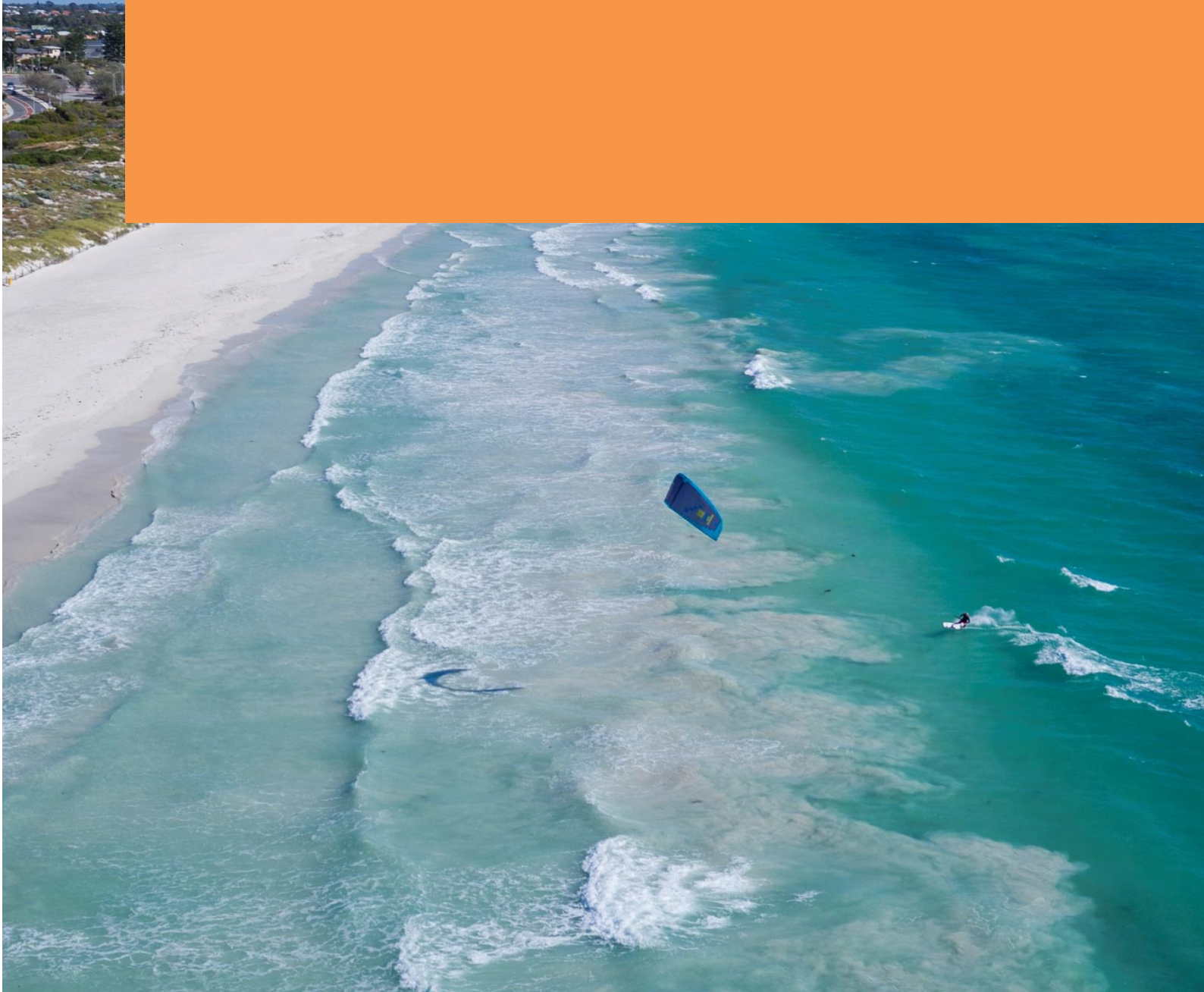
The 10 Year Strategic Financial Plan is a high-level informing strategy that outlines the City of Joondalup's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for households

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1 Executive Summary

The *10 Year Strategic Financial Plan* is a high-level informing strategy that demonstrates financial competence and long-term financial sustainability. The 2020/21 budget was unprecedented due to the pandemic and this has had a flow-on effect into 2021/22 budget and for the long-term projections. The City is projecting a \$9.7 million operating deficit in 2021/22, although there are one-off impacts of \$2.1 million, so the underlying deficit is \$7.6 million. There are gradual improvements thereafter and by 2025/26 a \$4.8 million deficit is projected. Despite the ongoing operating deficits the City is still in a relatively strong financial situation as will be demonstrated in this plan.



In 2020 the City (and the world) has experienced unprecedented economic and financial change and the City was also faced with implementing tri-annual revaluations which resulted in large reductions in Gross Rental Values. The City developed a unique budget that reduced rates income by \$5.9 million compared to the forecast 2021/22 income and provided a reduction to the majority of residents and businesses. The economic uncertainty caused by the pandemic has continued in 2021 and as a result the City has prepared a 10-year *Strategic Financial Plan* instead of 20 years.

Key issues:

Rates Increases

From 2022/23 onwards this plan has assumed base rates increase will increase in line with Perth CPI. However the increase in the 2021/22 budget of 0.9% is 0.875% lower than the 1.75% increase projected for Perth CPI.

Salaries and wages

This plan has assumed increases that are 0.25% less than Perth Wages Price Index

Materials and contracts

Assumed to increase in line with Perth CPI.

Operating deficit

An operating deficit is projected until 2029/30 when a surplus may be achieved. However there are several other levers available to the City to address the deficit before then.

Operating cashflow

This plan projects an operating cash surplus of \$21 million in 2021/22 steadily rising each year and forecast to be \$39 million by 29/30. The cash surplus excludes depreciation

Capital expenditure

The plan includes major projects and increases for renewal expenditure in later years as the age of infrastructure gets older.

Reserves

Cash reserves are forecast to grow from \$85 million at June 2022 to \$142 million at June 2030.

Borrowings

The City's existing borrowings will be repaid by June 2024. There may be a requirement for new borrowings from 2029/30 as the City reaches a point where it is unable to use the Strategic Asset Reserve to fund major projects – this is caused in part by the ongoing operating deficits.

Chart 1 compares the operating projections in last year's plan versus the updated projections.

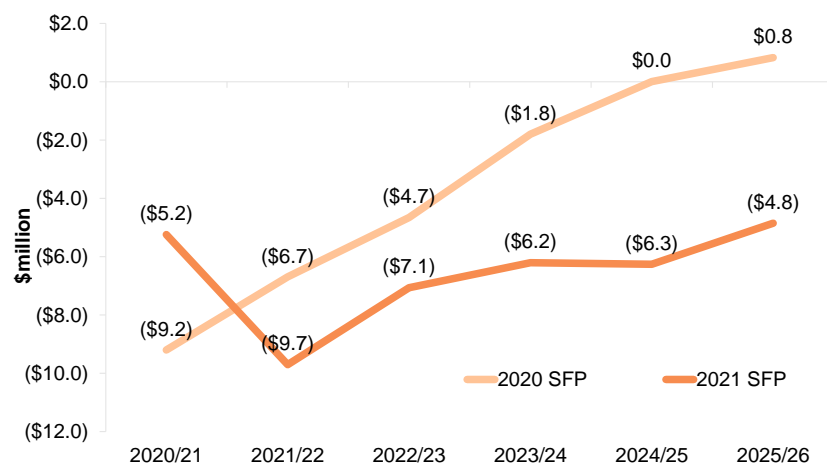
The 2020 plan was projecting a balanced operating budget by 2024/25, this was predicated on increasing rates revenue by more than the increase in expenses. This assumption is not applied in the updated plan with rates income only assumed to keep pace with the increase in expenses.

The updated operating projections still show gradual improvements due to new rates income, one-offs in 2021/22 not repeated, new income from projects and increased earnings from cash reserves. However the \$4.8m deficit at 2025/26 is 2.9% less than the target.

In the long-term the operating deficit is not sustainable because expenditure on renewal of capital infrastructure will eventually be more than depreciation. It is therefore vital for the City to consider other opportunities to address the operating deficit in the short-term, such as service reviews, using reserve income to generate new income and prioritise projects that provide the greater financial return.

Chart 1 – Operating Projections 2021/22 to 2025/26

OPERATING SURPLUS/(DEFICIT)



2 Introduction

2.1 Purpose

The *10 Year Strategic Financial Plan* is a high-level informing strategy that outlines the City of Joondalup’s approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. The City’s financial position is estimated by applying a range of conservative assumptions and estimates.

Due to the uncertain economic conditions the City taken the step this year of just producing a 10 Year Strategic Financial Plan as it did last year, this timeframe will be assessed again next year.

The new plan included in this document covers the years 2021/22 to 2029/30 and is referred to as the *10 Year Strategic Financial Plan*. The Previous Plan covered the years 2019/20 to 2028/29 and was noted by Council in October 2020.

2.2 Integrated Planning /Reporting Framework and Guiding Principles

The Department of Local Government, Sport and Cultural Industries have issued a guideline and *Advisory Standard* to support the development of long term financial management plans, of which the City’s *10 Year Strategic Financial Plan* is aligned to. For financial management, performance against the *Advisory Standard* is measured through key performance indicators.

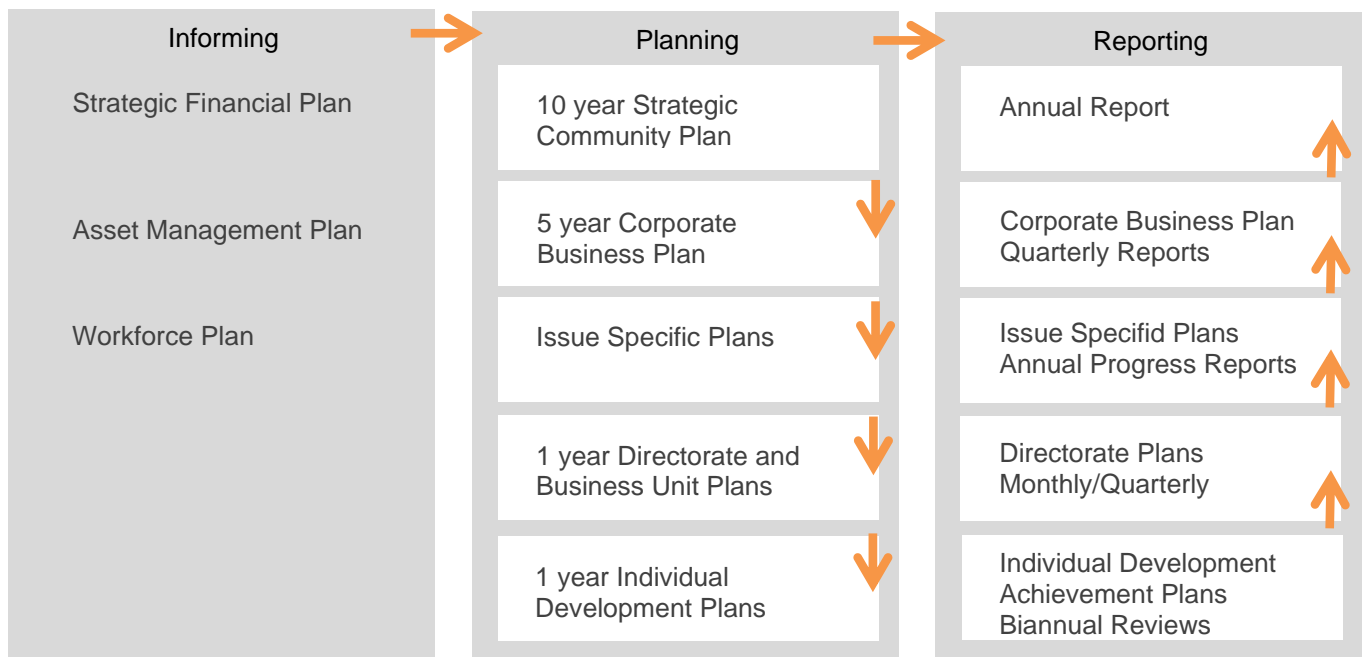
The Advisory Standard has been used by the City to develop its own Guiding Principles which are reviewed annually and shown in Appendix 1. The Guiding Principles include six basic principles and three key ratios used by the City to evaluate the plan.

All the Guiding Principles are important, but the fundamental principal in preparing the projections is to be prudent, and the most important key ratio is the Operating Surplus Ratio. The City has opted to aim for a 0% to 1% target.

2.3 Planning Alignment

The *10 Year Strategic Financial Plan* forms part of the Integrated Planning Framework, as shown on Chart 2. The Budget for 2021/22 forms the baseline for the projections and the update of the *10 Year Strategic Financial Plan* has been synchronised with the annual budget cycle. The Capital Works Program 2021/22 to 2025/26 also forms a key part of the projections.

Chart 2 – Integrated Planning Framework



2.4 City Profile and Key Statistics

Table 1 – City of Joondalup Key Statistics

Joondalup Headline Statistics

Number of businesses
ABS 2020

12,894

**\$6.82
BILLION**

Headline Gross Regional
Product (NEIR 2020)

2021 (Forecast ID)

POPULATION

162,737

DISTANCE FROM
PERTH CITY CENTRE

30km

369

Public open
spaces

The City of Joondalup is located 30 kilometres north of the Perth CBD, abutting the Indian Ocean in the west, City of Wanneroo in the north and east and City of Stirling in the south. After experiencing significant residential growth throughout the 1980s and 1990s, the City's population has since stabilised as development areas have become built out. However the North-West Region is experiencing large growth in population and this will affect services located in the City.





2.5 Services

The City provides an extensive range of services to the community, including but not limited to:

- Waste Management (statutory)
- Building and Planning approvals (statutory)
- Environmental health services (mostly statutory, immunisations are discretionary)
- Community development, education and youth services (mostly discretionary)
- Library services (majority statutory)
- Festivals, concerts and other cultural events (discretionary)
- Leisure and recreation services and facilities (all discretionary)
- Parking, Rangers and community safety (some services statutory e.g. dog/cats)
- Infrastructure management including roads, footpaths and street lighting (statutory)
- Parks and natural areas and management of the environment (mostly statutory)
- Economic development (discretionary)

The *10 Year Strategic Financial Plan* has been prepared on the basis of the City continuing to deliver the above-mentioned services to the same level and standard.

2.6 Disclaimer

Readers of the *10 Year Strategic Financial Plan* should note that the document is used predominately as a planning tool and is based on many assumptions. Adoption of the *10 Year Strategic Financial Plan* by Council does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved or the financial estimates and projections. The plan will continue to be updated annually.


2.7 How The Plan is Prepared and Presented

There are four sets of assumptions used to build up the projections:

- External Environment (Section 3)
- Operating Income and Expenses (Section 4)
- Capital Expenditure (Section 5)
- Source and Application of Funds (Section 6)

Section 7 evaluates the risk/sensitivity and Section 8 summarises the key ratios/outcomes. There are four Financial Statements to comply with the Integrated Planning Framework and four Supporting Schedules to provide more detail on assumptions, capital expenditure and reserves.





Economic conditions are extremely unstable, the City will need to remain agile and adjust its financial plans as necessary

3 Economic Indicators

3.1 Economic Outlook

These are unprecedented economic times with the RBA cash rate at its lowest point ever at 0.10%, a massive economic stimulus involving investment and the federal government was paying the wages of approximately 3 million workers under its Jobkeeper scheme.

The economic uncertainty caused by the pandemic has continued in 2021 with lockdowns throughout Australia and significant restrictions on travel. Despite the ongoing uncertainty the state and national economy has rebounded and the economy is now larger than it was pre-pandemic – this has been driven by the resources sector and government stimulus. However, some sectors (e.g. hospitality, travel) continue to be significantly affected by the pandemic.

Table 2 contains the most recent state economic indicators (February 2021) and national indicators (May 2021). The indicators both suggest that the economy will gradually grow but there will continue to be low levels of inflation. This will put pressure on wage increases, particularly for those sectors having to compete with the resources sectors.

3.2 City of Joondalup Key Indicators – Long Term

The City will see moderate population increases as shown on Table 3 however; the greatest impacts are likely to be driven by significant regional population growth. This will place added pressure on the City to provide increased employment, health, entertainment and educational opportunities to support the needs of a growing regional population. Business growth has slowed down recently there is further potential for increased business growth in the medium and long-term.

4 Operating Projections

4.1 How the Operating Projections are Prepared

The most important projections from the *10 Year Strategic Financial Plan* are the operating projections; these provide the best indication of long-term financial sustainability. There are seven main elements that make up the operating projections as explained in Chart 3.

Chart 3 – Key Elements of Operating Projections





4.2 Critical Assumptions

The most critical assumptions in the operating projections are the % changes to existing income and expenses, these assumptions have the biggest impact because of the recurring impact, for example a 1.0% increase or decrease to rates equates to approximately \$1m income that forms part of the base revenue in future years.

Chart 4 shows the assumptions assumed to 2025/26. The economic indicators in previous section are used as a reference point for the city's critical assumptions.

Perth CPI

Projected to be 1.75% for next 2 years, then rising to 2.0% for 2 years then 2.25%.

Rates increases

0.9% for 2021/22 and then match Perth CPI thereafter (and hence the orange line for rates increase is not visible from 2022/23 onwards).

Perth Wages Price Index

Estimated to be 1.75% in 2021/22 and from 2022/23 to be 0.25% higher than the increases in Perth CPI.

Salaries & Wages

The City has referred to Perth Wages Price Index in the first instance. However analysis of the past six years shows that the forecast for Perth Wages Price Index is normally at least 0.3% above the actual. The City has therefore reduced its increase for salaries & wages by 0.25% less than Perth Wages Price Index

Materials and Contracts

An increase in line with Perth CPI is assumed

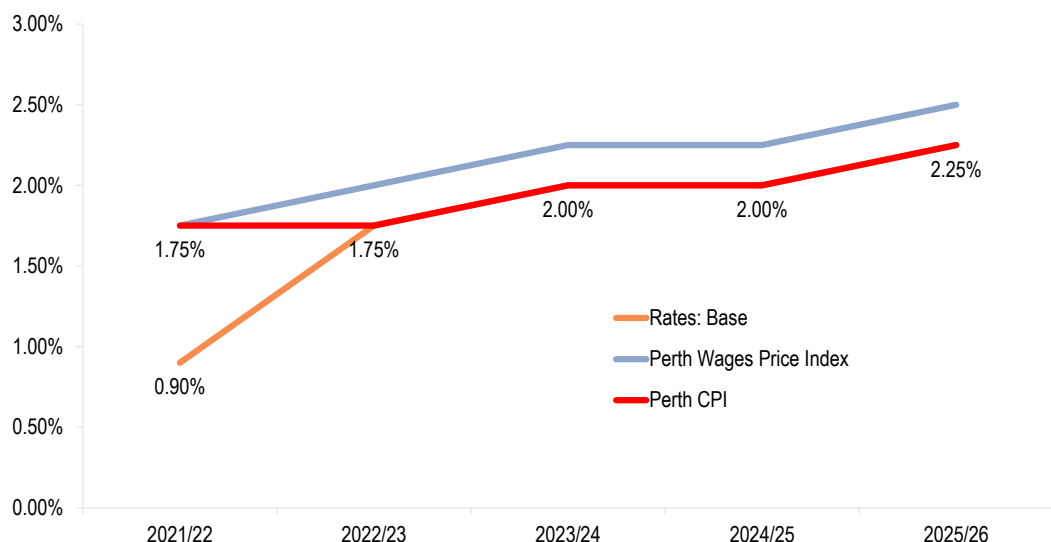
It is vital to emphasise that it is not the absolute number for each assumption that is critical to the financial projections but the difference between the assumptions i.e. if rates are increased less than the increase in expenses then the operating deficit will worsen, notwithstanding other factors.

The assumptions are not fixed, the rate increases for example are approved as part of the annual budget each year.

Supporting Schedule 1 provides more details of other assumptions, including the different assumptions for Fees and Charges, each of which has been reviewed separately – some of the items may increase at the discretion of the City (e.g. sports/recreation fees), but other fee revenue can be volatile and outside of the City's control (e.g. Dog/Cat registration income).

Chart 4 – Critical Assumptions

% INCREASES TO BASE OPERATING INCOME AND EXPENSES



The City must strive for improvements in its operating results to get back to break-even

4.3 Operating Projections

Chart 1 compares the operating projections in last year's plan versus the updated projections.

The 2020 plan was projecting a balanced operating budget by 2024/25, this was predicated on increasing rates revenue by more than the increase in expenses. This assumption is not applied in the updated plan with rates income only assumed to keep pace with the increase in expenses.

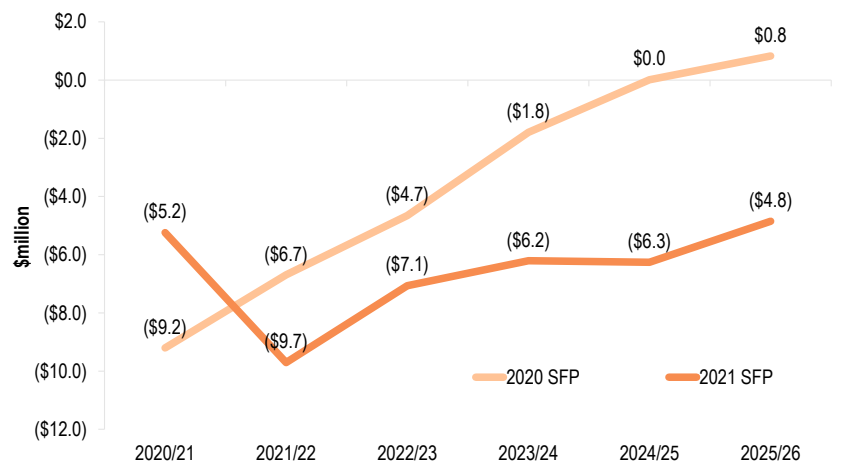
The updated operating projections still show gradual improvements due to new rates income, one-offs in 2021/22 not repeated, new income

from projects and increased earnings from cash reserves. However the \$4.8m deficit at 2025/26 is 2.9% less than the target

In the long-term the operating deficit is not sustainable because expenditure on renewal of capital infrastructure will eventually be more than depreciation. It is therefore vital for the City to consider other opportunities to address the operating deficit in the short-term, such as service reviews, using reserve income to generate new income and prioritise projects that provide the greater financial return .

Chart 5 – Operating Projections 2021/22 to 2025/26

OPERATING SURPLUS/(DEFICIT)



4.4 Analysis of Operating Results

Table 4 explains the key movements for the seven key items that go into the operating projections as follows:

One-Offs

There are \$2.1m of impacts in 2021/22 that will not be repeated in future years.

Rates Growth (Commercial and Residential) – by 2025/26 it is estimated that there will be \$2.6m additional income from new dwellings and new commercial. The assumptions have been built up with reference to known planning applications and local housing strategy.

Projects, a net impact of (\$0.9m) by 2025/26. The Craigie Leisure Centre Refurbishment Phase 1 project will provide a benefit of \$1.0m

but this will be offset with other new expenditure most notably new depreciation and expenses caused by the Capital Works Program and Ocean Reef Marina (mostly depreciation).

Investment Earnings – by 2025/26 it is estimated that the City may earn \$3.5m which is \$2.8m more than in 2021/22. This is mainly caused by higher reserves.

Interest on Borrowings – during the next few years there is a positive impact on the operating results as existing borrowings are paid off and require less interest payments.

Other (\$0.8m) negative impact – this is the Superannuation Guarantee Increase to 12%.

Critical Assumptions

These were explained earlier and relate to the % increases assumed for base income and expenses. The assumptions provide a net cost of (\$1.2m). The % increases to base income are assumed to mostly keep pace with increases in expenses (except for 2021/22). However the reason for a \$1.2 million worsening by 2025/26 is that the base expenses are already \$9.7 million more than base income and also some base fees are not increased every year

As mentioned already the assumptions for growing rates income more than expenses are just planning assumptions, there are a range of other tools the City can apply to achieve the same outcome e.g. reduce services.

Table 4 – Changes in Operating Results

Improvements in Operating Results	21/22 \$ms	25/26 \$ms	Difference \$ms
1 One-off items 2021/22 budget removed from future years		2.1	2.1
2 Rates Growth (Commercial & Residential)	0.3	2.9	2.6
3 Projects - additional operating expenses, depreciation and income		(0.9)	(0.9)
4 Investment Earnings	0.7	3.5	2.8
5 Interest on Borrowings	(0.3)	(0.1)	0.2
6 Other		(0.8)	(0.8)
7 Critical Assumptions			
- Rates Income & Fees/Charges	151.0	162.6	11.6
- Expenses (Employment Expenses, Materials/Contracts, Utilities, Depreciation)	(161.3)	(174.0)	(12.8)
Operating Surplus / (Deficit) after Depreciation	(9.7)	(4.8)	4.9



4.5 Summary of Operating Results

The City has deliberately planned for an operating deficit of (\$9.7m) in 2021/22 in response to the existing economic environment and the large reduction in rates revenue last year. However there are one-off impacts of \$2.1m in 2021/22 so the underlying deficit is \$7.6 million. The operating deficit is possible because of the strong cash position and that the City's assets are still relatively young which means less spent on renewals compared to depreciation.

However, the operating deficit is unsustainable, so the City needs to be prepared for opportunities to remedy the situation.

Although reduction in services may appear to provide opportunities to address the gap, the City will be continuing to recognise the important role it plays in the community and local economy so a measured approach will be necessary.



5 Capital Expenditure

5.1 Capital Expenditure Estimates by Asset Class

Capital Expenditure forecasts have been built up as follows:

- Capital Works Program - the 5 Year Capital Works Program is a rolling program of capital works that is updated on an annual basis. The Program for 2021/22 to 2025/26 has been used in the development of the *10 Year Strategic Financial Plan*. Estimates for the outer years (from 2025/26 onwards) have been prepared with reference to the current expenditure or where possible with reference to renewal plans.
- Fleet and IT – capital replacement of existing infrastructure
- Major Projects –16 major projects explained in detail later in this section.

Supporting Schedule 2 provides more details on the estimates.

5.2 Capital Renewals and Asset Management

The starting point in the capital expenditure estimates is the renewal of existing infrastructure. Table 5 summarises the large asset values that the City is responsible for, over \$2 billion worth of assets (at full replacement cost). Renewal expenditure should be the first priority so the City can continue to provide services to the community at existing service levels.

The City has an adopted *Asset Management Policy* and a number of supporting plans and models, which have been incorporated into the *10 Year Strategic Financial Plan*. The City is an asset-intensive business and the substance of the Asset Management plans and renewal projections is crucial to provide substance to the *10 Year Strategic Financial Plan*.

Table 5 Asset Values

Asset Values 30th June 2020	Asset Values		% of Total (CRC)
	Current Replacement Cost	Written Down Value	
	\$ms	\$ms	%
1 Buildings	320.9	220.7	16%
2 Drainage	406.7	260.8	20%
3 Lighting	43.9	22.0	2%
4 Parks	178.1	136.7	9%
5 Transport, excl Roads	189.3	120.3	9%
6 Roads	692.7	353.8	34%
7 Freehold Land	114.5	114.5	6%
8 Fleet, Equipment, Other	43.2	24.0	2%
9 Work in Progress	37.4	37.4	2%
Total Asset Values	2,026.6	1,290.1	100%

5.3 Capital Expenditure by Cause

Chart 6 summarises the capital expenditure estimates by cause. The majority of the expenditure is estimated to be for Upgrades and New infrastructure, this is far from ideal because this causes new depreciation and new operating

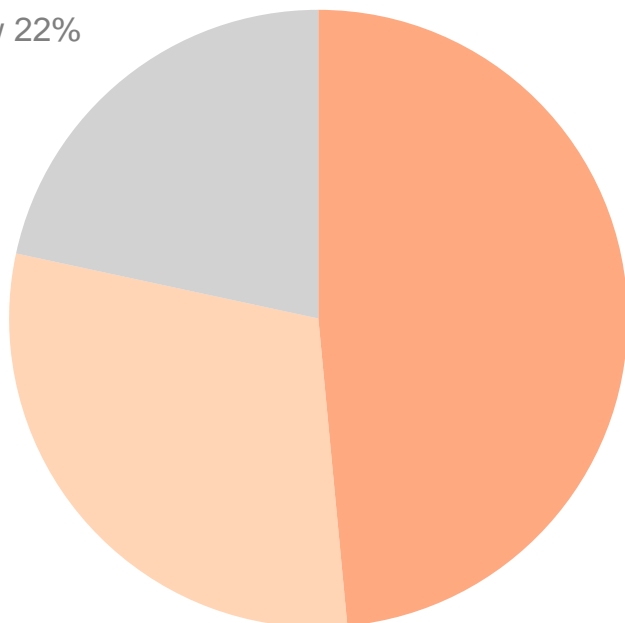
expenses. There are some projects which will provide an operating surplus, but these are the minority, most of the new and upgrade projects will have a negative impact on operating results – the challenge for the

City is to generate sufficient operating surpluses to meet both capital renewal and the impacts of new and upgrade projects, which this plan addresses.

Chart 6 – Capital Expenditure by Cause

CAPITAL EXPENDITURE BY CAUSE

- Renewal 49%
- Upgrade 30%
- New 22%



5.4 Phasing of Capital Expenditure

Chart 7 shows the estimated phasing of capital expenditure (in today's dollars). There are large peaks in new expenditure in 2027/28 with the second multi-storey car park and in 2029/30 with the first phase of Percy Doyle Master Plan. The renewal expenditure shown is currently lower than annual depreciation expense (over \$30m per year) which results in the Asset Sustainability Ratio being below threshold. The average age of existing assets is relatively young but as the assets get older there will be a requirement for increased renewal expenditure which has been built into some of the programs e.g. footpaths

projected for replacement of paths based on condition assessment and modelling). In the longer term (beyond 20 years), there will be a much higher renewal requirement and the City has set up an Asset Renewal Reserve to fund higher renewals.

5.5 Major Projects – Source of Funding

The *10 Year Strategic Financial Plan* includes major projects. Some of the values are based on detailed scoping or business cases, but other projects are based on high level estimates and will be subject to further review.

Table 6 summarises the capital expenditure and estimated funding for each project, this may

be achieved from either municipal funds, reserves or borrowings (which is normally the last resort).

The majority of major projects are estimated to be funded by reserves, although that is predicated on the operating projections. Supporting Schedule 3 provides a brief description, the source of the estimate and a brief summary of the funding sources.

Chart 7 – Phasing of Capital Expenditure

CAPITAL EXPENDITURE BY CAUSE \$M

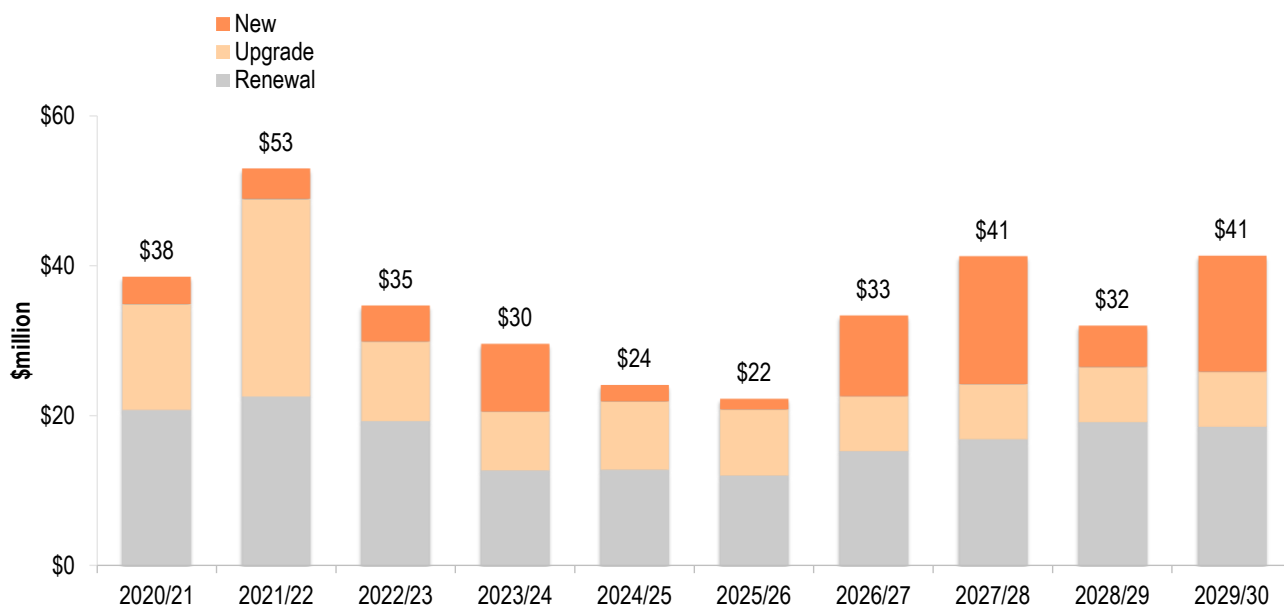


Table 6 – Major Project Funding

Major Projects & Funding 10 Year summary, including inflation \$ms	Funding						
	Capital Expend	Grants	Disposal Proceeds	Municipal	Reserves	Loans	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
1 Joondalup City Centre Development - Boas Place	(0.1)			0.1			0.1
2 Cafés / Kiosks / Restaurants - Pinnaroo Point	(0.6)			0.6			0.6
3 Percy Doyle - Refurbishment Works	(1.4)			0.4	1.0		1.4
4 Warwick Sports Centre	(1.3)		0.0	1.2			1.3
5 Joondalup Administration Building - refurbishment	(0.9)			0.2	0.8		0.9
6 Chichester Park Redevelopment	(4.4)	0.4		0.1	3.9		4.4
7 Craigie LC Refurbishment Phase 1	(8.4)				8.4		8.4
8 Craigie LC Geothermal bore replacement	(1.0)				1.0		1.0
9 Ocean Reef Marina - City Commercial area	(3.7)				3.7		3.7
10 Burns Beach Coastal Node redevelopment	(3.2)				3.2		3.2
11 Burns Beach Café Restaurant	(3.9)				3.9		3.9
12 Ocean Reef Marina	(0.8)			0.8			0.8
13 Multi Storey Car Park (2)	(18.9)				18.9		18.9
14 Warwick Community Facilities	(5.6)		4.3	1.3			5.6
15 Edgewater Quarry Masterplan	(15.2)				15.2		15.2
16 Calectasia Hall / Greenwood Scout and Guide Hall	(5.0)				2.0	3.0	5.0
17 Percy Doyle Master-Plan Phase 1 and 2	(17.1)				16.7	0.4	17.1
Total Major Projects	(91.5)	0.4	4.4	4.7	78.6	3.4	91.5

When considering the options for major projects the City should consider whether a commercial income stream can be achieved.

5.6 Major Projects – Operating Impacts

Table 7 lists the estimated annual operating impacts in the year after the project is assumed to be completed.

This indicates that there are three projects that will provide an operating surplus, seven may have an operating deficit and the other six will be break even or insufficient information at this time.

The City has opportunities to advance projects that could provide operating surplus and potentially using its reserves to support this e.g. Boas Place Development.

Whilst it is desirable for new projects to generate an operating surplus (or at least no worse than break-even), projects also provide wider social and economic benefits which justify the project.

5.7 Summary by Asset Class

The overall estimates have been grouped by Asset Class and are summarised in Chart 8. This shows that over half of estimated capital expenditure is for Buildings and Roads. The proposed expenditure for buildings is more than double the current share of asset value because a large part of new major projects is buildings.

Chart 8 – Capital Expenditure by Asset Class

CAPITAL EXPENDITURE BY ASSET CLASS

- Buildings 35%
- Roads 35%
- Parks 1%
- Transport 17%
- Drainage, Lighting, IT 12%

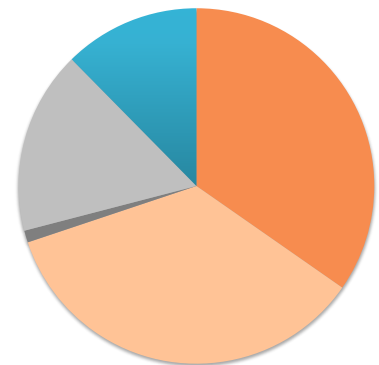


Table 7 – Major Projects Operating Impacts

Major Projects - Operating Impacts	Year 1	Impacts per Year				Rates % Impact
		Operating Income	Operating Expenses	Depreciation: New	Operating Surplus / (Deficit) after Depreciation	
		\$000s	\$000s	\$000s	\$000s	
1 Joondalup City Centre Development - Boas Place						
2 Cafes / Kiosks / Restaurants - Pinnaroo Point	2022/23	\$30		(\$9)	\$21	0.0%
3 Percy Doyle - Refurbishment Works	2022/23					
4 Warwick Sports Centre	2022/23		(\$2)	(\$17)	(\$20)	0.0%
5 Joondalup Administration Building - refurbishment	2022/23					
6 Chichester Park Redevelopment	2023/24	\$3	(\$31)	(\$59)	(\$87)	-0.1%
7 Craigie LC Refurbishment Phase 1	2023/24	\$1,083	(\$599)	(\$123)	\$360	0.4%
8 Craigie LC Geothermal bore replacement	2024/25					
9 Ocean Reef Marina - City Commercial area	2025/26	\$262	(\$47)	(\$100)	\$116	0.1%
10 Burns Beach Coastal Node redevelopment	2025/26		(\$52)	(\$48)	(\$100)	-0.1%
11 Burns Beach Café Restaurant	2025/26			(\$58)	(\$58)	-0.1%
12 Ocean Reef Marina	2032/33	\$3,471	(\$1,659)	(\$1,233)	\$579	0.6%
13 Multi Storey Car Park (2)	2028/29	\$287	(\$407)	(\$281)	(\$401)	-0.4%
15 Edgewater Quarry Masterplan	2029/30	\$340	(\$340)	(\$226)	(\$226)	-0.2%
16 Calectasia Hall / Greenwood Scout and Guide Hall	2029/30					
17 Percy Doyle Master-Plan Phase 1 and 2	2029/30					
TOTAL		\$5,477	(\$3,137)	(\$2,155)	\$185	0.2%

6 Source and Application of Funds

6.1 Source of Funds

Chart 9 shows the source of all cash income over the 10 year period, the overwhelming source is operating income (Rates, Fees and Charges, Investment Earnings, Operating Grants). The non-operating income (capital grants, proceeds from sale of assets and borrowings) are important to help fund capital expenditure and are explained in more detail in this section.

6.2 Application of Funds

Chart 10 shows how the funds are applied. The majority of funds are used to operate/maintain assets and services the next biggest application is capital expenditure with small amounts for Debt Service Costs (Principal and Interest).

6.3 Grants

The City strives to maximise the amount of external funding to support capital projects, for example an annual application is made to the Community Sporting and Recreation Facility Fund. The plan assumes \$68m of Capital Grant revenue, mostly relating to the Five Year Capital Works Program.

Chart 9 – Source of Funds

SOURCE OF FUNDS %

- Rates 62%
- Fees & Charges 26%
- Operating Grants 4%
- Investment Earnings 2%
- Capital Grants 4%
- Proceeds from Sale of Assets 2%
- Borrowings 0%

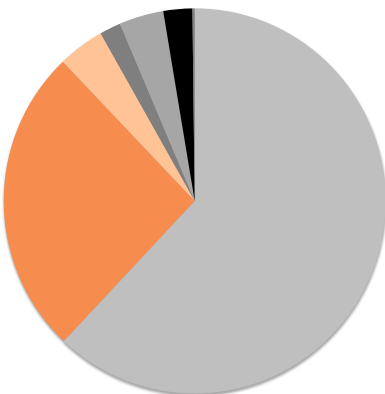
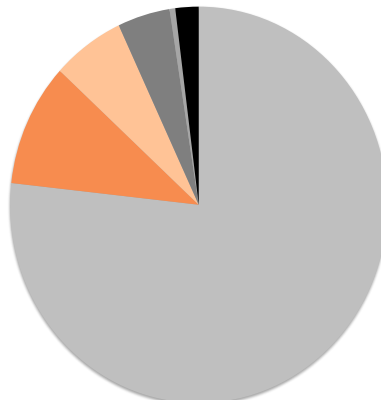


Chart 10 – Application of Funds

APPLICATION OF FUNDS %

- Operations and Maintenance 77%
- Capital Expenditure: Renewal 10%
- Capital Expenditure: Upgrade 6%
- Capital Expenditure: New 4%
- Debt Service Costs 0%
- Reserves Net Transfer 2%



There are more details of the Source and Application of funds in Financial Statement 2

6.4 Proceeds from Sale of Assets

The *10 Year Strategic Financial Plan* includes an asset rationalisation component, with the City applying the principle of using the proceeds wherever possible to offset the expenditure on new capital initiatives. Additionally, there are proceeds received from sale of day to day vehicles. The table below summarises the assumptions for Disposal Proceeds:

- Fleet - sale of motor vehicles due to replacement.
- Tamala Park further proceeds from sale of Tamala Park land, which the City owns one sixth of. The table below indicates \$15.7m more proceeds up to 2028/29, there would be a total of \$29m received from 2020/21 to 2036/37.
- Asset Rationalisation: Sale of land no longer considered required for City purposes
- Edgewater Quarry: Sale of land at Edgewater Quarry, used to repay short term borrowings used to fund the capital infrastructure on that project.
- Warwick Activities Centre: Sale of land at Warwick (three buildings currently at Warwick may be rationalised, releasing land for sale). These funds will offset against the project costs.

Table 8 summarises the proceeds from sale of assets.

Table 8 – Proceeds from Sale of Assets

Proceeds from Sale of Assets	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Fleet	0.5	0.5	0.8	0.3	0.4	0.3	0.2	0.2	0.2	0.4	3.9
Edgewater Quarry Masterplan							6.0	6.1	5.2		17.3
Warwick Community Facilities							0.7	1.6	2.1		4.3
Tamala Park	1.5	1.7	1.0	1.3	2.5	1.8	1.2	1.8	1.3	1.5	15.7
Asset Rationalisation	1.5	1.4									2.9
Total	3.5	3.6	1.8	1.6	2.9	2.1	8.0	9.8	8.9	1.9	44.2



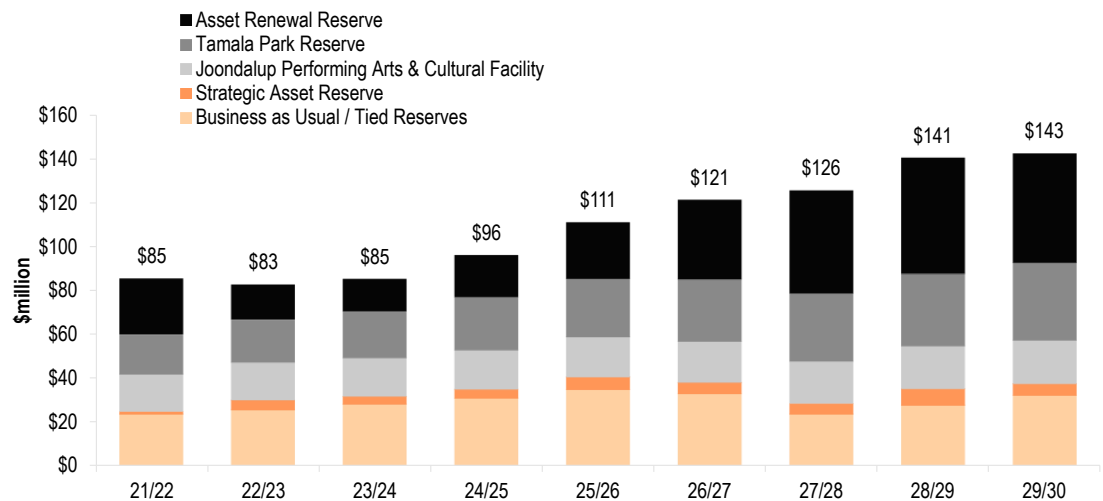
6.5 Reserves

Supporting Schedule 4 provides a break down for each of the individual reserves. Chart 11 summarises the projected balances in reserves, grouped into five overall categories.

- Asset Renewal Reserve – this reserve was created in 2019. At present the City’s infrastructure is relatively young and renewal expenditure (\$182m) is a lot less than depreciation expense (\$363m). In the longer term as assets get older and reach the end of their economic life, this will be reversed, and more expenditure will need to be spent in renewal compared to depreciation. It is therefore prudent for the City to set aside cash to pay for higher renewals which is the purpose of the Asset Renewal Reserve. A 70-year projection of renewal requirements has been prepared and is used to inform the *10 Year Strategic Financial Plan* of the transfers required into the Asset Renewal Reserve.
- Tamala Park Reserve – the proceeds from the sale of land at Tamala Park are put into this reserve. The City has adopted a positioning statement for the funds that they should be used as determined by the 10 Year Strategic Financial Plan, but as a minimum for income producing purposes. The *10 Year Strategic Financial Plan* does not currently assume any use for these funds. The use of these funds needs to be reviewed prior to the 2022 plan.
- Joondalup Performing Arts and Cultural Facility Reserve is used to partially assist with the cost of construction (capped at \$30m for the City contribution).
- The Strategic Asset Reserve is used to fund one-off major projects. Surplus cash is set aside into the reserve where possible so as to fund future major projects.
- The business as usual tied reserves include Parking Facility Reserve and Waste Management Reserve. The Parking Facility Reserve will be used to partially fund the second Multi Storey Car Park. The Waste Management Reserve has built up a balance of \$15m over the past few years due to operational efficiencies whilst refuse charge to households has been frozen at \$346 since 2015/16 – this reserve may be lower based on the outcome of the review of the Resource Recovery Facility, by Mindarie Regional Council.

Chart 11 – Reserve Projections

RESERVE BALANCES



6.6 Borrowings and Debt Management

Borrowings are proposed in the 10 Year Strategic Financial Plan when there are no available reserves or surplus municipal funds. For most capital expenditure there are sufficient municipal funds and reserves to fund projects up to 2029/30. However by then there is insufficient operating surpluses to fund the Strategic Asset Reserve and consequently there are two projects in that year that may require borrowings.

The 10 Year Strategic Financial Plan estimates just \$3.4m of borrowings as shown on Table 9.

Table 9 shows the estimated timeframe of the borrowings:

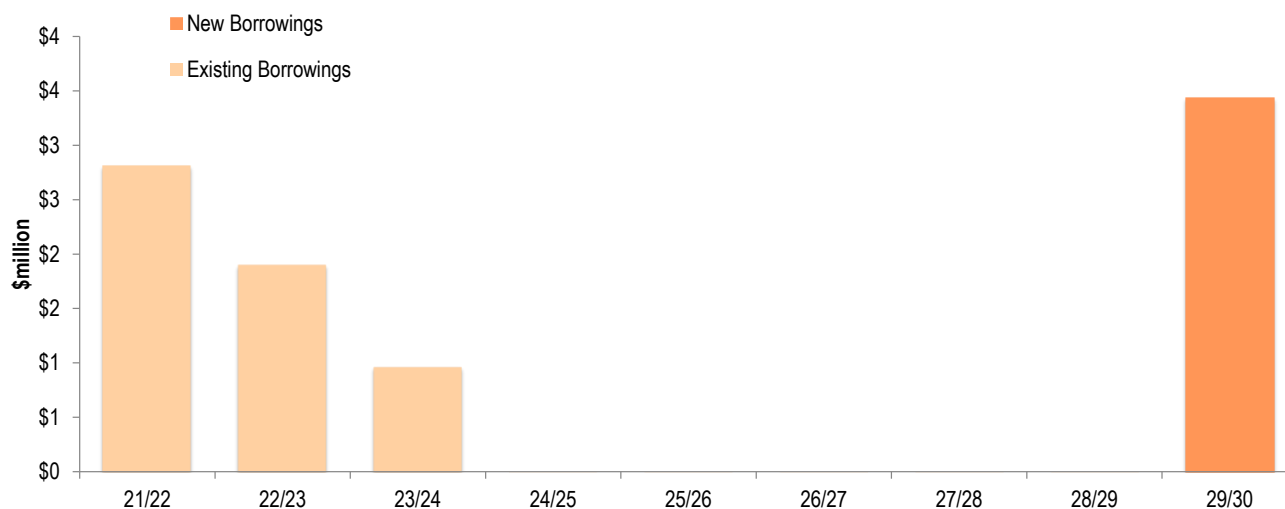
Table 9 – New Borrowings

New Borrowings	29/30
	\$ms
Percy Doyle Master-Plan Phase 1 and 2	0.4
Calectasia Hall / Greenwood Scout and Guide Hall	3.0
Total	3.4

Chart 12 summarises the projected amount outstanding each year, this also shows that existing borrowings will be repaid in full within a few years. The chart then shows that the principal outstanding from 2029/30 for the new borrowings listed above.

Chart 12 – Principal Owing

PRINCIPAL OWING



7 Risks, Sensitivity and Scenario Modelling

7.1 Key Risks and Opportunities

There are several key risks and opportunities within the plan:

1. Economic conditions, both locally and at state/federal level, risk of further covid-19 infections and further shutdowns.
2. Rates percentage increases lower than planned
3. Employment cost increases higher than planned
4. Change of service or fee income
5. Major projects – impact on operating results, funding costs (e.g. borrowing), and major projects that are not yet included in the plan.
6. Earnings on cash reserves
7. Renewal of existing assets / expected useful lives

The key action to address these is to ensure that the 10 Year Strategic Financial Plan is reviewed and updated annually, which has been done every year since 2012 and will continue to be the case.

7.2 Scenario Analysis

Analysis has been completed to evaluate the options for addressing the operating deficit. There are three scenarios considered:

- Base Case – this is based on assumptions as explained in sections 1 to 6, with rates increases in future years to match Perth CPI.
- Rates increase 0.5% more than CPI.
- Rates increases 0.5% less than CPI.

Table 10 summarises the assumptions.

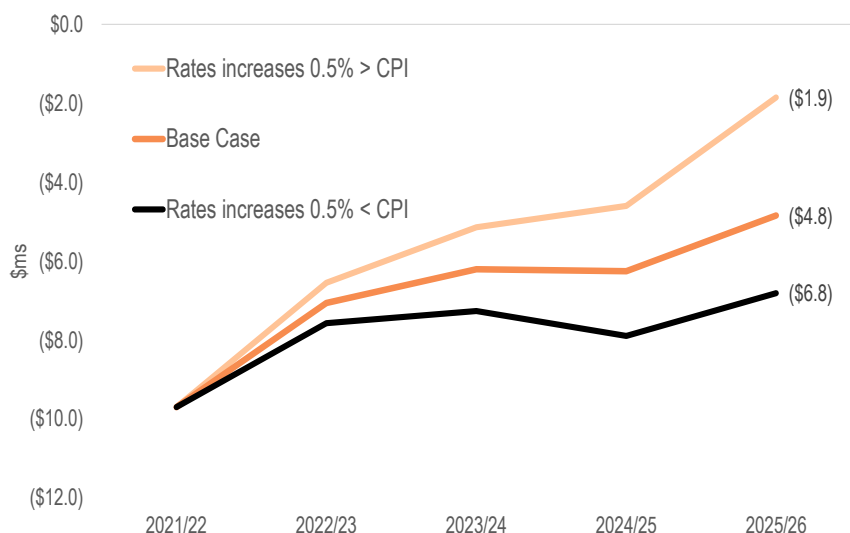
Table 10 – Scenario Assumptions

Scenario Assumptions 2022/23 to 2025/26	Base Case	Rates increases 0.5% > CPI	Rates increases 0.5% < CPI
	%	%	%
Rates increases versus CPI	+0.00%	+0.50%	-(0.50%)
Salaries and Wages versus Perth Wages Price Index	-(0.25%)	-(0.25%)	-(0.25%)
Materials and Contracts versus CPI	+0.00%	+0.00%	+0.00%

Chart 13 summarises the Operating Surplus / (Deficit) projections for each scenario up to 2025/26. This shows that the Base Case would make moderate improvements. If rates were increased by 0.5% more than CPI then a deficit of just (\$1.9m) could be achieved. If rates were increased by 0.5% less than CPI then there would be little improvement in the deficit.

Chart 13 – Scenario Comparison

SCENARIO COMPARISON



7.3 Basis of Adopted 10 Year Strategic Financial Plan

With reference to Table 10, the assumptions used in the adopted 10 Year Strategic Financial Plan 2021/22 to 2029/30, and relevant for all other schedules in the plan, are based on the Base case.



8 Financial Sustainability

8.1 Measuring Sustainability - Key Ratios

The key ratios at present are far from ideal but there is a positive upward trend

The financial sustainability of the City is measured by its ability to be financially viable whilst meeting community expectations. There are three key ratios, so the maximum achievement is 30 ratios within tolerance (10 years x three key ratios). The *10 Year Strategic Financial Plan* is projecting a total of 11 out of 30 as shown on Table 11.

Although it may appear far from ideal to only achieve 11 ratios out of 30, the Asset Sustainability Ratio cannot be expected to be within tolerance due to the young age profile of the City's assets whilst the Operating Surplus Ratio is showing a positive upwards trend.

Key Indicators Definition

Operating Surplus – ratio compares the operating surplus versus own source revenue. An indicator of the extent to which revenue raised not only covers operating expenses but also provides capital funding. Target is to achieve a moderate operating surplus of between 0% and 1%.

Asset Sustainability - compares capital renewal expenditure versus depreciation. The ratio is an indicator of whether the City is spending adequate amounts on its replacement program in comparison to the consumption (depreciation) of its assets. The target for asset sustainability ratio is between 90% and 110%.

Debt Service Coverage Ratio - Key ratio to evaluate treasury management and is used by West Australian Treasury Corporation to evaluate requests for loans. The ratio compares how much operating surpluses (before interest and depreciation) covers the cost of loan repayments (principal and interest) each year. The target for debt service coverage ratio is ideally five, although a minimum of three may be acceptable. The ratio should not fall below five for five years in a row.

Table 11 – Key Ratios

Key Ratios	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Operating Surplus Ratio	(3.6%)	(6.7%)	(4.7%)	(4.0%)	(3.9%)	(2.9%)	(1.9%)	(1.6%)	(1.2%)	(0.6%)
Asset Sustainability	129.8%	63.2%	30.6%	35.4%	50.0%	53.2%	72.1%	75.7%	69.0%	44.3%
Debt Service Coverage Ratio	9.9	10.4	23.1	25.0	26.8	280.3	341.1	408.6	507.6	352.6

8.2 Key Ratios Commentary

Some further comments regarding each ratio:

Operating Surplus Ratio - The Operating surplus ratio is the most important indicator out of all the ratios, as it has a mix of all the other ratios combined (liquidity, asset management, operating performance). The City is not expected to achieve a balanced operating budget within the timeframe of the plan.

Asset Sustainability Ratio - measures the rate at which the City spends capital expenditure on replacement versus depreciation. Although the target is to be between 90% and 110%, the long-term average (over a 100 year period) should be 100%. This ratio fails the target in most years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets, but the City's assets and infrastructure are relatively young and at this stage in their life cycle it is reasonable for the asset sustainability ratio to be depressed. The City will need to increase expenditure on renewals in later years as the City becomes older; this has been factored into the capital forecast where necessary and more importantly the City has now established the Asset Renewal Reserve to ensure there is a sustainable plan for higher renewals in later years.

Debt Service Coverage Ratio - This is a crucial ratio to show achievement in all years as it demonstrates the City's capacity to borrow in line with project requirements. This ratio achieves the target in all of the years.



8.3 Further Opportunities

The annual update of the budget and the 5-year Capital Works Program provides ongoing opportunities for the City to improve the financial outlook for the City. Some of the key activities that are, or can be developed, are:

- Service reviews – additional information will continue to be provided to elected members to help review service levels.
- Waste management – this area provides several opportunities in the years ahead to reduce operating expenses, and potentially reduce the refuse charge per household e.g. cease the use of the Resource Recovery Facility; Waste to Energy; regional collaborations.
- Reserves – prior to the 2022 SFP a review will be undertaken of each reserve, and most notably some of the reserves that are growing but with no designated use within the next five years, this includes Tamala Park Reserve and Joondalup Performing Arts Cultural Facility. These reserves are invested by the City in line with the City's Investment Policy, but it will be worth evaluating whether they could be used to help support some key projects or generate new income streams. For example, the City could use the Tamala Park Reserve to take a lead on Boas Place development rather than relying on a proponent for all of the financial investment.
- Prioritisation – as part of the annual budget review a simplified approach to prioritising major projects was prepared. This was based on two key factors, the recurring financial impact (to the City) and the incremental social/economic benefit to the wider region/economy. This framework has allowed major projects to be prioritised and provides opportunities to align resources to projects that will provide the higher benefits.
- Five year capital works program – it may be worth re-examining the drivers that have resulted in the annual program of upgrade/new infrastructure. This could consider the objectives and a review of the options for achieving the objectives.

8.4 Conclusion

Whilst the City has demonstrated flexibility under extremely trying times, it needs to remain agile. International borders remain mostly closed and there are ongoing uncertainties both locally and globally. The City will continue to monitor the financial situation closely whilst providing services expected by the community.

The next few years will be crucial to the long-term financial sustainability. The *10 Year Strategic Financial Plan* indicates that the City can withstand the short-term shocks caused by unforeseen circumstances whilst being able to play its part in the recover with accelerated capital projects and a plan to address the operating deficits.

The key outcome of the 10 Year Strategic Financial Plan is the improvement in operating results to a \$4.8m deficit by 2025/26 and to just \$1.2m by 2029/30, but more could be done to address the deficit.



The key outcomes from the updated 10 Year *Strategic Financial Plan* are:

- Aligned to the Budget 2021/22
- Scenarios to address the operating deficit
- Development of alternative revenue streams
- Renewal of existing infrastructure
- Provision of new services
- Maintaining a fair and equitable rating structure
- Affordable service charges

The projections are only as good as the assumptions, and the most critical assumptions are the increases to existing income and expenses. If existing income is not increased in line with the plan, then the City will need to consider further changes to services or fees to achieve an operating surplus.



Appendices

Appendix 1

Strategic Financial Plan – Guiding Principles 2021

The Guiding Principles set out the foundation on which the *Strategic Financial Plan* (SFP) has been developed and which will also apply to its ongoing review and use.

The Guiding Principles are founded on the City's Governance Framework.

The Framework consists of four (4) key principles required to achieve excellence in governance:

-
- Culture and Vision
 - Roles and Relationships
 - Decision-making and Management
 - Accountability

Decision-Making and Management is the key driver of the Guiding Principles.

The Guiding Principles are presented in two parts, one part represents Basic Principles that are prudently used in the development of a financial plan and the other represents Key Elements/Assumptions as considered in the development of the SFP.

Basic Principles

Sustainability:

The SFP will be developed on a principle of financial sustainability. The SFP must provide for and ensure the protection of the City's financial capacity and viability into the future and mitigate risks to the City's and the community's assets.

Transparency:

The SFP will be transparent and include disclosure, clarity and access to information related to the plan and the underlying assumptions contained therein.

Prudence:

The City will base the SFP on the exercise of sound financial judgement based on facts as known at the time and will apply reasonable tests to the assumptions deployed in the SFP's estimations to confirm their validity. Prudence will encompass anticipating and planning for change.

Consistency:

The City will apply discipline and adhere to agreed principles in the development and use of the SFP to avoid fluctuating impacts and compromises to the validity of the projections.

Performance and Accountability:

The SFP is a key element of the City's Planning Framework and will be used as the foundation for the preparation of the Annual Budget. The City will review the SFP at least annually to assess it against the adopted budget and to review the forward projections.

Flexible Long Term Approach:

Where there are years where the City is unable to achieve the overall objective of a nil closing Municipal cash balance, then revenue streams that were otherwise intended to be placed in reserve (such as Tamala Park land sales), may be used in the short-term to achieve a balanced budget. The Municipal fund will pay back to the reserve fund at the earliest opportunity to ensure that the original purpose of the proceeds and reserve funds are maintained.

Service Levels and Asset Management:

Local government is asset intensive, and the SFP is therefore driven by the demands of providing and maintaining City assets and delivering appropriate levels of service to the community. Financial sustainability is equally important, and affordability of desired service levels and preferred asset management plans has to be weighed up with prudent financial management.

Key Elements/ Assumptions:

Targets/Ratios

The City is required to report seven ratios within the statutory annual accounts. Whilst recognising that all seven ratios are important, the City's long term plan will focus primarily on three key ratios:

- Asset Sustainability % (Asset Management).
- Debt Service Coverage Ratio % (Treasury Management).
- Operating Surplus Ratio % (Operating Results).

Asset Management and Asset Sustainability Ratio

- Long-Term Asset Renewal Projections (i.e. up to 100 years) will be updated annually to identify large changes in renewal expenditure. The projections will be used to inform the SFP and where affordable to do so the SFP will set aside funds into the Asset Renewal Reserve to assist with future renewals and avoid unsustainable rate increases in future years.
- Priority will be given to Asset Management plans that have demonstrated that replacement expenditure is based on economic life modeling, and deferral of the replacement would reduce the operating surplus ratio.
- Asset Sustainability Ratio will aim to achieve a target of between 90% and 110%. However, where the age of assets is young then it be unnecessary to achieve this ratio as the City would not replace assets before their due replacement date.

Treasury Management and Debt Service Coverage Ratio

- The City is an asset intensive business, and as such loan funding could be expected to be used to fund Capital Expenditure. The Borrowings should be consistent with the City's Strategic Positioning Statement on Sustainable Borrowings.
- The primary measure of evaluation is the Debt Service Coverage Ratio which is not to exceed five consecutive years with an annual debt service cover ratio of between three and five, with all other periods exceeding a ratio of five.
- Revenue from the Tamala Park land sale should be applied in accordance with the City's adopted Strategic Position Statement.
- Surplus municipal funds will be transferred to the Strategic Management Reserve where necessary to fund future major projects, and additional surplus municipal funds may be transferred to the Asset Renewal Reserve.
- A balanced cash budget must be achieved in every year of the plan

Operating Results and Operating Surplus Ratio

- The operating results are an important indicator of long-term financial sustainability.
- The City will strive to generate an annual operating surplus by planning for more operating income than operating expenses.
- The projected operating results will be based on:
 - federal\state economic indicators and local economic conditions
 - projected annual operational costs to provide for services as determined by Council, or changes thereof
 - projected capital renewal expenditure for existing infrastructure and funding required for the Asset Renewal Reserve
 - additional operating costs for new capital expenditure that become operational
 - changes to fees
 - rate increases that keep pace with increases in expenses where necessary, and help the City achieve its desired target for Operating Surplus Ratio
- The SFP will ideally aim to achieve an Operating Surplus Ratio of 1% or as a minimum a balanced operating budget (0%). This may vary in some years due to volatility of any of the key assumptions above.

New Expenditure

Adoption of the 10 Year Strategic Financial Plan does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved, but there are key elements for new expenditure to be considered:

- Whole of Life Costs must be identified for all new expenditure, unless the project is at an early stage and there is insufficient data/scope to estimate the whole of life impacts.
- Major Projects should include potential impairment costs if existing assets will be disposed of before they have reached the end of their estimated useful life.
- Major Projects should explore commercial opportunities and where possible strive to achieve a positive, or no worse than break-even, operating position. Availability of grant funding should not be a determining factor for projects, the key financial criteria is the operating results after depreciation and interest. Social and Economic Return on Investment may be estimated for some projects and may be used to justify proceeding even though the project has a negative operating result.
- City assets that are not required for operational or community use are to be rationalised.

Process

- Estimates are to be conservative based on best available information.
- The SFP will be prepared and reviewed during the Annual Budget Process, which will enable the SFP to be used as an enabler to the Annual Budget for the following year.
- The annual Budget process will consider the impacts on the long term plan, including the Guiding Principles and the ratio targets. Additionally, the Midyear Budget process will also consider the impacts on the SFP.
- In preparing the SFP, options and risk analysis will be prepared and presented to the Major Projects and Finance Committee for consideration and recommendation to Council.
- The SFP will normally be for a period of 20 years, however where there are extraordinary circumstances that inhibit forecasting then the SFP may be reduced to 10 years.

Financial Statement 1 - Operating Income and Expenses Estimates													
		20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total	30/31
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Operating Revenues													
Rates: Base	1	99.3	100.5	102.5	104.5	106.6	109.0	111.5	114.0	116.8	119.7	1,084.3	122.7
Rates: Growth	2	0.0	0.3	0.6	1.0	1.4	3.5	5.4	6.5	7.4	8.7	34.9	9.8
Fees and Charges / Other: Base	3	40.5	41.9	42.8	43.5	44.1	44.9	45.6	46.5	47.7	48.9	446.3	50.0
Fees and Charges / Other: Growth	4	0.0	0.0	(0.1)	1.2	2.7	2.5	2.8	3.3	3.6	4.2	20.1	4.2
Operating Grants and Subsidies, Contributions and Reimbursements	5	5.4	7.2	7.2	7.2	7.3	7.3	7.3	7.3	7.4	7.4	71.0	7.4
Investment Earnings	6	1.5	0.7	2.6	2.7	3.0	3.5	4.0	4.4	4.8	5.3	32.4	5.5
Profit on Disposal	7	1.7	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	14.3	1.4
Total Operating Revenue	8	148.2	151.9	157.0	161.6	166.5	172.0	178.0	183.4	189.2	195.5	1,703.3	201.1
Operating Expenses													
Employment Costs: Base	9	(61.9)	(66.2)	(67.3)	(68.7)	(70.1)	(71.6)	(73.4)	(75.3)	(77.1)	(79.1)	(710.7)	(81.4)
Employment Costs: Growth	10	0.0	0.0	(0.3)	(0.8)	(1.3)	(1.3)	(1.4)	(1.6)	(1.6)	(1.7)	(9.9)	(1.7)
Materials and Contracts: Base	11	(51.1)	(55.2)	(56.2)	(57.0)	(57.9)	(58.8)	(59.8)	(61.1)	(62.6)	(64.2)	(583.9)	(65.7)
Materials and Contracts: Growth	12	0.0	0.0	1.4	1.5	1.4	1.2	1.1	0.8	0.8	0.5	8.6	0.3
Utilities	13	(5.7)	(6.1)	(6.5)	(6.8)	(7.0)	(7.3)	(7.6)	(7.9)	(8.2)	(8.6)	(71.7)	(8.9)
Interest on Borrowings: Existing	14	(0.4)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(1.8)	(0.1)
Interest on Borrowings: New	15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Insurance Expenses	16	(1.5)	(1.6)	(1.7)	(1.7)	(1.7)	(1.8)	(1.8)	(1.8)	(1.9)	(1.9)	(17.4)	(2.0)
Depreciation: Existing	17	(32.9)	(31.9)	(32.5)	(33.1)	(33.8)	(34.6)	(35.3)	(36.1)	(37.0)	(38.0)	(345.3)	(38.9)
Depreciation: New	18	0.0	0.0	(0.5)	(0.9)	(2.0)	(2.3)	(2.6)	(2.9)	(3.3)	(3.6)	(18.1)	(4.0)
Loss on Disposal	19	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.9)	(0.2)
Total Operating Expenses	20	(153.5)	(161.6)	(164.0)	(167.8)	(172.7)	(176.9)	(181.2)	(186.2)	(191.3)	(196.8)	(1,752.1)	(202.8)
Net Operating Surplus (Deficit)	21	(5.2)	(9.7)	(7.1)	(6.2)	(6.3)	(4.8)	(3.2)	(2.8)	(2.2)	(1.2)	(48.8)	(1.7)

Line	Operating Revenues
1	<p>Rates: Base</p> <p>Rates Base income has been calculated by applying a % increase to the previous year's total Rates Income. The starting point in the projections is the 2021/22 budget. The increases applied are to address the operating deficit and to then maintain a moderate operating surplus.</p>
2	<p>Rates: Growth</p> <p>Increase in rates as a result of volume growth i.e. new assessments for new dwellings or commercial growth. The assumptions are prepared in conjunction with Planning Services based on the most up-to-date assumptions at the time the plan is prepared. May also include one-off adjustments within the budget that need to be added back to future years.</p>
3	<p>Fees and Charges / Other: Base</p> <p>There are 13 sets of Fees and Charges, each of which has been reviewed separately, these includes charges for recreation, Leisure Centre charges, planning and building fees, car parking fees, fines and penalties, dog/cat registration income, property hire and inspection fees. The projections are based on 2021/22 budget, with a % increase assumed each year; see Supporting Schedule 1 for more details of the increases. Some of the fees may increase each year but other fees (e.g. dog/cat registration income) are based on separate modelling/assumptions and can be volatile. May also include one-off adjustments within the budget that need to be added back to future years.</p>
4	<p>Fees and Charges / Other: Growth</p> <p>Estimated additional income for new services or facilities, including Craigie Leisure Centre Upgrades, Joondalup Performing Arts and Culture Facility, Edgewater Quarry and second Multi Storey Car Park.</p>
5	<p>Operating Grants and Subsidies, Contributions and Reimbursements</p> <p>Includes all normally expected operating grants such as grants commission but excludes capital grants.</p>
6	<p>Investment Earnings</p> <p>Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds. The earnings rate applied are listed in Supporting Schedule 1.</p>
7	<p>Profit on Disposal</p> <p>Represents the book profit on disposal of City assets. Values are only shown for Year 1 and 2, as no profits on disposal are projected for future years. There are likely to be profits in future years, but they are excluded from the Operating Projections because they distort the operating surplus/(deficit) and are a non-cash item.</p>
8	<p>Total Operating Revenue</p> <p>Sum of lines 1 to 7, this is the overall operational revenue earned by the City.</p>
9	<p>Employment Costs: Base</p> <p>All expenditure associated with the employment of staff. Largest item is salaries and wages but also includes superannuation, recruitment costs, advertising, uniforms and training. The increases in the short-term will be based on increases already agreed with the workforce within Enterprise Agreements. The increases thereafter are intended to set a target for future increases and/or in line with projected increases in the Perth Wages Price Index. May also include one-off adjustments within the budget that need to be added back to future years.</p>

Line	Operating Revenues
10	<p>Employment Costs: Growth</p> <p>Estimated additional employment costs for new services or facilities. Also includes increase in costs to meet increase in Superannuation Guarantee increase to 12%, this will be increase by 0.5% per year from 2021-22 until it reaches 12% by 2025-26.</p>
11	<p>Materials and Contracts: Base</p> <p>Includes expenditure for the purchase of materials, supplies and services. There are 20 separate items each has been reviewed separately with a separate escalation factor, as listed in Supporting Schedule 1.</p>
12	<p>Materials and Contracts: Growth</p> <p>Estimated additional expenditure for new services or facilities. May also include one-off adjustments within the budget that need to be added back to future years.</p>
13	<p>Utilities</p> <p>All expenditure for the purchase of water, power and gas. Projections based on 2021/22 budget, also includes additional expenditure for new services or facilities.</p>
14	<p>Interest on Borrowings: Existing</p> <p>Interest on loan borrowings that are already set up. This line also includes the interest component of operating leases used by the City.</p>
15	<p>Interest on Borrowings: New</p> <p>Interest on new loan borrowings that are estimated to be set up in future years. The new borrowings are explained in section 6.</p>
16	<p>Insurance</p> <p>Expenses for insurance of assets and workplace insurance.</p>
17	<p>Depreciation: Existing</p> <p>Expense of using existing assets over useful life, 2021/22 budget is used as start point. This is a non-cash item but is important as it gives an indication of the cost of using assets and eventual renewal costs.</p>
18	<p>Depreciation: New</p> <p>New expense that arises from new capital purchases, this is also a non-cash item.</p>
19	<p>Loss on Disposal</p> <p>Represents the book loss on disposal of City assets and is a non-cash item. The projection includes cost of renewing assets early as part of the Capital Works Program.</p>
20	<p>Total Operating Expenses</p> <p>Sum of lines 9 to 19. This is the overall expenses necessary for day to day activities.</p>
21	<p>Net Operating Surplus (Deficit)</p> <p>Total Operating Revenue (line 8) less Total Operating Expenses (line 20).</p>



Financial Statement 2 - Source and Application of Funds

		20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Source of Funds												
Rates	22	99.3	100.7	103.1	105.6	108.0	112.5	116.9	120.5	124.2	128.4	1,119.2
Fees & Charges	23	40.5	41.9	42.7	44.7	46.7	47.3	48.4	49.8	51.3	53.1	466.4
Operating Grants	24	5.4	7.2	7.2	7.2	7.3	7.3	7.3	7.3	7.4	7.4	71.0
Investment Earnings	25	1.5	0.7	2.6	2.7	3.0	3.5	4.0	4.4	4.8	5.3	32.4
Capital Grants	26	9.0	11.2	6.9	5.8	6.0	6.1	5.5	5.7	5.8	5.9	67.9
Proceeds from Sale of Assets	27	3.5	3.6	1.8	1.6	2.9	2.1	8.0	9.8	8.9	1.9	44.2
Borrowings	28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4
Source of Funds	29	159.1	165.3	164.3	167.6	174.0	178.8	190.1	197.5	202.4	205.5	1,804.6
Application of Funds												
Operations and Maintenance	30	(120.1)	(129.1)	(130.6)	(133.5)	(136.6)	(139.7)	(142.9)	(146.9)	(150.7)	(154.9)	(1,385.0)
Capital Expenditure: Renewal	31	(20.8)	(22.6)	(19.6)	(13.2)	(13.5)	(13.0)	(16.9)	(19.0)	(21.9)	(21.4)	(181.8)
Capital Expenditure: Upgrade	32	(14.1)	(26.3)	(10.8)	(8.1)	(9.6)	(9.5)	(8.1)	(8.3)	(8.5)	(8.7)	(112.0)
Capital Expenditure: New	33	(3.6)	(4.0)	(4.8)	(9.2)	(2.3)	(1.5)	(11.8)	(19.1)	(6.4)	(18.3)	(81.0)
Debt Service Costs	34	(2.8)	(2.2)	(1.1)	(1.1)	(1.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(8.8)
Reserves Net Transfer	35	2.3	18.9	2.7	(2.6)	(10.9)	(15.0)	(10.3)	(4.2)	(14.9)	(2.0)	(35.9)
Application of Funds	36	(159.1)	(165.3)	(164.3)	(167.6)	(174.0)	(178.8)	(190.1)	(197.5)	(202.4)	(205.5)	(1,804.6)
Cashflow Summary												
Cashflow Movements for the Year	37	(2.3)	(18.9)	(2.7)	2.6	10.9	15.0	10.3	4.2	14.9	2.0	35.9
Reserve Balance at End of Year	38	103.0	85.5	82.7	85.3	96.1	111.1	121.4	125.6	140.6	142.5	203.7

Line	Source of Funds	Description
22	Rates	Line 1 and 2 from Operating Statement. The total rates revenue from existing households/businesses and an estimate of future growth.
23	Fees and Charges	Line 3 and 4 from Operating Statement. The total fees and charges based on existing services and projected growth from new services or assets.
24	Operating Grants	Line 5 from Operating Statement.
25	Investment Earnings	Line 6 from Operating Statement.
26	Capital Grants	Grants to be received for specific capital projects, as explained in Section 6.
27	Proceeds from Sale of Assets	The cash achieved from sale of assets, as explained in Section 6.
28	Borrowings	Cash received for loans. This is explained in Section 6.
29	Source of Funds	Sum of Lines 22 to 28. This is the total cash received by the City.

Line	Application of Funds	Description
30	Operations and Maintenance	Line 9 to 13 and Line 16 from Operating Statement. All cash expenses required for operation/maintenance of existing and new assets.
31	Capital Expenditure: Renewal	This represents total Capital Expenditure for the replacement or renewal of existing capital assets.
32	Capital Expenditure: Upgrade	This represents estimated Capital Expenditure required on improvement or change of use of existing assets.
33	Capital Expenditure: New	This represents estimated Capital Expenditure required on new assets.
34	Debt Service Costs	Interest Costs and repayment of principal of loans, both current and projected new loans.
35	Reserves Net Transfer	The sum of Transfers into Reserves and Transfers out of Reserves.
36	Application of Funds	Sum of Lines 30 to 35. This represents the total outgoings of the City and includes the net transfers to reserves.

Line	Cashflow Summary	Description
37	Cash Flow Movements for the Year	Source of Funds (Line 29) less Outgoings excluding reserves (Lines 30 to 35). This line represents the total net cashflow for the year.
38	Reserves Balance at End of Year	Previous Year's balance plus net reserves transfer in/out.

Financial Statement 3 - Rate Setting Estimates

		20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Deficit before Rates												
Revenue, exluding Rates	39	47.3	49.8	52.5	54.7	57.1	58.1	59.7	61.5	63.5	65.7	569.8
Expenses (Cash only)	40	(120.5)	(129.5)	(130.8)	(133.6)	(136.7)	(139.8)	(143.0)	(147.0)	(150.7)	(155.0)	(1,386.8)
Deficit before Capital Expenditure	41	(73.2)	(79.7)	(78.4)	(79.0)	(79.7)	(81.7)	(83.4)	(85.4)	(87.2)	(89.3)	(816.9)
Capital Expenditure	42	(38.5)	(52.9)	(35.2)	(30.5)	(25.4)	(24.0)	(36.8)	(46.3)	(36.7)	(48.5)	(374.8)
Deficit before Rates	43	(111.7)	(132.6)	(113.6)	(109.5)	(105.1)	(105.7)	(120.1)	(131.7)	(123.9)	(137.7)	(1,191.7)
Funding												
Opening Funds	44	19.6	1.2	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	20.8
Capital Grants	45	9.0	11.2	6.9	5.8	6.0	6.1	5.5	5.7	5.8	5.9	67.9
Capital Proceeds	46	3.5	3.6	1.8	1.6	2.9	2.1	8.0	9.8	8.9	1.9	44.2
Loans - repayment of principal	47	(2.4)	(1.8)	(0.9)	(0.9)	(1.0)	0.0	0.0	0.0	0.0	0.0	(7.1)
Transfer from Reserves	48	23.9	30.8	20.2	17.3	11.7	9.3	21.0	29.3	17.6	28.7	209.7
Transfer to Reserves	49	(40.1)	(13.2)	(17.5)	(19.8)	(22.5)	(24.3)	(31.3)	(33.5)	(32.5)	(30.7)	(265.5)
Borrowings	50	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4
Closing Funds Required	51	(1.2)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(1.2)
Amount to be made up by Rates	52	99.3	100.8	103.1	105.6	108.0	112.5	116.9	120.5	124.2	128.4	1,119.3
Rates % increase	53	-5.68%	0.90%	1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%	

Line	Deficit before Rates	Description
39	Revenue, excluding Rates	All non-rate revenue. Cash related revenue only. Line 8 (Total Operating Revenue) less Line 1 and 2 (Rates) and less Profit on Disposal (non-cash item).
40	Expenses (cash only)	Cash related revenue only. Line 20 (Total Operating Expenses) less non-cash items (Line 17, 18 and 19).
41	Deficit before Capital Expenditure	Sum of 2 lines above.
42	Capital Expenditure	As per Line 31, 32 and 33.
43	Deficit before Rates	Line 41 less Line 42.
Line	Funding	Description
44	Opening Funds	Municipal cash balance from end of the previous year.
45	Capital Grants	As per Line 26.
46	Capital Proceeds	As per Line 27.
47	Loans – repayment of principal	Repayment of loans both existing and new.
48	Transfers from Reserves	Total cash transferred from Reserves to Municipal.
49	Transfer to Reserves	Total cash transferred from Municipal to Reserves.
50	Borrowings	As per line 28.
51	Closing Funds required	Closing funds required to carry into following year. Normally this would be zero, a balanced cash budget, but in the initial years there may be a need to carry forward funds into the following year
52	Amount to be made up by Rates	Amount of rates required to be raised to fund the annual budget. Line 43 less sum of Lines 44 to 51.
53	Rates % Increase	% increase of rates compared to the previous year.

Financial Statement 4 - Statement of Financial Position Estimates												
OVERALL VALUES		Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29
	Notes	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms

Assets

Current Assets	54	117.8	121.8	107.2	100.1	100.4	105.8	121.6	149.7	164.6	172.6	197.7
Non Current Assets	55	1,396.4	1,394.7	1,408.3	1,412.6	1,413.5	1,411.0	1,408.9	1,386.2	1,391.6	1,402.3	1,383.2
Total Assets	56	1,514.2	1,516.5	1,515.5	1,512.7	1,513.9	1,516.8	1,530.4	1,536.0	1,556.2	1,574.9	1,580.9

Liabilities

Current Liabilities	57	(33.1)	(33.0)	(33.0)	(33.0)	(33.1)	(33.3)	(33.5)	(33.7)	(34.0)	(34.3)	(34.6)
Non Current Liabilities	58	(8.8)	(5.4)	(3.0)	(1.2)	(0.2)	0.7	(7.3)	(6.5)	(5.7)	(4.9)	(4.0)
Total Liabilities	59	(41.9)	(38.4)	(36.0)	(34.2)	(33.4)	(32.6)	(40.8)	(40.3)	(39.7)	(39.2)	(38.6)
Net Assets	60	1,472.3	1,478.0	1,479.5	1,478.5	1,480.5	1,484.1	1,489.7	1,495.7	1,516.4	1,535.7	1,542.2

Equity

Retained Surplus	61	551.4	564.9	568.6	569.7	571.4	569.7	559.5	537.4	543.4	554.7	536.2
Reserves - Cash backed	62	82.4	74.5	72.4	70.2	70.5	75.9	91.6	119.7	134.5	142.4	167.4
Reserves - Asset Revaluation	63	838.6	838.6	838.6	838.6	838.6	838.6	838.6	838.6	838.6	838.6	838.6
Equity	64	1,472.3	1,478.0	1,479.5	1,478.5	1,480.5	1,484.1	1,489.7	1,495.7	1,516.4	1,535.7	1,542.2

MOVEMENTS		19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms

Assets

Current Assets	65	4.0	(14.5)	(7.2)	0.3	5.4	15.8	28.2	14.8	8.0	25.1	7.3
Non Current Assets	66	(1.7)	13.6	4.3	0.9	(2.6)	(2.1)	(22.6)	5.4	10.7	(19.1)	(0.0)
Total Assets	67	2.2	(0.9)	(2.8)	1.2	2.8	13.7	5.5	20.2	18.7	6.0	7.3

Liabilities

Current Liabilities	68	0.2	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)
Non Current Liabilities	69	3.3	2.4	1.8	0.9	0.9	(8.0)	0.8	0.8	0.8	0.9	0.9
Total Liabilities	70	3.5	2.4	1.8	0.8	0.8	(8.2)	0.5	0.5	0.5	0.6	0.5
Net Assets	71	5.7	1.5	(1.0)	2.0	3.6	5.5	6.1	20.7	19.3	6.6	7.8

Equity

Retained Surplus	72	13.6	3.6	1.1	1.7	(1.7)	(10.2)	(22.0)	6.0	11.3	(18.5)	0.6
Reserves - Cash backed	73	(7.9)	(2.1)	(2.2)	0.3	5.4	15.7	28.1	14.7	7.9	25.0	7.2
Reserves - Asset Revaluation	74											
Equity	75	5.7	1.5	(1.0)	2.0	3.6	5.5	6.1	20.7	19.3	6.6	7.8

Line	Overall Values	Description
54	Current Assets	Short term assets such as cash and debtor receivables.
55	Non-Current Assets	Fixed assets at net book value (i.e. less accumulated Depreciation).
56	Total Assets	Sum of lines 54 and 55.
57	Current Liabilities	Short term liabilities such as creditors.
58	Non-Current Liabilities	Long term liabilities such as outstanding loan principal.
59	Total Liabilities	Sum of lines 57 and 58.
60	Net Assets	Line 56 less line 59.
61	Retained Surplus	Cumulative retained surpluses generated since the inception of the City.
62	Reserves – Cash backed	Cash held in reserves established for specific purposes.
63	Reserves – Asset Revaluation	Increased book value (i.e. not cash) of assets resulting from revaluations.
64	Equity	Sum of Lines 61 to Line 63.
Lines 65 to 75		Summary of the movements in assets, liabilities and equity (lines 54 to 64) between successive years.

SUPPORTING SCHEDULES

Supporting Schedule 1 - Assumptions

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
CRITICAL ASSUMPTIONS											
Headline Economic Indicators											
Perth CPI	%	1.50%	1.75%	1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Perth Wages Price Index	%	1.50%	1.75%	2.00%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Income											
Fees and Charges #1	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Rates: Base	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Expenses											
Salaries and Wages	%			1.75%	2.00%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%
Materials and Contracts	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Sum of above (weighted)	%			1.75%	2.00%	2.00%	2.25%	2.39%	2.39%	2.50%	2.50%
Waste											
Waste Expenditure	%		4.05%	1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Refuse Charge per Household	Household	\$346	\$360	\$367	\$370	\$374	\$378	\$382	\$390	\$397	\$407

#1 Applies to most fees and charges but there are several items (e.g. Building Fees) with separate assumptions

OPERATING INCOME

Rates: Base	%	-5.68%	0.90%	1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Refuse Charges	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Building and Development Fees (C	%						1.00%				
Building and Development Fees (F	%			1.40%	1.50%	1.50%	1.75%	2.25%	2.25%	2.50%	2.50%
Building and Development Fees (F	%						1.00%				
Dog and Cat Registration Income	%			6.9%	-20.4%	-18.1%	2.3%	9.81%	4.99%	4.83%	2.00%
Licenses and Registrations, excl D	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Sports and Recreation Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Hire and Rentals / Leases	%			2.75%	3.00%	3.00%	3.25%	3.25%	3.25%	3.50%	3.50%
Inspection and Control Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Fines and Penalties	%				12.00%					11.00%	
Parking Fees	%			5.00%	4.76%	4.55%	4.35%	1.75%	2.00%	2.00%	2.50%
Other Fees and Charges	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Other Revenue	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Grants and Subsidies - Operating	%										
Contributions, Sponsorships and R	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%

Supporting Schedule 1 - Assumptions											
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OPERATING EXPENSES											
Salaries and Wages	%	0.00%	1.67%	1.75%	2.00%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%
Other Employment Costs	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Members Allowances and Meeting Fees	%			1.50%		1.50%		1.50%		1.50%	
Members Costs Various	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Accommodation and Property (Ops)	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Accommodation and Prop (Others)	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Administration	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Telephones and Communication	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Finance Related Cost	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Professional Fees, excl Consultancy	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Consultancy	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Public Relations, Advertising	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Contributions and Donations paid by City	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Computing	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Furniture, Equipment	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Other Materials	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Books and Publications	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Travel, Vehicles and Plant	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
External Services, excl Tipping Fees	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Tipping Fees	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Waste Management Services	%			1.94%	0.82%	1.08%	1.07%	1.06%	2.00%	2.50%	2.50%
Charges and Recoveries	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Electricity - Western Power (WP) Streetlighting	%			1.75%	2.00%	2.00%	3.20%	3.20%	3.20%	3.20%	3.20%
Electricity - excluding WP Streetlighting	%			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gas and Water	%			1.75%	2.00%	2.00%	2.25%	3.50%	3.50%	3.50%	3.50%
Insurance Expenses	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Depreciation: Existing	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%

Supporting Schedule 1 - Assumptions											
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OPERATING EXPENSES											
Capital Expenditure and Capital Grants											
All Other Capital	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Road and Bridge Construction	%			2.30%	1.75%	1.75%	2.00%	2.25%	2.25%	2.50%	2.50%
Non Residential Building	%			1.40%	1.50%	1.50%	1.75%	2.25%	2.25%	2.50%	2.50%
Grants and Disposal Proceeds											
Capital Grants	%			1.75%	2.00%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%
Financing											
Cash Reserves earnings	%			1.87%	1.98%	2.10%	2.21%	2.33%	2.44%	2.56%	2.67%
Borrowings Fixed Term - 5 Years	%	0.73%	0.79%	0.93%	1.09%	1.24%	1.39%	1.55%	1.70%	1.86%	2.01%
Borrowings Fixed Term - 10 Years	%	1.60%	1.76%	1.87%	1.98%	2.10%	2.21%	2.33%	2.44%	2.56%	2.67%
Borrowings Fixed Term - 15 Years	%	2.23%	2.39%	2.47%	2.56%	2.65%	2.74%	2.83%	2.92%	3.01%	3.10%
Borrowings Fixed Term - 20 Years	%	2.62%	2.78%	2.85%	2.93%	3.00%	3.08%	3.15%	3.23%	3.31%	3.38%

Supporting Schedule 2 - Capital Expenditure by Asset Class, Type and Cause											
by Asset Class	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
By Asset Class - Excluding Escalation											
Buildings	(6.2)	(18.1)	(7.6)	(8.4)	(2.4)	(1.4)	(11.7)	(19.4)	(10.2)	(18.8)	(104.2)
Drainage	(0.8)	(0.8)	(0.5)	(0.6)	(0.6)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(5.1)
Lighting	(4.0)	(3.7)	(1.8)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(14.7)
Parks	(7.5)	(7.7)	(5.4)	(4.8)	(4.9)	(4.7)	(3.8)	(3.8)	(3.8)	(3.8)	(50.3)
Transport, excl Roads	(6.5)	(5.9)	(5.9)	(3.5)	(3.6)	(3.4)	(15.6)	(15.6)	(15.6)	(15.6)	(91.3)
Roads	(11.2)	(12.9)	(9.6)	(10.0)	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(63.9)
Fleet	(1.7)	(2.8)	(3.3)	(1.3)	(1.7)	(1.2)	(0.9)	(1.1)	(1.0)	(1.8)	(16.7)
IT	(0.6)	(1.0)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(3.6)
None	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, excluding Escalation	(38.5)	(52.9)	(34.6)	(29.6)	(24.1)	(22.2)	(33.3)	(41.2)	(32.0)	(41.3)	(349.7)
By Type - Including Escalation											
Capital Works Program	(32.9)	(32.9)	(23.7)	(21.6)	(22.8)	(22.4)	(24.0)	(24.5)	(25.1)	(25.8)	(255.7)
Fleet, IT, Parking	(3.9)	(6.1)	(5.5)	(1.6)	(2.1)	(1.5)	(1.2)	(1.5)	(1.4)	(2.4)	(27.2)
Major Projects	(1.6)	(13.9)	(6.1)	(7.4)	(0.6)	(0.1)	(11.5)	(20.3)	(10.2)	(20.3)	(91.9)
Total, including Escalation	(38.5)	(52.9)	(35.2)	(30.5)	(25.4)	(24.0)	(36.8)	(46.3)	(36.7)	(48.5)	(374.8)
By Cause - Including Escalation											
Renewal	(20.8)	(22.6)	(19.6)	(13.2)	(13.5)	(13.0)	(16.9)	(19.0)	(21.9)	(21.4)	(181.8)
Upgrades	(14.1)	(26.3)	(10.8)	(8.1)	(9.6)	(9.5)	(8.1)	(8.3)	(8.5)	(8.7)	(112.0)
New	(3.6)	(4.0)	(4.8)	(9.2)	(2.3)	(1.5)	(11.8)	(19.1)	(6.4)	(18.3)	(81.0)
Total, including Escalation	(38.5)	(52.9)	(35.2)	(30.5)	(25.4)	(24.0)	(36.8)	(46.3)	(36.7)	(48.5)	(374.8)
Renewal / Upgrade / New	%	%	%	%	%	%	%	%	%	%	%
Renewal %	54%	43%	56%	43%	53%	54%	46%	41%	60%	44%	49%
Upgrade %	37%	50%	31%	27%	38%	40%	22%	18%	23%	18%	30%
New %	9%	8%	14%	30%	9%	6%	32%	41%	17%	38%	22%

Supporting Schedule 3 - Major Projects Assumptions

Major Project		Year #1	Cost #2	Purpose	Source of Estimate	Funding Sources
1	Joondalup City Centre Development - Boas Place	2021/22	(\$0.1)	Project Costs required to working with a proponent for City Centre Development	Project Costs only included at this stage	Municipal. Future land proceeds may offset initial costs of project.
2	Cafes / Kiosks / Restaurants - Pinnaroo Point	2021/22	(\$0.6)	Service Provision and Project Costs. New facility built by operator	Service Provision based on QS Estimate	Municipal and Reserves
3	Percy Doyle - Refurbishment Works	2021/22	(\$1.4)	Refurbishment of existing facilities to keep in working order until Master Plan is completed.	Council Report 2015.	Grants, Club Contribution, Reserves and Municipal
4	Warwick Sports Centre	2021/22	(\$1.3)	Refurbishment of existing facilities.	Tender 2021	Municipal
5	Joondalup Administration Building - refurbishment	2021/22	(\$0.9)	Refurbishment of Admin Building	Some works require further scoping	Municipal and Reserves
6	Chichester Park Redevelopment	2022/23	(\$4.3)	Redevelopment of existing facilities.	Council approved Nov 2018	Grants and Reserves
7	Craigie LC Refurbishment Phase 1	2022/23	(\$8.4)	Refurbishment of facilities to meet future requirements.	Approved Council Report December 2019	Reserves and Municipal
8	Craigie LC Geothermal bore replacement	2022/23	(\$1.0)	Renewal of existing assets	Asset management report from external consultant	Asset Renewal Reserve
9	Ocean Reef Marina - City Commercial area	2023/24	(\$3.6)	New commercial facilities for City to generate a recurring income stream	Financial Evaluation February 2021	Reserve
10	Burns Beach Coastal Node redevelopment	2024/25	(\$3.2)	Redevelopment of area, works required to support Café / Restaurant	Report to MPFC - Sept 2020	Reserve
11	Burns Beach Café Restaurant	2024/25	(\$3.9)	Construction Costs, Service Provision, Project Costs	Report to MPFC - Sept 2020	Reserve
12	Ocean Reef Marina	2026/27	(\$0.8)	Project costs to work with State to develop Ocean Reef Marina	Estimated Project Costs	Municipal

Supporting Schedule 3 - Major Projects Assumptions

Major Project		Year #1	Cost #2	Purpose	Source of Estimate	Funding Sources
13	Multi Storey Car Park (2)	2027/28	(\$17.1)	Second Multi Storey Car Park in City Centre.	Based on capital costs of Reid Promenade Multi Storey Car Park	Reserves and loan if insufficient reserves
14	Warwick Community Facilities	2028/29	(\$5.0)	Rationalisation of existing 3 buildings	Feasibility Study 2020	Intent is for land proceeds to fund the majority of the capital costs.
15	Edgewater Quarry Masterplan	2028/29	(\$13.4)	Development of quarry Sale of land estimated to contribute	Financial Evaluation 2020	Reserve, land proceeds will repay to reserve
16	Calectasia Hall / Greenwood Scout and Guide Hall	2029/30	(\$5.0)	Facility Redevelopment	Active Reserve and Community Facilities Review December 2017	Reserves
17	Percy Doyle Master-Plan Phase 1 and 2	2036/37	(\$14.4)	Development of sporting and leisure facilities at the Percy Doyle Reserve	Report to Strategy 2014	Reserves
TOTAL			(\$84.5)			

#1 Year of Completion for some projects such as the Joondalup City Centre Development relates to last year of Capital Costs included in 20 Year SFP, as opposed to the proposed project completion date

#2 Capital Costs shown are based on 2020/21 to 2029/30 only, exclude escalation and exclude costs incurred prior to 2020/21

Supporting Schedule 4 - Reserves

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Strategic Asset Reserve											
Opening Balance	16.6	14.5	1.5	4.6	3.8	4.3	6.0	5.4	5.1	7.7	16.6
Transfer to Reserve	1.6	1.5	9.2	6.5	1.7	1.7	4.3	5.4	9.2	14.6	55.6
Transfer from Reserve	(3.7)	(14.5)	(6.0)	(7.3)	(1.2)	0.0	(4.9)	(5.7)	(6.6)	(16.7)	(66.6)
Closing Balance	14.5	1.5	4.6	3.8	4.3	6.0	5.4	5.1	7.7	5.6	5.6
Asset Renewal Reserve											
Opening Balance	6.0	27.9	25.6	16.1	14.9	19.3	25.9	36.4	47.0	53.0	6.0
Transfer to Reserve	31.9	6.8	4.3	8.8	14.8	15.9	20.7	21.2	16.8	8.8	150.1
Transfer from Reserve	(10.0)	(9.2)	(13.9)	(9.9)	(10.5)	(9.3)	(10.2)	(10.6)	(10.8)	(11.8)	(106.2)
Closing Balance	27.9	25.6	16.1	14.9	19.3	25.9	36.4	47.0	53.0	50.0	50.0
Sale of Tamala Park Land											
Opening Balance	14.1	16.2	17.9	19.3	21.0	24.0	26.3	28.1	30.7	32.8	14.1
Transfer to Reserve	2.1	1.7	1.3	1.7	3.0	2.4	1.8	2.5	2.1	2.4	21.1
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	16.2	17.9	19.3	21.0	24.0	26.3	28.1	30.7	32.8	35.2	35.2
Joondalup Performing Arts and Culture Facility											
Opening Balance	16.8	16.9	16.9	17.3	17.6	18.0	18.4	18.8	19.3	19.5	16.8
Transfer to Reserve	0.1	0.1	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	3.4
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(0.4)
Closing Balance	16.9	16.9	17.3	17.6	18.0	18.4	18.8	19.3	19.5	19.9	19.9
Parking Facility											
Opening Balance	3.1	3.1	4.8	6.7	8.8	11.1	14.5	12.3	2.6	6.1	3.1
Transfer to Reserve	1.0	2.8	1.9	2.1	2.3	3.4	3.6	3.4	3.4	3.8	27.7
Transfer from Reserve	(1.0)	(1.0)	0.0	0.0	0.0	0.0	(5.8)	(13.1)	0.0	0.0	(20.9)
Closing Balance	3.1	4.8	6.7	8.8	11.1	14.5	12.3	2.6	6.1	9.9	9.9

Supporting Schedule 4 - Reserves											
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Percy Doyle Infrastructure Reserve Fund											
Opening Balance	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Transfer to Reserve	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital Works Going Forward											
Opening Balance	13.3	5.9	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.3
Transfer to Reserve	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8
Transfer from Reserve	(9.2)	(5.6)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(15.1)
Closing Balance	5.9	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Waste Management											
Opening Balance	13.5	15.0	15.3	15.6	15.9	16.2	16.6	17.0	17.4	17.9	13.5
Transfer to Reserve	1.5	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	4.8
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	15.0	15.3	15.6	15.9	16.2	16.6	17.0	17.4	17.9	18.3	18.3
Non Current LS Leave Reserve											
Opening Balance	1.4	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.4
Transfer to Reserve	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.9	1.9
Public Art Reserve											
Opening Balance	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Transfer to Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Reserve	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)
Closing Balance	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Supporting Schedule 4 - Reserves

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms

Marmion Car Park Reserve

Opening Balance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Transfer to Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Cash in Lieu of Parking Reserve

Opening Balance	1.4	1.4	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4
Transfer to Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Transfer from Reserve	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)
Closing Balance	1.4	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4

Trust Fund

Opening Balance	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Transfer to Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Reserve	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Closing Balance	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Minor Reserves

Opening Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer to Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Reserve	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Total

Opening Balance	86.8	103.0	85.5	82.7	85.3	96.1	111.1	121.4	125.6	140.6	86.8
Transfer to Reserve	40.1	13.2	17.5	19.8	22.5	24.3	31.3	33.5	32.5	30.7	265.5
Transfer from Reserve	(23.9)	(30.8)	(20.2)	(17.3)	(11.7)	(9.3)	(21.0)	(29.3)	(17.6)	(28.7)	(209.7)
Closing Balance	103.0	85.5	82.7	85.3	96.1	111.1	121.4	125.6	140.6	142.5	142.5





T: 08 9400 4000
F: 08 9300 1383
Boas Avenue Joondalup WA 6027 PO Box
21 Joondalup WA 6919

joondalup.wa.gov.au



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