

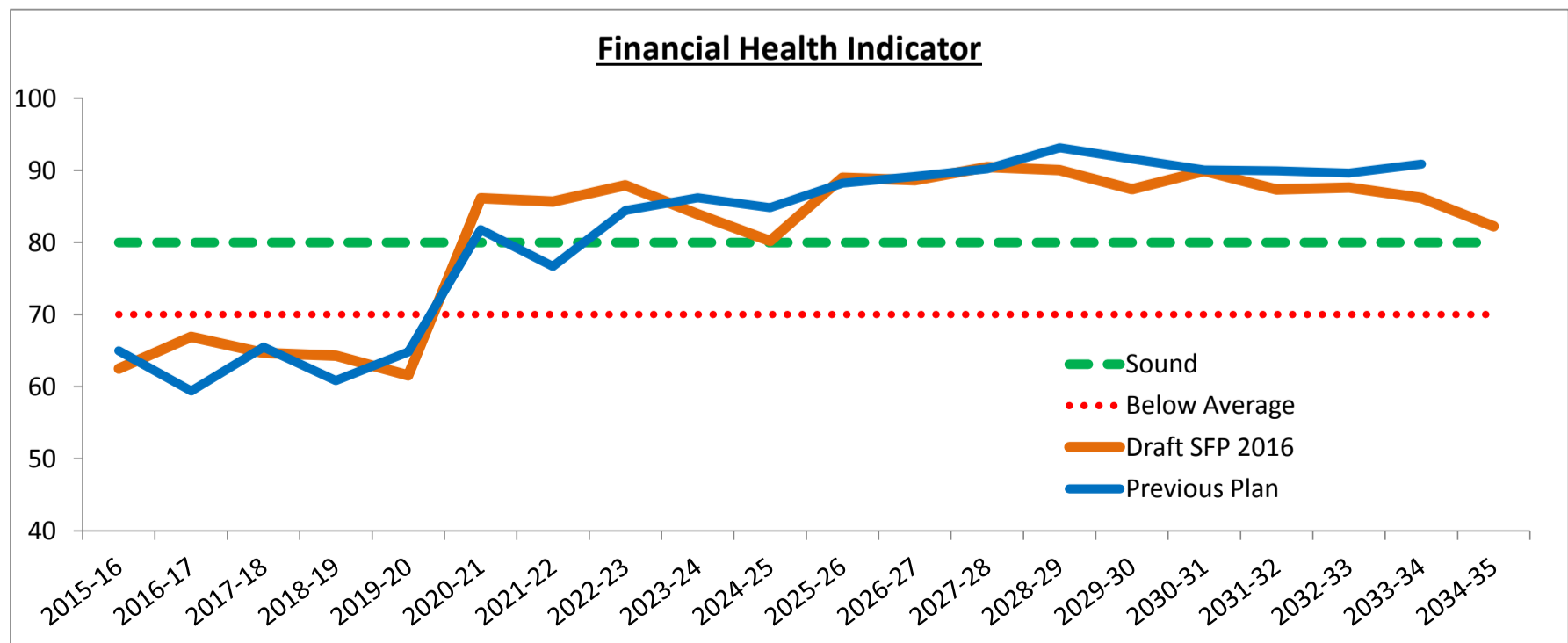
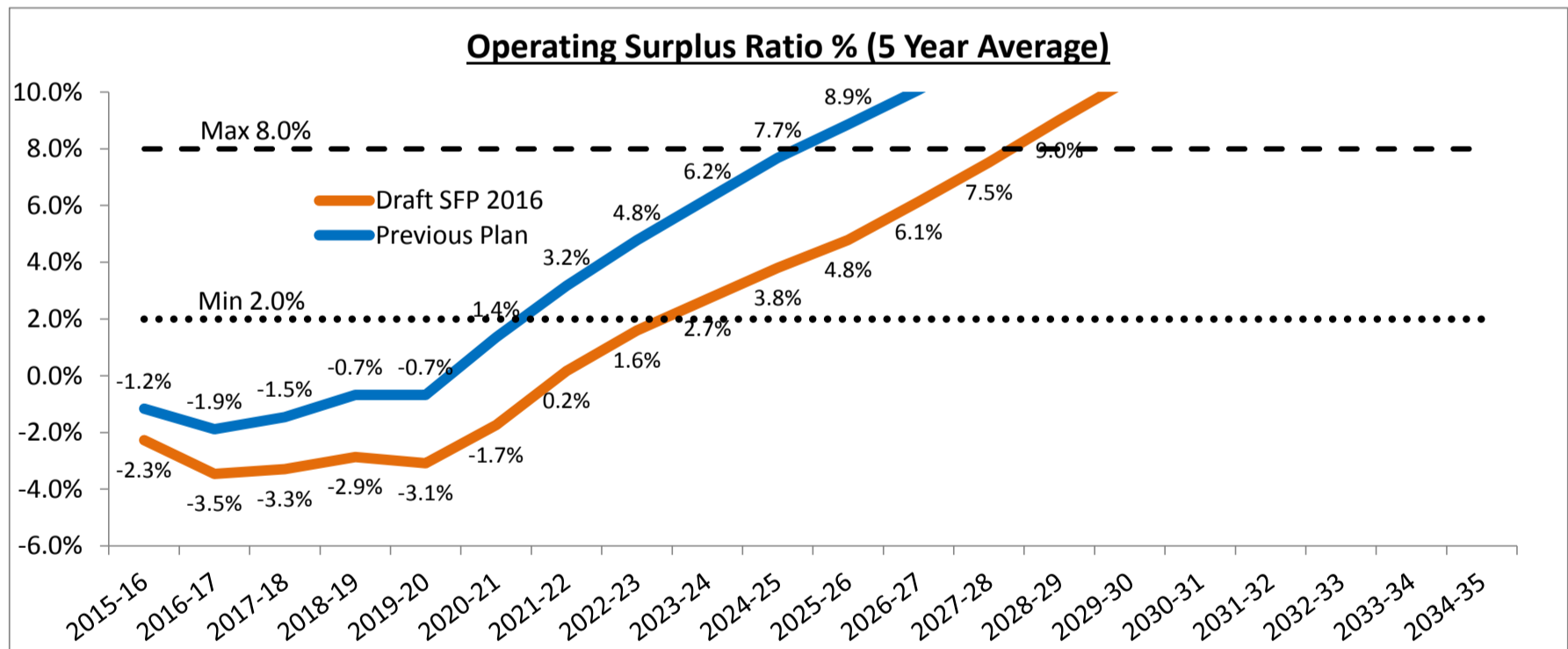
KEY RATIOS SUMMARY

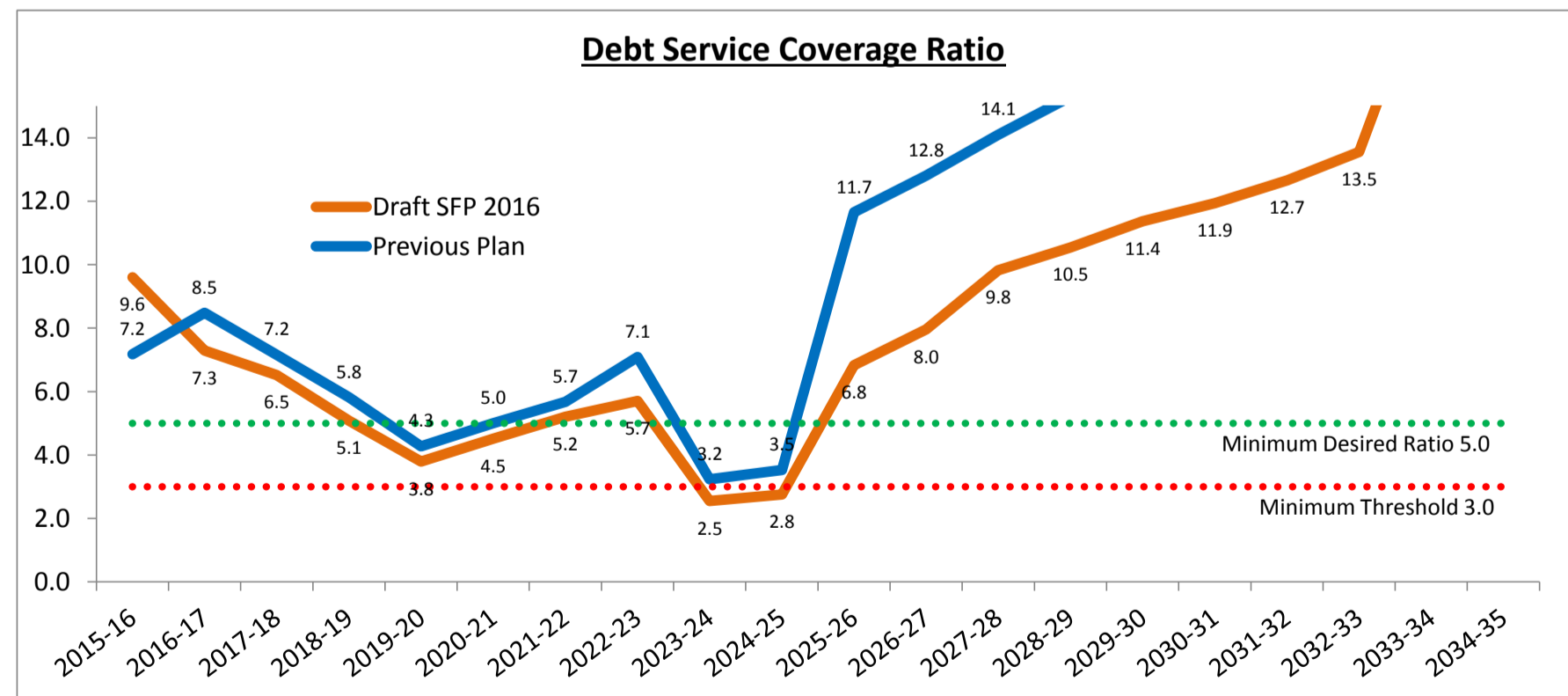
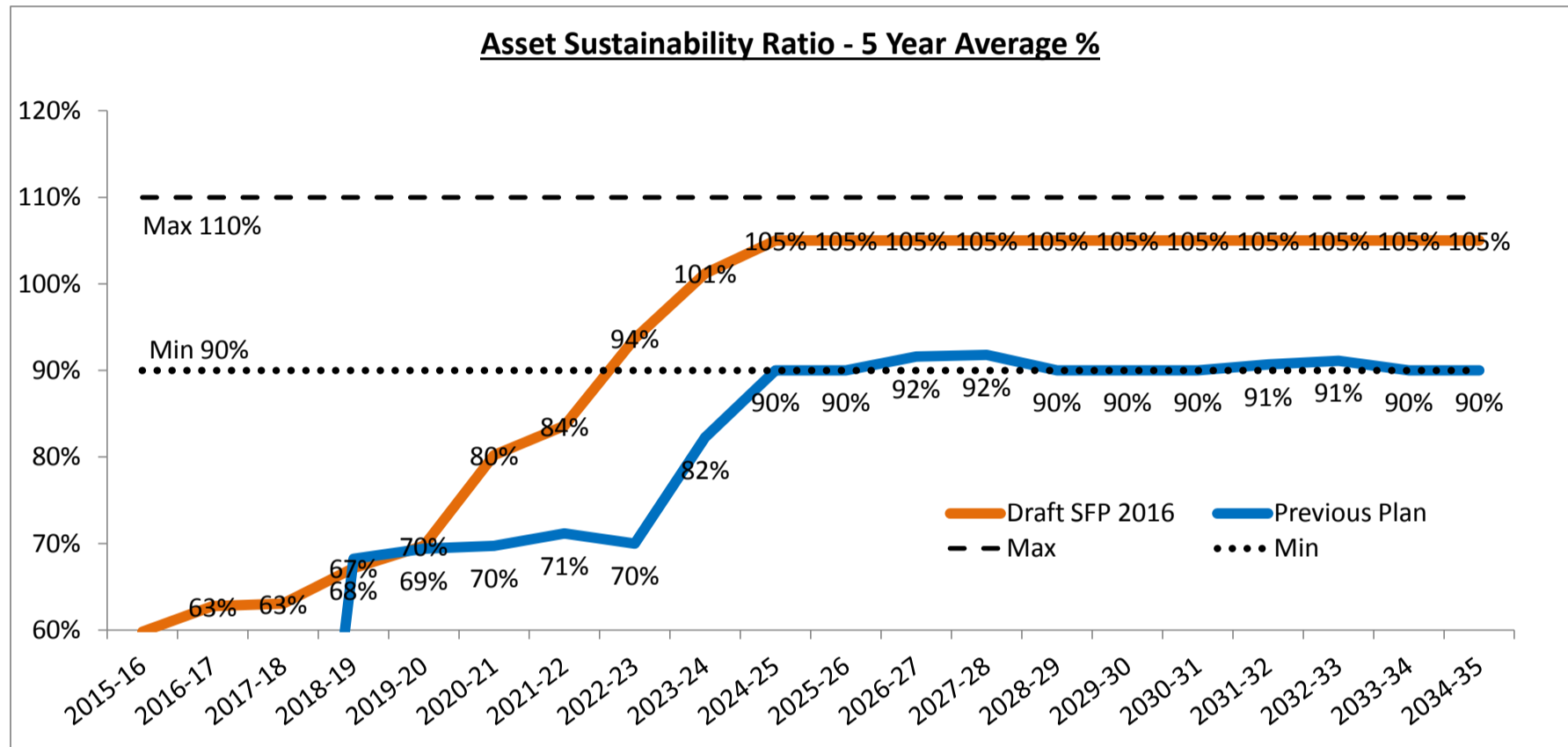
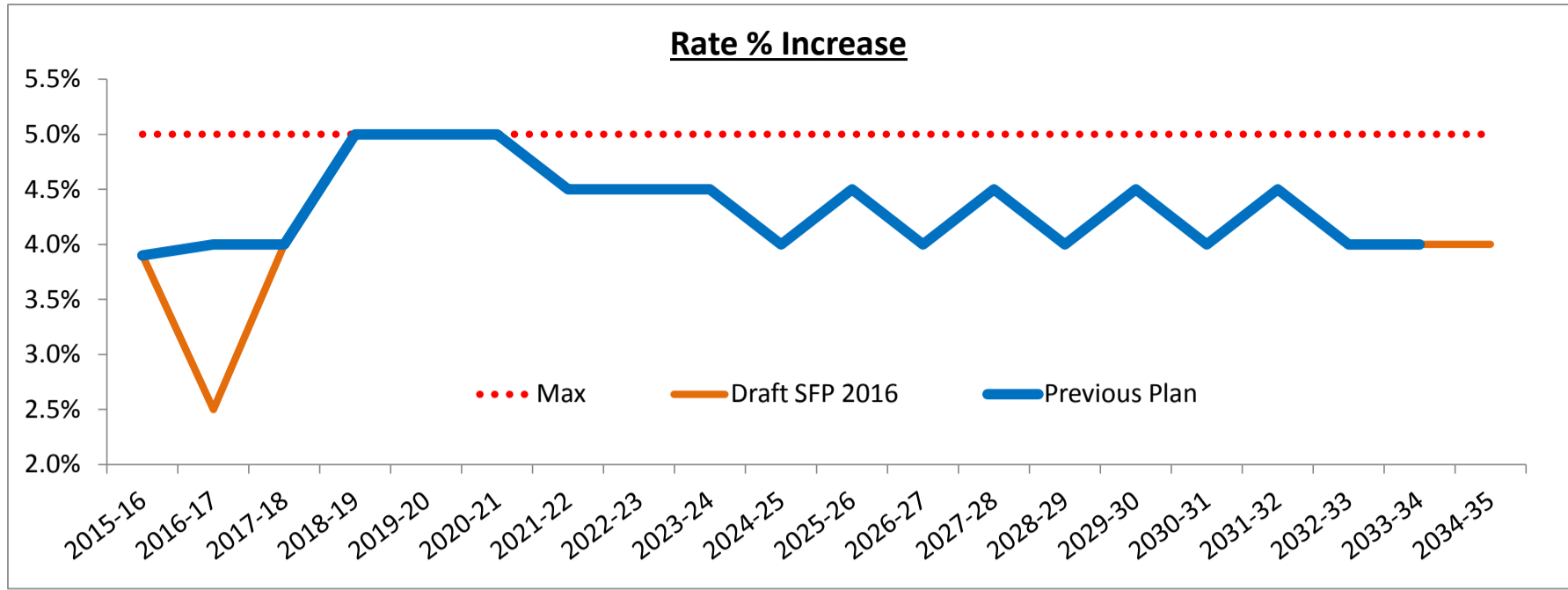
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Option 1

KEY RATIO as per the City's Guiding Principles		Target Range		Updated SFP		Previous (Dec'15)		
		Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Number of Years Within Tolerance	vs. Current Proposal	
1	Rate % Increase	0.0%	5.0%	20	0	20	0	●
2	Balanced Cash Budget	\$0	\$0	20	0	20	0	●
3	Operating Surplus Ratio %	2.0%	8.0%	12	8	13	-1	●
4	Asset Sustainability Ratio %	90.0%	110.0%	13	7	10	3	●
5	Debt Service Coverage Ratio	< 5	>5	20	0	20	0	●
Total				85	15	83	2	●

OTHER KEY INDICATORS			Updated Plan versus Previous			
Indicator	Measure	Updated Plan	Previous	Difference		
1	Financial Health Indicator: Yr 1 to 6	Score out of 100 (70 is Sound, 80 is good)	68	66	2	●
2	Proposed Borrowings	20 Year Total (\$m)	\$100.5	\$89.9	\$10.6	●
3	Treasury Borrowings Criteria	No of Years where borrowings fails Test	2	0	2	●
4	Cash Held less Borrowings Owing:	at end of 2034-35 \$ms	\$231.1	\$428.6	(\$197.5)	●
5	Rates % Increase:	Average Increase Years 1 to 5	4.1%	4.4%	-0.3%	●
6	Operating Surplus Ratio:	What Year does SFP first achieve target ?	2023-24	2021-22	-2	●
7	Operating Surplus Ratio:	Average Years 1 to 10	0.3%	2.7%	-2.4%	●





20 YEAR PLAN - RATE SETTING

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Option 1

Table 1 - Key Income & Cost Assumptions		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Average
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	
1 Rate % Increase	%	3.9%	2.5%	4.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.0%	4.0%	4.2%
2 Fees and Charges / Other: Base	%			2.5%	2.2%	2.8%	3.2%	3.6%	3.4%	3.5%	3.5%	3.4%	3.3%	3.4%	3.3%	3.3%	3.5%	3.4%	3.3%	3.4%	3.4%	3.2%
3 Employment Costs: Base	%		2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.1%
4 Materials and Contracts: Base	%			-3.9%	1.9%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.9%

70%

Table 2 - Ratios		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Average
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	
1 Operating Surplus Ratio %	For Year %	(4.6%)	(6.5%)	(3.1%)	(1.6%)	(0.2%)	1.8%	3.1%	4.1%	4.2%	5.4%	6.7%	9.6%	10.8%	11.7%	12.7%	13.1%	13.4%	14.2%	15.1%	13.2%	6.16%
	5 Year Av %	(2.3%)	(3.5%)	(3.3%)	(2.9%)	(3.1%)	(1.7%)	0.2%	1.6%	2.7%	3.8%	4.8%	6.1%	7.5%	9.0%	10.4%	11.7%	12.4%	13.1%	13.7%	13.8%	4.70%
2 Asset Sustainability Ratio %	For Year %	63.3%	79.8%	69.6%	74.9%	61.3%	114.3%	96.3%	119.2%	112.4%	84.4%	112.8%	97.8%	116.8%	111.2%	87.7%	111.5%	99.1%	114.7%	110.1%	90.7%	96.4%
	5 Year Av %	59.8%	62.8%	63.1%	67.2%	69.7%	80.2%	83.6%	93.7%	101.2%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	105.0%	91.8%
3 Debt Service Coverage Ratio	Ratio for Year	9.6	7.3	6.5	5.1	3.8	4.5	5.2	5.7	2.5	2.8	6.8	8.0	9.8	10.5	11.4	11.9	12.7	13.5	19.7	44.7	10.1
	Fall below Score of 5, Five Years in a Row	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
4 Treasury Borrowings Criteria: Do the projected borrowings fail the test ?										Fail	Fail											2.0
	Shortfall in Borrowings Capacity \$000s																					

Table 3 - 20 Year Rate Setting Statement		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total	
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35		
OPERATING INCOME																							
1 Rates: Base	\$000s	92,466	95,046	99,084	104,038	109,240	114,702	119,863	125,257	130,894	136,129	142,255	147,945	154,603	160,787	168,023	174,743	182,607	189,911	197,508	205,408	2,850,509	
2 Rates: Growth	\$000s		227	413	1,411	2,438	3,106	3,632	4,276	5,053	5,773	6,573	12,070	13,065	14,254	14,836	15,803	16,905	17,987	19,260	20,812	177,895	
3 Fees and Charges / Other: Base	\$000s	39,596	39,612	40,587	41,485	42,647	44,022	45,614	47,187	48,836	50,553	52,256	53,973	55,830	57,671	59,578	61,650	63,726	65,845	68,091	70,416	1,049,177	
4 Fees and Charges / Other: Growth	\$000s			12	118	1,611	2,048	2,441	4,331	5,226	5,473	5,731	6,006	6,298	6,609	6,895	7,192	7,502	7,765	8,037	8,872	90,166	
5 Operating Grants & Subsidies, Cont's & Reimb's	\$000s	3,982	4,818	4,926	5,049	5,176	5,331	5,517	5,710	5,910	6,117	6,331	6,553	6,782	7,020	7,265	7,520	7,783	8,055	8,337	8,629	126,811	
6 Interest: Reserves	\$000s	1,519	1,248	704	427	607	961	674	681	697	742	1,467	2,007	3,080	4,025	5,318	5,341	4,803	6,613	8,226	10,220	59,359	
7 Interest: Municipal	\$000s	2,620	1,848	1,931	2,201	2,256	2,432	2,796	3,026	3,203	3,801	3,936	4,551	4,615	4,842	5,092	4,998	5,412	5,348	5,601	5,838	76,346	
8 Profit on Disposal	\$000s	3,005	1,446																			4,451	
A Operating Income	\$000s	143,188	144,244	147,658	154,729	163,974	172,601	180,538	190,469	199,819	208,588	218,549	233,104	244,274	255,209	267,007	277,248	288,738	301,524	315,059	328,195	4,434,713	
OPERATING EXPENSES																							
9 Employment Costs: Base	\$000s	(60,618)	(63,642)	(64,918)	(66,223)	(68,203)	(70,249)	(72,363)	(74,541)	(76,785)	(79,096)	(81,865)	(84,730)	(87,696)	(90,765)	(93,942)	(97,230)	(100,633)	(104,155)	(107,800)	(111,573)	(1,657,025)	
10 Employment Costs: Growth	\$000s			(20)	(349)	(948)	(1,032)	(1,417)	(2,187)	(2,973)	(3,387)	(3,841)	(3,976)	(4,115)	(4,259)	(4,408)	(4,562)	(4,722)	(4,887)	(5,058)	(5,148)	(57,289)	
11 Materials and Contracts: Base	\$000s	(50,945)	(51,464)	(49,460)	(50,423)	(51,687)	(53,220)	(55,080)	(56,987)	(58,979)	(61,022)	(63,155)	(65,344)	(67,628)	(69,972)	(72,418)	(74,930)	(77,549)	(80,240)	(83,045)	(85,927)	(1,279,474)	
12 Materials and Contracts: Growth	\$000s			(190)	(534)	(1,551)	(2,168)	(2,432)	(3,489)	(4,220)	(4,389)	(4,564)	(4,746)	(5,013)	(5,213)	(5,420)	(5,636)	(5,860)	(6,093)	(6,311)	(14,253)	(82,083)	
13 Utilities: Base	\$000s	(5,955)	(6,026)	(6,184)	(6,398)	(6,624)	(6,955)	(7,303)	(7,668)	(8,051)	(8,454)	(8,877)	(9,321)	(9,787)	(10,276)	(10,790)	(11,329)	(11,896)	(12,490)	(13,115)	(13,771)	(181,270)	
14 Utilities: Growth	\$000s			55	76	(14)	(43)	(27)	(24)	(38)	(40)	(42)	(44)	(47)	(49)	(52)	(54)	(57)	(60)	(63)	(138)	(661)	
15 Interest on Borrowings: Existing	\$000s	(652)	(620)	(673)	(528)	(376)	(237)	(153)	(87)	(54)	(21)	0	0	0	0	0	0	0	0	0	0	(3,402)	
16 Interest on Borrowings: New	\$000s				(894)	(2,367)	(2,868)	(2,943)	(3,024)	(4,078)	(3,411)	(2,719)	(2,458)	(2,192)	(1,957)	(1,713)	(1,457)	(1,191)	(913)	(629)	(416)	(35,231)	
17 Insurance Expenses	\$000s	(1,532)	(1,558)	(1,594)	(1,633)	(1,674)	(1,724)	(1,785)	(1,847)	(1,912)	(1,979)	(2,048)	(2,120)	(2,194)	(2,271)	(2,350)	(2,433)	(2,518)	(2,606)	(2,697)	(2,791)	(41,266)	
18 Depreciation: Existing	\$000s	(29,532)	(29,489)	(28,489)	(28,489)	(28,489)	(28,489)	(28,489)	(29,486)	(30,518)	(31,586)	(32,691)	(33,836)	(35,020)	(36,245)	(37,514)	(38,827)	(40,186)	(41,593)	(43,048)	(44,555)	(676,568)	
19 Depreciation: New	\$000s			(628)	(1,696)	(2,386)	(2,613)	(3,040)	(3,557)	(4,028)	(4,244)	(4,485)	(4,718)	(4,856)	(5,031)	(5,224)	(5,435)	(6,467)	(6,694)	(6,929)	(7,172)	(79,202)	
20 Loss on Disposal	\$000s	(368)	(538)																			(906)	
B Operating Expenses	\$000s	(149,602)	(153,337)	(152,102)	(157,089)	(164,320)	(169,597)	(175,032)	(182,899)	(191,636)	(197,629)	(204,288)	(211,292)	(218,546)	(226,039)	(233,830)	(241,892)	(251,077)	(259,729)	(268,694)	(285,744)	(4,094,375)	
C Operating Surplus / (Deficit)	A+B	\$000s	(6,414)	(9,093)	(4,444)	(2,360)	(345)	3,004	5,505	7,570	8,182	10,959	14,262	21,812	25,728	29,170	33,177	35,356	37,661	41,795	46,365	42,451	340,339
D Non Cash Items (Depn, Profit & Loss on Disposals)	\$000s	(26,795)	(28,481)	(29,117)	(30,184)	(30,875)	(31,101)	(31,529)	(33,043)	(34,546)	(35,830)	(37,176)	(38,553)	(39,875)	(41,277)	(42,738)	(44,262)	(46,653)	(48,286)	(49,977)	(51,727)	(752,025)	
E Operating Cashflow	C-D	\$000s	20,380	19,388	24,673	27,824	30,530	37,034	40,613	42,728	46,789	51,438	60,366	65,603	70,446	75,915	79,617	84,314	90,081	96,342	94,178	1,092,364	
CAPITAL EXPENDITURE & LOAN PAYMENTS																							
21 Capital Expenditure: Renewal	\$000s	(18,690)	(23,540)	(20,278)	(22,618)	(18,929)	(35,542)	(30,347)	(39,398)	(38,832)	(30,233)	(41,920)	(37,723)	(46,572)	(45,899)	(37,487)	(49,360)	(46,227)	(55,403)	(55,034)	(46,925)	(740,957)	
22 Capital Expenditure: New	\$000s	(26,731)	(35,045)	(70,774)	(48,222)	(11,180)	(25,739)	(34,380)	(30,343)	(9,402)	(10,936)	(10,005)	(9,414)	(9,743)	(10,084)	(10,437)	(8,230)	(11,181)	(11,572)	(11,977)	(13,636)	(479,032)	
23 Loan Repayment Principal: Existing	\$000s	(1,824)	(2,263)	(3,213)	(3,343)	(3,479)	(2,481)	(1,852)	(910)	(936)	(963)											(21,263)	
24 Loan Repayment Principal: New	\$000s			(993)	(2,558)	(2,660)		(2,766)	(3,648)	(13,323)	(13,828)	(5,208)	(5,432)	(4,707)	(4,908)	(5,117)	(5,336)	(5,565)	(5,803)	(4,299)	(1,702)	(87,853)	
F Capital Expenditure & Loan Repayments	\$000s	(47,245)	(60,848)	(94,265)	(75,176)	(36,146)	(66,422)	(69,346)	(74,298)	(62,493)	(55,959)	(57,133)	(52,569)	(61,022)	(60,891)	(53,042)	(132,927)	(62,973)	(72,778)	(71,310)	(62,262)	(1,329,105)	
G (Deficit) to be funded	E+F	\$000s	(26,865)	(41,460)	(69,592)	(47,352)	(5,616)	(32,312)	(33,685)	(19,765)	(9,171)	(5,696)	7,797	4,581	9,555	22,874	(53,309)	21,341	17,303	25,032	31,916	(236,742)	
RESERVES, PROCEEDS AND BORROWINGS																							
25 Capital Grants: Renewal	\$000s	9,866	12,257	4,085	4,654	4,203	4,180	5,394	5,583	5,778	5,980	6,190	6,406	6,631	6,863	7,103	7,351	7,609	7,875	8,151	8,436	134,595	
26 Capital Grants: New	\$000s		1,838	12,096	2,337	2,566	3,878	2,191	2,110	2,184	2,260	2,339	2,421	2,506	2,594	2,684	2,778	2,875	2,976	3,080	3,188	58,900	
27 Disposal Proceeds: Renewal	\$000s	594	445	864	869	722	824	952	821	543	776	1,144	7										

MAJOR PROJECT ASSUMPTIONS AND CHANGES SINCE ADOPTED PLAN

Major Project	Reason for Change		Year of Completion			Capital \$m #1			Other Comments
	Source / Details	Elected Members - When was it last reviewed and/or When is the Next Review ?	Adopted Dec 2015	Updated SFP	Diff (Now vs. Prev)	Adopted Dec 2015	Updated SFP	Diff (Now vs. Prev)	Capacity / Status of Project
1 CBD Office Development	Project Costs only included at this stage	Major Projects Committee April 2016	2016-17	2016-17	No Change	(\$1.3)	(\$1.0)	\$0.3	
2 Cafes / Kiosks / Restaurants	4 sites proposed in total	Major Projects Committee April 2016	2016-17	2022-23	+6 Yrs	(\$0.5)	(\$0.9)	(\$0.4)	Previous plan included project costs up to 2016-17, revised plan assumes costs till 2022-23
3 Synthetic Hockey Project	Project is now being implemented and now estimated for completion 2016-17	Council March 2016	2016-17	2016-17	No Change	(\$6.5)	(\$6.4)	\$0.1	
4 Ocean Reef Marina Business Case & Structure Plan	Draft Budget 2016-17	Adopted SFP Dec 2015	2015-16	2017-18	+2 Yrs	(\$2.4)	(\$2.1)	\$0.3	Request for project to be led by Department of Planning is being reviewed by the Minister.
5 Grove Child Care / Dorchester Hall / Warwick Hall		Budget Workshop March 2016	2017-18	2018-19	+1 year	(\$4.3)	(\$4.3)	\$0.0	Structure Plan will be required, but both parties are keen to progress so project is still assumed to be completed within 5 years.
6 Joondalup Administration Building - refurbishment	Preliminary scoping has been prepared. Subject to Stakeholder Review and Business Case	Budget Workshop March 2016	2017-18	2018-19	+1 year	(\$5.0)	(\$5.1)	(\$0.1)	Expenditure now spread across several years
7 Craigie LC - Upgrades	Project was previously assumed to be completed in 2017-18. Feasibility study is being completed.	Budget Workshop March 2016	2017-18	2019-20	+2 Yrs	(\$2.3)	(\$2.3)	\$0.0	Expenditure now spread across several years
8 Joondalup Library - major refurbishment	Preliminary scoping has been prepared. Subject to Stakeholder Review and Business Case	Budget Workshop March 2016	2017-18	2018-19	+1 year	(\$1.3)	(\$1.3)	\$0.0	Expenditure now spread across several years
9 Penistone Park - Facility Redevelopment	CSRFF grant reduced, City contribution increased	Council April 2015	2017-18	2017-18	No Change	(\$3.8)	(\$3.7)	\$0.1	
10 Heathridge Master Plan - Planning Costs only	The \$1m estimate is a legacy figure relating to refurbishment of the Leisure Centre. This does not take account of Master Plan costs.	Finance Committee April 2016	2018-19	2018-19	No Change	(\$1.0)	(\$1.0)	\$0.0	It may be worth replacing the \$1m with \$0.3m, which are the costs required for Planning & Consultancy to prepare the Master Plan
11 Joondalup Performing Arts & Culture Facility/Jinan Gardens	Values are consistent with JPACF Business Case. 2014-15 drops out of the 20 year SFP and therefore \$0.2m drops out of the JPACF Capital Estimates.	Council December 2015	2018-19	2018-19	No Change	(\$97.6)	(\$97.4)	\$0.2	
12 Chichester Park Redevelopment	Active Reserve Review	Finance Committee April 2016	2019-20	2020-21	+1 year	(\$4.0)	(\$4.0)	\$0.0	Expenditure now spread across several years
13 Percy Doyle - Refurbishment Works	Expenditure for each project has been split into 2 years, with planning costs brought forward 1 year to ensure that the project is completed on time.	Budget Workshop March 2016	2020-21	2020-21	No Change	(\$6.3)	(\$6.2)	\$0.1	
14 Edgewater Quarry Masterplan	Costings are same as the Previously Adopted 20 year SFP	Strategy March 2016 and Finance Committee April 2016	2021-22	2021-22	No Change	(\$21.7)	(\$21.7)	\$0.0	Concept plans will provide more robust estimates of costings.
15 Whitfords Library and Senior Citizens Centre	Costings are same as the Previously Adopted 20 year SFP	Finance Committee April 2016	2022-23	2022-23	No Change	(\$12.1)	(\$12.1)	\$0.0	Cost of redevelopment rather than new buildings may be used
16 Multi Storey Car Park (2)	Subject to detailed scoping. Provisional timelines prepared for evaluation and business case	Finance Committee April 2016	2022-23	2022-23	No Change	(\$18.5)	(\$18.5)	\$0.0	
17 Craigie LC - Geothermal Bore - additional injection bore	Subject to detailed scoping. Provisional timelines prepared for evaluation and business case	Finance Committee April 2016	2024-25	2024-25	No Change	(\$1.0)	(\$1.0)	\$0.0	
18 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	Adopted SFP Dec 2015	Adopted SFP Dec 2015	2030-31	2030-31	No Change	(\$43.2)	(\$43.2)	\$0.0	
19 Prince Regent Park Development	Active Reserve Review	Council July 2014	2031-32	2031-32	No Change	(\$2.1)	(\$2.1)	\$0.0	
TOTAL						(\$234.7)	(\$234.1)	\$0.6	

#1 Capital Costs excluding escalation from 2016-17 to 2034-35

Version: 23 May 2016

Option 1

CAPEX, excluding escalation

	Yr 1 2015-16	Yr 2 2016-17	Yr 3 2017-18	Yr 4 2018-19	Yr 5 2019-20	Yr 6 2020-21	Yr 7 2021-22	Yr 8 2022-23	Yr 9 2023-24	Yr 10 2024-25	Yr 11 2025-26	Yr 12 2026-27	Yr 13 2027-28	Yr 14 2028-29	Yr 15 2029-30	Yr 16 2030-31	Yr 17 2031-32	Yr 18 2032-33	Yr 19 2033-34	Yr 20 2034-35	Yr 1 to 20 Total
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Section A - by Project

A1 Capital Works Program, excl MPP

1 Parks Development	(1,362)	(1,281)	(1,618)	(1,254)	(1,250)	(1,450)	(1,500)	(1,500)	(1,500)	(1,700)	(1,700)	(1,700)	(1,700)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(33,514)
2 Foreshore and Natural Areas	(528)	(506)	(495)	(465)	(475)	(500)	(600)	(600)	(600)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(12,469)
3 Parks Equipment	(2,164)	(1,980)	(1,931)	(1,755)	(1,783)	(1,733)	(2,000)	(2,000)	(2,000)	(2,250)	(2,250)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(43,085)
4 Streetscape Enhancement	(1,290)	(1,500)	(1,500)	(1,500)	(1,500)	(1,600)	(1,200)	(950)	(950)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(22,990)
5 Local Traffic management	(504)	(1,388)	(940)	(860)	(890)	(1,000)	(900)	(900)	(900)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(19,282)
6 State Blackspot	(1,212)	(959)	(929)	(900)	(900)	(1,050)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(18,550)
7 Parking Facilities	(423)	(511)	(340)	(350)	(350)	(430)	(430)	(430)	(430)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(530)	(9,524)
8 Major Road Construction	(3,302)	(5,860)	(627)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(35,289)
9 New Paths	(822)	(345)	(414)	(505)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(425)	(8,886)
10 Path Replacement	(1,091)	(1,127)	(512)	(490)	(490)	(600)	(752)	(752)	(752)	(1,110)	(1,110)	(1,110)	(1,110)	(1,110)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(14,178)
11 Stormwater Drainage	(637)	(740)	(915)	(720)	(700)	(700)	(1,000)	(1,000)	(1,000)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(21,162)
12 Lighting	(2,126)	(5,011)	(3,000)	(3,025)	(2,800)	(2,850)	(2,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(33,812)
13 Road Preservation and Resurfacing	(6,912)	(8,014)	(6,183)	(6,541)	(6,112)	(6,028)	(10,000)	(10,000)	(11,000)	(11,000)	(11,000)	(12,000)	(12,000)	(12,000)	(13,000)	(13,000)	(13,000)	(14,000)	(14,000)	(14,000)	(14,000)	(209,789)
14 Bridges and Underpasses	(40)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,540)
15 Major Building Construction	(3,867)	(3,359)	(1,727)	(1,935)	(1,865)	(2,905)	(3,200)	(1,750)	(2,800)	(2,800)	(2,300)	(1,525)	(1,525)	(1,525)	(1,525)	(1,525)	(1,525)	(1,525)	(1,525)	(1,525)	(2,300)	(43,008)
16 CWP Renewal (not specified)						(12,374)	(4,091)	(12,579)	(11,870)	(1,489)	(9,556)	(4,580)	(9,726)	(7,328)	(1,020)	(8,557)	(3,039)	(8,029)	(7,048)	(2,261)		(103,546)
Total Capital Works Program, excl MPP	(26,279)	(32,631)	(21,180)	(21,850)	(21,090)	(35,195)	(30,548)	(36,336)	(37,677)	(28,754)	(36,321)	(31,680)	(36,826)	(34,728)	(28,654)	(36,191)	(30,673)	(36,663)	(35,682)	(31,669)	(630,625)	

A2 Capital Projects - Annual Programs

21 Fleet	(2,172)	(2,441)	(2,980)	(3,868)	(3,093)	(2,895)	(3,670)	(2,522)	(1,520)	(2,550)	(3,071)	(2,580)	(3,057)	(3,575)	(2,996)	(2,225)	(2,634)	(3,275)	(2,922)	(2,023)		(56,068)
22 IT	(509)	(819)	(605)	(454)	(260)	(280)	(120)	(120)	(120)	(120)	(120)	(270)	(120)	(120)	(130)	(130)	(130)	(120)	(120)	(120)		(4,787)
23 Rangers, Parking & Community Safety	(328)	(150)					(125)	(1,625)				(125)										(2,353)
24 Waste - Better Bins roll-out		(190)	(1,040)																			(1,230)
26 Year 1 & 2 Various	(12,221)	(1,782)																				(14,003)
Total Capital Projects - Annual Programs	(15,230)	(5,381)	(4,625)	(4,322)	(3,353)	(3,175)	(3,915)	(4,267)	(1,640)	(2,670)	(3,191)	(2,975)	(3,177)	(3,695)	(3,126)	(2,355)	(2,764)	(3,395)	(3,042)	(2,143)	(78,441)	

A3 Major Projects less than \$3m

34 Craigie LC - Upgrades			(250)	(1,000)	(1,000)																	(2,250)
35 Heathridge Master Plan - Planning Costs only				(1,000)																		(1,000)
37 Craigie LC - Geothermal Bore - additional injection bore										(1,000)												(1,000)
42 Joondalup Library - major refurbishment			(650)	(600)																		(1,250)
Total Major Projects less than \$3m			(900)	(2,600)	(1,000)					(1,000)												(5,500)

A4 Major Projects greater than \$3m

51 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(1,737)	(11,300)	(53,601)	(30,736)																		(97,374)
52 CBD Office Development	(170)	(878)		(0)																		(1,048)
53 Cafes / Kiosks / Restaurants	(130)	(180)	(90)	(90)	(90)	(90)	(90)	(90)														(850)
54 Ocean Reef Marina Business Case & Structure Plan	(1,010)	(882)	(178)																			(2,070)
56 Penistone Park - Facility Redevelopment	(10)	(869)	(2,826)																			(3,704)
58 Synthetic Hockey Project	(856)	(5,565)																				(6,421)
60 Edgewater Quarry Masterplan					(864)	(11,224)	(9,612)															(21,699)
61 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1																(43,200)						(43,200)
62 Percy Doyle - Refurbishment Works		(629)	(1,236)	(958)	(730)	(2,650)																(6,203)
64 Chichester Park Redevelopment				(100)	(900)	(3,000)																(4,000)
65 Grove Child Care / Dorchester Hall / Warwick Hall		(270)	(1,000)	(3,000)																		(4,270)
66 Whitfords Library and Senior Citizens Centre						(50)	(7,000)	(5,000)														(12,050)
68 Multi Storey Car Park (2)							(5,355)	(13,145)														(18,500)
69 Joondalup Administration Building - refurbishment			(2,000)	(3,090)																		(5,090)
75 Prince Regent Park Development																					(2,100)	(2,100)
Total Major Projects greater than \$3m	(3,913)	(20,572)	(60,931)	(37,974)	(2,584)	(17,014)	(22,057)	(18,235)								(43,200)	(2,100)					(228,580)

#1 Percy Doyle Master-Plan included above is the renewal of the Library and Leisure Centre. Phase 2 is outside the timescales of the 20 year SFP

CAPEX, including escalation

Version: 23 May 2016

Option 1

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total	
Section A - by Project																						
A1 Capital Works Program, excl MPP																						
1 Parks Development	\$000s	(1,362)	(1,281)	(1,654)	(1,314)	(1,343)	(1,604)	(1,718)	(1,778)	(1,840)	(2,159)	(2,234)	(2,312)	(2,393)	(2,914)	(3,016)	(3,122)	(3,231)	(3,344)	(3,461)	(3,582)	(45,662)
2 Foreshore and Natural Areas	\$000s	(528)	(506)	(506)	(487)	(510)	(553)	(687)	(711)	(736)	(889)	(920)	(952)	(985)	(1,020)	(1,056)	(1,093)	(1,131)	(1,170)	(1,211)	(1,254)	(16,906)
3 Parks Equipment	\$000s	(2,164)	(1,980)	(1,974)	(1,839)	(1,915)	(1,918)	(2,290)	(2,371)	(2,454)	(2,857)	(2,957)	(3,210)	(3,322)	(3,439)	(3,559)	(3,684)	(3,812)	(3,946)	(4,084)	(4,227)	(58,001)
4 Streetscape Enhancement	\$000s	(1,290)	(1,500)	(1,534)	(1,572)	(1,611)	(1,770)	(1,374)	(1,126)	(1,165)	(1,270)	(1,314)	(1,360)	(1,408)	(1,457)	(1,508)	(1,561)	(1,615)	(1,672)	(1,731)	(1,791)	(29,630)
5 Local Traffic management	\$000s	(504)	(1,388)	(961)	(901)	(956)	(1,106)	(1,031)	(1,067)	(1,104)	(1,270)	(1,314)	(1,360)	(1,408)	(1,457)	(1,508)	(1,561)	(1,615)	(1,672)	(1,731)	(1,791)	(25,705)
6 State Blackspot	\$000s	(1,212)	(959)	(950)	(943)	(967)	(1,162)	(1,031)	(1,067)	(1,104)	(1,143)	(1,183)	(1,224)	(1,267)	(1,311)	(1,357)	(1,405)	(1,454)	(1,505)	(1,557)	(1,612)	(24,412)
7 Parking Facilities	\$000s	(423)	(511)	(348)	(367)	(376)	(476)	(492)	(510)	(528)	(673)	(697)	(721)	(746)	(772)	(799)	(827)	(856)	(886)	(917)	(949)	(12,874)
8 Major Road Construction	\$000s	(3,302)	(5,860)	(641)	(1,572)	(1,611)	(1,660)	(1,718)	(1,778)	(1,840)	(1,905)	(1,971)	(2,040)	(2,112)	(2,186)	(2,262)	(2,341)	(2,423)	(2,508)	(2,596)	(2,687)	(45,013)
9 New Paths	\$000s	(822)	(345)	(423)	(529)	(457)	(470)	(487)	(504)	(521)	(540)	(559)	(578)	(598)	(619)	(641)	(663)	(687)	(711)	(735)	(761)	(11,650)
10 Path Replacement	\$000s	(1,091)	(1,127)	(523)	(514)	(526)	(664)	(862)	(892)	(923)	(1,410)	(1,459)	(1,510)	(1,563)	(1,617)	(518)	(536)	(555)	(574)	(594)	(615)	(18,072)
11 Stormwater Drainage	\$000s	(637)	(740)	(936)	(755)	(752)	(775)	(1,145)	(1,185)	(1,227)	(1,587)	(1,643)	(1,700)	(1,760)	(1,821)	(1,885)	(1,951)	(2,019)	(2,090)	(2,163)	(2,239)	(29,010)
12 Lighting	\$000s	(2,126)	(5,011)	(3,068)	(3,170)	(3,008)	(3,154)	(2,290)	(1,185)	(1,227)	(1,270)	(1,314)	(1,360)	(1,408)	(1,457)	(1,508)	(1,561)	(1,615)	(1,672)	(1,731)	(1,791)	(40,926)
13 Road Preservation and Resurfacing	\$000s	(6,912)	(8,014)	(6,322)	(6,855)	(6,566)	(6,670)	(11,452)	(11,853)	(13,495)	(13,967)	(14,456)	(16,322)	(16,893)	(17,484)	(19,604)	(20,291)	(21,001)	(23,408)	(24,227)	(25,075)	(290,866)
14 Bridges and Underpasses	\$000s	(40)	(50)	(51)	(52)	(54)	(55)	(57)	(59)	(61)	(127)	(131)	(136)	(141)	(146)	(151)	(156)	(162)	(167)	(173)	(179)	(2,149)
15 Major Building Construction	\$000s	(3,867)	(3,359)	(1,766)	(2,028)	(2,004)	(3,214)	(3,665)	(2,074)	(3,435)	(3,555)	(3,023)	(2,074)	(2,147)	(2,222)	(2,300)	(2,380)	(2,464)	(2,550)	(2,639)	(4,119)	(54,884)
16 CWP Renewal (not specified)	\$000s						(13,692)	(4,685)	(14,909)	(14,562)	(1,891)	(12,559)	(6,229)	(13,692)	(10,677)	(1,539)	(13,356)	(4,910)	(13,424)	(12,197)	(4,049)	(142,369)
Total Capital Works Program, excl MPP	\$000s	(26,279)	(32,631)	(21,656)	(22,900)	(22,656)	(38,943)	(34,984)	(43,069)	(46,222)	(36,510)	(47,732)	(43,090)	(51,843)	(50,600)	(43,211)	(56,487)	(49,550)	(61,299)	(61,747)	(56,722)	(848,130)

A2 Capital Projects - Annual Programs																						
21 Fleet	\$000s	(2,172)	(2,441)	(3,048)	(4,054)	(3,323)	(3,203)	(4,203)	(2,989)	(1,865)	(3,237)	(4,035)	(3,510)	(4,304)	(5,209)	(4,517)	(3,473)	(4,255)	(5,475)	(5,057)	(3,624)	(73,993)
22 IT	\$000s	(509)	(819)	(619)	(476)	(279)	(310)	(137)	(142)	(147)	(152)	(158)	(367)	(169)	(175)	(196)	(203)	(210)	(201)	(208)	(215)	(5,691)
23 Rangers, Parking & Community Safety	\$000s	(328)	(150)					(143)	(1,926)				(170)									(2,717)
24 Waste - Bigger Bins roll-out	\$000s		(190)	(1,063)																		(1,253)
26 Year 1 & 2 Various	\$000s	(12,221)	(1,782)																			(14,003)
Total Capital Projects - Annual Programs	\$000s	(15,230)	(5,381)	(4,730)	(4,530)	(3,602)	(3,513)	(4,483)	(5,057)	(2,012)	(3,390)	(4,193)	(4,047)	(4,472)	(5,383)	(4,714)	(3,676)	(4,465)	(5,676)	(5,264)	(3,839)	(97,658)

A3 Major Projects less than \$3m																						
34 Craigie LC - Upgrades	\$000s			(256)	(1,048)	(1,074)																(2,378)
35 Heathridge Master Plan - Planning Costs only	\$000s				(1,048)																	(1,048)
37 Craigie LC - Geothermal Bore - additional injection bore	\$000s									(1,270)												(1,270)
42 Joondalup Library - major refurbishment	\$000s			(665)	(629)																	(1,293)
Total Major Projects less than \$3m	\$000s			(920)	(2,725)	(1,074)				(1,270)												(5,989)

A4 Major Projects greater than \$3m																						
51 Joondalup Performing Arts & Culture Facility/Jinan Gardens	\$000s	(1,737)	(11,300)	(56,315)	(33,100)																	(102,452)
52 CBD Office Development	\$000s	(170)	(878)		(0)																	(1,048)
53 Cafes / Kiosks / Restaurants	\$000s	(130)	(180)	(92)	(94)	(97)	(100)	(103)	(107)													(902)
54 Ocean Reef Marina Business Case & Structure Plan	\$000s	(1,010)	(882)	(182)																		(2,074)
56 Penistone Park - Facility Redevelopment	\$000s	(10)	(869)	(2,826)																		(3,704)
58 Synthetic Hockey Project	\$000s	(856)	(5,565)																			(6,421)
60 Edgewater Quarry Masterplan	\$000s					(928)	(12,419)	(11,007)														(24,355)
61 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	\$000s																			(67,427)		(67,427)
62 Percy Doyle - Refurbishment Works	\$000s		(629)	(1,264)	(1,004)	(785)	(2,932)															(6,613)
64 Chichester Park Redevelopment	\$000s				(105)	(967)	(3,319)															(4,391)
65 Grove Child Care / Dorchester Hall / Warwick Hall	\$000s		(270)	(1,023)	(3,144)																	(4,437)
66 Whitfords Library and Senior Citizens Centre	\$000s						(55)	(8,017)	(5,927)													(13,998)
68 Multi Storey Car Park (2)	\$000s							(6,133)	(15,581)													(21,713)
69 Joondalup Administration Building - refurbishment	\$000s			(2,045)	(3,239)																	(5,284)
75 Prince Regent Park Development	\$000s																			(3,392)		(3,392)
Total Major Projects greater than \$3m	\$000s	(3,913)	(20,572)	(63,746)	(40,685)	(2,776)	(18,825)	(25,260)	(21,614)							(67,427)	(3,392)					(268,212)

#1 Percy Doyle Master-Plan included above is the renewal of the Library and Leisure Centre. Phase 2 is outside the timescales of the 20 year SFP

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
Section B - Summary																					
Category																					
Capital Works Program, excl MPP	(26,279)	(32,631)	(21,656)	(22,900)	(22,656)	(38,943)	(34,984)	(43,069)	(46,222)	(36,510)	(47,732)	(43,090)	(51,843)	(50,600)	(43,211)	(56,487)	(49,550)	(61,299)	(61,747)	(56,722)	(848,130)
Capital Projects - Annual Programs	(15,230)	(5,381)	(4,730)	(4,530)	(3,602)	(3,513)	(4,483)	(5,057)	(2,012)	(3,390)	(4,193)	(4,047)	(4,472)	(5,383)	(4,714)	(3,676)	(4,465)	(5,676)	(5,264)	(3,839)	(97,658)
Major Projects less than \$3m			(920)	(2,725)	(1,074)					(1,270)											(5,989)
Major Projects greater than \$3m	(3,913)	(20,572)	(63,746)	(40,685)	(2,776)	(18,825)	(25,260)	(21,614)								(67,427)	(3,392)				(268,212)
TOTAL CAPITAL EXPENDITURE	(45,421)	(58,585)	(91,052)	(70,840)	(30,109)	(61,281)	(64,727)	(69,740)	(48,234)	(41,169)	(51,925)	(47,137)	(56,315)	(55,983)	(47,924)	(127,590)	(57,408)	(66,975)	(67,011)	(60,561)	(1,219,989)
Existing / New																					
Existing \$000s	(18,690)	(23,540)	(20,278)	(22,618)	(18,929)	(35,542)	(30,347)	(39,398)	(38,832)	(30,233)	(41,920)	(37,723)	(46,572)	(45,899)	(37,487)	(49,360)	(46,227)	(55,403)	(55,034)	(46,925)	(740,957)
New \$000s	(26,731)	(35,045)	(70,774)	(48,222)	(11,180)	(25,739)	(34,380)	(30,343)	(9,402)	(10,936)	(10,005)	(9,414)	(9,743)	(10,084)	(10,437)	(78,230)	(11,181)	(11,572)	(11,977)	(13,636)	(479,032)
Existing %	41.1%	40.2%	22.3%	31.9%	62.9%	58.0%	46.9%	56.5%	80.5%	73.4%	80.7%	80.0%	82.7%	82.0%	78.2%	38.7%	80.5%	82.7%	82.1%	77.5%	60.7%
New %	58.9%	59.8%	77.7%	68.1%	37.1%	42.0%	53.1%	43.5%	19.5%	26.6%	19.3%	20.0%	17.3%	18.0%	21.8%	61.3%	19.5%	17.3%	17.9%	22.5%	39.3%

Section C - Major Projects by Directorate	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
C1 Office of the CEO																					
51 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(1,737)	(11,300)	(56,315)	(33,100)																	(102,452)
52 CBD Office Development	(170)	(878)		(0)																	(1,048)
53 Cafes / Kiosks / Restaurants	(130)	(180)	(92)	(94)	(97)	(100)	(103)	(107)													(902)
54 Ocean Reef Marina Business Case & Structure Plan	(1,010)	(882)	(182)																		(2,074)
Total Major Projects for Office of the CEO	(3,047)	(13,240)	(56,589)	(33,194)	(97)	(100)	(103)	(107)													(106,477)

C2 Corporate Services	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
34 Craigie LC - Upgrades			(256)	(1,048)	(1,074)																(2,378)
35 Heathridge Master Plan - Planning Costs only				(1,048)																	(1,048)
37 Craigie LC - Geothermal Bore - additional injection bore										(1,270)											(1,270)
56 Penistone Park - Facility Redevelopment	(10)	(869)	(2,826)																		(3,704)
58 Synthetic Hockey Project	(856)	(5,565)																			(6,421)
60 Edgewater Quarry Masterplan					(928)	(12,419)	(11,007)														(24,355)
61 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1																(67,427)					(67,427)
64 Chichester Park Redevelopment				(105)	(967)	(3,319)															(4,391)
68 Multi Storey Car Park (2)							(6,133)	(15,581)													(21,713)
75 Prince Regent Park Development																		(3,392)			(3,392)
Total Major Projects for Corporate Services	(866)	(6,433)	(3,081)	(2,201)	(2,969)	(15,739)	(17,140)	(15,581)		(1,270)						(67,427)	(3,392)				(136,099)

C3 Infrastructure Services	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
42 Joondalup Library - major refurbishment			(665)	(629)																	(1,293)
62 Percy Doyle - Refurbishment Works		(629)	(1,264)	(1,004)	(785)	(2,932)															(6,613)
69 Joondalup Administration Building - refurbishment			(2,045)	(3,239)																	(5,284)
Total Major Projects for Infrastructure Services		(629)	(3,974)	(4,871)	(785)	(2,932)															(13,190)

C4 Planning & Community Development	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
65 Grove Child Care / Dorchester Hall / Warwick Hall		(270)	(1,023)	(3,144)																	(4,437)
66 Whitfords Library and Senior Citizens Centre						(55)	(8,017)	(5,927)													(13,998)
Total Major Projects for Planning & Community Development		(270)	(1,023)	(3,144)		(55)	(8,017)	(5,927)													(18,435)

Items highlighted in Yellow are NOT funded completely by municipal and are included separately in Project_Funding report

Project Funding Estimates	23 May 2016		Option 1							
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Year 09 to	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	20	Total
12 Lighting										
Grants	\$000's	120	418	239	210	143	148	153		1,429
Disposal Proceeds / Other Contribution	\$000's		218							218
Reserves	\$000's	820	4,075	2,522	2,515	2,435	2,508	1,145		16,021
Loans	\$000's									
Municipal	\$000's	1,187	300	307	445	430	498	993	1,185	17,914
Capital Expenditure Total	\$000's	2,126	5,011	3,068	3,170	3,008	3,154	2,290	1,185	40,926
15 Major Building Construction										
Grants	\$000's		40							40
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's	1,773	1,311	135			39	573	0	11,540
Loans	\$000's	729								729
Municipal	\$000's	1,364	2,008	1,631	2,028	2,004	3,176	3,092	2,074	25,199
Capital Expenditure Total	\$000's	3,867	3,359	1,766	2,028	2,004	3,214	3,665	2,074	54,884
51 Joondalup Performing Arts & Culture Facility/Jinan Gardens										
Grants	\$000's			10,000						10,000
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's	1,737	11,300	26,638	5,326					45,002
Loans	\$000's			19,677	27,774					47,450
Municipal	\$000's	(0)	0							(0)
Capital Expenditure Total	\$000's	1,737	11,300	56,315	33,100					102,452
52 CBD Office Development										
Grants	\$000's									
Disposal Proceeds / Other Contribution	\$000's				1,048					1,048
Reserves	\$000's	170	878							1,048
Loans	\$000's									
Municipal	\$000's									
Capital Expenditure Total	\$000's	170	878		1,048					2,096
53 Cafes / Kiosks / Restaurants										
Grants	\$000's									
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's	130	180							310
Loans	\$000's									
Municipal	\$000's			92	94	97	100	103	107	592
Capital Expenditure Total	\$000's	130	180	92	94	97	100	103	107	902
54 Ocean Reef Marina Business Case & Structure Plan										
Grants	\$000's		500							500
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's	162								162
Loans	\$000's									
Municipal	\$000's	848	382	182						1,413
Capital Expenditure Total	\$000's	1,010	882	182						2,074
56 Penistone Park - Facility Redevelopment										
Grants	\$000's		138	413						550
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's	10	731	2,413						3,154
Loans	\$000's									
Municipal	\$000's									
Capital Expenditure Total	\$000's	10	869	2,826						3,704
58 Synthetic Hockey Project										
Grants	\$000's		1,200							1,200
Disposal Proceeds / Other Contribution	\$000's	27	518							545
Reserves	\$000's	130	509							639
Loans	\$000's		4,545							4,545
Municipal	\$000's	699	(1,207)							(509)
Capital Expenditure Total	\$000's	856	5,565							6,421
60 Edgewater Quarry Masterplan										
Grants	\$000's									
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's									
Loans	\$000's					928	12,419	4,022		17,369
Municipal	\$000's							6,985		6,985
Capital Expenditure Total	\$000's					928	12,419	11,007		24,355
61 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1										
Grants	\$000's									
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's								67,427	67,427
Loans	\$000's									
Municipal	\$000's									
Capital Expenditure Total	\$000's								67,427	67,427
62 Percy Doyle - Refurbishment Works										
Grants	\$000's					626				626
Disposal Proceeds / Other Contribution	\$000's		127							127
Reserves	\$000's		267	1,264	1,004	785	2,305			5,625
Loans	\$000's									
Municipal	\$000's		235							235
Capital Expenditure Total	\$000's		629	1,264	1,004	785	2,932			6,613
64 Chichester Park Redevelopment										
Grants	\$000's					242	747			989
Disposal Proceeds / Other Contribution	\$000's									
Reserves	\$000's				105	725	2,573			3,403
Loans	\$000's									
Municipal	\$000's									
Capital Expenditure Total	\$000's				105	967	3,319			4,391
65 Grove Child Care / Dorchester Hall / Warwick Hall										
Grants	\$000's									
Disposal Proceeds / Other Contribution	\$000's				4,475					4,475
Reserves	\$000's			1,023						1,023
Loans	\$000's									
Municipal	\$000's		270							270
Capital Expenditure Total	\$000's		270	1,023	4,475					5,768

Project Funding Estimates		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Year 09 to	Yr 1 to 20
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	20	Total
66 Whitfords Library and Senior Citizens Centre											
Grants	\$000's										
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's						55	5,541			5,596
Loans	\$000's							2,476	5,927		8,402
Municipal	\$000's										
Capital Expenditure Total	\$000's						55	8,017	5,927		13,998
68 Multi Storey Car Park (2)											
Grants	\$000's										
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's							4,393	67		4,460
Loans	\$000's							1,740	15,514		17,254
Municipal	\$000's										
Capital Expenditure Total	\$000's							6,133	15,581		21,713
69 Joondalup Administration Building - refurbishment											
Grants	\$000's										
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's			2,045	222						2,267
Loans	\$000's				3,016						3,016
Municipal	\$000's										
Capital Expenditure Total	\$000's			2,045	3,239						5,284
75 Prince Regent Park Development											
Grants	\$000's										
Disposal Proceeds / Other Contribution	\$000's										
Reserves	\$000's									3,392	3,392
Loans	\$000's										
Municipal	\$000's										
Capital Expenditure Total	\$000's									3,392	3,392
A Total (sum of projects listed above)											
Grants	\$000's	10,624	14,651	16,180	6,992	6,768	8,058	7,585	7,693	116,259	194,809
Disposal Proceeds / Other Contribution	\$000's	1,045	1,308	864	6,392	722	824	952	821	12,069	24,997
Reserves	\$000's	13,015	20,371	37,103	9,173	3,945	7,480	11,652	67	78,529	181,334
Loans	\$000's	2,498	4,545	19,677	30,790	928	12,419	8,238	21,440		100,535
Municipal	\$000's	18,239	17,710	17,228	19,873	17,745	32,500	36,300	39,719	521,377	720,693
Capital Expenditure Total	\$000's	45,421	58,585	91,052	73,219	30,109	61,281	64,727	69,740	728,233	1,222,368

RESERVES (including escalation)

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total

Version: 23 May 2016

Option 1

Opening balance																						
1 Strategic Asset Management	\$000's	21,784	19,474	11,684	3,846	6,194	14,358	7,259	0	0	0	12,419	20,363	41,397	60,264	84,905	116,957	72,085	101,982	128,818	161,419	21,784
2 Sale of Tamala Park Land	\$000's	7,020	8,913	11,006	493	7	0	2,174	5,265	3,242	1,501	898	3,707	1,731	1,385	36						7,020
3 Joondalup Performing Arts & Culture Facility	\$000's	11,327	11,854	8,138																		11,327
4 Parking Facility	\$000's	5,046	1,113	1,180	1,444	1,919	2,585	3,448	67	1	1	2	2	2	2	1,197	2,617	4,247	6,043	10,001		5,046
6 Ocean Reef Marina	\$000's	162																				162
11 Capital Works Going Forward	\$000's	7,753	3,455	422	434	446	461	478	496	517	540	566	594	626	659	693	730	768	809	851	896	7,753
12 Waste Management	\$000's	4,958	6,657	6,126	5,214	5,370	5,547	5,746	5,969	6,218	6,497	6,807	7,148	7,525	7,922	8,339	8,778	9,241	9,728	10,241	10,780	4,958
13 Vehicles & Plants Replacement	\$000's	2,496	3,160	3,932	3,933	2,983	2,659	2,613	1,741	2,004	3,209	3,374	3,177	3,229	2,849	1,621	1,412	1,783	2,191	2,306	2,428	2,496
14 Non Current LS Leave Reserve	\$000's	1,845	1,745	1,645	1,690	1,740	1,797	1,862	1,934	2,015	2,105	2,206	2,317	2,439	2,567	2,702	2,845	2,995	3,153	3,319	3,494	1,845
15 Public Art Reserve	\$000's	124	74	12	13	13	14	14	15	15	16	17	17	18	19	20	21	23	24	25	26	124
16 Section 20A Land	\$000's	50	52	53	55	56	58	60	63	65	68	71	75	79	83	88	92	97	102	108	113	50
21 Marmion Car Park Reserve	\$000's	1,839	149	149	153	157	162	168	175	182	190	199	209	220	232	244	257	270	285	300	316	1,839
22 Cash in Lieu of Parking Reserve	\$000's	1,208	1,375	1,253	1,287	1,325	1,369	1,418	1,473	1,534	1,603	1,680	1,764	1,857	1,955	2,058	2,166	2,280	2,401	2,527	2,660	1,208
24 Trust Fund	\$000's	529	199	107	110	113	117	121	126	131	137	144	151	159	167	176	185	195	205	216	228	529
25 Minor Reserves	\$000's	67	52	3	3	3	3	3	3	3	3	4	4	4	4	5	5	5	5	5	5	67
Total	\$000's	66,210	58,273	45,710	18,673	20,328	29,130	25,363	17,327	15,929	15,871	28,385	39,529	59,285	78,108	100,889	134,645	92,360	125,131	154,760	192,367	66,210

Transfers In Total																						
1 Strategic Asset Management	\$000's	3,675	1,099	3,403	6,194	11,969	0	0	0	12,419	7,995	20,658	17,408	22,213	28,351	18,970	30,409	22,320	26,700	31,009	264,793	
2 Sale of Tamala Park Land	\$000's	1,894	2,092	5,834	4,833	6,000	7,167	7,500	2,333	2,667	3,833	7,167	2,333	4,000	2,634							60,287
3 Joondalup Performing Arts & Culture F	\$000's	2,136	7,584																			9,720
4 Parking Facility	\$000's	1,167	1,239	229	425	594	757	945							1,164	1,322	1,454	1,532	3,546	3,664		18,038
6 Ocean Reef Marina	\$000's																					
11 Capital Works Going Forward	\$000's	2,686	422																			3,108
12 Waste Management	\$000's	1,792	166																			1,958
13 Vehicles & Plants Replacement	\$000's	664	771						186	1,091	12					289					353	3,366
14 Non Current LS Leave Reserve	\$000's																					
15 Public Art Reserve	\$000's																					
16 Section 20A Land	\$000's	1	1																			3
21 Marmion Car Park Reserve	\$000's																					
22 Cash in Lieu of Parking Reserve	\$000's	167	34																			201
24 Trust Fund	\$000's	9	3																			12
25 Minor Reserves	\$000's	2	1																			2
Total	\$000's	14,193	13,414	9,466	11,453	18,563	7,924	8,445	2,519	3,758	16,264	15,161	22,992	21,408	24,846	29,515	20,582	31,863	23,851	30,246	35,026	361,489

Transfers Out - Projects																						
1 Strategic Asset Management	\$000's	(5,985)	(8,889)	(11,402)	(3,846)	(3,945)	(7,480)	(7,259)	(0)	(0)	(0)	(657)	(680)	(704)	(729)	(754)	(68,208)	(4,200)	(836)	(865)	(896)	(127,335)
2 Sale of Tamala Park Land	\$000's			(16,500)	(5,326)																	(21,826)
3 Joondalup Performing Arts & Culture F	\$000's	(1,609)	(11,300)	(8,138)																		(21,048)
4 Parking Facility	\$000's	(5,100)	(1,172)					(4,393)	(67)													(10,732)
6 Ocean Reef Marina	\$000's	(162)																				(162)
11 Capital Works Going Forward	\$000's	(6,984)	(3,455)																			(10,439)
12 Waste Management	\$000's	(93)	(697)	(1,063)																		(1,854)
13 Vehicles & Plants Replacement	\$000's																					
14 Non Current LS Leave Reserve	\$000's	(100)	(100)																			(200)
15 Public Art Reserve	\$000's	(50)	(62)																			(112)
16 Section 20A Land	\$000's																					
21 Marmion Car Park Reserve	\$000's	(1,691)																				(1,691)
22 Cash in Lieu of Parking Reserve	\$000's		(156)																			(156)
24 Trust Fund	\$000's	(339)	(95)																			(434)
25 Minor Reserves	\$000's	(17)	(50)																			(67)
Total	\$000's	(22,131)	(25,976)	(37,103)	(9,173)	(3,945)	(7,480)	(11,652)	(67)	(0)	(0)	(657)	(680)	(704)	(729)	(754)	(68,208)	(4,200)	(836)	(865)	(896)	(196,056)

Transfers Out - Other																						
1 Strategic Asset Management	\$000's																					
2 Sale of Tamala Park Land	\$000's					(6,007)	(5,032)	(4,550)	(4,531)	(4,512)	(4,492)	(4,471)	(4,449)	(4,426)	(4,019)	(36)						(46,524)
3 Joondalup Performing Arts & Culture F	\$000's																					
4 Parking Facility	\$000's																					
6 Ocean Reef Marina	\$000's																					
11 Capital Works Going Forward	\$000's																					
12 Waste Management	\$000's																					
13 Vehicles & Plants Replacement	\$000's			(103)	(1,052)	(415)	(139)	(954)			(357)	(113)	(536)	(1,343)	(287)					306		(4,994)
14 Non Current LS Leave Reserve	\$000's																					
15 Public Art Reserve	\$000's																					
16 Section 20A Land	\$000's																					
21 Marmion Car Park Reserve	\$000's																					
22 Cash in Lieu of Parking Reserve	\$000's																					
24 Trust Fund	\$000's																					
25 Minor Reserves	\$000's																					
Total	\$000's			(103)	(1,052)	(6,422)	(5,171)	(5,504														

RESERVES (including escalation)

		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr 1 to 20
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total
Interest																						
1 Strategic Asset Management	\$000's			162		139	381					607	1,055	2,163	3,157	4,455	4,366	3,688	5,352	6,766	8,483	40,774
2 Sale of Tamala Park Land	\$000's			153	7	0	38	142	174	104	56	113	140	80	36							1,043
3 Joondalup Performing Arts & Culture f	\$000's																					
4 Parking Facility	\$000's			35	50	73	106	67	1	0	0	0	0	0	0	31	98	176	264	412	624	1,937
6 Ocean Reef Marina	\$000's																					
11 Capital Works Going Forward	\$000's			11	13	15	17	19	21	23	26	28	31	33	35	37	38	40	43	45	47	521
12 Waste Management	\$000's			151	156	177	199	223	249	279	310	342	377	397	417	439	463	487	513	540	568	6,286
13 Vehicles & Plants Replacement	\$000's			105	102	91	93	83	77	114	153	160	164	156	115	78	82	102	115	122	137	2,050
14 Non Current LS Leave Reserve	\$000's			44	51	57	65	72	81	90	100	111	122	129	135	142	150	158	166	175	184	2,032
15 Public Art Reserve	\$000's			0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
16 Section 20A Land	\$000's			1	2	2	2	2	3	3	3	4	4	4	5	5	5	5	5	6	6	66
21 Marmion Car Park Reserve	\$000's			4	5	5	6	7	7	8	9	10	11	12	12	13	14	14	15	16	17	184
22 Cash in Lieu of Parking Reserve	\$000's			34	38	44	49	55	62	69	76	84	93	98	103	108	114	120	127	133	140	1,548
24 Trust Fund	\$000's			3	3	4	4	5	5	6	7	7	8	8	9	9	10	10	11	11	12	132
25 Minor Reserves	\$000's			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Total	Interest			704	427	607	961	674	681	697	742	1,467	2,007	3,080	4,025	5,318	5,341	4,803	6,613	8,226	10,220	56,592

Closing Balance																						
1 Strategic Asset Management	\$000's	19,474	11,684	3,846	6,194	14,358	7,259	0	0	0	12,419	20,363	41,397	60,264	84,905	116,957	72,085	101,982	128,818	161,419	200,016	200,016
2 Sale of Tamala Park Land	\$000's	8,913	11,006	493	7	0	2,174	5,265	3,242	1,501	898	3,707	1,731	1,385	36							0
3 Joondalup Performing Arts & Culture f	\$000's	11,854	8,138																			
4 Parking Facility	\$000's	1,113	1,180	1,444	1,919	2,585	3,448	67	1	1	2	2	2	2	2	1,197	2,617	4,247	6,043	10,001	14,289	14,289
6 Ocean Reef Marina	\$000's																					
11 Capital Works Going Forward	\$000's	3,455	422	434	446	461	478	496	517	540	566	594	626	659	693	730	768	809	851	896	944	944
12 Waste Management	\$000's	6,657	6,126	5,214	5,370	5,547	5,746	5,969	6,218	6,497	6,807	7,148	7,525	7,922	8,339	8,778	9,241	9,728	10,241	10,780	11,349	11,349
13 Vehicles & Plants Replacement	\$000's	3,160	3,932	3,933	2,983	2,659	2,613	1,741	2,004	3,209	3,374	3,177	3,229	2,849	1,621	1,412	1,783	2,191	2,306	2,428	2,918	2,918
14 Non Current LS Leave Reserve	\$000's	1,745	1,645	1,690	1,740	1,797	1,862	1,934	2,015	2,105	2,206	2,317	2,439	2,567	2,702	2,845	2,995	3,153	3,319	3,494	3,678	3,678
15 Public Art Reserve	\$000's	74	12	13	13	14	14	15	15	16	17	17	18	19	20	21	23	24	25	26	28	28
16 Section 20A Land	\$000's	52	53	55	56	58	60	63	65	68	71	75	79	83	88	92	97	102	108	113	119	119
21 Marmion Car Park Reserve	\$000's	149	149	153	157	162	168	175	182	190	199	209	220	232	244	257	270	285	300	316	332	332
22 Cash in Lieu of Parking Reserve	\$000's	1,375	1,253	1,287	1,325	1,369	1,418	1,473	1,534	1,603	1,680	1,764	1,857	1,955	2,058	2,166	2,280	2,401	2,527	2,660	2,800	2,800
24 Trust Fund	\$000's	199	107	110	113	117	121	126	131	137	144	151	159	167	176	185	195	205	216	228	240	240
25 Minor Reserves	\$000's	52	3	3	3	3	3	3	3	3	3	4	4	4	4	5	5	5	5	5	6	6
Total	Closing Balance	58,273	45,710	18,673	20,328	29,130	25,363	17,327	15,929	15,871	28,385	39,529	59,285	78,108	100,889	134,645	92,360	125,131	154,760	192,367	236,717	236,717



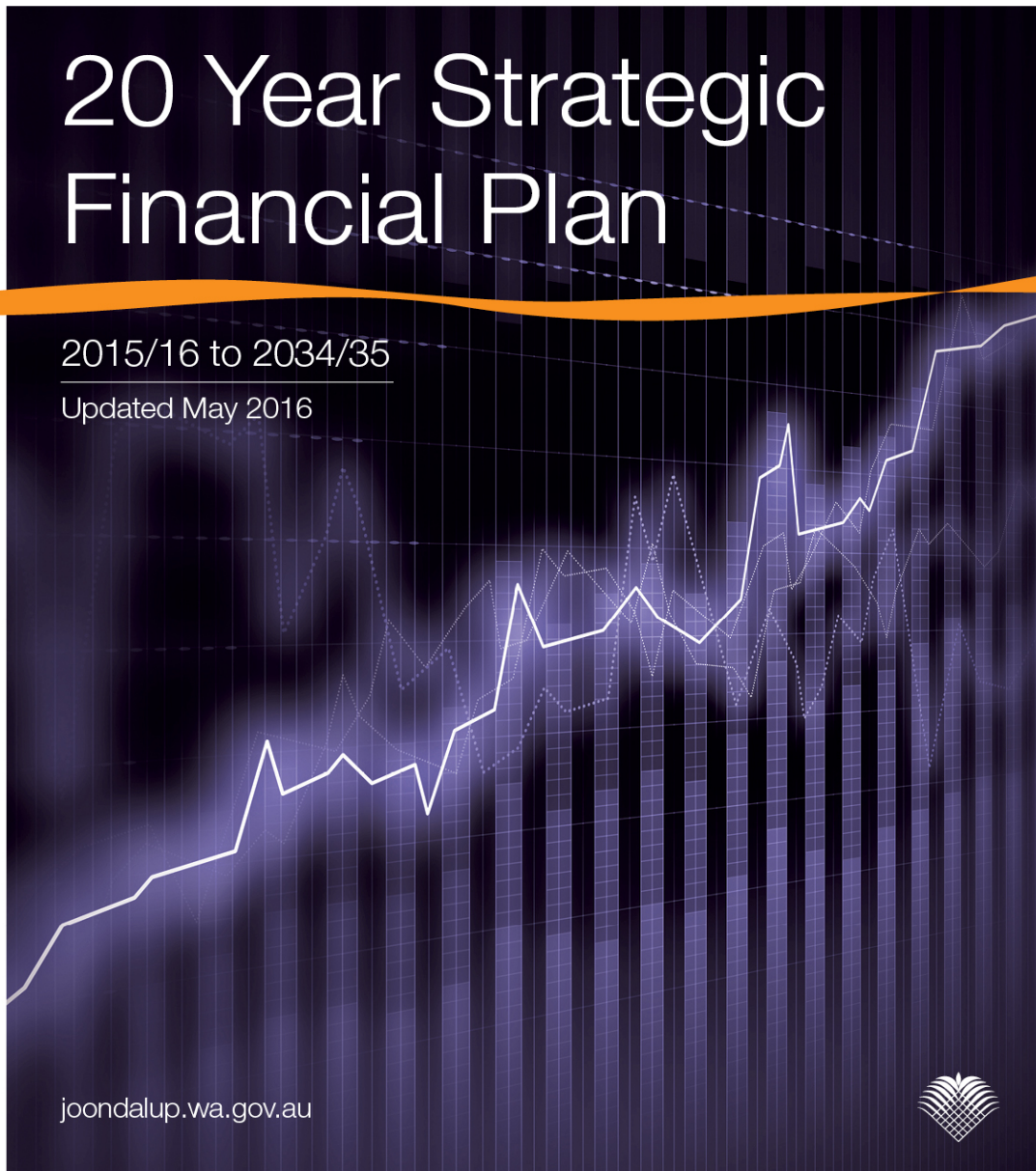


2016

20 Year Strategic Financial Plan

2015/16 to 2034/35

Updated May 2016



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1. INTRODUCTION

1.1. Purpose of the Draft 20 Year Strategic Financial Plan

The *Draft 20 Year Strategic Financial Plan* is a high-level informing strategy that outlines the City of Joondalups 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.

The *Draft 20 Year Strategic Financial Plan* achieves this by projecting the City's financial position over a 20 year period, based on a range of conservative assumptions and estimates. This provides the City with relevant information to assess:

- Necessary funding requirements to afford capital replacement programs and new capital projects; and
- The City's capacity to maintain overall financial sustainability into the long term.

1.2. Previous Plan

The new plan included in this document covers the years ~~2014-15~~2015-16 to ~~2033-34~~2034-35 and is referred to as the *Draft 20 Year Strategic Financial Plan*. The *Previous Plan* will also be referred to throughout this document. The *Previous Plan* covers the years 201~~43~~-1~~54~~ to 203~~32~~-3~~43~~ and was adopted by Council in ~~June 2014~~December 2015.

1.3. Integrated Planning and Reporting Framework

Section 5.56 of the Local Government Act 1995 provides that –

“(1) a local government is to plan for the future of the district.”

In 2011, the *Department of Local Government and Communities* introduced its *Integrated Planning and Reporting Framework* to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

A significant component of this Framework is the development of a long term financial management plan to inform the resourcing requirements and financial capacity of a local government to achieve its stated objectives and priorities.

A specific guideline and Advisory Standard supports the development of long term financial management plans, of which, the City's *Draft 20 Year Strategic Financial Plan* is aligned to. Further commentary with regard to the details of this guideline is outlined in section 4 of this Plan.

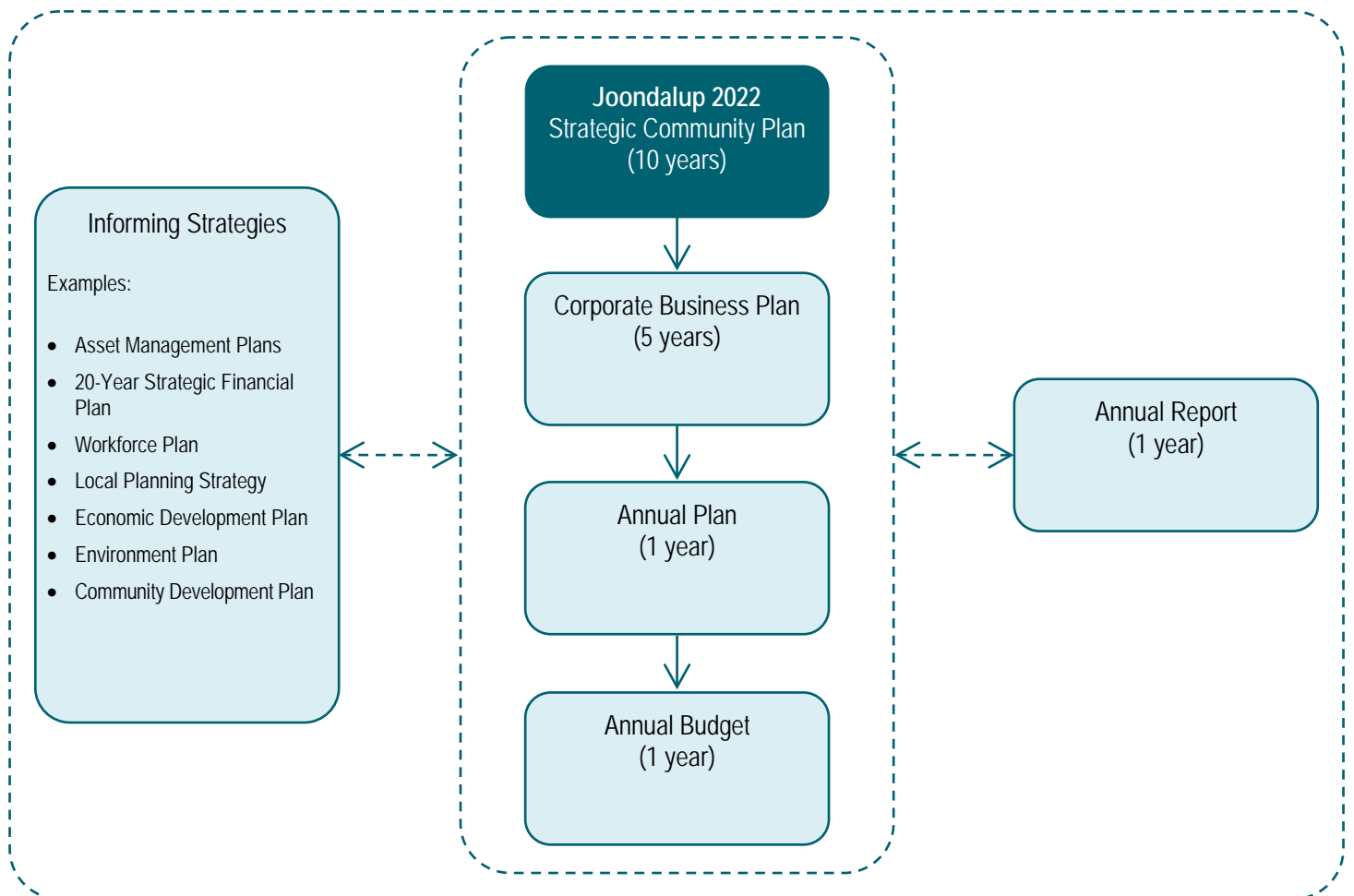
1.4. Planning Alignment

The Draft 20 Year Strategic Financial Plan is aligned to the following key planning documents:-

- Joondalup 2022 (Strategic Community Plan 2012-2022)
- [Draft Corporate Business Plan 2015-162016-17 to 2019-202020-21](#)
- [Draft Capital Works Program 2015-162016-17 to 2019-202020-21](#)
- [Draft Budget 2015-162016-17](#)
- [Local Housing Strategy](#)
- [Economic Development Plan](#)
- [Commercial Strategy](#)

Chart 1 below shows how the 20 Year Strategic Financial Plan forms part of the Integrated Planning Framework.

Chart 1 – Integrated Planning Framework



2. EXECUTIVE SUMMARY

2.1. Key Highlights

The *Draft 20 Year Strategic Financial Plan* demonstrates the significant level of major projects and operations required to deliver the City's new vision of becoming:

“A global City: bold, creative and prosperous”

This vision will see economic development activities driving major new investments within the City Centre, while asset renewal and rejuvenation projects across the City will seek to enhance the overall liveability of the City for residents and visitors. The key highlights of the *Draft 20 Year Strategic Financial Plan* are summarised in Table 1 below:

Table 1 – Key Highlights & Assumptions

Ref	Issue	Details #1
1	New Investment	<ul style="list-style-type: none"> ○ Joondalup Performing Arts & Cultural Facility to be completed by 2018-19. Estimated costs of \$97.6m. The project will be funded using reserves, borrowings and a \$10m Federal grant (subject to successful grant application) ○ Multi Storey Car Park (MSCP) at Boas Avenue, which will be pivotal to the continued economic development of the City Centre. This will be completed by October 2015, with estimated cost of (\$17m). ○ Second MSCP planned for 2022-23 estimated cost of \$18m, however there may be additional capacity from the first MSCP and additional parking from the Joondalup Performing Arts & Cultural Facility and Office Development Project which may impact on the timing for a second MSCP. ○ Library resources expanded by 2021-22 at Whitfords (\$12m completed by 2022-23. ○ Penistone Park redevelopment of \$3.7m completed by 2017-18 ○ Significant investment in sporting facilities: <ul style="list-style-type: none"> ○ Redevelopment Arena Joondalup 2016-17 – contribution by City of (\$4m). ○ Synthetic Hockey Pitch at Warwick by 2016-17 (\$6.45m). Contributions from 3rd parties of \$1.78m. ○ New Clubroom facilities at Bramston Park. ○ Several clubroom refurbishments.
2	Rates % increases	<ul style="list-style-type: none"> ○ Projected rates per year increase no more than 5%. ○ Average rate increase over 20 years is estimated at 4.43%
3	Fees and Charges % increases	<ul style="list-style-type: none"> ○ An average increase over 20 years of 3.48% per annum. ○ Some services such as Parking may increase more than other charges (Property Rental).
4	Operating Expenses	<ul style="list-style-type: none"> ○ Total Employee costs increase by 3.23% on average per annum. ○ Other operating expenses (such as materials and contracts) increase by average 3.0% p.a.

#1 Costs exclude escalation

2.2. Assumptions

The Strategic Financial Plan is updated annually; this allows the City to continually refine the assumptions. The assumptions are explained in detail in Section 6, below are some of the key assumptions:

- Demographics: The population increase for the City over the next 20 years is moderate, an increase of approx 89%.
- Housing Strategy: A review of the increase in dwellings has been undertaken, with reference to the Local Housing Strategy, this has resulted in a forecast of 5,326,183 dwellings over 20 years, an increase of approx 940%. This assumption has been used to build up a forecast for growth in rates revenue.
- Business Growth: A review of the increase in business has been undertaken, with reference to the Economic Development Strategy and Commercial Strategy. This has been used to calculate a forecast for growth in rates revenue, it is estimated that there will be a 2743% increase in business rates income by 2033-342034-35.
- Economy: Perth CPI is forecast by West Australia Treasury Corporation to grow at 1.752-5% in 2016-17, and projected to increase slightly to 2.25% in 2017-18, then to 2.5% in the following 2 years, per annum until 2017-18. The City has then forecast it will remain at 2.5% until 2019-20, then increase to 3.0% in 2020-21 and then 3.5% from 2021-22 onwards.
- Whole Life Costs: For all new capital projects an estimate of ongoing operating income and operating expenses is prepared where there is data available.

2.3. Key Ratios

The *Draft 20 Year Strategic Financial Plan* is prepared using a set of Guiding Principles (Section 4), which includes five key ratios. There is a maximum possible achievement of 100 key ratios (five ratios x 20 years). Of the five key ratios identified within the Guiding Principles, 853 out of 100 are achieved, although there is only 353 out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is 29 higher than the Adopted Plan, it is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the Operating Surplus Ratio, which is the most important ratio, is below the threshold for the first eightseven years and only comes within tolerance from 20234-242. For those ratios that are not achieved (Operating Surplus Ratio and Asset Sustainability Ratio), there is a positive trend.

The summary of the key ratios are:

- Rates increases at no more than 5%. This is achieved in 20 of the 20 years.
- Balanced Cash Budget (Net Municipal Closing Balance) ~~(ensuring that the books are balanced)~~ - This is achieved in all 20 years.
- Operating Surplus Ratio – 5 year average to be between 2% and 8%. This is achieved in 123 of the 20 years. Although the earlier years (20154-165 to 20220-244) are below the target there is a positive upwards trend. The starting point of the projections of 2015-462016-17 is negative 4.68% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses required to operate new facilities. For example the Joondalup Performing Arts & Cultural Facility will depress the Operating Surplus Ratio by 2.8% each year due to the operating subsidy, interest expense on borrowings and the Depreciation expense. The projections from 20234-242 onwards are all within the target or exceed it.
- Asset Sustainability Ratio, which measures the rate at which the City spends Capital Expenditure on Replacement versus Depreciation. The target is to be between 90% and 110%. This ratio fails the target in the first 10 years which suggests that there is insufficient

expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and at this stage in their life cycle it may be 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. This ratio will be subject to ongoing review with updates to the Asset Management plans and the ratio calculated separately for each asset class.

- Debt Service Coverage Ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of 3.2 to 5, and the target is to avoid this occurring for five years in a row. This City target is achieved in all 20 years, however there are four years where the ratio falls below the desired threshold of five, this is a short term impact caused by the borrowings of major investment including the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry project.

2.4. Cash flows

In the early years of the plan cash reserves are depleted, reducing from \$6655m at June 2015 to \$1924m by June 2018. The \$1924m relates ~~mostly~~ to tied reserves, with \$41m left in the Strategic Asset Management Reserve ~~by June 2018~~ ~~by 2017-18~~ ~~and then zero by June 2022~~. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently cause higher external borrowings than the City would normally use. Indeed, between the years ~~2015-16~~ 2016-17 to 2018-19 the City projects borrowings of \$53m. ~~Funding~~

~~Between the years 2015-16 to 2018-19 the City projects borrowings of \$53m, \$474m of this relates to the Joondalup Performing Arts & Cultural Facility. Within the Previous Plan it was assumed that the future proceeds from Tamala Park land sales would allow the City to repay this quickly within 6 years. However the proceeds from Tamala Park will now be received over a longer period of time and in total will be insufficient to cover all of the costs of borrowings. The total cost to the City, including interest, of the borrowings for the Joondalup Performing Arts Cultural Facility is \$62m. The Tamala Park proceeds received from after the JPACF is constructed are estimated at \$46m, there is a shortfall of \$16m, which is assumed to be funded by general municipal funds.~~

The plan has the same assumptions as the adopted plan for the Joondalup Performing Arts and Cultural Facility whereby the Tamala Park proceeds are used to support the construction and then proceeds received after construction are used to assist with the loan repayments. The Tamala Park proceeds would be sufficient to pay for \$47m of the \$67m of borrowings (approximately 10 years worth of the borrowings), but the remaining \$20m (the last 5 years) are assumed to be met from municipal funds.

From 2025-26 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases greatly. Indeed from 2020-21 onwards the City will be generating sufficient cash flow to set aside for replacement of its infrastructure, which by then will have aged more and requiring more replacement.

2.5. Key Changes since the Previous 20 Year Strategic Financial Plan

The *Previous Plan* for the period 2014-15 to 2032-33 was adopted by Council in June December 2015. The key changes in the current update are:

- 2.5% Rate Increase 2016-17 instead of 4.0% (4% was included in the Previous Plan). The lower rate increase has an impact in 2016-17 of approximately \$1.5 million, but over a 20 year period reduces cash by \$60 million.

- 2% Increase in Employment Costs for 2016-17, 2017-18 and 2018-19 instead of 3.0% (3% was included in the *Previous Plan*). The lower increases have a benefit in the plan of \$62 million additional cash.
- Capital Renewal Expenditure – additional \$62 million expenditure projected for Capital Renewals from 2020-21 onwards to achieve an Asset Sustainability Ratio of 105% instead of 90%
- ~~Rates Business Growth has higher projections than the previously adopted plan. A more detailed analysis has been undertaken which now projects an increase in business rates revenue of 43% by 2033-34, the Previous Plan assumed a 14% increase. Tamala Park proceeds – the *Draft 20 Year Strategic Financial Plan* now includes an updated forecast with the proceeds received over a longer period of time (2028-29), where the *Previous Plan* assumed proceeds received by 2024-25.~~
- ~~Capital Renewal Expenditure – the Previous Plan estimated additional expenditure from 2020-21, but did not identify specific programs. The Draft 20 Year Strategic Financial Plan has identified that additional renewal expenditure for Road Resurfacing and Paths.~~
- ~~Joondalup Performing Arts & Culture Facility
 - \$10m Grant funding assumed (subject to successful application to the National Stronger Regions Fund)
 - Annual operating subsidy increased from \$0.4m to \$0.9m following further research by the City.Funding~~

2.6. Risks and Opportunities

Any plan into the future includes estimates and assumptions, and therefore carries some forms of risk and opportunities. Section 10 provides further assessment of the risk and opportunities.

3. **BACKGROUND**

3.1. Key Statistics

Table 2 - City of Joondalup Key Statistics

Joondalup Headline Statistics:	
Population – 2016⁵	164,942 ⁶ 11
Distance between Perth and the Joondalup City Centre	30 kilometres
Number of businesses – Business Register 2014	13,061
Headline Gross Regional Product (NEIR 2014)	\$ 5.88 billion
Public Open Spaces	369

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.

Moderate dwelling infill is anticipated over the long term, which will see some population increases across the City 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 region.

Current services located in the City that will be affected by this growth include Joondalup Health Campus, Edith Cowan University, Joondalup Arena and West Coast Institute. Despite the diversity of facilities already provided in the area, there is a growing demand for improved services (e.g. Joondalup Performing Arts and Cultural Facility), of which this Plan addresses.

3.2. Services

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

- Waste Management
- Building & Planning approvals
- Environmental health services
- Building, Planning and Health regulatory services
- Community development, education and youth services
- Library, festivals, concerts and other cultural events
- Leisure and recreation services and facilities
- Rangers and community safety
- Parking facilities
- Infrastructure including roads, footpaths and street lighting
- Parks and natural areas and management of the environment
- Economic development

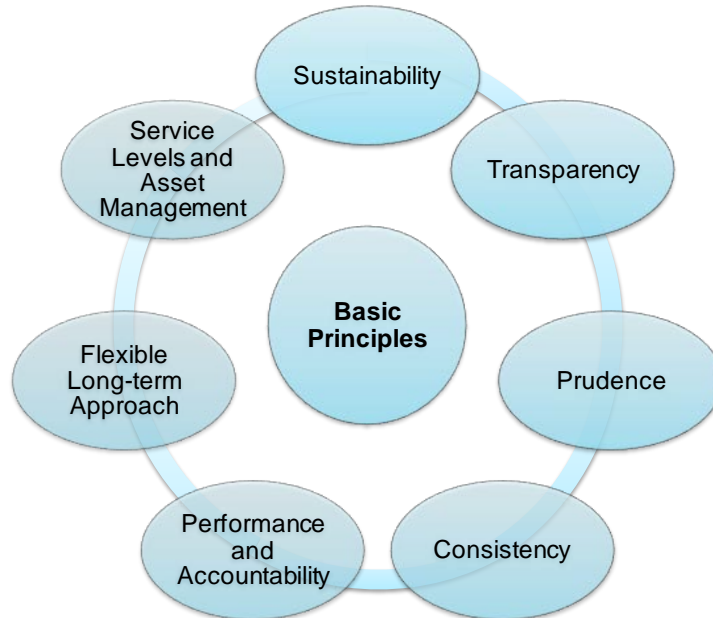
The *Draft 20 Year Strategic Financial Plan* has been prepared on the basis of the City continuing to deliver the above mentioned services to the same level and standard.

4. FINANCIAL STRATEGY & GUIDING PRINCIPLES

4.1. Financial Strategy

The City has adopted a *20 Year Strategic Financial Plan - Guiding Principles* to support the preparation of the *Draft 20 Year Strategic Financial Plan* (Appendix 1).

The core principles of the *20 Year Strategic Financial Plan* is:



The *20 Year Strategic Financial Plan - Guiding Principles* set the parameters for the update of the *20 Year Strategic Financial Plan*:

- Whole of Life Costs identified for new projects (Section 6). It is vital for the City to assess all cash flows for a project, not just the initial costs. Often the initial cost can be much lower than the ongoing operating costs. Indeed where grants are available, this also carries a risk of losing sight of the overall costs of ownership.
- Key Ratios (Section 7).
- Cash flow and funding (Section 8).
- Scenarios (Section 11).

4.2. Integrated Planning and Reporting Framework

The *Department of Local Government* has issued a series of planning guidelines for local government covering:

- Long Term Financial Planning – Framework & Guidelines.
- Asset Management – Framework and Guidelines.
- Workforce Planning - Toolkit
- Integrated Planning and Reporting – Advisory Standard.

The *Advisory Standard* has been developed to guide local governments through a process of continuous improvement in integrated planning activities. For financial management, performance against the *Advisory Standard* is measured through identified key performance indicators, which are assessed as having either:

- Not being met
- Meeting a Basic Standard
- Meeting an Intermediate Standard
- Meeting an Advanced Standard.

As an industry leader in planning and reporting activities, the City seeks to meet the Advanced Standards for financial management where it can. However, it has been identified that in some circumstances, meeting the Advanced Standards may be inconsistent with the City's aspiration of becoming a "*financially diverse local government that uses innovative solutions to achieve long-term financial sustainability...*". As such, the Guiding Principles highlight the circumstances where deviation away from the Advanced Standard is supported for the benefit of the community and the continued management of a financially sustainable organisation.

4.3. 20 Year Strategic Financial Plan & Annual Budget Setting Process

The update of the *20 Year Strategic Financial Plan* has been synchronised with the annual budget cycle. The *20 Year Strategic Financial Plan* is used as an input to the annual budget process by:-

- Providing direction on the long term expectations of the City.
- Cost and revenue targets, as established in the *20 Year Strategic Financial Plan*, to help guide the budget process.
- Major projects included in the *20 Year Strategic Financial Plan* included in the budget process.

5. ASSET MANAGEMENT

5.1. Asset Management Policy

The City has an adopted *Asset Management Policy* and a number of supporting plans, which have been incorporated into the *Draft 20 Year Strategic Financial Plan*. The City is an asset-intensive business and the substance of the Asset Management plans is crucial to provide substance to the *Draft 20 Year Strategic Financial Plan*.

There is ongoing work by the City in accordance with the *Department of Local Government and Communities'* guidelines on *Asset Management Planning*. The reviews will result in updated asset management plans for each asset class, including 20 year forecasts. Where an updated asset management plan becomes available it will be included in the annual update of the *20 Year Strategic Financial Plan*.

5.2. 5 Year Capital Works Program

The *5 Year Capital Works Program* is a rolling program of capital works that is updated on an annual basis. The [Draft -Program for 2016-17 to 2020-21](#) has been used in the development of the *Draft 20 Year Strategic Financial Plan*.

5.3. Asset Sustainability Ratio

The Asset Sustainability Ratio is the key ratio to measure the long term sustainability of Asset Management; this will be covered in more detail in section 7. The ratio has identified the need for additional renewal expenditure in later years.

6. ASSUMPTIONS

6.1. Disclaimer

Readers of the Draft 20 Year Strategic Financial Plan should note that the document is used predominately as a planning tool. As such it is based on many assumptions and includes several projects and proposals that in some cases:

- *Have been approved by Council and are in progress,*
- *Have been considered by Council but are yet to receive final approval,*
- *Have only been considered by Elected Members at a strategy level,*
- *Have only been considered by Officers*
- *Are operational in nature and based on the continued provision of services and maintenance of City assets and infrastructure in accordance with management and other plans*

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this time in relation to likely requirement, timing and financial estimates. Adoption of the Draft 20 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.

6.2. Information Used to Build the Draft 20 Year Strategic Financial Plan

The Draft 20 Year Strategic Financial Plan uses the ~~proposed-Draft~~ Budget ~~2015-16~~2016-17 to reflect the current financial position (the 'baseline'). The estimates for future years use the baseline as the starting point and then project the future estimate using assumptions from a variety of sources:

- State Budget 201~~6~~5 and Federal Budget 201~~6~~5
- Economic Forecasts from WA Treasury Corporation and WALGA
- Asset Management Plans
- Capital Works Programs
- City Strategy and Planning documents e.g. Housing Strategy, Commercial Strategy

The assumptions are explained in detail in this section, broken down into the following five areas:

1. External environment.
2. Operating Income and Operating Expenses.
3. Capital Projects and their impacts on Operating Income and Operating Expenses.
4. Capital Proceeds.
5. Funding.

Supporting Schedule SS1 provides the details of the key assumptions for each year.

[The most important set of inputs to the plan are 2 - Operating Income & Expenses. These assumptions are recurring, and have a bigger ongoing impact than one-off capital expenditure. For example a lower rate increase in one year will affect each year of the plan thereafter.](#)

6.3. All figures include Escalation

All figures included throughout the report include estimated impacts of escalation, except where indicated otherwise. The basis of the escalation factors is explained within this section with further details in Supporting Schedule 1.

6.4. Assumptions (1) - External Environment

Table 3 below summarises the key assumptions relating to demographics and economic assumptions.

Table 3 Assumptions (1) – External Environment

Ref	Issue	Details
1	State and Federal Budgets 2015	<ul style="list-style-type: none"> ○ The 2014 State Budget announced a 36.8% increase in 2015-16/2016-17 for street lights. The 2015 State Budget has lowered this increase to 7.5%. However the increase for 2016-17 is now expected to be 16%, rather than 8.2%. The City is estimated to spend (\$3.0m) in Western Power Street Lights in 2015-16/2016-17. ○ Financial Assistance Grants were normally increased each year in line with CPI, but the 2014 Federal Budget has paused the indexation for three years, with the indexation to recommence in 2017-18. The 2015 Federal Budget did not change this. ○ <u>CPI on Financial Assistance Grants will recommence in 2017-18</u> ○ <u>Moderate increases Street Lighting Tariff (2.2% for 2016-17 and 2.2% for 2017-18)</u> ○ Superannuation Guarantee increase to 12% is paused with the next increment beginning in 2021-22, and the increase to 12% by 2025-26. The 2015 Federal Budget has proposed a further delay of 1 year; this will be factored into the 20 Year Strategic Financial Plan once it is confirmed.
2	Population & Regional Growth	<ul style="list-style-type: none"> ○ Moderate population growth of 9% is projected for the City, however projected regional growth may impact on the level of infrastructure and services required within the City Centre ○ The <i>Draft 20 Year Strategic Financial Plan</i> highlights the significant level of capital projects required to meet the employment and transport needs of this growing population, for example: <ul style="list-style-type: none"> ○ Multi Storey Car Parks. ○ Joondalup Performing Arts & Culture Facility. ○ Ocean Reef Marina Business Case & Structure Plan. ○ Cafes / Kiosks / Restaurants.
3	Local Housing Strategy / New Dwellings	<ul style="list-style-type: none"> ○ The Local Housing Strategy has established ten Housing Opportunity Areas, where higher density ('infill') is encouraged. Combined with new housing growth, it is estimated that there could be an additional 25,000 dwellings in the City. However there are various factors that will influence the timing of the increase, and therefore there is no defined target for when the

	<p>25,000 extra dwellings may arise.</p> <ul style="list-style-type: none"> ○ It is considered that potentially <u>5,326,483</u> of the 25,000 extra dwellings may arise by 2034-35. This assumption, is based on: <ul style="list-style-type: none"> - <u>1,626,783</u> new dwellings as a result of new developments (Burns Beach, Iluka, City Centre, former school sites). - 3,7400 increase due to higher density as a result of the Housing Opportunity Areas. ○ The increase in dwellings is used to forecast additional rates revenue.
4 Commercial Growth	<p>The City has adopted an <i>Economic Development Plan</i>, which projects an increase of 20,000 jobs within the City by 2030-31. <i>Additionally reference has made to the Commercial Strategy.</i> These plans have been used to estimate additional rates income within the Draft 20 Year Strategic Financial Plan, as follows</p> <ul style="list-style-type: none"> ○ Specific Developments: Lakeside Shopping Centre minor expansion – 5,000 m2 over the next 5 years ○ Quadrangle – 14,000 m2 growth over next 2 years ○ CBD Office Development 12,000 m2 growth by 2018-19 ○ Whitfords Activity Centre – 8,118 m2 growth by 2018-19 and then 61,200 by mid 2020s ○ Woodvale Shopping Centre – 4,000 m2 by 2019-20 ○ City Centre Various Developments ○ Lakeside Shopping Centre North expansion - major expansion but not assumed until mid 2020s2026-27 ○ Whitfords Activity Centre - 20,000 m2 Retail Growth (split between 2020-21 and 2021-22) ○ Whitfords Activity Centre – 5,000 m2 additional by 2025-26 (gradual increase per year) ○ Warwick Shopping Centre – 5015,000 m2 by mid 2020s2022-23 ○ Woodvale Shopping Centre – 4,000 m2 by 2019-20 ○ Quadrangle – 70,000 m2 growth over 10 years (7,000 m2 per year) ○ Joondalup Gate – 5,000 by 2019, 5000 by 2024, 5000 by 2030 ○ Collier Pass Basketball Stadium Site - No assumption yet for development ○ CBD Office Development – 12,000m2 by 2017-18Unspecified growth that relates to the expected increase in 20,000 jobs within the <i>Economic Development Plan</i>
5 CPI	<ul style="list-style-type: none"> ○ Department of Treasury have provided forecast data up to 2018-19 of <u>2.5%</u>. <u>Perth CPI is forecast by West Australia Treasury Corporation to grow at 1.755% in 2016-17, and projected to increase slightly to 2.25% in 2017-18, then to 2.5% in the following 2 years</u> ○ From 2020-21 onwards the City has made its own assumptions: <ul style="list-style-type: none"> - 2.5% until 2019-20 - 3.0% 2020-21

- 3.5% from 2021-22

The increase is based on historical trends and the need to build in prudent cost projections

- o CPI is used as a reference point for some elements, but is not used as the escalation for all income or expenses by the City. The City evaluates each separate income stream or expense and considers the appropriate escalation factor to apply.

6.5. Assumptions (2) - Operating Income & Operating Expenses

The forecasts for Operating Income and Expenses are separated into two parts:

- 'Base - the values in 20165-176 are extrapolated using % increases or other standard changes as described in Table 4 below.
- 'Growth – new income or expenses that arises as a result of capital projects. This is covered in section 6.65

Table 4 Assumptions – Operating Income & Operating Expenses

Ref	Issue	Details
1	20165-176 values	<ul style="list-style-type: none"> o Values for Year 2 (2015-162016-17) relate to the proposed budget for 2015-162016-17.
2	Rates Increases	<ul style="list-style-type: none"> o The Adopted Guiding Principles included a target to increase overall rates revenue by no more than 5%. o The increases are based on the same increases as the Previous Plan, except for 2016-17 where 2.5% is now assumed rather than 4%. varied in line with the targets required for Operating Surplus Ratio and Net Municipal Closing Balance. o The forecast increase in dwellings and commercial growth, as explained in the previous section, is used to estimate an increase in Rates income, over and above the annual % increase.
3	Fees & Charges Base Increase	<ul style="list-style-type: none"> o There are 110 separate charges and fees that are included in Fees and Charges. Each of the 110 areas has been reviewed separately with a separate escalation factor prepared. o For example, Development Fees have been increased by 5% in line with previous increases and benchmarks. o Meanwhile Licenses and Registrations are only expected to increase by CPI2.5% every four years due to the uncertainty of the charges for Dog & Cat registrations, and the uncertainty of take-up by Dog & Cat owners. o The projected increase in Parking Fees is higher than the increase in other fees and charges, these increases are consistent with the business case for the Multi Storey Car Park adopted by Council in 2012. o Supporting Schedule SS1 provides more details of the increases assumed for each of the areas.
4	Refuse Charges, Tipping Fees	<ul style="list-style-type: none"> o The City has recently adopted is currently updating the Waste Management Strategy and has begun to implement some changes, for example changes to Bulk Waste and Better Bins (roll-out of

and Waste Management Expenses

larger recycle bins for some households). The full impacts of the changes are uncertain but it is deemed reasonable to include some estimate of the impacts as follows:

- Bulk Hard Waste a reduction in Waste Expenditure of \$1m from 2017-18 onwards.
- Better Bins, a reduction in Waste Expenditure of \$0.3m from 2018-19 onwards. This is based on a roll-out to 18,000 households in the City, the additional costs for this have also been factored into the plan. The full scope of the roll-out will be evaluated during the next year using sample data from the first trial of the 500 larger bins being delivered in 2016. In the meantime the inclusion of 18,000 households is a provisional estimate only, with several changes under consideration (e.g. amending the Bulk Waste service).

For both items above, the reduction in Waste Expenditure has been matched by a reduction in Refuse Charges.

- o There will be several changes to costs at Mindarie Regional Council that will impact the City and other members of the Council in future years such as the use of alternative locations once Tamala Park has reached capacity. The City has developed a separate long term model to project Waste Expenditure and Refuse Charges, to take account of City initiatives and also to include projections from Mindarie Regional Council. However there is a high level of uncertainty with the projections from Mindarie Regional Council and as a result a default increase of CPI has been applied for all City Waste expenses from 2017-18, other than for the 2 City initiatives listed above. The model will continue to be updated each year and depending on the risk/sensitivity of the assumptions may help to inform the. The potential impact of all the changes to Waste Management have not been included in the future versions of the Draft 20 Year Strategic Financial Plan, as it is too early to predict the impacts, future updates of the 20 Year Strategic Financial Plan will evaluate these impacts.

- o The Draft 20 Year Strategic Financial Plan has estimated the increased costs up to 2019-20 based on known factors, such as the increase to the Landfill Levy. This has resulted in the following increases to Tipping Fees & Waste Management Fees:

- 4.16% 2016-17
- 4.39% 2017-18
- 4.24% 2018-19
- 2.52% 2019-20

From 2020-21 CPI is assumed.

The fees charged for Refuse Charges are intended to cover the expenses, the City cannot make a profit from Waste Management and therefore the same escalation factors are applied to Refuse Charges. There is a minor operating surplus of \$0.2m from Waste Management, which is transferred to the Waste Management Reserve so that the City does not have any profit within the municipal funds.

5 Employment Costs

- o Superannuation Guarantee costs is projected to increase from 9.5% (2014-15) to 12% (2015-16). The increase though has recently been

		<p>paused, with the next increases beginning again in 2021-22 in 0.5% increments, so that by 2025-26 the guarantee is 12%. The City is projected to spend (\$5.0m) currently spends (\$4.5m) in 2016-17 in guaranteed contributions and an increase to 12% is an additional cost of \$1.32m per year</p> <ul style="list-style-type: none"> o Remaining Employment Costs are projected to increase by 23% each year from 2016-17 until 2018-19 23-24. This increase is lower than previous years but in line with the current labour market and the state cap on salary cost increases. o It is then assumed that Employment costs will increase by 3.0% from 2019-20 to 2024-25 and then 3.5% from 2025-26 till 2034-35.
6	Materials and Contracts	<ul style="list-style-type: none"> o There are 17 separate items that are included in Materials and Contracts. Each of the 17 items has been reviewed separately with a separate escalation factor considered.
7	Cost Management Materials and Contracts	<ul style="list-style-type: none"> o Managing costs is an intrinsic part of the way the City conducts its business and the <i>Draft 20 Year Strategic Financial Plan</i> has included a stretch target for managing cost increases. o A target of 1% savings in Materials and Contracts is targeted for 2016-17.
8	<u>Depreciation: Base</u>	<ul style="list-style-type: none"> o <u>The City is continuing to review the basis of Depreciation expenses as part of the ongoing update of Asset Management Plans for each class of assets.</u> o <u>The Buildings Asset Management Plan was updated in 2015 and indicates a reduction in Depreciation of \$1m which has been included in the projections from 2017-18.</u> o <u>For the following four years no other changes to the Depreciation: Base is assumed as the results of the updated Asset Management Plans will be used.</u> o <u>The remaining years assume that Depreciation will increase in line with the costs of replacement so an escalation factor of CPI has been used.</u>

6.6. Assumptions (3) Capital Projects

Table 5 below summarises the Capital Expenditure included in the *Draft 20 Year Strategic Financial Plan*, a total of (\$~~1,220,129~~m). The table also summarises:

- One-off proceeds (Grants of \$~~19588~~m and Disposal proceeds associated with the capital projects of \$~~410~~m). The one-off proceeds are \$~~23628~~m in total, which leaves a net amount of (\$~~98400~~m) to be funded by Reserves, Municipal Funds and Borrowings.
- Operating Income and Operating Expenses have been estimated for each capital project. This identifies a net cost of (\$~~267~~m), when compared to existing income and expenses. Additional Depreciation arising from new capital expenditure has also been estimated.
- Overall impact over the term of the plan is estimated at (\$1,010m), the sum of the one-off impacts and ongoing income and expenses. This excludes the interest expense on borrowings.

Table 5 Assumptions – Capital Projects Summary

Project Summary \$ms	(A) One-Off				(B) Ongoing			Total
	Capital	Grants	Proceeds	Funded by City	Income	Expenses	Total	(A+B)
Summary by Project Type								
A) Capital Works Program	(848)	179		(669)		2	2	(667)
B) Capital Projects	(98)	2	18	(78)		(8)	(8)	(86)
C) Major Projects (\$1m to \$3m)	(6)			(6)				(6)
D) Major Projects (> \$3m)	(268)	14	23	(231)	91	(111)	(20)	(251)
TOTAL	(1,220)	195	41	(984)	91	(117)	(26)	(1,010)

Each line item above (A to D) is separately shown in Appendix 2, with a separate table showing the projects that are included. The source of the data used for the projections comes from a variety of sources:

- *Previous Plan.*
- *5 Year Capital Works Program*
- Asset Management plans where available
- Estimates by Program co-ordinators.
- Council decisions e.g. recent decisions regarding Bramston Park are included.
- Feasibility studies for major projects.
- Elected Member reviews.

Excess surpluses are generated from 2020-21 to 2024-25, these have been set aside to assist with the backlog of Capital Expenditure that has been identified with the Asset Sustainability Ratio (covered in more detail in section 7), as well as ensuring there is sufficient expenditure on replacement expenditure.

Table 6 – Major Capital Projects (>\$3m) (including escalation)

	Major and/or Significant Projects	Capital Expenditure		Yr Complete	Details
		excl. Escal'n \$m	incl. Escal'n \$m		
1	CBD Office Development	(\$1.0m)	(\$1.0m)	2016-17	Project Costs required to 2016-17 working with a proponent for CBD office development. New revenue potentially generated from 2017-18.
2	Synthetic Hockey Project	(\$6.57m)	(\$6.47m)	2016-17	New hockey facilities
3	Ocean Reef Marina Business Case & Structure Plan	(\$2m)	(\$2m)	2015-16 2017-18	Development of business case / Structure Plan for Ocean Reef Marina development.
4	Grove Child Care / Dorchester Hall / Warwick Hall	(\$4m)	(\$4m)	2017-18	Rationalise three (3) existing buildings currently on separate blocks. Project overall should be cost –neutral, therefore assumed sale proceeds of land of \$4m to support capital costs
5	Penistone Park – Facility Redevelopment	(\$4m)	(\$4m)	2017-18	Redevelopment of park and other infrastructure.
6	Joondalup Administration Building	(\$5m)	(\$5m)	2017-18 2018-19	Major refurbishment
7	Joondalup Performing Arts & Cultural Facility (JPACF) / Jinan Gardens	(\$978m)	(\$103m)	2018-19	New facility to provide for Performing Arts & Culture Cost estimates are based on feasibility study (2012). \$2m estimated cost for Jinan Gardens.
8	Chichester Park Redevelopment	(\$4m)	(\$4m)	2020-21	Redevelopment of existing facilities
9	Percy Doyle Refurbishments	(\$6m)	(\$7m)	2020-21	Refurbishment of existing facilities to keep in working order until Master Plan is completed.
10	Edgewater Quarry	(\$22m)	(\$246m)	2021-22	Development of quarry Sale of land estimated to contribute
11	Cafes / Kiosks / Restaurants	(\$0.5m)	(\$0.95m)	2022-23	Project costs to support the development of two cafes, kiosks or restaurants
12	Whitfords Library & Senior Citizens Centre	(\$12m)	(\$14m)	2022-23	New library facility at Whitfords Potential for offset with shopping centre development
13	Multi-Storey Car Park (2)	(\$18m)	(\$22m)	2022-23	Location not yet identified
14	Percy Doyle Master Plan	(\$43m)	(\$679m)	2030-31	Development of sporting and leisure facilities at the Percy Doyle Reserve
15	Prince Regent Park Development	(\$2m)	(\$34m)	2031-32	Redevelopment of sporting and leisure facilities
	Total	(\$248m)	(\$291m)		

6.7. Assumptions (4) - Capital Proceeds

The *Draft 20 Year Strategic Financial Plan* includes an asset rationalisation component, with the City applying the principle of using the proceeds where ever possible to offset the expenditure on new capital initiatives.

The *Draft 20 Year Strategic Financial Plan* includes several assumptions regarding proceeds received as a result of the sale of land. These are shown in Supporting Schedule SS3. These proceeds are planned to be transferred to specific reserves, to fund specific projects and/or help to fund other Capital Expenditure on the same project.

A summary of the proceeds from land sales included in the *Draft 20 Year Strategic Financial Plan* are:-

- \$605m from sale of Tamala Park land. The proceeds are used to support the Joondalup Performing Arts & Culture Facility
- \$9m from sale of land no longer considered required for City purposes ('Asset Rationalisation'), which are allocated to the Joondalup Performing Arts & Culture Facility Reserve
- ~~\$1.6m for Blackwattle parade has been set aside separately as the proceeds need to be used locally.~~
- \$178m from the sale of land at Edgewater Quarry, used to repay short term borrowings used to fund the capital infrastructure on that project.
- \$4m, from sale of land at Warwick (three buildings currently at Warwick will be rationalised, releasing land for sale). These funds will offset against the project costs.
- \$1m for recovery of project costs relating to the CBD Office Development

6.8. Assumptions (5) - Funding Assumptions

Table 7 below summarises the key Funding assumptions:

Table 7 Assumptions – Funding Assumptions

Ref	Issue	Details
1	Interest % on Loans	<p>WATC (West Australia Treasury Corporation) were consulted and provided forecasts up to 2024-25. For a 10 year fixed loan, the following assumptions are included in the Draft 20 Year Strategic Financial Plan:</p> <ul style="list-style-type: none"> ○ 3.7025% 2017-186-17 ○ <u>3.9960%</u> 2018-19 ○ <u>4.29%7-18 to</u> 2019-20 ○ 4.5900% 2020-21 ○ 4.8850% 2021-22 ○ 5.1800% 2022-23 ○ <u>5.4850%</u> 2023-24 ○ <u>5.78%</u> 2024-25 ○ 6.030% 2025-265 and thereafter
3	Term of Repayment Loans	<ul style="list-style-type: none"> ○ Where the borrowings in a year are <ul style="list-style-type: none"> - less than \$5m, it is assumed the loan would be paid back over a 5 year period - between \$5m and \$10m, a loan period of 10 years is

	<p>assumed</p> <ul style="list-style-type: none"> - Greater than \$10m a loan period of 15 years is assumed. o The interest has not been varied with the terms, although in reality the term of the loan period would affect the interest %.
<p>4 Investment Earnings</p>	<ul style="list-style-type: none"> o Are assumed to be less than the cost of funding o The City strives for the best available earnings % for investments. However for the purposes of being prudent the <i>Draft 20 Year Strategic Financial Plan</i> assumes that the earnings % of cash reserves are always less than the cost of funds i.e. the City does not plan or 'speculate' to beat the market.

7. RATIOS & FINANCIAL ESTIMATES

7.1. Financial Statements

The *Draft 20 Year Strategic Financial Plan* is summarised into four (4) Financial Statements (FS) these are at the back of the report.

Appendix 3 provides explanations of the four (4) Financial Statements (FS). Each FS has a table after it which explains each line.

7.2. Key Ratios - Overview

Five Key Ratios have been calculated and are used to summarise the Financial Statements and the overall financial projections. The need for the ratios and targets is covered in more detail within the *20 Year Strategic Financial Plan – Guiding Principles* (Appendix 1).

Table 8 below provides a snapshot of the Indicators. Sub-sections 7.4.1 to 7.4.5 provide additional explanations of each of the indicators. The calculations of the Key Indicators are provided in Supporting Schedule 2. The schedule also links to the source of the calculations by providing the line reference to the Financial Statements.

There is no one indicator, or financial year, that can be used to judge the financial sustainability of the City. Spikes in indicators can occur for a number of reasons.

7.3. Key Indicators – Details

Of the five key ratios identified within the Guiding Principles, 85³ out of 100 are achieved, although there is only 35³ out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is 2⁹ higher than the ~~Adopted plan~~ *Previous Plan*, it is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the Operating Surplus Ratio, which is the most important ratio, is below the threshold for the first seven years and only comes within tolerance from ~~2023-24~~ *2021-22*. For those ratios that are not achieved (Operating Surplus Ratio and Asset Sustainability Ratio), there is a positive trend. The projections for each of the ratios are:

- Rates increases at no more than 5%. This is achieved in all 20 years.
- Net Municipal Closing Balance (ensuring that the books are balanced). This is achieved in all 20 years.
- Operating Surplus Ratio – 5 year average to be between 2% and 8%. This is achieved in 13 of the 20 years. Although the earlier years (~~2014-15~~ *2015-16* to ~~2020-21~~ *2022-23*) are below the target there is a positive upwards trend. The starting point of the projections of ~~2015-16~~ *2015-16* is negative 4.6% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses required to operate new facilities. For example the Joondalup Performing Arts & Cultural Facility will depress the Operating Surplus Ratio by 2.8% each year due to the operating subsidy required and the Depreciation expense. The projections from 2021-22 onwards are all within the target or exceed it.
- Asset Sustainability Ratio, which measures the rate at which the City spends Capital Expenditure on Replacement versus Depreciation. The target is to be between 90% and 110%, although the long-term average that the City should aim for is 100%. This ratio fails the target in the first ~~seven~~ *4* years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and it at this stage in their life cycle it may be 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. This ratio will be subject to ongoing review with updates to the Asset Management plans and the ratio calculated separately for each asset class.

- Debt Service Coverage Ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of ~~3~~ to 5, and the target is to avoid this occurring for five years in a row. This ratio is achieved in all 20 years, however there are four years where the ratio falls below the desired threshold of five, this is a short term impact caused by the borrowings for major investment including the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry project.

Table 8 – Key Ratios

The definition of each indicator above is explained in the following respective paragraphs 7.4.1 to 7.4.5.

Key Ratios

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35
1) Rates % increase <i>Target is 5% or less</i>	3.9% ✔	2.5% ✔	4.0% ✔	5.0% ✔	5.0% ✔	5.0% ✔	4.5% ✔	4.5% ✔	4.5% ✔	4.0% ✔	4.5% ✔	4.0% ✔	4.5% ✔	4.0% ✔	4.5% ✔	4.0% ✔	4.5% ✔	4.0% ✔	4.0% ✔	4.0% ✔
2) Balanced Cash Budget \$m	1 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔	0 ✔
3) Operating Surplus Ratio - 5 Year Average <i>Target is to achieve a positive Operating Surplus between 2% and 8%. Amber is shown for those years where the 5 year average is positive</i>	(2.3%) ✘	(3.5%) ✘	(3.3%) ✘	(2.9%) ✘	(3.1%) ✘	(1.7%) ✘	0.2% 🟡	1.6% 🟡	2.7% ✔	3.8% ✔	4.8% ✔	6.1% ✔	7.5% ✔	9.0% ✔	10.4% ✔	11.7% ✔	12.4% ✔	13.1% ✔	13.7% ✔	13.8% ✔
4) Asset Sustainability - 5 Year Average <i>Target is between 90% and 110%</i>	60% ✘	63% ✘	63% ✘	67% ✘	70% ✘	80% ✘	84% ✘	94% 🟡	101% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔	105% ✔
5) Debt Service Coverage Ratio <i>Preferably more than 5. Target fails if the City drops below a ratio of 5 for five years in a row</i>	9.6 ✔	7.3 ✔	6.5 ✔	5.1 ✔	3.8 ✔	4.5 ✔	5.2 ✔	5.7 ✔	2.5 ✔	2.8 ✔	6.8 ✔	8.0 ✔	9.8 ✔	10.5 ✔	11.4 ✔	11.9 ✔	12.7 ✔	13.5 ✔	19.7 ✔	44.7 ✔

7.4. Key Indicators - Explanations

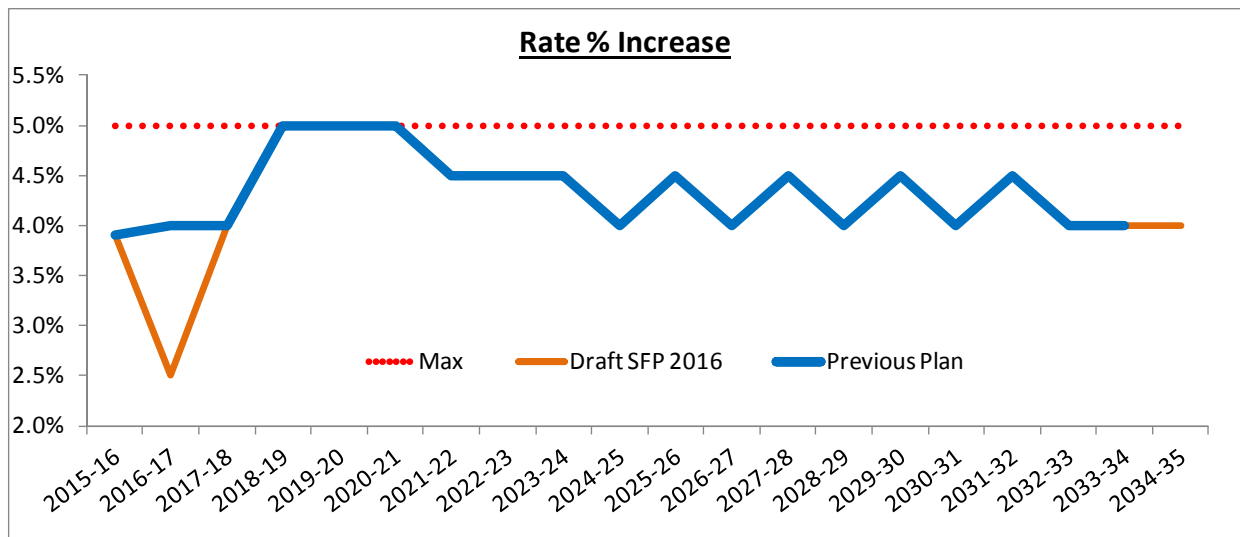
7.4.1. Rates % Increase

The rates % increase is not a *Department of Local Government and Communities* standard. This is a City of Joondalup indicator to measure performance against the goal of achieving rate increases of no more than 5%. It must be emphasised that the rates % increases are projections and are not necessarily the increases that will be applied.

The *Draft 20 Year Strategic Financial Plan* has assumed that there should not be any rates increase forecast above 5%, however the rates increase has to be sufficient to generate an adequate operating surplus, and to allow the City to afford the Capital Expenditure programs.

Chart 2 below demonstrates that the *Draft 20 Year Strategic Financial Plan* has been produced with a rates increase of no more than 5%. The average over the 20 years is 4.3%.

Chart 2 – Rates % Increase



7.4.2. ~~Net Municipal Closing Balance~~Balanced Cash Budget

A key objective of the *Draft 20 Year Strategic Financial Plan* is to “balance the books” such that the closing balance of cash held by the City (excluding reserves) should be zero, or as close to zero as possible. This objective demonstrates that the City is able to invest in new infrastructure, whilst being able to have moderate increases in rates. Statement FS3 summarises the rate setting calculations to demonstrate that funds match expense and the books are balanced.

Table 9 – Balanced Cash Budget - Key Comments

Projection	Comment
<ul style="list-style-type: none"> o All 20 years are showing a balanced budget. 	<p>It should be noted that the later years (from 2021-22) have high cash surpluses <u>as there is projected to be higher operating surpluses. However this is dependent on the growth of operating income being higher than the growth in operating expenses due to Capital Expenditure on New projects being much lower in the last 10 years of the plan than the first 10 years.</u></p> <p><u>As mentioned earlier the most important set of assumptions in the plan are the ongoing operating activities. The plan continues to assume that increases in income (predominately rates) will be higher each year than the increase in expenses as the plan assumes an average 4.4% Rate Increase whereas Employment Expenses and Materials Contracts have an average increase of approximately 3%. This gap of 1.4% results in the income growing by 1.4% more than the expenses and is the primary reason for the improved projections of operating surpluses – there is a high risk with these assumptions though that will be subject to comment later on in the report, because if the City decides not to have rate increases in line with the plan, then the operating position may not improve.</u></p> <p>The excess surpluses generated have been set aside for capital Replacements, to assist with the potential backlog of Capital Expenditure that has been identified by the Asset Sustainability Ratio. The remaining surplus has been transferred to the Strategic Asset Management Reserve.</p>

7.4.3. Operating Surplus Ratio

The Operating Surplus indicator is the primary indicator in measuring long term financial sustainability. This is an indicator of the extent to which revenues raised cover operational expenditure and the extent to which surpluses are generated to fund capital projects. Chart 3 below shows the projected Operating Surplus %, compared to the *Previous Plan* and the targets. A desired ratio for Operating Surplus is between 2% and 8%, as a 5 year average. Table 10 underneath provides additional commentary.

Chart 3 – Operating Surplus %

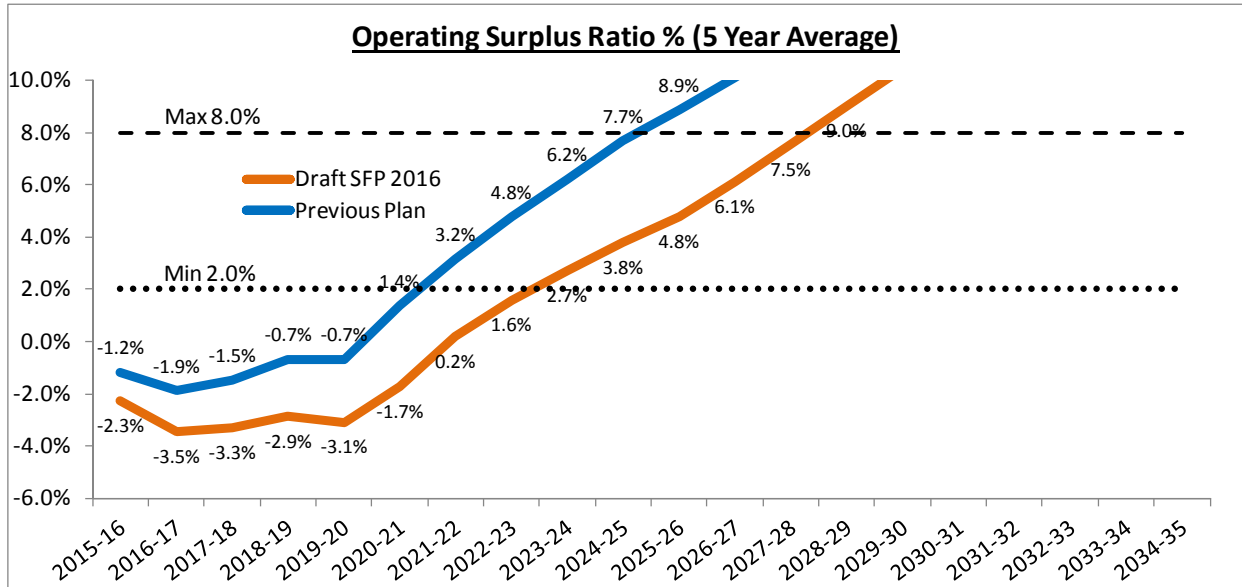


Table 10 – Operating Surplus Key Comments

Projection	Comment
<p>The early years (up to 2022-23¹⁹⁻²⁰) have a low operating surplus ratio, and the five year average is only above the 2% minimum threshold from 2021-22²⁰²³⁻²⁴</p> <p>The low achievement in the early years is due to a number of reasons:</p> <ul style="list-style-type: none"> ○ Baseline 2015-16²⁰¹⁶⁻¹⁷ has a negative operating surplus <u>of 4.6%</u> ○ <u>2.5% Rate Increase in 2016-17.</u> ○ High capital investment in the early years whilst striving to keeping rate increases at 5% or less. ○ Operating expenses, interest payments and Depreciation with new infrastructure. For example, the Joondalup Performing Arts & Culture Facility depresses the ratio by 2.8% each year due to the operating subsidy, interest payments and additional depreciation. ○ Reduced investment earnings as reserves become depleted. <p>The projections show a positive upwards trend, <u>but this is predicated mostly on Rates Increases being higher than the increase in expenses.</u></p>	<p>The <i>Draft 20 Year Strategic Financial Plan</i> is long-term, and it is therefore crucial that the upwards trend is positive. The low ratio in the next few years will continue to be evaluated as part of the annual budget review and mid-year budget review, to ensure that the upwards trend will be achieved. The impacts on the Operating Surplus Ratio of new or redeveloped facilities will continue to be evaluated.</p> <p>The <i>Draft 20 Year Strategic Financial Plan</i> has also been able to keep rates increases at no more than 5% in all years of the <i>Draft 20 Year Strategic Financial Plan</i>. If rates were increased more than 5% in the early years where the Operating Surplus is low, this would give rise to even greater cash surpluses in later years.</p> <p><u>In the outer years of the plan the ratio is projected to be above the maximum threshold of 8%. This is still regarded as being an achievement of the ratio because it is in one of the outer years.</u></p>

7.4.4. Asset Sustainability Ratio

The Asset Sustainability ratio measures the extent to which:

- Assets managed by the City are being replaced as they reach the end of their economic life.
- Compares the amount of expenditure on Capital Replacement versus Depreciation

The target for Asset Sustainability Ratio is to have a 5 year average of between 90% and 110%. The long term average that would be expected would be 100% i.e. for each \$1 of Depreciation expense is matched by \$1 on capital replacements. Where the ratio continually falls well below the 90% minimum this indicates that more expenditure is spent on new infrastructure than renewal or that there is a potential backlog of capital replacements.

Chart 4 below shows the values that go into the calculation. Chart 5 below shows the projections compared to the *Previous Plan* and the Targets. Table 11 underneath provides some commentary.

Chart 4 – Capital Expenditure & Depreciation

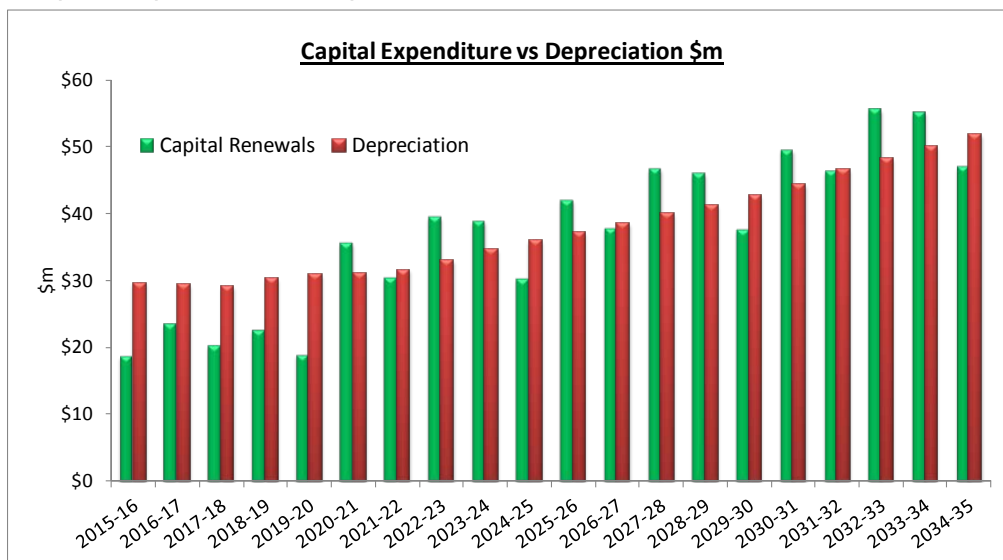


Chart 5 – Asset Sustainability

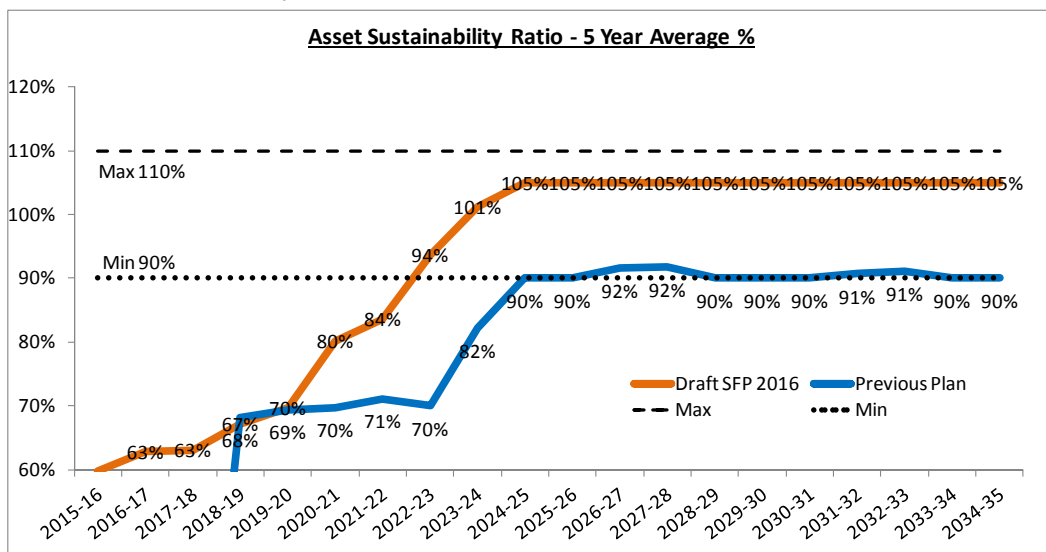


Table 11 – Asset Sustainability Comments

Projection	Comment
<p>From 2014-152015-16 to 2022-232019-20 the ratio consistently falls well below the 90% minimum, with an average of just 70%. This indicates a \$57m backlog of renewal expenditure, as the Depreciation expense is not matched by expenditure on capital replacements. However there is (\$14m) of new Depreciation in those years (\$2.2m in 2019-20), relating to new projects, most of which have a long life (e.g. 40 years), and would not require any capital replacement in those years. Therefore the backlog may be approx (\$43m).</p>	<p>The ratio suggests that the City is not spending enough Capital Expenditure on replacement/renewal of existing assets and possibly spending too much expenditure on new assets or infrastructure in comparison. However 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</p>
<p>From 2024-252022-23 the ratio achieves the minimum 90% target, due to the additional renewal expenditure that has been planned. One of the main reasons for this is the funds set aside as "Backlog Replacement" from 2020-21 to 2034-35.</p>	<p>There is more work to be done in this area. Whilst the minimum threshold is 90% the long-term average that the City should aim for is 100%. Each asset class is being re-valued; this will provide the City with detailed long term replacement estimates and the Asset Sustainability Ratio for each asset class.</p>
<p>The calculation requires the identification of Capital Expenditure as either replacement or new. This identification is not straightforward, for example where there is an upgrade of an existing asset, some of the expenditure may be deemed replacement, whilst some of it should be classed as new. There have been refinements in the methods used in the calculation of the ratio, and there will continue to be further refinements in subsequent updates of the 20 Year Strategic Financial Plan.</p>	

7.4.5. Debt Service Coverage Ratio

This is the key ratio to evaluate treasury management and is used by West Australia Treasury Corporation (WATC) to help evaluate requests for loans.

The ratio compares annual operating surplus available as cash versus debt repayments and is intended to demonstrate that local governments have sufficient surpluses to cover debt repayments.

The target for Debt Service Coverage Ratio is to that the ratio does not fall less than 5 for 5 years or more, and should not drop below a multiple of 3.

Chart 6 below shows the values that are used in the calculation. Chart 7 shows the projected ratio versus *Department of Local Government and Communities* standards. Table 12 underneath provides additional commentary.

Chart 6 – Operating Surplus & Loan Repayments

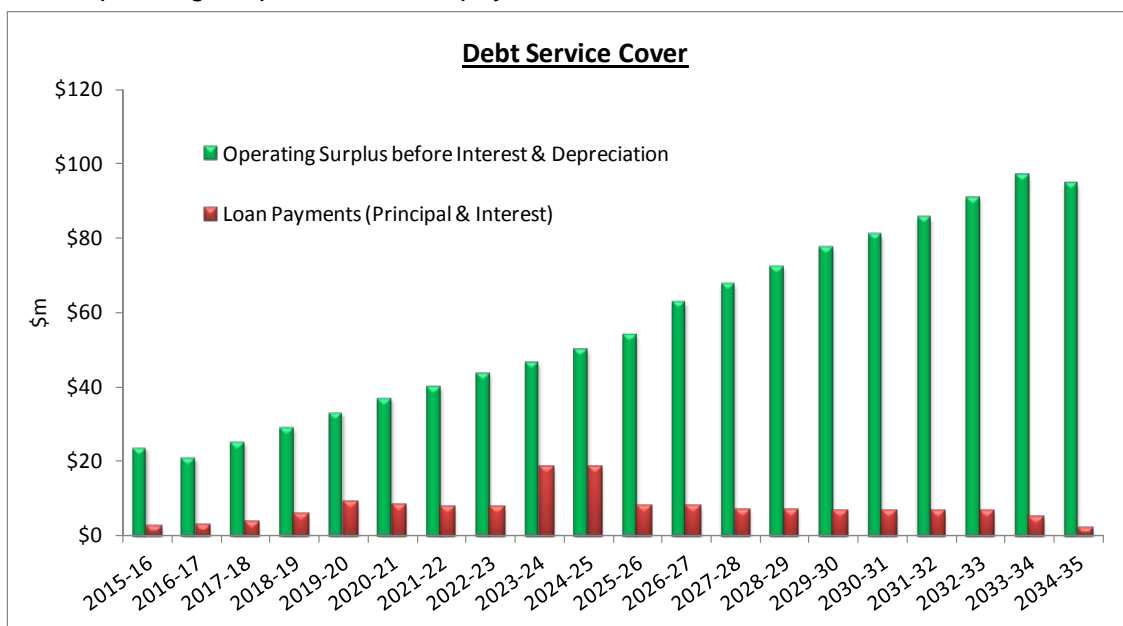


Chart 7 – Debt Service Coverage Ratio

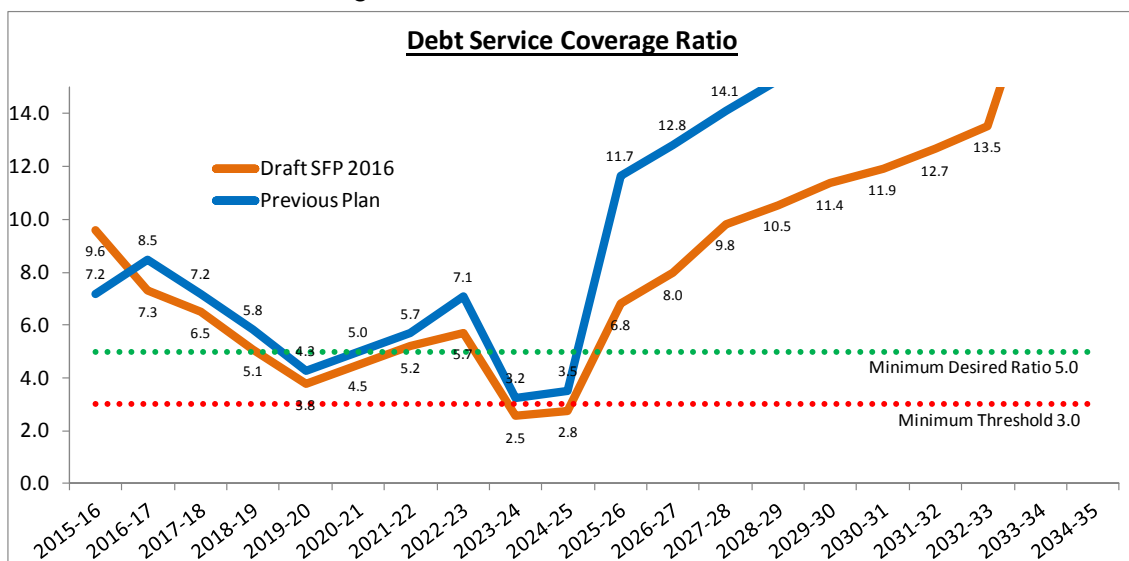


Table 12 – Debt Service Ratio Comments

Projection	Comment
<p>For four years the City has coverage of less than 5. . This is caused by the high borrowings used by the City to fund major projects, including the Joondalup Performing Arts & Culture Facility which is forecast to require borrowings of \$474m (repaid over a 15 year period).</p>	<p>WATC have provided additional tools to Local Governments to evaluate potential borrowings capacity. The WATC tools indicate a threshold of three for the Debt Service Coverage Ratio, which the City achieves every year.</p>
<p>When the ratio falls below the threshold of threefive in 2023-24 and 2024-25 this is due to the repayment of borrowings for Edgewater Quarry project. The failure of the ratio in those two years is -well intended and the right strategy, as the borrowings are paid back quickly using the sales proceeds from Edgewater Quarry.</p>	<p>The City has had informal discussions with WATC regarding the estimated borrowings within the Draft 20 Year Strategic Financial Plan, so that the most appropriate assumptions are considered by the City. The 15 year repayment period for the \$474m borrowings for the Joondalup Performing Arts & Culture Facility is considered a reasonable assumption. The City should continue to discuss the 20 Year Strategic Financial Plan with WATC so that applications for borrowings which are larger than normal are not a surprise to WATC.</p>
<p>For all other years the ratio is above 5.</p>	
<p>Towards the end of the life of the <i>Draft 20 Year Strategic Financial Plan</i> (from 2033-342027/28), where there is less repayments little new capital investment included, the ratio increases significantly.</p>	

8. FUNDING & CASHFLOW

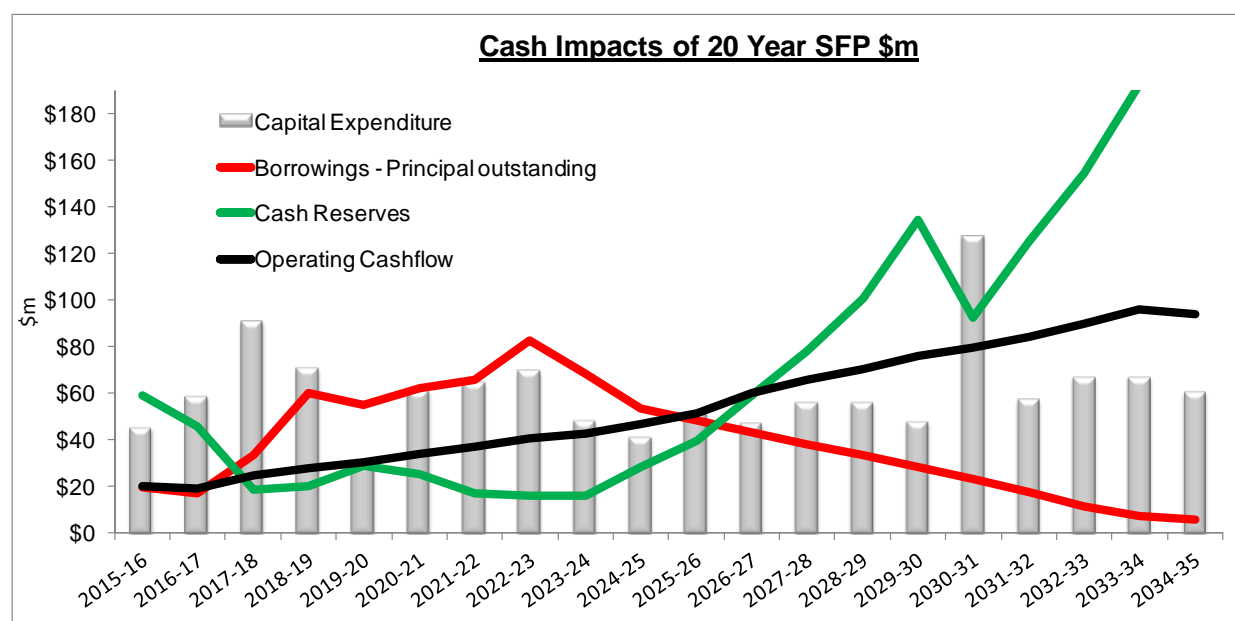
8.1. Overall Cash flow

Chart 8 below summarises the overall cash flow movements (Reserves plus Municipal) and the closing balance. In the early years of the plan cash reserves are depleted, reducing from \$6655m at June 20154 to \$1924m by June 201848 and then zero by June 2022. The \$1924m relates mostly to tied reserves, with \$41m left in the Strategic Asset Management Reserve by June 201848. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently cause high external borrowings.

Between the years 2015-16 to 2018-19 the City projects borrowings of \$553m, \$474m of this relates to the Joondalup Performing Arts & Cultural Facility. ~~Within the Previous Plan it was assumed that the future proceeds from Tamala Park land sales would allow the City to repay this quickly within 6 years. However the proceeds from Tamala Park will now be received over a longer period of time and in total will be insufficient to cover all of the costs of borrowings. The total cost to the City, including interest, of the borrowings for the Joondalup Performing Arts Cultural Facility is \$62m. The Tamala Park proceeds received from after the JPACF is constructed are estimated at \$46m, there is a shortfall of \$16m, which is assumed to be funded by general municipal funds. The plan has the same assumptions as the Previous Plan for the Joondalup Performing Arts and Cultural Facility whereby the Tamala Park proceeds are used to support the construction and then proceeds received after construction are used to assist with the loan repayments. The Tamala Park proceeds would be sufficient to pay for \$47m of the \$67m of borrowings (approximately 10 years worth of the borrowings), but the remaining \$20m (the last 5 years) are assumed to be met from municipal funds.~~

From 2023-24-2027-28 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases greatly, with \$237429m projected by 2033-34 June 2035.

Chart 8 – Cash Flow



8.2. Funding for Capital Expenditure

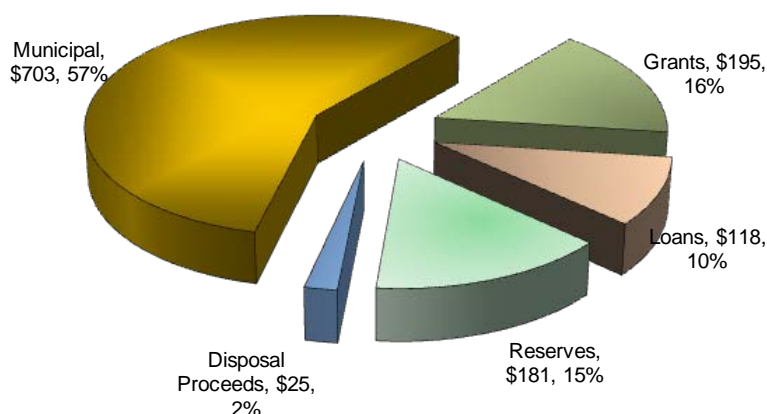
Supporting Schedules SS2 to SS5 provide details of the Capital Expenditure and Funding:

- Capital Expenditure (Supporting Schedule SS2)
- Capital Proceeds (Supporting Schedule SS3)
- Funding methods (Supporting Schedule SS4 and Supporting Schedule SS5).

Detailed analysis has been undertaken, year by year, project by project, to evaluate the appropriate method of funding whilst striving to achieve all other goals in the *Draft 20 Year Strategic Financial Plan* (maintain rate setting surpluses at zero or as close as possible to zero and keep rates increases to a maximum of 5%). Chart 9 below summarises the Funding for the (\$1,220.429m) of capital projects over the full 20 years:

Chart 9 – Funding of New Capital Expenditure

Capital Expenditure - Funding%



In assessing the funding requirements for Capital Expenditure the following parameters have been followed:

- The Capital Works Program is day to day Capital Expenditure and it is preferable for operating surpluses generated within the year to fund these. For major one-off items within the Capital Works Program the Strategic Asset Management Reserve has been used:
 - City Centre Street Lights will need to be replaced within the 20 years. This is estimated to cost (\$13.5m) (in today's dollars).
 - ~~Major Road Construction. The City is relatively mature in terms of the needs of new major roads (i.e. most arterial roads are dual carriageway). The plan has assumed that only 11 of the 20 years would require major road investment, approx (\$3m) per year. It is assumed that external grant funding would support approx two-thirds of the cost, with the remaining funding from municipal funds or the funded the Strategic Asset Management Reserve.~~
 - Building Construction Works such as refurbishments. This program is assumed to be partially funded by the Strategic Asset Management Reserve and partially by Municipal funds.

- Major projects are funded either by external grants where available, proceeds from sale of land relating to the project, municipal funds, specific reserves established for the purpose of Funding the project, the Strategic Asset Management Reserve or the use of borrowings as a last resort. Table 13 below lists the Major Projects (>\$3m) and the source of the Funding for each.

Table 13 – Major Projects – source of funding

Major Projects & Funding 20 Year summary, including inflation \$ms	Capital	Funding						Total
	Expend	Grants	Disposal Proceeds	Municipal	Reserves	Strategic Reserve	Loans	
1 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(102)	10		(0)	45		47	102
2 CBD Office Development	(1)		1		1			2
3 Cafes / Kiosks / Restaurants	(1)			1	0			1
4 Ocean Reef Marina Business Case & Structure Plan	(2)	1		1	0			2
5 Penistone Park - Facility Redevelopment	(4)	1			1	2		4
6 Synthetic Hockey Project	(6)	1	1	(1)	1		5	6
7 Edgewater Quarry Masterplan	(24)			7			17	24
8 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	(67)					67		67
9 Percy Doyle - Refurbishment Works	(7)	1	0	0	0	5		7
10 Chichester Park Redevelopment	(4)	1				3		4
11 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4	0		1		6
12 Whitfords Library and Senior Citizens Centre	(14)					6	8	14
13 Multi Storey Car Park (2)	(22)				4		17	22
14 Joondalup Administration Building - refurbishment	(5)					2	3	5
15 Prince Regent Park Development	(3)					3		3
Total Major Projects	(268)	14	6	9	53	91	98	271

8.3. Reserve Movements

Supporting Schedule SS4 provides details of the reserve assumptions within the *Draft 20 Year Strategic Financial Plan*.

Chart 10 below summarises the overall movements in reserves, over the term of the *Draft 20 Year Strategic Financial Plan*. This shows that:

- The Reserve funds are depleted in the early years of the *Draft 20 Year Strategic Financial Plan* to fund new Major Projects.
- The reserve balance is as low as \$204m by June 2018, with \$44m in the Strategic Asset Management Reserve
- The reserve balances increase steadily from -2018-19 to 2023-24, due to cash surpluses.

Chart 10 – Reserve Movements

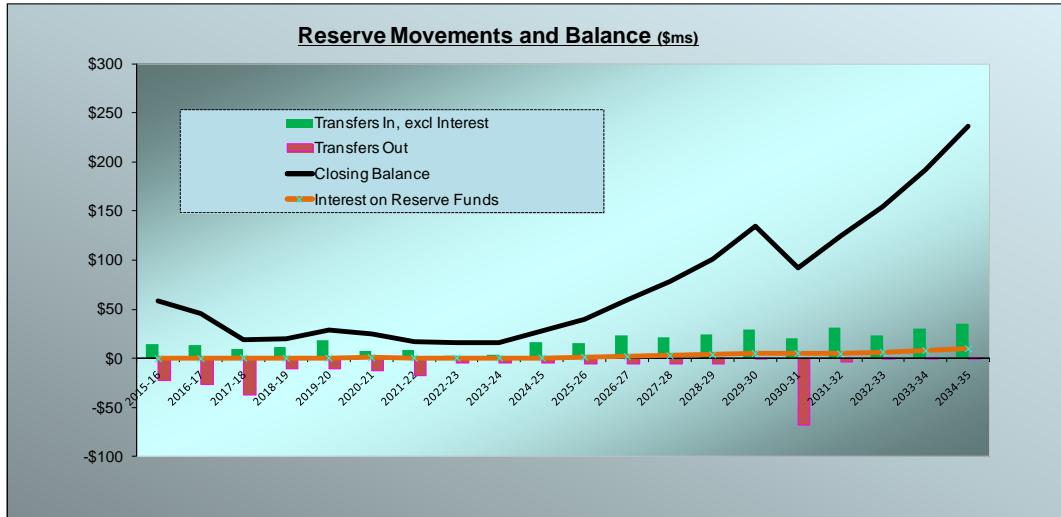


Table 14 below lists the movements on each of the reserves over a 20 year period. Supporting Schedule SS5 provides further details of each reserve, year by year,

Table 14 – Reserve Movements

Reserve Movements 20 Year Summary \$ms	Opening	Movements					Closing	
	Balance	Transfers in	Internal Payback	Fund Major Projects	Other Trsfers out	Interest on Reserve	Total	Balance
1 Strategic Asset Management	22	265		(127)		41	178	200
2 Sale of Tamala Park Land	7	60		(22)	(47)	1	(7)	
3 Joondalup Performing Arts & Culture Facility	11	10		(21)			(11)	
4 Parking Facility	5	18		(11)		2	9	14
5 Ocean Reef Marina	0			(0)			(0)	
6 Capital Works Going Forward	8	3		(10)		1	(7)	1
7 Waste Management	5	2		(2)		6	6	11
8 Vehicles & Plants Replacement	2	3			(5)	2	0	3
9 Non Current LS Leave Reserve	2			(0)		2	2	4
10 Public Art Reserve	0			(0)		0	(0)	0
11 Section 20A Land	0	0				0	0	0
12 Cash in Lieu of Parking Reserve	1	0		(0)		2	2	3
13 Trust Fund	1	0		(0)		0	(0)	0
14 Minor Reserves	0	0		(0)		0	(0)	0
15 Marmion Car Park Reserve	2			(2)		0	(2)	0
Total Reserves	66	361		(196)	(52)	57	171	237

#1 Opening Balance relates to June 2015

8.4. Investment Earnings

As the City continues to use Reserve funds, this has the impact of reduced investment earnings. For example in 2017-18 the earnings on reserve funds is estimated to be less than \$1m

8.5. Loans

There are \$10190m borrowings projected within the 20 years of the plan, however these are spread across multiple years and begin to be repaid immediately. The new borrowings of \$10190m comprise of the following:

- \$474m borrowings for Joondalup Performing Arts & Cultural Facility.
- \$18m short-term borrowings for Edgewater Quarry, repaid within four years by proceeds from sale of land. These borrowings cost \$4m in interest payments.
- \$3628m standard repayment loans used for a variety of projects as listed in Supporting Schedule 5.

The maximum balance owing is estimated to be \$8358m at [June 2023, although this reduces quickly to \\$54m by June 2025-2024-22.](#)

Loans are deemed necessary, where there are insufficient operating surpluses available to meet all capital requirements. Loans are a useful way of spreading the capital cost out over time; however this does come at a cost i.e. the interest to be paid which the City needs to understand and plan for.

Local Government is an asset-intensive business and as such the prudent use of external borrowings is a reasonable expectation. The City should continue to consider the use of loans to pay for infrastructure. The borrowings projection may appear to be a high value, but in terms of the bold projects taken on and the ring-fencing of specific land proceeds (Tamala Park and Edgewater Quarry) to help fund major projects, the use of borrowings in the Draft 20 Year Strategic Financial Plan is deemed appropriate. It is not viable to expect the City to save up enough cash before proceeding with major projects.

9. COMPARISON TO PREVIOUS PLAN

9.1. Key Changes since Previous Plan

The *Previous Plan* for the period 2014~~3~~-15~~4~~ to 2033~~2~~-34~~3~~ was adopted by Council in ~~December~~~~June~~ 2015~~4~~. The key changes in the current update are:







- ~~Rates Increase of 2.5% in 2016-17 instead of 4%~~
 - ~~Employment Costs increase of 2% in 2016-17, 2017-18 and 2018-19 instead of 3%~~
 - ~~Capital Renewal Expenditure – additional \$62 million expenditure projected for Capital Renewals from 2020-21 onwards to achieve an Asset Sustainability Ratio of 105% instead of 90%~~
 - ~~Rates Business Growth has higher projections than the previously adopted plan. A more detailed analysis has been undertaken which now projects an increase in business rates revenue of 43% by 2033-34, the Previous Plan assumed a 14% increase.~~
 - ~~Tamala Park proceeds – the Draft 20 Year Strategic Financial Plan now includes an updated forecast with the proceeds received over a longer period of time (2028-29), where the Previous Plan assumed proceeds received by 2024-25.~~
 - ~~Capital Renewal Expenditure – the Previous Plan estimated additional expenditure from 2020-21, but did not identify specific programs. The Draft 20 Year Strategic Financial Plan has identified that additional renewal expenditure for Road Resurfacing and Paths.~~
 - ~~Joondalup Performing Arts & Culture Facility~~
 - ~~\$10m Grant funding assumed, subject to successful application to the National Stronger Regions Fund)~~
 - ~~Annual operating subsidy increased from \$0.4m to \$0.9m following further research by the City.~~
- Funding

9.2. Summary of Key Ratios versus Previous Plan

Table 15 below summarises the projections within the *Draft 20 Year Strategic Financial Plan* versus the *Previous Plan*. There is now estimated to be 85~~3~~ Key Ratios achieved out of a possible 100, this is 2~~9~~ more than the *Previous Plan*.

However the Asset Sustainability Ratio is now projected to be below the target for the first 7~~4~~ years, and the Operating Surplus Ratio only achieves target from 2023-24~~2021-22~~. Whilst the projection of 85~~3~~ is now 2 higher than the *Previous Plan*, the City should ideally be achieving at least 90 out of 100.

Table 15 – Key Ratios

KEY RATIO as per the City's Guiding Principles		Target Range		Updated SFP		Previous (Dec'15)		
		Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Number of Years Within Tolerance	vs. Current Proposal	
1	Rate % Increase	0.0%	5.0%	20	0	20	0	
2	Balanced Cash Budget	\$0	\$0	20	0	20	0	
3	Operating Surplus Ratio %	2.0%	8.0%	12	8	13	-1	
4	Asset Sustainability Ratio %	90.0%	110.0%	13	7	10	3	
5	Debt Service Coverage Ratio	3.0	>5	20	0	20	0	
Total				85	15	83	2	

In summary, the updated plan now includes more detailed assessments for several projects, and includes more prudent assumptions for some key items. Additionally, there are greater challenges for the City with the funding of the Joondalup Performing Arts & Cultural Facility.

10. RISK ASSESSMENT

10.1. Overall Comment

The *Draft 20 Year Strategic Financial Plan* is a planning tool. It is based on many assumptions. It also includes projects and proposals that in some cases:

- Have been approved by Council and are in progress,
- Have been considered by Council but are yet to receive final approval,
- Have only been considered by Elected Members at a strategy level,
- Have only been considered by Officers
- Are operational in nature and based on the continued provision of services and maintenance of City assets and infrastructure in accordance with management and other plans

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this time in relation to likely requirement, timing and financial estimates. Adoption of the *Draft 20 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.

Periodic review and update of the *Draft 20 Year Strategic Financial Plan* will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

10.2. Projects Not Included in the Draft 20 Year Strategic Financial Plan

There are a number of projects which have been subject to some discussion, but not included in the *Draft 20 Year Strategic Financial Plan* as they have not yet sufficiently been clarified. This could be due to a requirement for a Council decision, the need to determine some financial basis for how it may happen, unresolved external factors such as State Government participation or some combination of these.

Projects discussed but not included are:

1. Digital Hub
2. Lotteries House extension – the City is currently developing a position statement on affordable accommodation for not-for-profit organisations
3. Burns Beach Master Plan
4. Ocean Reef Marina – project costs ~~for 2015-16~~2016-17 only are included. No other costs for the development of the project ~~from 2016-17~~ or ongoing costs and income are included.
5. Redevelopment of Sorrento Surf Life Saving Club – the need to redevelop this in later years was identified in the Active Reserve Review (noted by Council in July 2014). No costs have yet been included in the 20 Year Strategic Financial Plan. These will be subject to further review as part of a future update to the Active Reserve Review
- ~~6. the need to redevelop this in later years was identified in the Active Reserve Review (noted by Council in July 2014). Whilst the Club has submitted proposals to the City, no costs have yet been included in the 20 Year Strategic Financial Plan. These will be subject to further review as part of a future update to the Active Reserve Review.~~
- ~~7. Redevelopment of Mullaloo Surf Life Saving Club – the possibility of a full redevelopment was noted within the Active Reserve Review. Whilst the City has committed to partially funding, no further funds have been included in the 20 Year Strategic Financial Plan~~

8.6. Office Development - The project costs for Office Development and additional income from Rates Income are included, but there are no other costs or income assumed yet for the project.~~The project costs for Office Development and additional income from Rates Income are included, but there are no other costs or income assumed yet for the project as it is still subject to submission to State Government and negotiation.~~

10.3. Analysis of Risks

Some of the key risks have been analysed using the City’s Risk Management Framework as summarised in Table 16 below.

Table 16 – Risks

<u>Risk Definition</u>		<u>Risk Management Framework #1</u>						
		<u>Likelihood</u>		<u>Consequences</u>		<u>Overall Score</u>		<u>Explanation of Consequences</u>
Issue	Risk Defined	Definition	Score	Definition	Score	Score	Overall Risk	
1	JPACF (Arts Facility) Operating Subsidy higher than \$0.9m	Updated SFP now assumes a (\$818k) subsidy per year by the City. It would be a good outcome for the City to achieve a subsidy of \$818k. Comparisons with several other Arts Facilities indicates subsidies of over \$1m	Possible	3	Medium	3	9 Moderate	If the subsidy worsened by another \$200k to \$400k this would equate to approx 0.2% to 0.4% of a potential Rates Increase
2	Tamala Park Proceeds lower than forecast	Updated SFP currently assumes circa \$66m proceeds, which are assumed to help repay borrowings for Arts Facility. Sales proceeds are subject to fluctuation based on demand and economic conditions	Possible	3	Major	4	12 Moderate	If proceeds were less than anticipated then this would reduce proceeds available for Arts Facility and causing higher borrowings. For example, a 25% reduction in the Tamala Proceeds would reduce income by approx \$17m
3	Ocean Reef Marina / Office Development - Unidentified Costs	Draft SFP only includes the project costs for the City, and does not include ongoing commitments, or other possible costs that City could incur e.g.. Improvement of City infrastructure	Likely	4	Medium	3	12 Moderate	It is currently proposed for the City to operate a Multi Storey Car Park as part of the Office Development project. Costs or negotiations are not finalised but could be a cost of \$18m
4	Housing Growth lower than projected	SFP has assumed an increase in dwellings of just over 5,300 based on outright growth and in-fill. This growth is dependent on external factors (new developments) and take-up within Housing Opportunity Areas	Possible	3	Major	4	12 Moderate	Approx \$84m additional income is assumed within 20 years due to Housing Growth. If 25% less were achieved, there would be \$21m less income.
5	Business Growth lower than projected	SFP has aligned with the Economic Development Strategy and assumed that the jobs within the City will increase by 20,000 (from 50,000).	Possible	3	Major	4	12 Moderate	Approx \$94 of additional income is assumed within 20 years due to Business Growth. If 25% less were achieved this would be a reduction of \$23m
6	Rates Increases less than planned	The plan currently assumes rates increases on average of 4.4%. This is much higher than the 2.5% being proposed for 2016-17. It is possible that the City may have lower rates increases in the coming years than are currently included in the plan.	Likely	4	Major	4	16 High	There is a cumulative impact of lower rates increases, for example the 2.5% increase in 2016-17 will result in \$60m less cash in the 20 year SFP. Further analysis of the consequences is considered in the Sensitivity Analysis.

10.4. Net Assets

It is estimated that the net assets of the City would increase from ~~\$1207m~~[\\$1,207m](#) at June ~~2014~~[2015](#) to ~~-\$1,944m~~[\\$1,851m](#), an increase of ~~536~~[536](#)%. Although some of this increase is due to inflation, a large part of this is due to the increase in new infrastructure, expenditure of (~~\$479~~[\\$479](#)m) which far outstrips the reduction in assets of just \$49m. The City should continue to evaluate the utilisation of assets and consider whether assets or infrastructure with low utilisation could be removed.

10.5. Future Improvements in the update of the Draft 20 Year Strategic Financial Plan

The *Draft 20 Year Strategic Financial Plan* has been developed with the best available data. During the construction of the *Draft 20 Year Strategic Financial Plan*, several improvements have been identified which were not able to be incorporated in this iteration of the *Draft 20 Year Strategic Financial Plan*, but will be improved in future iterations. In essence the *Draft 20 Year Strategic Financial Plan* is a continuous improvement process. Table 17 below sets out some of the key improvements identified

Table 17 – Further Improvements in the update of the Draft 20 Year Strategic Financial Plan

Ref	Issue	Details
1	Updated Asset Management Plans / Asset Sustainability Ratio	The <i>20 Year Strategic Financial Plan</i> is only as good as the substance of the Asset Management Plans. The Asset Management plans for most asset classes require updating to provide the City with a clearer long-term strategy which includes the estimated replacement requirements, potential backlogs and the identification of the Asset Sustainability Ratio for each asset class. An updated Buildings Asset Management Plan was prepared in 2015 and used to inform this draft. The City is currently preparing the Parks and Public Open Spaces Asset Management Plan, and this should assist with the 2017 update of the 20 Year Strategic Financial Plan.
2	Whole Life Costs	It is crucial that the future Operating Expenses and Operating Income are estimated for Capital Expenditure, as often the one-off costs are minor in comparison to the 20 year impacts. There continues to be development in this area with Appendix 2 providing details of the future estimates for capital projects. However there is further progress required, particularly with the Capital Works Program.
3	Refuse Charges and Waste Management Expenses	A further improvement opportunity for future iterations is to have a separate long-term financial plan for Waste Management Expenses. This should take account of changes that may arise from the Waste Strategy and regional costs.

11. SCENARIO MODELLING

11.1. Scenario Analysis

The update of the Draft 20 Year Strategic Financial Plan commenced in February 2016⁵. During this time there have been many scenarios and options considered, for example the scheduling of projects and assumptions regarding increases to costs.

As explained earlier the projections have a high risk regarding the Rates assumptions, as there is assumed to be an average of 4.4% increase in the plan, which is far higher than the 2.5% being proposed for 2016-17. The table below provides some sensitivity analysis of having lower rates increases in the plan than currently assumed for the years 2017-18 to 2020-21. The top row summarises the assumptions that are currently in the plan, with increases of 4% in 2017-18 and then 5% in the following 3 years.

The first alternative scenario is having Rates increases of 1% less than the current assumptions. The table indicates the cash impacts after 1 year, after 4 years and the full impact on the 20 year plan a reduction in cash of \$150.4m. Meanwhile the second scenario considers the rates increases being 2% less than the current estimates, the cash impacts are approximately double the preceding scenario.

This analysis indicates the high risk that exists in the plan with the increase in income assumed to be much higher than the increase in expenses. As well as the impacts in cash, the other consequences of these scenarios are:

- Higher borrowings
- Debt Service Coverage Ratio would be reduced and fall below the minimum threshold for West Australia Treasury Corporation.
- Borrowings would be unlikely to be approved.
- Projects may need to be delayed or removed
- Operating Surpluses may be insufficient to afford renewal of assets at their end of life, which may cause deterioration in service performance.

~~A further scenario that has been calculated is the impact of having a flexible method of managing reserves and repayment of loans, in comparison to traditional methods. This scenario would involve the following:~~

- ~~— Loans are set up on a flexible basis i.e. no fixed term and no fixed interest rate~~
- ~~— Loans are repaid as quickly as possible using surplus Municipal funds and the use of some of the Reserves~~
- ~~— Reserves – it is recognised that most of the reserves (e.g. Employee leave) are legal/contractual and cannot be used for any other purpose other than their original/intended use. The majority of reserves are therefore left intact, however four of the larger reserves are used more flexibly (Strategic Asset Management Reserve, Joondalup Performing Arts & Cultural Facility, Tamala Park Land Sales Reserve, Parking Facility Reserve) to repay debt quicker.~~

~~The impacts of this scenario has been modelled, the key features are:~~

- ~~Interest costs would reduce from \$32m to \$17m, a saving of \$15m in Interest Payments. This is illustrated in Chart 11 below.~~
- ~~Total Cash at the end of Year 20 would be \$8m better off. Although there would be reduced interest costs of \$15m, the overall net cash impact is \$8m because of the use of Reserves and reduced borrowings.~~

Chart 11 – Interest Payments – Traditional Method of Repayments versus Alternative Method

The results of this scenario appear favourable, and would be consistent with traditional business models outside the sphere of Local Government where cash reserves are used holistically rather than tied up for specific purposes. Indeed the principles applied in this scenario are consistent with recent research and recommendations by the ACELG (Australian Centre of Excellence for Local Government).

Nevertheless the principles of this alternative scenario would be far removed from the traditional methods currently applied by the City, and would require detailed investigation. A separate report will be prepared and reviewed before the next 20 Year Strategic Financial Plan is updated.

11.2. Impact of a One-Off Rates Increase Above the standard

Taking account of some of the key developments that the City has committed to as part of the Strategic Community Plan and the population growth in the North West corridor which results in the City having to provide regional services, it could be a consideration to have a one-off rates increase above the norm. Table 18 below shows the additional revenue that would be generated from an increase above the standard. If there were a 8.9% increase in 2015-16 (5% above 2015-16), this would result in \$4.3m additional revenue in 2015-16 and overall additional revenue of \$40.9m by 2022-23.

Table 17 – Impact of a one-off Rates Increase above 5% Rate Increases less than planned

Scenario	Rates Increases %				Impact on Cash			Guiding Principles Achieved
	2017-18	2018-19	2019-20	2020-21	1 Year Impact (2017-18)	4 Year Impact (2020-21)	20 Year Impact (2034-35)	
Proposed Plan	4.0%	5.0%	5.0%	5.0%				85
1% less of an increase	3.0%	4.0%	4.0%	4.0%	-\$1.0	-\$11.2	-\$150.4	77
2% less of an increase	2.0%	3.0%	3.0%	3.0%	-\$2.0	-\$22.2	-\$297.2	69

20 Year Strategic Financial Plan - Guiding Principles 20165

The Guiding Principles set out the foundation on which the *20 Year 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 reports against eight ratios, seven are Department of Local Government (DLG) ratios.~~ Whilst recognising that all seven ~~DLG~~ ratios are important, the City's long term plan will focus primarily on:
 - Rates increase 5% or less ~~(Community)~~:-
 - Balanced Cash Budget (Liquidity)
 - Operating Surplus Ratio % (Operating Results).
 - Asset Sustainability % (Asset Management).
 - Debt Service Coverage Ratio % (Treasury Management).
- Projections will be based on the notion that each year in the SFP should as close as possible be balanced (closing Municipal cash balance). In this respect the City will generate an annual operating surplus sufficient to allow it to meet:
 - additional financial costs for new Capital Expenditure
 - projected net annual operational costs of new facilities that become operational
 - projected annual operational costs and Capital Expenditure on existing infrastructure
- The SFP will aim to achieve an Operating Surplus Ratio between 2% and 8%, based on a 5 year average.
- Growth in operating revenue will be in excess of the growth in Operating Expenses, in so far as necessary to achieve the Operating Surplus targets.

Funding/Treasury/Reserves

- 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. Loans may be planned for , but only where it is in accordance with the City Borrowing Strategy. 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 ~~threetwo~~ and five, with all other periods exceeding a ratio of five.
 - ~~Building infrastructure of a capital nature may be funded by loans but with a loan term not exceeding 50% of the life of the asset.~~
- Revenue from the Tamala Park land sale should be applied in accordance with the City's adopted Strategic Position Statement.
- The Strategic Asset Management Reserve is able to be applied to fund projects based on an internal payback mechanism. Municipal funds should pay back to the Strategic Asset Management Reserve principal and interest over a 10 year period. The payback mechanism should only be used where affordable for the municipal fund such that the overall objective of achieving a net nil closing balance each year is achieved.

New expenditure

- Whole of Life Costs must be identified for all new expenditure
- Approved Asset Management plans will be funded where possible, within the parameters established in the Guiding Principles.
- Priority will be given to Asset Management plans that have demonstrated that replacement expenditure is based on economic life modelling, 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% based on a five year average. [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.](#)
- 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 ~~Strategic Financial Management Committee~~ [Finance Committee](#) for consideration and recommendation to Council.

Appendix 2

CAPITAL PROJECTS & IMPACTS ON OPERATING INCOME & EXPENSES

A) Capital Works Program 20 Year Summary \$ms	20 Year Capital Estimates			Total Impact		
	Replacement	New	Total	Grants & Proceeds	Operating Impacts	Total, incl Capital
1 Parks Development	(38)	(8)	(46)		(1)	(47)
2 Foreshore and Natural Areas	(14)	(3)	(17)			(17)
3 Parks Equipment	(47)	(11)	(58)	0	(2)	(60)
4 Streetscape Enhancement	(11)	(19)	(30)		(2)	(32)
5 Local Traffic management	(0)	(26)	(26)			(26)
6 State Blackspot		(24)	(24)	16		(8)
7 Parking Facilities		(13)	(13)	1		(12)
8 Major Road Construction		(45)	(45)	30		(15)
9 New Paths		(12)	(12)	4		(8)
10 Path Replacement	(17)	(1)	(18)	1		(17)
11 Stormwater Drainage	(20)	(9)	(29)			(29)
12 Streetlighting	(26)	(15)	(41)	1	7	(32)
13 Road Preservation & Resurfacing	(289)	(2)	(291)	125		(166)
14 Bridges	(2)		(2)			(2)
15 Major Building Construction	(36)	(19)	(55)	0		(55)
16 Backlog Replacement	(142)		(142)			(142)
Total A) Capital Works Program	(642)	(206)	(848)	179	2	(667)

B) Capital Projects 20 Year Summary \$ms	(A) One-Off				(B) Operating			Total (A+B)
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	
1 Fleet	(74)		18	(56)				(56)
2 IT	(6)			(6)		(8)	(8)	(14)
3 Rangers, Parking & Community Safety	(3)			(3)				(3)
4 Waste - Bigger Bins roll-out	(1)			(1)				(1)
5 Year 1 & 2 Various	(14)	2		(12)				(12)
TOTAL	(98)	2	18	(78)		(8)	(8)	(86)

C) Major Projects (\$1m to \$3m) 20 Year Summary \$ms	(A) One-Off				(B) Operating			Total (A+B)
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	
1 Craigie LC - Upgrades	(2)			(2)				(2)
2 Heathridge Master Plan - Planning Costs o	(1)			(1)				(1)
3 Craigie LC - Geothermal Bore - additional i	(1)			(1)				(1)
4 Joondalup Library - major refurbishment	(1)			(1)				(1)
TOTAL	(6)			(6)				(6)

D) Major Projects (>\$3m) 20 Year Summary \$ms	(A) One-Off				(B) Operating			Total
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	(A+B)
1 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(102)	10		(92)	54	(81)	(27)	(119)
2 CBD Office Development	(1)		1	(0)				(0)
3 Cafes / Kiosks / Restaurants	(1)			(1)	6	(1)	4	4
4 Ocean Reef Marina Business Case & Structure Plan	(2)	1		(2)				(2)
5 Penistone Park - Facility Redevelopment	(4)	1		(3)		(0)	(0)	(3)
6 Synthetic Hockey Project	(6)	1		(5)	0	(3)	(3)	(8)
7 Edgewater Quarry Masterplan	(24)		17	(7)	21	(16)	5	(2)
8 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	(67)			(67)				(67)
9 Percy Doyle - Refurbishment Works	(7)	1		(6)		(3)	(3)	(9)
10 Chichester Park Redevelopment	(4)	1		(3)				(3)
11 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4	0				0
12 Whitfords Library and Senior Citizens Centre	(14)			(14)				(14)
13 Multi Storey Car Park (2)	(22)			(22)	10	(6)	4	(18)
14 Joondalup Administration Building - refurbishment	(5)			(5)				(5)
15 Prince Regent Park Development	(3)			(3)				(3)
TOTAL	(268)	14	23	(231)	91	(111)	(20)	(251)

#1 Percy Doyle Master-Plan included above is the renewal of the Library and Leisure Centre. Phase 2 is outside the timescales of the 20 year SFP

Financial Statements Explanation

Ref	Statement	Details
1	Income	<ul style="list-style-type: none"> ○ FS1 Income Estimates Statement includes all items that are deemed part of the operating (i.e. day to day) activities of the City including: <ul style="list-style-type: none"> • Items that are not cash-based (e.g. Depreciation). • Interest payments on loans. ○ FS1 does not include non operating items such as: <ul style="list-style-type: none"> • Capital Expenditure and Capital Income. • Proceeds of Loans. • Principal repayment of loans. ○ FS1 shows the calculation of the Operating Surplus, a key indicator to measure financial sustainability for the City. ○ The Operating Surplus by itself is a key number as it indicates whether the City is generating adequate revenues to cover day to day expenditure. ○ The Operating Surplus is also used to calculate the Operating Surplus Ratio, another key indicator as reviewed in section 7.
2	Cash Flow	<ul style="list-style-type: none"> ○ FS2 Cash Flow Estimates Statement shows the overall cash position of the City. ○ The cash flow is calculated from the Operating Surplus from FS1 from which: <ul style="list-style-type: none"> • All non cash operating items are removed. • All cash non operating items are added. ○ The cash balance is then split into municipal and reserve funds.
3	Rate Setting	<ul style="list-style-type: none"> ○ FS3 Rate Setting Estimates Statement is based on the Rate Setting Statement included in Annual Budgets to calculate the amount of rates required to be raised. ○ FS3 includes all operating and non-operating income and expenses as well as funding and transfers from loans and reserve funds but excludes all non cash items. ○ FS3 shows the calculation of the amount of rates required to fund the budget.
4	Statement of Financial Position	<ul style="list-style-type: none"> ○ FS4 Statement of Financial Position Estimates Statement shows estimated net assets and equity.

(FS1) Financial Statement 1 - Operating Income & Expenses Estimates

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Operating Revenues																						
Rates: Base	1	92	95	99	104	109	115	120	125	131	136	142	148	155	161	168	175	183	190	198	205	2,851
Rates: Growth	2	0	0	0	1	2	3	4	4	5	6	7	12	13	14	15	16	17	18	19	21	178
Fees and Charges / Other: Base	3	40	40	41	41	43	44	46	47	49	51	52	54	56	58	60	62	64	66	68	70	1,049
Fees and Charges / Other: Growth	4	0	0	0	0	2	2	2	4	5	5	6	6	6	7	7	7	8	8	8	7	90
Operating Grants & Subsidies, Cont's & Reimb's	5	4	5	5	5	5	5	6	6	6	6	6	7	7	7	7	8	8	8	8	9	127
Investment Earnings	6	4	3	3	3	3	3	3	4	4	5	5	7	8	9	10	10	10	12	14	16	136
Profit on Disposal	7	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Total Operating Revenue	8	143	144	148	155	164	173	181	190	200	209	219	233	244	255	267	277	289	302	315	328	4,435
Operating Expenses																						
Employment Costs: Base	9	(61)	(64)	(65)	(66)	(68)	(70)	(72)	(75)	(77)	(79)	(82)	(85)	(88)	(91)	(94)	(97)	(101)	(104)	(108)	(112)	(1,657)
Employment Costs: Growth	10	0	0	(0)	(0)	(1)	(1)	(1)	(2)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(57)
Materials and Contracts: Base	11	(51)	(51)	(49)	(50)	(52)	(53)	(55)	(57)	(59)	(61)	(63)	(65)	(68)	(70)	(72)	(75)	(78)	(80)	(83)	(86)	(1,279)
Materials and Contracts: Growth	12	0	0	(0)	(1)	(2)	(2)	(2)	(3)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(14)	(82)
Utilities	13	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	(8)	(9)	(9)	(10)	(10)	(11)	(11)	(12)	(13)	(13)	(14)	(182)
Interest on Borrowings: Existing	14	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	0	0	0	0	0	0	0	(3)
Interest on Borrowings: New	15	0	0	0	(1)	(2)	(3)	(3)	(3)	(4)	(3)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(0)	(35)
Insurance Expenses	16	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(41)
Depreciation: Existing	17	(30)	(29)	(28)	(28)	(28)	(28)	(28)	(29)	(31)	(32)	(33)	(34)	(35)	(36)	(38)	(39)	(40)	(42)	(43)	(45)	(677)
Depreciation: New	18	0	0	(1)	(2)	(2)	(3)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(7)	(7)	(7)	(79)
Loss on Disposal	19	(0)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)
Total Operating Expenses	20	(150)	(153)	(152)	(157)	(164)	(170)	(175)	(183)	(192)	(198)	(204)	(211)	(219)	(226)	(234)	(242)	(251)	(260)	(269)	(286)	(4,094)
Net Operating Surplus (Deficit)	21	(6)	(9)	(4)	(2)	(0)	3	6	8	8	11	14	22	26	29	33	35	38	42	46	42	340

Financial Statement 1 – Income Estimates

Line	Item	Details / Source of calculation
1	Rates Base	<ul style="list-style-type: none"> o Rates income has been calculated by applying a % increase to the previous year's total Rates Income (sum of line 1 and line 2). o The starting point in the projections is the 2015-162016-17 proposed budget. o Excludes growth as a result of volume growth.
2	Rates Growth	<ul style="list-style-type: none"> o Increase in rates as a result of volume growth (e.g. new rateable properties).
3	Fees & Charges / Other Base	<ul style="list-style-type: none"> o Includes charges for recreation, Leisure Centre charges, planning and building fees, car parking fees, fines & penalties, property hire, inspection fees and all other income received by the City. o Based on the 2015-162016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new facilities.
4	Fees & Charges / Other: Growth	<ul style="list-style-type: none"> o Estimated additional income for new services or facilities. o Includes income estimated for new clubrooms, Currambine Community Centre, Multi Storey Car Parks, Joondalup Performing Arts & Culture Facility, CBD Office Development, Cafes / Kiosks / Restaurants, Edgewater Quarry, Synthetic Hockey Pitch.
5	Operating Grants & Subsidies, Cont's & Reimb's	<ul style="list-style-type: none"> o Operational Grants, Contributions and Reimbursements. o Includes all normally expected operating grants such as grants commission. o % increase has been factored in each year. (see Supporting Schedule SS1) o Excludes capital grants.
6	Investment Earnings	<ul style="list-style-type: none"> o Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds.
7	Profit on Disposals	<ul style="list-style-type: none"> o Represents the book profit on disposal of City assets. o Further breakdown is included in Supporting Schedule SS4. o Non cash item.
8	Total Operating Revenue	<ul style="list-style-type: none"> o Sum of lines 1 to 7. o This is the overall operational revenue earned by the City.
9	Employee Costs: Base	<ul style="list-style-type: none"> o All expenditure associated with the employment of staff. o Largest item is salaries and wages but also includes superannuation, recruitment costs, advertising, uniforms and training. o Based on the 2015-162016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new projects.
10	Employee Costs: Growth	<ul style="list-style-type: none"> o Estimated additional employment costs for new services or facilities. o Includes costs for Multi Storey Car Parks, Edgewater Quarry.

11	Materials and Contracts: Base	<ul style="list-style-type: none"> ○ Includes expenditure for the purchase of materials, supplies, services and insurance. ○ Based on the 2015-162016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new facilities.
12	Materials and Contracts: Growth	<ul style="list-style-type: none"> ○ Estimated additional expenditure for new services or facilities. ○ Includes costs for new Clubrooms, Currambine Community Centre, Multi Storey Car Parks, Joondalup Performing Arts & Culture Facility, Jinan Gardens, CBD Office Development, Edgewater Quarry, Synthetic Hockey Pitch.
13	Utilities	<ul style="list-style-type: none"> ○ All expenditure for the purchase of water, power and gas. ○ Based on the 2016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new facilities.
14	Interest on Borrowings: Existing	<ul style="list-style-type: none"> ○ Interest on loan borrowings that are already set up. ○ Details are shown in Supporting Schedule SS6.
15	Interest on Borrowings: New	<ul style="list-style-type: none"> ○ Interest on new loan borrowings that are estimated to be set up during the 20 years of the plan.
16	Insurance	<ul style="list-style-type: none"> ○ Expenses for insurance of assets
17	Depreciation: Existing	<ul style="list-style-type: none"> ○ Expense of using assets over useful life. ○ This item relates to the existing assets. ○ This is a non cash item.
18	Depreciation: New	<ul style="list-style-type: none"> ○ New expense that arises from new capital purchases.
19	Loss on Disposal	<ul style="list-style-type: none"> ○ Represents the book loss on disposal of City assets. ○ Non cash item.
20	Total Operating Expenses	<ul style="list-style-type: none"> ○ Sum of lines 9 to 19. ○ This is the overall expenses necessary for day to day activities.
21	Net Operating Surplus (Deficit)	<ul style="list-style-type: none"> ○ Total Operating Revenue (line 8) less Total Operating Expenses (line 20).

(FS2) Financial Statement 2 - Cash Flow Estimates

Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms	
Operating Cashflow																						
Net Operating Surplus (Deficit)	22	(6)	(9)	(4)	(2)	(0)	3	6	8	8	11	14	22	26	29	33	35	38	42	46	42	340
<u>Operating Activities - not cash related</u>																						
Profit on Disposal	23	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Depreciation	24	(30)	(29)	(29)	(30)	(31)	(31)	(32)	(33)	(35)	(36)	(37)	(39)	(40)	(41)	(43)	(44)	(47)	(48)	(50)	(52)	(756)
Loss on Disposal	25	(0)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)
Operating Cashflow	26	20	19	25	28	31	34	37	41	43	47	51	60	66	70	76	80	84	90	96	94	1,093
Cashflow Movements for the Year																						
<u>Capital Expenditure & Proceeds</u>																						
Capital Expenditure: Renewal	27	(19)	(24)	(20)	(23)	(19)	(36)	(30)	(39)	(39)	(30)	(42)	(38)	(47)	(46)	(37)	(49)	(46)	(55)	(55)	(47)	(741)
Capital Expenditure: New	28	(27)	(35)	(71)	(48)	(11)	(26)	(34)	(30)	(9)	(11)	(10)	(9)	(10)	(10)	(10)	(78)	(11)	(12)	(12)	(14)	(479)
Capital Proceeds	29	4	10	7	11	7	8	8	3	12	13	8	3	5	4	1	1	1	1	1	1	110
Capital Grants	30	10	14	16	7	7	8	8	8	8	8	9	9	9	9	10	10	10	11	11	12	193
																						0
<u>Borrowings & Repayments</u>																						
Borrowings	31	2	5	20	31	1	12	8	21	0	0	0	0	0	0	0	0	0	0	0	0	101
Repayments	32	(2)	(2)	(3)	(4)	(6)	(5)	(5)	(5)	(14)	(15)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(4)	(2)	(109)
Cashflow Movements for the Year	33	(10)	(13)	(27)	2	9	(4)	(8)	(1)	(0)	13	11	20	19	23	34	(42)	33	30	38	44	168
Cashflow Balance - Start of year	34	69	59	46	19	20	29	25	17	16	16	28	40	59	78	101	135	92	125	155	192	
Cashflow Balance - End of year	35	59	46	19	20	29	25	17	16	16	28	40	59	78	101	135	92	125	155	192	237	
Reserve Balances																						
Transfers from Reserves	36	22	26	37	10	10	13	17	5	5	4	5	5	6	6	1	68	4	1	1	1	248
Transfers to Reserves	37	(14)	(13)	(10)	(12)	(19)	(9)	(9)	(3)	(4)	(17)	(17)	(25)	(24)	(29)	(35)	(26)	(37)	(30)	(38)	(45)	(418)
Reserve Balance at end of year	38	58	46	19	20	29	25	17	16	16	28	40	59	78	101	135	92	125	155	192	237	237

Financial Statement 2 – Cash Flow Estimates

Line	Item	Details / Source of calculation
22	Net Operating Surplus(Deficit)	○ From FS 1 (line 21).
23	Profit on Disposals	○ This is deducted from the Operating Surplus as a non cash expense (FS1 Line 7).
24	Depreciation	○ This is deducted from the Operating Surplus as a non cash expense. ○ From FS 1 (line 17 and line 18).
25	Loss on Asset Disposal	○ This is deducted from the Operating Surplus as a non cash expense (FS1 Line 19)
26	Operating Cash Flow	○ Sum of lines 22 to 25.
27	Capital Expenditure: Renewal	○ This represents total Capital Expenditure for the refurbishment and improvement of existing capital assets.
28	Capital Expenditure: New	○ This represents estimated Capital Expenditure required on new projects.
29	Capital Proceeds	○ The cash achieved from sale of assets (refer Supporting Schedule SS4).
30	Capital Grants	○ Grants to be received for specific capital projects.
31	Borrowings	○ Loans to help fund new projects. ○ Expected borrowings by project are shown in Table 13 within section 8.2.
32	Repayments	○ The principal repayment of loans both current and projected new loans (refer Supporting Schedule SS6).
33	Cash Flow Movements for the Year	○ Sum of lines 26 to Line 32. ○ This is the net overall cash flow for the year.
34	Cash Flow Balance – Start of Year	○ The cash position at the beginning of the year, for both Reserves and Municipal Cash.
35	Cash Flow Balance – End of Year	○ The end of year cash position taking account of the opening balance (Line 34) and the net overall cash flow for the year (Line 33).
36	Transfers from Reserves	○ Transfers to the municipal fund to fund projects.
37	Transfers to Reserves	○ Transfers of funds to reserves set aside for specific purposes.
38	Reserve Balance at end of Year	○ The closing balance at end of year of funds held in reserves. ○ Comprises net of the opening balance less transfers out (Line 36) plus transfers in (Line 37).

(FS3) Financial Statement 3 - Rate Setting Estimates

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Deficit before Rates																						
Revenue, exluding Rates	39	48	48	48	49	52	55	57	61	64	67	70	73	77	80	84	87	89	94	98	102	1,402
Expenses (Cash only)	40	(120)	(123)	(123)	(127)	(133)	(138)	(144)	(150)	(157)	(162)	(167)	(173)	(179)	(185)	(191)	(198)	(204)	(211)	(219)	(234)	(3,338)
Deficit before Capital Expenditure	41	(72)	(76)	(75)	(78)	(81)	(84)	(86)	(89)	(93)	(95)	(97)	(100)	(102)	(105)	(107)	(111)	(115)	(118)	(120)	(132)	(1,936)
Capital Expenditure	42	(45)	(59)	(91)	(71)	(30)	(61)	(65)	(70)	(48)	(41)	(52)	(47)	(56)	(56)	(48)	(128)	(57)	(67)	(67)	(61)	(1,220)
Deficit before Rates	43	(117)	(134)	(166)	(148)	(111)	(145)	(151)	(159)	(141)	(136)	(149)	(147)	(158)	(161)	(155)	(239)	(173)	(185)	(187)	(193)	(3,156)
Funding																						
Opening Funds	44	3	1	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	0	0	0	3
Capital Grants	45	10	14	16	7	7	8	8	8	8	8	9	9	9	9	10	10	10	11	11	12	193
Capital Proceeds	46	4	10	7	11	7	8	8	3	12	13	8	3	5	4	1	1	1	1	1	1	110
Loans - repayment of principal	47	(2)	(2)	(3)	(4)	(6)	(5)	(5)	(5)	(14)	(15)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(4)	(2)	(109)
Transfer from Reserves	48	22	26	37	10	10	13	17	5	5	4	5	5	6	6	1	68	4	1	1	1	248
Transfer to Reserves	49	(14)	(13)	(10)	(12)	(19)	(9)	(9)	(3)	(4)	(17)	(17)	(25)	(24)	(29)	(35)	(26)	(37)	(30)	(38)	(45)	(418)
Borrowings	50	2	5	20	31	1	12	8	21	0	0	0	0	0	0	0	0	0	0	0	0	101
Amount to be made up by Rates	51	92	95	99	105	112	118	123	130	136	142	149	160	168	175	183	191	200	208	217	226	3,028
Rates % increase	52	3.9%	2.5%	4.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.0%	4.0%	
Closing Funds (excluding Reserves)																						
Closing Funds	53	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Financial Statement 3 – Rate Setting Estimates

Line	Item	Details / Source of calculation
39	Revenue, excluding Rates	<ul style="list-style-type: none"> ○ All non rate revenue. ○ Cash related revenue only. ○ Line 8, less Line 1, 2 and 7
40	Expenses (cash only)	<ul style="list-style-type: none"> ○ All cash expenses. ○ Line 20, less Line 17, 18 and 19.
41	Deficit before Capital Expenditure	<ul style="list-style-type: none"> ○ Line 39 less line 40.
42	Capital Expenditure	<ul style="list-style-type: none"> ○ As per Line 27 and 28.
43	Deficit before Rates	<ul style="list-style-type: none"> ○ Line 41 less line 42.
44	Opening Funds	<ul style="list-style-type: none"> ○ Municipal cash balance from end of the previous year.
45	Capital Grants	<ul style="list-style-type: none"> ○ Grants provided by external bodies to support capital projects.
46	Capital Proceeds	<ul style="list-style-type: none"> ○ Proceeds received as a result of sale of assets.
47	Loans – repayment of principal	<ul style="list-style-type: none"> ○ As per line 32.
48	Transfers from Reserves	<ul style="list-style-type: none"> ○ As per line 36.
49	Transfer to Reserves	<ul style="list-style-type: none"> ○ As per line 37.
50	Borrowings	<ul style="list-style-type: none"> ○ As per line 31.
51	Amount to be made up by Rates	<ul style="list-style-type: none"> ○ Amount of rates required to be raised o fund the annual budget.
52	Rates % Increase	<ul style="list-style-type: none"> ○ % increase of rates compared to the previous year.
53	Closing Funds	<ul style="list-style-type: none"> ○ Sum of lines 43 to 51 ○ The end of year municipal fund rate setting surplus (deficit).

(FS4) Financial Statement 4 - Statement of Financial Position Estimates

OVERALL VALUES

	Notes	Jun-15 \$ms	Jun-16 \$ms	Jun-17 \$ms	Jun-18 \$ms	Jun-19 \$ms	Jun-20 \$ms	Jun-21 \$ms	Jun-22 \$ms	Jun-23 \$ms	Jun-24 \$ms	Jun-25 \$ms	Jun-26 \$ms	Jun-27 \$ms	Jun-28 \$ms	Jun-29 \$ms	Jun-30 \$ms	Jun-31 \$ms	Jun-32 \$ms	Jun-33 \$ms	Jun-34 \$ms	Jun-35 \$ms
Assets																						
Current Assets	54	77	94	81	54	56	65	61	53	52	52	65	76	96	115	138	173	130	164	193	231	276
Non Current Assets	55	1,161	1,279	1,298	1,353	1,383	1,375	1,397	1,422	1,456	1,458	1,449	1,456	1,461	1,473	1,484	1,488	1,570	1,580	1,597	1,613	1,621
Total Assets	56	1,239	1,373	1,379	1,407	1,439	1,440	1,459	1,476	1,508	1,510	1,515	1,532	1,558	1,588	1,622	1,660	1,701	1,744	1,791	1,844	1,897
Liabilities																						
Current Liabilities	57	(24)	(27)	(24)	(24)	(25)	(25)	(26)	(27)	(28)	(28)	(29)	(30)	(31)	(32)	(33)	(35)	(36)	(37)	(38)	(39)	(41)
Non Current Liabilities	58	(8)	(14)	(17)	(33)	(60)	(54)	(62)	(65)	(82)	(68)	(53)	(48)	(43)	(38)	(33)	(28)	(22)	(17)	(11)	(7)	(5)
Total Liabilities	59	(31)	(42)	(40)	(57)	(84)	(80)	(88)	(92)	(110)	(96)	(83)	(78)	(74)	(70)	(66)	(62)	(58)	(54)	(49)	(46)	(46)
Net Assets	60	1,207	1,332	1,339	1,350	1,355	1,361	1,371	1,383	1,398	1,414	1,432	1,454	1,484	1,518	1,556	1,598	1,643	1,690	1,741	1,798	1,851
Equity																						
Retained Surplus	61	543	542	562	601	603	600	615	635	651	667	673	683	694	709	724	732	819	834	856	875	883
Reserves - Cash backed	62	52	64	51	24	26	35	31	23	21	21	34	45	65	84	106	140	98	131	160	198	242
Reserves - Asset Revaluation	63	613	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725
Equity	64	1,207	1,332	1,339	1,350	1,355	1,361	1,371	1,383	1,398	1,414	1,432	1,454	1,484	1,518	1,556	1,598	1,643	1,690	1,741	1,798	1,851

MOVEMENTS

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Assets																						
Current Assets	65	17	(13)	(27)	2	9	(4)	(8)	(1)	0	13	11	20	19	23	34	(42)	33	30	38	45	199
Non Current Assets	66	118	19	55	29	(7)	22	25	34	2	(8)	6	5	11	11	4	82	10	17	16	8	459
Total Assets	67	135	6	28	31	1	18	17	32	2	5	18	25	30	34	38	40	43	47	54	53	658
Liabilities																						
Current Liabilities	68	(4)	4	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(17)
Non Current Liabilities	69	(6)	(2)	(16)	(26)	5	(7)	(4)	(17)	14	15	5	5	5	5	5	5	6	6	4	2	3
Total Liabilities	70	(10)	1	(17)	(27)	5	(8)	(4)	(18)	13	14	4	4	4	4	4	4	4	5	3	0	(14)
Net Assets	71	125	7	11	4	6	11	12	15	15	18	22	30	34	38	42	45	47	52	57	53	644
Equity																						
Retained Surplus	72	(0)	20	38	3	(3)	14	20	16	16	6	11	10	15	15	8	87	14	22	19	9	341
Reserves - Cash backed	73	12	(13)	(27)	2	9	(4)	(8)	(1)	(0)	13	11	20	19	23	34	(42)	33	30	38	44	190
Reserves - Asset Revaluation	74	113																				
Equity	75	125	7	11	4	6	11	12	15	15	18	22	30	34	38	42	45	47	52	57	53	644

Financial Statement 4 – Statement of Financial Position

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

(SS1) Supporting Schedule 1 - Assumptions

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Average	
EXTERNAL ENVIRONMENT																					
Population	165,307	165,789	166,309	166,839	167,467	168,064	168,724	169,477	170,285	171,109	171,959	172,846	173,744	174,670	175,617	176,595	177,616	178,671	178,671		
Dwellings	60,212	62,150	62,564	63,014	63,464	63,914	64,364	64,733	65,083	65,433	65,783	66,133	66,483	66,683	66,883	67,083	67,283	67,483	67,683	67,683	65,075
Perth CPI	1.8%	2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.2%
Wages CPI	1.8%	2.3%	2.8%	3.3%																	0.5%
RATES REVENUE																					
Rates % Increase on Base Revenue	2.5%	4.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.0%	4.0%	4.0%	4.3%
FEES & CHARGES - BY SERVICE																					
Refuse Charges		-1.5%	1.2%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%
Building Fees, excl Dev't Application Fees					3.0%					3.5%					3.5%						0.6%
Development Application Fees		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Licenses & Registrations				2.3%				3.5%				3.5%				3.5%					0.7%
Sports & Recreation Fees		11.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.8%
Hire & Rentals / Leases		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Inspection & Control Fees		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Fines & Penalties			3.0%			3.0%			3.0%			3.0%			3.0%			3.0%	3.0%	3.0%	1.2%
Parking Fees		8.9%	8.3%	7.7%	7.3%	6.9%	5.9%	5.6%	5.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	5.0%
Other Fees & Charges		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Other Revenue		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Average
OPERATING EXPENSES																				
Salaries & Wages		2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.2%
Other Employment Costs		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Members Allowances & Meeting Fees		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		1.5%
Accommodation & Prop		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Administration		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Telephones and Communication		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Finance Related Cost		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Professional Fees &		-9.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.7%
Public Relations, Ad		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Contributions & Donations paid by City		-47.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.6%
Computing		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Furniture, Equipment		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Other Materials		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Books & Publications		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Travel, Vehicles & P		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
External Services, excl Tipping Fees		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Tipping Fees		-7.3%	-0.2%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.6%
Waste Management Services		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Charges & Recoveries		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Electricity - Western Power (WP) Streetlighting		2.0%	2.0%	2.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%
Electricity - excluding WP Streetlighting		3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%
Gas & Water		7.0%	6.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.2%
Insurance Expenses		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Depreciation: Existing		-3.4%					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.3%
CAPITAL & GRANTS																				
Capital Expenditure		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Grants		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
FINANCING																				
Cash Reserves earnings		2.7%	3.0%	3.3%	3.6%	3.9%	4.2%	4.5%	4.8%	5.0%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	4.6%
Borrowings: Fixed Term - 5 Years		3.20%	3.51%	3.83%	4.14%	4.45%	4.77%	5.08%	5.39%	5.64%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.17%
Borrowings: Fixed Term - 10 Years		3.70%	3.99%	4.29%	4.59%	4.88%	5.18%	5.48%	5.77%	6.02%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	5.57%
Borrowings: Fixed Term - 15 Years		3.86%	4.10%	4.34%	4.57%	4.81%	5.05%	5.29%	5.53%	5.78%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	5.42%
Borrowings: Fixed Term - 20 Years		4.01%	4.24%	4.46%	4.69%	4.91%	5.14%	5.36%	5.59%	5.84%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	5.50%

(SS2) Supporting Schedule 2 - Capital Expenditure

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Existing assets & infrastructure																						
Freehold Land	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(38)
Buildings	(4)	(9)	(7)	(7)	(5)	(7)	(4)	(1)	(2)	(3)	(2)	(2)	(2)	(2)	(3)	(3)	(6)	(3)	(3)	(3)	(3)	(79)
Furniture & IT	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(5)
Fleet, Plant & Equipment	(4)	(4)	(5)	(6)	(5)	(4)	(6)	(7)	(4)	(6)	(6)	(6)	(7)	(8)	(7)	(7)	(7)	(9)	(8)	(7)	(7)	(123)
Roads	(7)	(8)	(6)	(7)	(6)	(20)	(16)	(27)	(28)	(16)	(27)	(23)	(31)	(28)	(21)	(34)	(26)	(37)	(37)	(29)	(29)	(434)
Footpaths	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(42)
Drainage	(0)	(0)	(0)	0	0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(20)
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Existing Assets & Infrastructure	(19)	(24)	(20)	(23)	(19)	(36)	(30)	(39)	(39)	(30)	(42)	(38)	(47)	(46)	(37)	(49)	(46)	(55)	(55)	(47)	(741)	
New Assets & Infrastructure																						
Freehold Land	(1)	(0)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(8)
Buildings	(18)	(22)	(63)	(41)	(4)	(18)	(28)	(23)	(2)	(3)	(2)	(1)	(1)	(1)	(1)	(69)	(1)	(1)	(1)	(3)	(3)	(305)
Furniture & IT	0	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Fleet, Plant & Equipment	(0)	(1)	(1)	(0)	(0)	(1)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(13)
Roads	(6)	(9)	(3)	(4)	(4)	(5)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(109)
Footpaths	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(34)
Drainage	(1)	(0)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(9)
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Assets & Infrastructure	(27)	(35)	(71)	(48)	(11)	(26)	(34)	(30)	(9)	(11)	(10)	(9)	(10)	(10)	(10)	(78)	(11)	(12)	(12)	(14)	(479)	
Total Capital Expenditure	(45)	(59)	(91)	(71)	(30)	(61)	(65)	(70)	(48)	(41)	(52)	(47)	(56)	(56)	(48)	(128)	(57)	(67)	(67)	(61)	(1,220)	

(SS3) Supporting Schedule 3 - Capital Proceeds

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>28-29</u>	<u>29-30</u>	<u>30-31</u>	<u>31-32</u>	<u>32-33</u>	<u>33-34</u>	<u>34-35</u>	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Proceeds																						
Fleet	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18
Tamala Park	2	2	6	5	6	7	8	2	3	4	7	2	4	3	0	0	0	0	0	0	0	60
Asset Rationalisation Proceeds (JPACF)	2	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
Edgewater Quarry Masterplan	0	0	0	0	0	0	0	0	9	9	0	0	0	0	0	0	0	0	0	0	0	17
Grove Child Care / Dorchester Hall / Warwick Hall	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
CBD Office Development	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total Proceeds	4	10	7	11	7	8	8	3	12	13	8	3	5	4	1	1	1	1	1	1	1	110

(SS4) Supporting Schedule 4 - Reserves

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Strategic Asset Management																					
Opening Balance	22	19	12	4	6	14	7	0	0	0	12	20	41	60	85	117	72	102	129	161	22
Transfer to Reserve	4	1	4	6	12	0	0	0	0	12	9	22	20	25	33	23	34	28	33	39	306
Transfer from Reserve	(6)	(9)	(11)	(4)	(4)	(7)	(7)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(68)	(4)	(1)	(1)	(1)	(127)
Closing Balance	19	12	4	6	14	7	0	0	0	12	20	41	60	85	117	72	102	129	161	200	200
Sale of Tamala Park Land																					
Opening Balance	7	9	11	0	0	0	2	5	3	2	1	4	2	1	0	0	0	0	0	0	7
Transfer to Reserve	2	2	6	5	6	7	8	3	3	4	7	2	4	3	0	0	0	0	0	0	61
Transfer from Reserve	0	0	(17)	(5)	(6)	(5)	(5)	(5)	(5)	(4)	(4)	(4)	(4)	(4)	(0)	0	0	0	0	0	(68)
Closing Balance	9	11	0	0	0	2	5	3	2	1	4	2	1	0	0	0	0	0	0	0	0
Joondalup Performing Arts & Culture Facility																					
Opening Balance	11	12	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11
Transfer to Reserve	2	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Transfer from Reserve	(2)	(11)	(8)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(21)
Closing Balance	12	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking Facility																					
Opening Balance	5	1	1	1	2	3	3	0	0	0	0	0	0	0	0	1	3	4	6	10	5
Transfer to Reserve	1	1	0	0	1	1	1	0	0	0	0	0	0	0	1	1	2	2	4	4	20
Transfer from Reserve	(5)	(1)	0	0	0	0	(4)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	(11)
Closing Balance	1	1	1	2	3	3	0	0	0	0	0	0	0	0	1	3	4	6	10	14	14
Ocean Reef Marina																					
Opening Balance	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
Transfer from Reserve	(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

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Capital Works Going Forward																						
Opening Balance	8	3	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	8
Transfer to Reserve	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Transfer from Reserve	(7)	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(10)
Closing Balance	3	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Waste Management																						
Opening Balance	5	7	6	5	5	6	6	6	6	6	7	7	8	8	8	9	9	10	10	11	11	5
Transfer to Reserve	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	8
Transfer from Reserve	(0)	(1)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2)
Closing Balance	7	6	5	5	6	6	6	6	6	7	7	8	8	8	9	9	10	10	11	11	11	11
Vehicles & Plants Replacement																						
Opening Balance	2	3	4	4	3	3	3	2	2	3	3	3	3	3	2	1	2	2	2	2	2	2
Transfer to Reserve	1	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	5
Transfer from Reserve	0	0	(0)	(1)	(0)	(0)	(1)	0	0	0	(0)	(0)	(1)	(1)	(0)	0	0	0	0	0	0	(5)
Closing Balance	3	4	4	3	3	3	2	2	3	3	3	3	3	2	1	2	2	2	2	2	3	3
Non Current LS Leave Reserve																						
Opening Balance	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	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	2
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	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4
Public Art Reserve																						
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

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Section 20A Land																					
Opening Balance	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
Transfer from Reserve	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
Marmion Car Park Reserve																					
Opening Balance	2	0	0	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
Transfer from Reserve	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2)
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash in Lieu of Parking Reserve																					
Opening Balance	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	3	3	1
Transfer to Reserve	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Closing Balance	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	3	3	3	3
Trust Fund																					
Opening Balance	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Transfer to Reserve	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)
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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
Transfer to Reserve	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)
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total																					
Opening Balance	66	58	46	19	20	29	25	17	16	16	28	40	59	78	101	135	92	125	155	192	66
Transfer to Reserve	14	13	10	12	19	9	9	3	4	17	17	25	24	29	35	26	37	30	38	45	418
Transfer from Reserve	(22)	(26)	(37)	(10)	(10)	(13)	(17)	(5)	(5)	(4)	(5)	(5)	(6)	(6)	(1)	(68)	(4)	(1)	(1)	(1)	(248)
Closing Balance	58	46	19	20	29	25	17	16	16	28	40	59	78	101	135	92	125	155	192	237	237

(SS5) Supporting Schedule 5 - Borrowings

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Heathridge Master Plan - Planning Costs only																						
Joondalup Performing Arts & Culture Facility/Jinan Garden				20	28																	47
Synthetic Hockey Project		5																				5
Edgewater Quarry Masterplan						1	12	4														17
Percy Doyle - Refurbishment Works																						
Chichester Park Redevelopment																						
Multi Storey Car Park (2)								2	16													17
Total New Borrowings	2	5	20	31	1	12	8	21														101

ID	Task Name	Start	Finish	2016	2017	2018	2019	2020	2021	2022	2023
1	Craigie Leisure Centre Upgrades	Sat 1/07/17	Tue 30/06/20								
2	Heathridge Master Plan	Sun 1/07/18	Sun 30/06/19								
3	Joondalup Library - major refurbishment	Sat 1/07/17	Sun 30/06/19								
4	Joondalup Performing Arts & Cultural Facility	Fri 1/07/16	Sun 30/06/19								
5	Office Development	Fri 1/07/16	Fri 30/06/17								
6	Cafes Kiosks Restaurants	Fri 1/07/16	Fri 30/06/23								
7	Ocean Reef Marina Business Case & Structure	Fri 1/07/16	Sat 30/06/18								
8	Penistone Park - Facility Redevelopment	Fri 1/07/16	Sat 30/06/18								
9	Synthetic Hockey Project	Fri 1/07/16	Fri 30/06/17								
10	Edgewater Quarry Masterplan	Mon 1/07/19	Thu 30/06/22								
11	Percy Doyle - Refurbishment Works	Fri 1/07/16	Wed 30/06/21								
12	Chichester Park Redevelopment	Sun 1/07/18	Wed 30/06/21								
13	Grove Child Care / Dorchester Hall / Warwick	Fri 1/07/16	Sun 30/06/19								
14	Whitfords Library and Senior Citizens Centre	Wed 1/07/20	Fri 30/06/23								
15	Multi Storey Car Park (2)	Thu 1/07/21	Fri 30/06/23								
16	Joondalup Administration Building -	Sat 1/07/17	Sun 30/06/19								

Project: MPP Project Plan
Date: Wed 18/05/16

Task		Inactive Summary		External Tasks	
Split		Manual Task		External Milestone	
Milestone		Duration-only		Deadline	
Summary		Manual Summary Rollup		Progress	
Project Summary		Manual Summary		Manual Progress	
Inactive Task		Start-only			
Inactive Milestone		Finish-only			



2016

20 Year Strategic Financial Plan

2015/16 to 2034/35

Updated May 2016

joondalup.wa.gov.au



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1. INTRODUCTION

1.1. Purpose of the Draft 20 Year Strategic Financial Plan

The *Draft 20 Year Strategic Financial Plan* is a high-level informing strategy that outlines the City of Joondalups 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.

The *Draft 20 Year Strategic Financial Plan* achieves this by projecting the City's financial position over a 20 year period, based on a range of conservative assumptions and estimates. This provides the City with relevant information to assess:

- Necessary funding requirements to afford capital replacement programs and new capital projects; and
- The City's capacity to maintain overall financial sustainability into the long term.

1.2. Previous Plan

The new plan included in this document covers the years 2015-16 to 2034-35 and is referred to as the *Draft 20 Year Strategic Financial Plan*. The *Previous Plan* will also be referred to throughout this document. The *Previous Plan* covers the years 2014-15 to 2033-34 and was adopted by Council in December 2015.

1.3. Integrated Planning and Reporting Framework

Section 5.56 of the Local Government Act 1995 provides that –

“(1) a local government is to plan for the future of the district.”

In 2011, the *Department of Local Government and Communities* introduced its *Integrated Planning and Reporting Framework* to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

A significant component of this Framework is the development of a long term financial management plan to inform the resourcing requirements and financial capacity of a local government to achieve its stated objectives and priorities.

A specific guideline and Advisory Standard supports the development of long term financial management plans, of which, the City's *Draft 20 Year Strategic Financial Plan* is aligned to. Further commentary with regard to the details of this guideline is outlined in section 4 of this Plan.

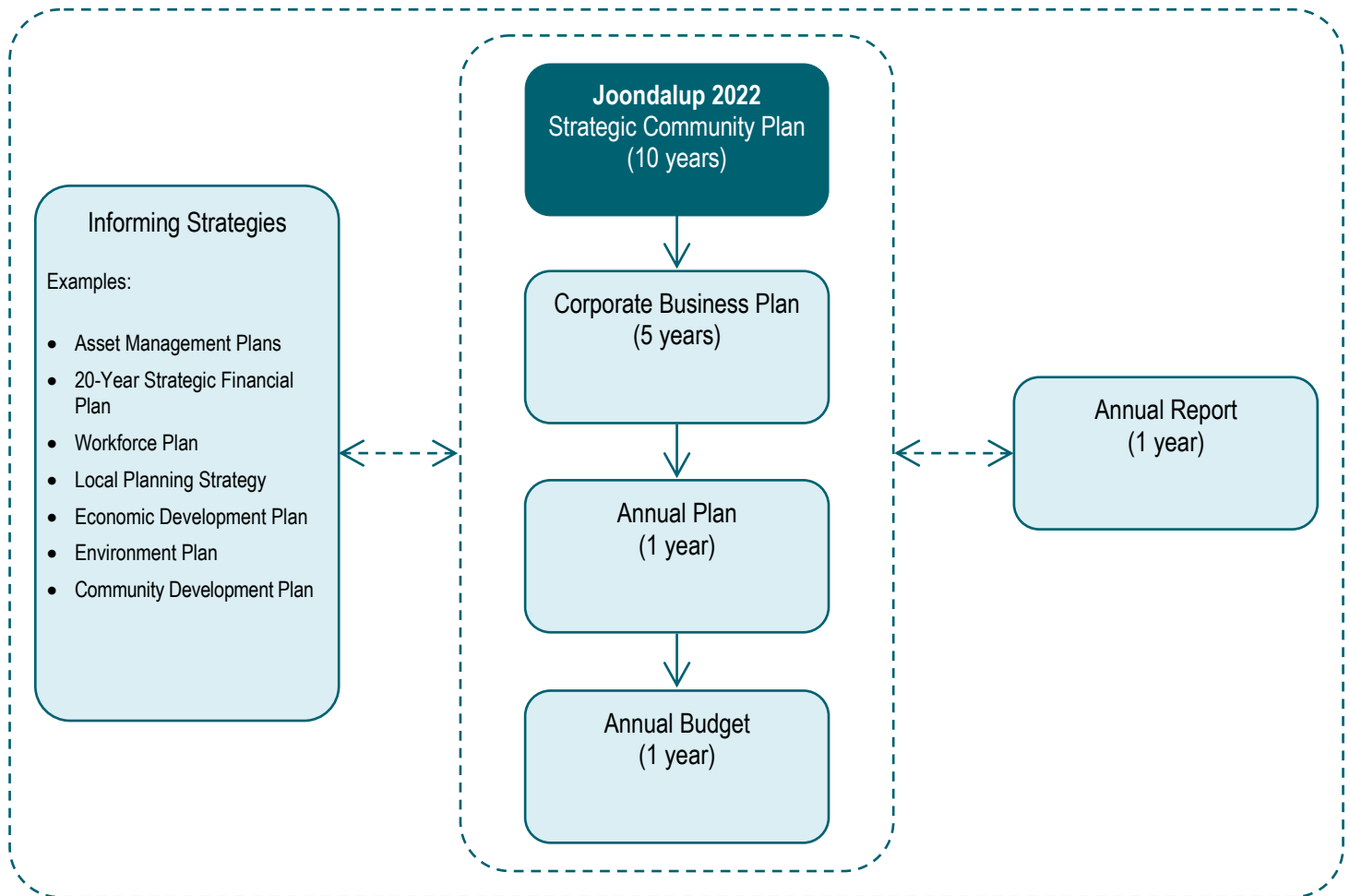
1.4. Planning Alignment

The Draft 20 Year Strategic Financial Plan is aligned to the following key planning documents:-

- Joondalup 2022 (Strategic Community Plan 2012-2022)
- Draft Corporate Business Plan 2016-17 to 2020-21
- Draft Capital Works Program 2016-17 to 2020-21
- Draft Budget 2016-17
- Local Housing Strategy
- Economic Development Plan
- Commercial Strategy

Chart 1 below shows how the 20 Year Strategic Financial Plan forms part of the Integrated Planning Framework.

Chart 1 – Integrated Planning Framework



2. EXECUTIVE SUMMARY

2.1. Key Highlights

The *Draft 20 Year Strategic Financial Plan* demonstrates the significant level of major projects and operations required to deliver the City's new vision of becoming:

“A global City: bold, creative and prosperous”

This vision will see economic development activities driving major new investments within the City Centre, while asset renewal and rejuvenation projects across the City will seek to enhance the overall liveability of the City for residents and visitors. The key highlights of the *Draft 20 Year Strategic Financial Plan* are summarised in Table 1 below:

Table 1 – Key Highlights & Assumptions

Ref	Issue	Details #1
1	New Investment	<ul style="list-style-type: none"> ○ Joondalup Performing Arts & Cultural Facility to be completed by 2018-19. Estimated costs of \$97m. The project will be funded using reserves, borrowings and a \$10m Federal grant (subject to successful grant application) ○ Second Multi Storey Car Park planned for 2022-23 estimated cost of \$18m, however there may be additional capacity from the first Multi Storey Car Park, the Joondalup Performing Arts & Cultural Facility or Office Development Project which may impact on the timing for a second Multi Storey Car Park. ○ Library resources redeveloped at Whitfords (\$3m) completed by 2022-23. ○ Penistone Park redevelopment of \$3.7m completed by 2017-18 ○ Significant investment in sporting facilities: <ul style="list-style-type: none"> ○ Redevelopment Arena Joondalup 2016-17 – contribution by City of (\$4m). ○ Synthetic Hockey Pitch at Warwick by 2016-17 (\$6.4m). Contributions from 3rd parties of \$1.7m. ○ Several clubroom refurbishments.
2	Rates % increases	<ul style="list-style-type: none"> ○ Projected rates per year increase no more than 5%. ○ Average rate increase over 20 years is estimated at 4.4%
3	Fees and Charges % increases	<ul style="list-style-type: none"> ○ An average increase over 20 years of 3.4% per annum. ○ Some services such as Parking may increase more than other charges (Property Rental).
4	Operating Expenses	<ul style="list-style-type: none"> ○ Total Employee costs increase by 3.2% on average per annum. ○ Other operating expenses (such as materials and contracts) increase by average 3.0% p.a.

#1 Costs exclude escalation

2.2. Assumptions

The Strategic Financial Plan is updated annually; this allows the City to continually refine the assumptions. The assumptions are explained in detail in Section 6, below are some of the key assumptions:

- **Demographics:** The population increase for the City over the next 20 years is moderate, an increase of approx 8%.
- **Housing Strategy:** A review of the increase in dwellings has been undertaken, with reference to the Local Housing Strategy, this has resulted in a forecast of 5,326 dwellings over 20 years, an increase of approx 9%. This assumption has been used to build up a forecast for growth in rates revenue.
- **Business Growth:** A review of the increase in business has been undertaken, with reference to the Economic Development Strategy and Commercial Strategy. This has been used to calculate a forecast for growth in rates revenue, it is estimated that there will be a 27% increase in business rates income by 2034-35.
- **Economy:** Perth CPI is forecast by West Australia Treasury Corporation to grow at 1.75% in 2016-17, and projected to increase slightly to 2.25% in 2017-18, then to 2.5% in the following 2 years.
- **Whole Life Costs:** For all new capital projects an estimate of ongoing operating income and operating expenses is prepared where there is data available.

2.3. Key Ratios

The *Draft 20 Year Strategic Financial Plan* is prepared using a set of Guiding Principles (Section 4), which includes five key ratios. There is a maximum possible achievement of 100 key ratios (five ratios x 20 years). Of the five key ratios identified within the Guiding Principles, 85 out of 100 are achieved, although there is only 35 out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is 2 higher than the Adopted Plan, it is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the Operating Surplus Ratio, which is the most important ratio, is below the threshold for the first eight years and only comes within tolerance from 2023-24. For those ratios that are not achieved (Operating Surplus Ratio and Asset Sustainability Ratio), there is a positive trend.

The summary of the key ratios are:

- Rates increases at no more than 5%. This is achieved in 20 of the 20 years.
- Balanced Cash Budget (Net Municipal Closing Balance), this is achieved in all 20 years.
- Operating Surplus Ratio – 5 year average to be between 2% and 8%. This is achieved in 12 of the 20 years. Although the earlier years (2015-16 to 2022-24) are below the target there is a positive upwards trend. The starting point of the projections of 2016-17 is negative 4.6% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses to operate new facilities. For example the Joondalup Performing Arts & Cultural Facility will depress the Operating Surplus Ratio by 2.8% each year due to the operating subsidy, interest expense on borrowings and the Depreciation expense. The projections from 2023-24 onwards are all within the target or exceed it.
- Asset Sustainability Ratio, which measures the rate at which the City spends Capital Expenditure on Replacement versus Depreciation. The target is to be between 90% and 110%. This ratio fails the target in the first 10 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and at this stage in their life cycle it may be

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. This ratio will be subject to ongoing review with updates to the Asset Management plans and the ratio calculated separately for each asset class.

- Debt Service Coverage Ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of 3 to 5, and the target is to avoid this occurring for five years in a row. This City target is achieved in all 20 years, however there are four years where the ratio falls below the desired threshold of five, this is a short term impact caused by the borrowings of major investment including the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry project.

2.4. Cash flows

In the early years of the plan cash reserves are depleted, reducing from \$66m at June 2015 to \$19m by June 2018. The \$19m relates mostly to tied reserves, with \$4m left in the Strategic Asset Management Reserve and then zero by June 2022. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently cause higher external borrowings than the City would normally use. Indeed, between the years 2016-17 to 2018-19 the City projects borrowings of \$55m, \$47m of this relates to the Joondalup Performing Arts & Cultural Facility. The plan has the same assumptions as the adopted plan for the Joondalup Performing Arts and Cultural Facility whereby the Tamala Park proceeds are used to support the construction and then proceeds received after construction are used to assist with the loan repayments. The Tamala Park proceeds would be sufficient to pay for \$47m of the \$67m of borrowings (approximately 10 years worth of the borrowings), but the remaining \$20m (the last 5 years) are assumed to be met from municipal funds.

From 2023-24 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases. Indeed from 2020-21 onwards the City will be generating sufficient cash flow to set aside for replacement of its infrastructure, which by then will have aged more and requiring more replacement.

2.5. Key Changes since the Previous 20 Year Strategic Financial Plan

The *Previous Plan* for the period 2014-15 to 2033-34 was adopted by Council in December 2015. The key changes in the current update are:

- 2.5% Rate Increase 2016-17 instead of 4.0% (4% was included in the *Previous Plan*). The lower rate increase has an impact in 2016-17 of approximately \$1.5 million, but over a 20 year period reduces cash by \$60 million.
- 2% Increase in Employment Costs for 2016-17, 2017-18 and 2018-19 instead of 3.0% (3% was included in the *Previous Plan*). The lower increases have a benefit in the plan of \$62 million additional cash.
- Capital Renewal Expenditure – additional \$62 million expenditure projected for Capital Renewals from 2020-21 to 2027-28 to achieve an Asset Sustainability Ratio of 105% instead of 90%.

2.6. Risks and Opportunities

Any plan into the future includes estimates and assumptions, and therefore carries some forms of risk and opportunities. Section 10 provides further assessment of the risk and opportunities.

3. **BACKGROUND**

3.1. Key Statistics

Table 2 - City of Joondalup Key Statistics

<i>Joondalup Headline Statistics:</i>	
Population – 2016	164,942
Distance between Perth and the Joondalup City Centre	30 kilometres
Number of businesses – Business Register 2014	13,061
Headline Gross Regional Product (NEIR 2014)	\$ 5.88 billion
Public Open Spaces	369

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.

Moderate dwelling infill is anticipated over the long term, which will see some population increases across the City 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 region.

Current services located in the City that will be affected by this growth include Joondalup Health Campus, Edith Cowan University, Joondalup Arena and West Coast Institute. Despite the diversity of facilities already provided in the area, there is a growing demand for improved services (e.g. Joondalup Performing Arts and Cultural Facility), of which this Plan addresses.

3.2. Services

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

- Waste Management
- Building & Planning approvals
- Environmental health services
- Building, Planning and Health regulatory services
- Community development, education and youth services
- Library, festivals, concerts and other cultural events
- Leisure and recreation services and facilities
- Rangers and community safety
- Parking facilities
- Infrastructure including roads, footpaths and street lighting
- Parks and natural areas and management of the environment
- Economic development

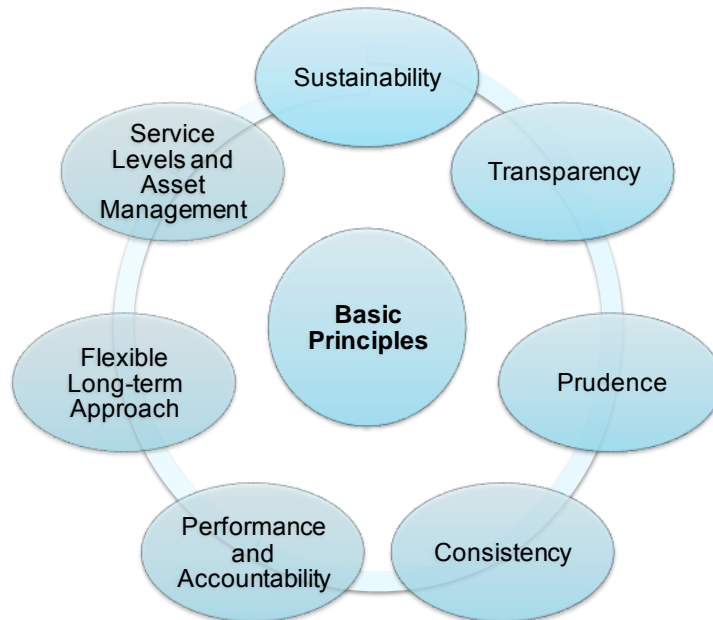
The *Draft 20 Year Strategic Financial Plan* has been prepared on the basis of the City continuing to deliver the above mentioned services to the same level and standard.

4. FINANCIAL STRATEGY & GUIDING PRINCIPLES

4.1. Financial Strategy

The City has adopted a *20 Year Strategic Financial Plan - Guiding Principles* to support the preparation of the *Draft 20 Year Strategic Financial Plan* (Appendix 1).

The core principles of the *20 Year Strategic Financial Plan* is:



The *20 Year Strategic Financial Plan - Guiding Principles* set the parameters for the update of the *20 Year Strategic Financial Plan*:

- Whole of Life Costs identified for new projects (Section 6). It is vital for the City to assess all cash flows for a project, not just the initial costs. Often the initial cost can be much lower than the ongoing operating costs. Indeed where grants are available, this also carries a risk of losing sight of the overall costs of ownership.
- Key Ratios (Section 7).
- Cash flow and funding (Section 8).
- Scenarios (Section 11).

4.2. Integrated Planning and Reporting Framework

The *Department of Local Government* has issued a series of planning guidelines for local government covering:

- Long Term Financial Planning – Framework & Guidelines.
- Asset Management – Framework and Guidelines.
- Workforce Planning - Toolkit
- Integrated Planning and Reporting – Advisory Standard.

The *Advisory Standard* has been developed to guide local governments through a process of continuous improvement in integrated planning activities. For financial management, performance against the *Advisory Standard* is measured through identified key performance indicators, which are assessed as having either:

- Not being met
- Meeting a Basic Standard
- Meeting an Intermediate Standard
- Meeting an Advanced Standard.

As an industry leader in planning and reporting activities, the City seeks to meet the Advanced Standards for financial management where it can. However, it has been identified that in some circumstances, meeting the Advanced Standards may be inconsistent with the City's aspiration of becoming a "*financially diverse local government that uses innovative solutions to achieve long-term financial sustainability...*". As such, the Guiding Principles highlight the circumstances where deviation away from the Advanced Standard is supported for the benefit of the community and the continued management of a financially sustainable organisation.

4.3. 20 Year Strategic Financial Plan & Annual Budget Setting Process

The update of the *20 Year Strategic Financial Plan* has been synchronised with the annual budget cycle. The *20 Year Strategic Financial Plan* is used as an input to the annual budget process by:-

- Providing direction on the long term expectations of the City.
- Cost and revenue targets, as established in the *20 Year Strategic Financial Plan*, to help guide the budget process.
- Major projects included in the *20 Year Strategic Financial Plan* included in the budget process.

5. ASSET MANAGEMENT

5.1. Asset Management Policy

The City has an adopted *Asset Management Policy* and a number of supporting plans, which have been incorporated into the *Draft 20 Year Strategic Financial Plan*. The City is an asset-intensive business and the substance of the Asset Management plans is crucial to provide substance to the *Draft 20 Year Strategic Financial Plan*.

There is ongoing work by the City in accordance with the *Department of Local Government and Communities'* guidelines on *Asset Management Planning*. The reviews will result in updated asset management plans for each asset class, including 20 year forecasts. Where an updated asset management plan becomes available it will be included in the annual update of the *20 Year Strategic Financial Plan*.

5.2. 5 Year Capital Works Program

The *5 Year Capital Works Program* is a rolling program of capital works that is updated on an annual basis. The Draft Program for 2016-17 to 2020-21 has been used in the development of the *Draft 20 Year Strategic Financial Plan*.

5.3. Asset Sustainability Ratio

The Asset Sustainability Ratio is the key ratio to measure the long term sustainability of Asset Management; this will be covered in more detail in section 7. The ratio has identified the need for additional renewal expenditure in later years.

6. ASSUMPTIONS

6.1. Disclaimer

Readers of the Draft 20 Year Strategic Financial Plan should note that the document is used predominately as a planning tool. As such it is based on many assumptions and includes several projects and proposals that in some cases:

- *Have been approved by Council and are in progress,*
- *Have been considered by Council but are yet to receive final approval,*
- *Have only been considered by Elected Members at a strategy level,*
- *Have only been considered by Officers*
- *Are operational in nature and based on the continued provision of services and maintenance of City assets and infrastructure in accordance with management and other plans*

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this time in relation to likely requirement, timing and financial estimates. Adoption of the Draft 20 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.

6.2. Information Used to Build the Draft 20 Year Strategic Financial Plan

The *Draft 20 Year Strategic Financial Plan* uses the Draft Budget 2016-17 to reflect the current financial position (the 'baseline'). The estimates for future years use the baseline as the starting point and then project the future estimate using assumptions from a variety of sources:

- State Budget 2016 and Federal Budget 2016
- Economic Forecasts from WA Treasury Corporation and WALGA
- Asset Management Plans
- Capital Works Programs
- City Strategy and Planning documents e.g. Housing Strategy, Commercial Strategy

The assumptions are explained in detail in this section, broken down into the following five areas:

1. External environment.
2. Operating Income and Operating Expenses.
3. Capital Projects and their impacts on Operating Income and Operating Expenses.
4. Capital Proceeds.
5. Funding.

Supporting Schedule SS1 provides the details of the key assumptions for each year.

The most important set of inputs to the plan are 2 - Operating Income & Expenses. These assumptions are recurring, and have a bigger ongoing impact than one-off capital expenditure. For example a lower rate increase in one year will affect each year of the plan thereafter.

6.3. All figures include Escalation

All figures included throughout the report include estimated impacts of escalation, except where indicated otherwise. The basis of the escalation factors is explained within this section with further details in Supporting Schedule 1.

6.4. Assumptions (1) - External Environment

Table 3 below summarises the key assumptions relating to demographics and economic assumptions.

Table 3 Assumptions (1) – External Environment

Ref	Issue	Details
1	State and Federal Budgets 2016	<ul style="list-style-type: none"> ○ CPI on Financial Assistance Grants will recommence in 2017-18 ○ Moderate increases Street Lighting Tariff (2.2% for 2016-17 and 2.2% for 2017-18) ○ Superannuation Guarantee increase to 12% is paused with the next increment beginning in 2021-22, and the increase to 12% by 2025-26.
2	Population & Regional Growth	<ul style="list-style-type: none"> ○ Moderate population growth of 9% is projected for the City, however projected regional growth may impact on the level of infrastructure and services required within the City Centre ○ The <i>Draft 20 Year Strategic Financial Plan</i> highlights the significant level of capital projects required to meet the employment and transport needs of this growing population, for example: <ul style="list-style-type: none"> ○ Multi Storey Car Park. ○ Joondalup Performing Arts & Culture Facility. ○ Ocean Reef Marina Business Case & Structure Plan. ○ Cafes / Kiosks / Restaurants.
3	Local Housing Strategy / New Dwellings	<ul style="list-style-type: none"> ○ The Local Housing Strategy has established ten Housing Opportunity Areas, where higher density ('infill') is encouraged. Combined with new housing growth, it is estimated that there could be an additional 25,000 dwellings in the City. However there are various factors that will influence the timing of the increase, and therefore there is no defined target for when the 25,000 extra dwellings may arise. ○ It is considered that potentially 5,326 of the 25,000 extra dwellings may arise by 2034-35. This assumption, is based on: <ul style="list-style-type: none"> - 1,626 new dwellings as a result of new developments (Burns Beach, Iluka, City Centre, former school sites). - 3,700 increase due to higher density as a result of the Housing Opportunity Areas. ○ The increase in dwellings is used to forecast additional rates revenue.
4	Commercial Growth	The City has adopted an <i>Economic Development Plan</i> , which projects an increase of 20,000 jobs within the City by 2030-31. <i>Additionally reference has made to the Commercial Strategy.</i>

These plans have been used to estimate additional rates income within the Draft 20 Year Strategic Financial Plan, as follows

- Quadrangle – 14,000 m2 growth over next 2 years
- CBD Office Development 12,000 m2 growth by 2018-19
- Whitfords Activity Centre – 8,118 m2 growth by 2018-19 and then 61,200 by mid 2020s
- Woodvale Shopping Centre – 4,000 m2 by 2019-20
- City Centre Various Developments
- Lakeside Shopping Centre North expansion - major expansion but not assumed until mid 2020s
- Warwick Shopping Centre – 50,000 m2 by mid 2020s
- Woodvale Shopping Centre – 4,000 m2 by 2019-20
- Collier Pass Basketball Stadium Site - No assumption yet for development

- 5 CPI**
- Department of Treasury have provided forecast data up to 2018-19 . Perth CPI is forecast by West Australia Treasury Corporation to grow at 1.755% in 2016-17, and projected to increase slightly to 2.25% in 2017-18, then to 2.5% in the following 2 years
 - From 2020-21 onwards the City has made its own assumptions:
 - 3.0% 2020-21
 - 3.5% from 2021-22

The increase is based on historical trends and the need to build in prudent cost projections
 - CPI is used as a reference point for some elements, but is not used as the escalation for all income or expenses by the City. The City evaluates each separate income stream or expense and considers the appropriate escalation factor to apply.

6.5. Assumptions (2) - Operating Income & Operating Expenses

The forecasts for Operating Income and Expenses are separated into two parts:

- 'Base - the values in 2016-17 are extrapolated using % increases or other standard changes as described in Table 4 below.
- 'Growth – new income or expenses that arises as a result of capital projects. This is covered in section 6.6

Table 4 Assumptions – Operating Income & Operating Expenses

Ref	Issue	Details
1	2016-17 values	○ Values for Year 2 (2016-17) relate to the proposed budget for 2016-17.
2	Rates Increases	<ul style="list-style-type: none"> ○ The Adopted Guiding Principles included a target to increase overall rates revenue by no more than 5%. ○ The increases are based on the same increases as the Previous Plan, except for 2016-17 where 2.5% is now assumed rather than

		4%..
		<ul style="list-style-type: none"> ○ The forecast increase in dwellings and commercial growth, as explained in the previous section, is used to estimate an increase in Rates income, over and above the annual % increase.
3	Fees & Charges Base Increase	<ul style="list-style-type: none"> ○ There are 11 separate charges and fees that are included in Fees and Charges. Each of the 11 areas has been reviewed separately with a separate escalation factor prepared. ○ For example, Development Fees have been increased by 5% in line with previous increases and benchmarks. ○ Meanwhile Licenses and Registrations are only expected to increase by CPI every four years due to the uncertainty of the charges for Dog & Cat registrations, and the uncertainty of take-up by Dog & Cat owners. ○ Supporting Schedule SS1 provides more details of the increases assumed for each of the areas.
4	Refuse Charges, Tipping Fees and Waste Management Expenses	<ul style="list-style-type: none"> ○ The City has recently adopted a Waste Management Strategy and has begun to implement some changes, for example changes to Bulk Waste and Better Bins (roll-out of larger recycle bins for some households). The full impacts of the changes are uncertain but it is deemed reasonable to include some estimate of the impacts as follows: <ul style="list-style-type: none"> - Bulk Hard Waste a reduction in Waste Expenditure of \$1m from 2017-18 onwards. - Better Bins, a reduction in Waste Expenditure of \$0.3m from 2018-19 onwards. This is based on a roll-out to 18,000 households in the City, the additional costs for this have also been factored into the plan. The full scope of the roll-out will be evaluated during the next year using sample data from the first trial of the 500 larger bins being delivered in 2016. In the meantime the inclusion of 18,000 households is a provisional estimate only. <p>For both items above, the reduction in Waste Expenditure has been matched by a reduction in Refuse Charges.</p> ○ There will be several changes to costs at Mindarie Regional Council that will impact the City and other members of the Council in future years such as the use of alternative locations once Tamala Park has reached capacity. The City has developed a separate long term model to project Waste Expenditure and Refuse Charges, to take account of City initiatives and also to include projections from Mindarie Regional Council. However there is a high level of uncertainty with the projections from Mindarie Regional Council and as a result a default increase of CPI has been applied for all City Waste expenses from 2017-18, other than for the 2 City initiatives listed above. The model will continue to be updated each year and depending on the risk/sensitivity of the assumptions may help to inform the future versions of the 20 Year Strategic Financial Plan
5	Employment Costs	<ul style="list-style-type: none"> ○ Superannuation Guarantee costs is projected to increase from 9.5% (2015-16) to 12%. The next increase begins again in 2021-22 in

		<p>0.5% increments, so that by 2025-26 the guarantee is 12%. The City is projected to spend (\$5.0m) in 2016-17 in guaranteed contributions and an increase to 12% is an additional cost of \$1.3m per year</p> <ul style="list-style-type: none"> ○ Remaining Employment Costs are projected to increase by 2% each year from 2016-17 until 2018-19. This increase is lower than previous years but in line with the current labour market and the state cap on salary cost increases. ○ It is then assumed that Employment costs will increase by 3.0% from 2019-20 to 2024-25 and then 3.5% from 2025-26 till 2034-35.
6	Materials and Contracts	<ul style="list-style-type: none"> ○ There are 17 separate items that are included in Materials and Contracts. Each of the 17 items has been reviewed separately with a separate escalation factor considered.
7	Cost Management Materials and Contracts	<ul style="list-style-type: none"> ○ Managing costs is an intrinsic part of the way the City conducts its business and the <i>Draft 20 Year Strategic Financial Plan</i> has included a stretch target for managing cost increases. ○ A target of 1% savings in Materials and Contracts is targeted for 2016-17.
8	Depreciation: Base	<ul style="list-style-type: none"> ○ The City is continuing to review the basis of Depreciation expenses as part of the ongoing update of Asset Management Plans for each class of assets. ○ The Buildings Asset Management Plan was updated in 2015 and indicates a reduction in Depreciation of \$1m which has been included in the projections from 2017-18. ○ For the following four years no other changes to the Depreciation: Base is assumed as the results of the updated Asset Management Plans will be used. ○ The remaining years assume that Depreciation will increase in line with the costs of replacement so an escalation factor of CPI has been used.

6.6. Assumptions (3) Capital Projects

Table 5 below summarises the Capital Expenditure included in the *Draft 20 Year Strategic Financial Plan*, a total of (\$1,199m). The table also summarises:

- One-off proceeds (Grants of \$195m and Disposal proceeds associated with the capital projects of \$36m). The one-off proceeds are \$231m in total, which leaves a net amount of (\$968m) to be funded by Reserves, Municipal Funds and Borrowings.
- Operating Income and Operating Expenses have been estimated for each capital project. This identifies a net cost of (\$29m), when compared to existing income and expenses.
- Overall impact over the term of the plan is estimated at (\$997m), the sum of the one-off impacts and ongoing income and expenses.

Each line item above (A to D) is separately shown in Appendix 2, with a separate table showing the projects that are included. The source of the data used comes from a variety of sources:

- *Previous Plan*.
- *5 Year Capital Works Program*

- Asset Management plans where available
- Estimates by Program co-ordinators.
- Council decisions e.g. recent decisions regarding Bramston Park are included.
- Feasibility studies for major projects.
- Elected Member reviews.

Table 5 Assumptions – Capital Projects Summary

Project Summary \$ms	(A) One-Off				(B) Ongoing			Total (A+B)
	Capital	Grants	Proceeds	Funded by City	Income	Expenses	Total	
Summary by Project Type								
A) Capital Works Program	(849)	179		(670)		2	2	(668)
B) Capital Projects	(98)	2	18	(78)		(8)	(8)	(86)
C) Major Projects (\$1m to \$3m)	(5)			(5)				(5)
D) Major Projects (> \$3m)	(247)	14	18	(215)	80	(103)	(23)	(238)
TOTAL	(1,199)	195	36	(968)	80	(110)	(29)	(997)

The table above excludes both the additional depreciation arising from new capital expenditure and the interest expense on borrowings which may be applicable for some projects. Both of these items have been separately calculated and are included in the overall projections.

Excess surpluses are generated from 2020-21, these have been set aside to assist with the backlog of Capital Expenditure that has been identified with the Asset Sustainability Ratio (covered in more detail in section 7), as well as ensuring there is sufficient expenditure on replacement expenditure.

Table 6 – Major Capital Projects (>\$3m) (including escalation)

	Major and/or Significant Projects	Capital Expenditure		Yr Complete	Details
		excl. Escal'n \$m	incl. Escal'n \$m		
1	CBD Office Development	(\$1.0m)	(\$1.0m)	2016-17	Project Costs required to 2016-17 working with a proponent for CBD office development. New revenue potentially generated from 2017-18.
2	Synthetic Hockey Project	(\$6.4m)	(\$6.4m)	2016-17	New hockey facilities
3	Ocean Reef Marina Business Case & Structure Plan	(\$2m)	(\$2m)	2017-18	Development of business case / Structure Plan for Ocean Reef Marina development.
4	Grove Child Care / Dorchester Hall / Warwick Hall	(\$4m)	(\$4m)	2017-18	Rationalise three (3) existing buildings currently on separate blocks. Project overall should be cost –neutral, therefore assumed sale proceeds of land of \$4m to support capital costs
5	Penistone Park – Facility Redevelopment	(\$4m)	(\$4m)	2017-18	Redevelopment of park and other infrastructure.

6	Joondalup Administration Building	(\$5m)	(\$5m)	2018-19	Major refurbishment
7	Joondalup Performing Arts & Cultural Facility (JPACF) / Jinan Gardens	(\$97m)	(\$103m)	2018-19	New facility to provide for Performing Arts & Culture Cost estimates are based on feasibility study (2012). \$2m estimated cost for Jinan Gardens.
8	Chichester Park Redevelopment	(\$4m)	(\$4m)	2020-21	Redevelopment of existing facilities
9	Percy Doyle Refurbishments	(\$6m)	(\$7m)	2020-21	Refurbishment of existing facilities to keep in working order until Master Plan is completed.
10	Edgewater Quarry	(\$12m)	(\$13m)	2021-22	Development of quarry Sale of land estimated to contribute
11	Cafes / Kiosks / Restaurants	(\$0.9m)	(\$1.m)	2022-23	Project costs to support the development of two cafes, kiosks or restaurants
12	Whitfords Library & Senior Citizens Centre	(\$3m)	(\$3m)	2022-23	Refurbished library facility at Whitfords
13	Multi-Storey Car Park (2)	(\$18m)	(\$22m)	2022-23	Location not yet identified
14	Percy Doyle Master Plan	(\$43m)	(\$67m)	2030-31	Development of sporting and leisure facilities at the Percy Doyle Reserve
15	Prince Regent Park Development	(\$2m)	(\$3m)	2031-32	Redevelopment of sporting and leisure facilities
	Total	(\$210m)	(\$247m)		

6.7. Assumptions (4) - Capital Proceeds

The *Draft 20 Year Strategic Financial Plan* includes an asset rationalisation component, with the City applying the principle of using the proceeds where ever possible to offset the expenditure on new capital initiatives.

The *Draft 20 Year Strategic Financial Plan* includes several assumptions regarding proceeds received as a result of the sale of land. These are shown in Supporting Schedule SS3. These proceeds are planned to be transferred to specific reserves, to fund specific projects and/or help to fund other Capital Expenditure on the same project.

A summary of the proceeds from land sales included in the *Draft 20 Year Strategic Financial Plan* are:-

- \$60m from sale of Tamala Park land. The proceeds are used to support the Joondalup Performing Arts & Culture Facility
- \$9m from sale of land no longer considered required for City purposes ('Asset Rationalisation'), which are allocated to the Joondalup Performing Arts & Culture Facility Reserve
- \$12m from the sale of land at Edgewater Quarry, used to repay short term borrowings used to fund the capital infrastructure on that project.
- \$4m, from sale of land at Warwick (three buildings currently at Warwick will be rationalised, releasing land for sale). These funds will offset against the project costs.
- \$1m for recovery of project costs relating to the CBD Office Development

6.8. Assumptions (5) - Funding Assumptions

Table 7 below summarises the key Funding assumptions:

Table 7 Assumptions – Funding Assumptions

Ref	Issue	Details
1	Interest % on Loans	<p>WATC (West Australia Treasury Corporation) were consulted and provided forecasts up to 2024-25. For a 10 year fixed loan, the following assumptions are included in the Draft 20 Year Strategic Financial Plan:</p> <ul style="list-style-type: none"> ○ 3.70% 2017-18 ○ 3.99% 2018-19 ○ 4.29% 2019-20 ○ 4.59% 2020-21 ○ 4.88% 2021-22 ○ 5.18% 2022-23 ○ 5.48% 2023-24 ○ 5.78% 2024-25 ○ 6.03% 2025-26 and thereafter
3	Term of Repayment Loans	<ul style="list-style-type: none"> ○ Where the borrowings in a year are <ul style="list-style-type: none"> - less than \$5m, it is assumed the loan would be paid back over a 5 year period - between \$5m and \$10m, a loan period of 10 years is assumed - Greater than \$10m a loan period of 15 years is assumed. ○ The interest has not been varied with the terms, although in reality the term of the loan period would affect the interest %.
4	Investment Earnings	<ul style="list-style-type: none"> ○ Are assumed to be less than the cost of funding ○ The City strives for the best available earnings % for investments. However for the purposes of being prudent the <i>Draft 20 Year Strategic Financial Plan</i> assumes that the earnings % of cash reserves are always less than the cost of funds i.e. the City does not plan or 'speculate' to beat the market.

7. RATIOS & FINANCIAL ESTIMATES

7.1. Financial Statements

The *Draft 20 Year Strategic Financial Plan* is summarised into four (4) Financial Statements (FS) these are at the back of the report.

Appendix 3 provides explanations of the four (4) Financial Statements (FS). Each FS has a table after it which explains each line.

7.2. Key Ratios - Overview

Five Key Ratios have been calculated and are used to summarise the Financial Statements and the overall financial projections. The need for the ratios and targets is covered in more detail within the *20 Year Strategic Financial Plan – Guiding Principles* (Appendix 1).

Table 8 below provides a snapshot of the Indicators. Sub-sections 7.4.1 to 7.4.5 provide additional explanations of each of the indicators. The calculations of the Key Indicators are provided in Supporting Schedule 2. The schedule also links to the source of the calculations by providing the line reference to the Financial Statements.

There is no one indicator, or financial year, that can be used to judge the financial sustainability of the City. Spikes in indicators can occur for a number of reasons.

7.3. Key Indicators – Details

Of the five key ratios identified within the Guiding Principles, 85 out of 100 are achieved, although there is only 35 out of 50 achieved in the first 10 years. Although the projected achievement of 83 ratios out of 100 is 2 higher than the *Previous Plan*, it is far from ideal because the City should achieve at least 90 of the key ratios. Indeed the Operating Surplus Ratio, which is the most important ratio, is below the threshold for the first seven years and only comes within tolerance from 2023-24. For those ratios that are not achieved (Operating Surplus Ratio and Asset Sustainability Ratio), there is a positive trend. The projections for each of the ratios are:

- Rates increases at no more than 5%. This is achieved in all 20 years.
- Net Municipal Closing Balance (ensuring that the books are balanced). This is achieved in all 20 years.
- Operating Surplus Ratio – 5 year average to be between 2% and 8%. This is achieved in 13 of the 20 years. Although the earlier years (2015-16 to 2022-23) are below the target there is a positive upwards trend. The starting point of the projections of 2015-16 is negative 4.6% and it becomes difficult for the City to improve this in the next few years due to the new investment and the additional operating expenses required to operate new facilities. For example the Joondalup Performing Arts & Cultural Facility will depress the Operating Surplus Ratio by 2.8% each year due to the operating subsidy required and the Depreciation expense. The projections from 2023-24 onwards are all within the target or exceed it.
- Asset Sustainability Ratio, which measures the rate at which the City spends Capital Expenditure on Replacement versus Depreciation. The target is to be between 90% and 110%, although the long-term average that the City should aim for is 100%. This ratio fails the target in the first seven years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The City's assets and infrastructure are relatively young and it at this stage in their life cycle it may be 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. This ratio will be subject to ongoing review with updates to the Asset Management plans and the ratio calculated separately for each asset class.

- Debt Service Coverage Ratio compares the amount of operating cash flow available versus loan repayments. Ideally there should be surplus from operating cash flow of five times or more of loan repayments. It is intended that the ratio does not fall below the range of 3 to 5, and the target is to avoid this occurring for five years in a row. This ratio is achieved in all 20 years, however there are four years where the ratio falls below the desired threshold of five, this is a short term impact caused by the borrowings for major investment including the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry project.

Table 8 – Key Ratios

The definition of each indicator above is explained in the following respective paragraphs 7.4.1 to 7.4.5.

Key Ratios

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35
1) Rates % increase <i>Target is 5% or less</i>	✓ 3.9%	✓ 2.5%	✓ 4.0%	✓ 5.0%	✓ 5.0%	✓ 5.0%	✓ 4.5%	✓ 4.5%	✓ 4.5%	✓ 4.0%	✓ 4.5%	✓ 4.0%	✓ 4.5%	✓ 4.0%	✓ 4.5%	✓ 4.0%	✓ 4.5%	✓ 4.0%	✓ 4.0%	✓ 4.0%
2) Balanced Cash Budget \$m	✓ 1	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0	✓ 0
3) Operating Surplus Ratio - 5 Year Average <i>Target is to achieve a positive Operating Surplus between 2% and 8%. Amber is shown for those years where the 5 year average is positive</i>	✗ (2.3%)	✗ (3.5%)	✗ (3.3%)	✗ (2.9%)	✗ (3.1%)	✗ (1.7%)	⚠ 0.3%	⚠ 1.7%	✓ 3.0%	✓ 4.1%	✓ 5.2%	✓ 6.5%	✓ 7.9%	✓ 9.4%	✓ 10.8%	✓ 12.0%	✓ 12.8%	✓ 13.4%	✓ 14.1%	✓ 14.2%
4) Asset Sustainability - 5 Year Average <i>Target is between 90% and 110%</i>	✗ 60%	✗ 63%	✗ 63%	✗ 67%	✗ 70%	✗ 80%	✗ 88%	⚠ 99%	✓ 105%	✓ 108%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%	✓ 105%
5) Debt Service Coverage Ratio <i>Preferably more than 5. Target fails if the City drops below a ratio of 5 for five years in a row</i>	✓ 9.6	✓ 7.3	✓ 6.5	✓ 5.1	✓ 3.8	✓ 4.7	✓ 5.4	✓ 6.8	✓ 3.4	✓ 3.6	✓ 8.7	✓ 10.1	✓ 10.9	✓ 11.8	✓ 12.7	✓ 13.4	✓ 14.2	✓ 15.1	✓ 22.9	✓ 65.9

7.4. Key Indicators - Explanations

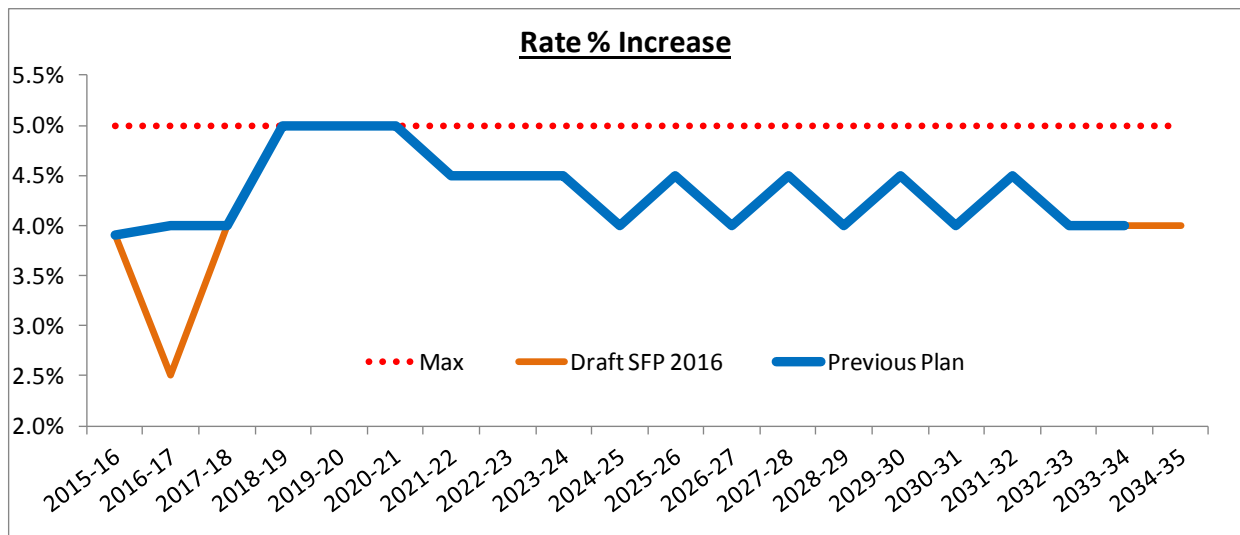
7.4.1. Rates % Increase

The rates % increase is not a *Department of Local Government and Communities* standard. This is a City of Joondalup indicator to measure performance against the goal of achieving rate increases of no more than 5%. It must be emphasised that the rates % increases are projections and are not necessarily the increases that will be applied.

The *Draft 20 Year Strategic Financial Plan* has assumed that there should not be any rates increase forecast above 5%, however the rates increase has to be sufficient to generate an adequate operating surplus, and to allow the City to afford the Capital Expenditure programs.

Chart 2 below demonstrates that the *Draft 20 Year Strategic Financial Plan* has been produced with a rates increase of no more than 5%. The average over the 20 years is 4.3%.

Chart 2 – Rates % Increase



7.4.2. Balanced Cash Budget

A key objective of the *Draft 20 Year Strategic Financial Plan* is to “balance the books” such that the closing balance of cash held by the City (excluding reserves) should be zero, or as close to zero as possible. This objective demonstrates that the City is able to invest in new infrastructure, whilst being able to have moderate increases in rates. Statement FS3 summarises the rate setting calculations to demonstrate that funds match expense and the books are balanced.

Table 9 – Balanced Cash Budget - Key Comments

Projection	Comment
<ul style="list-style-type: none"> ○ All 20 years are showing a balanced budget. 	<p>It should be noted that the later years (from 2021-22) have high cash surpluses as there is projected to be higher operating surpluses. However this is dependent on the growth of operating income being higher than the growth in operating expenses.</p> <p>As mentioned earlier the most important set of assumptions in the plan are the ongoing operating activities. The plan continues to assume that increases in income (predominately rates) will be higher each year than the increase in expenses as the plan assumes an average 4.4% Rate Increase whereas Employment Expenses and Materials Contracts have an average increase of approximately 3%. This gap of 1.4% results in the income growing by 1.4% more than the expenses and is the primary reason for the improved projections of operating surpluses – there is a high risk with these assumptions though that will be subject to comment later on in the report, because if the City decides not to have rate increases in line with the plan, then the operating position may not improve.</p> <p>The excess surpluses generated have been set aside for capital Replacements, to assist with the potential backlog of Capital Expenditure that has been identified by the Asset Sustainability Ratio. The remaining surplus has been transferred to the Strategic Asset Management Reserve.</p>

7.4.3. Operating Surplus Ratio

The Operating Surplus indicator is the primary indicator in measuring long term financial sustainability. This is an indicator of the extent to which revenues raised cover operational expenditure and the extent to which surpluses are generated to fund capital projects. Chart 3 below shows the projected Operating Surplus %, compared to the *Previous Plan* and the targets. A desired ratio for Operating Surplus is between 2% and 8%, as a 5 year average. Table 10 underneath provides additional commentary.

Chart 3 – Operating Surplus %

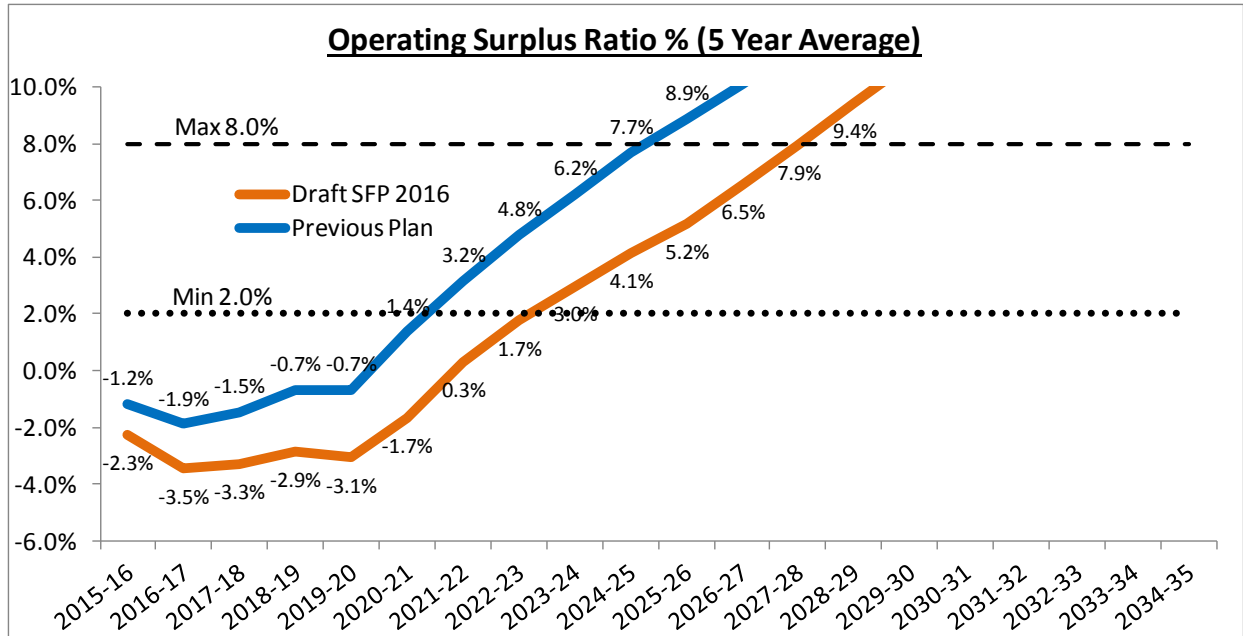


Table 10 – Operating Surplus Key Comments

Projection	Comment
<p>The early years (up to 2022-23) have a low operating surplus ratio, and the five year average is only above the 2% minimum threshold from 2023-24</p> <p>The low achievement in the early years is due to a number of reasons:</p> <ul style="list-style-type: none"> ○ Baseline 2016-17 has a negative operating surplus of 4.6% ○ 2.5% Rate Increase in 2016-17. ○ High capital investment in the early years whilst striving to keeping rate increases at 5% or less. ○ Operating expenses, interest payments and Depreciation with new infrastructure. For example, the Joondalup Performing Arts & Culture Facility depresses the ratio by 2.8% each year due to the operating subsidy, interest payments and additional depreciation. ○ Reduced investment earnings as reserves become depleted. <p>The projections show a positive upwards trend, but this is predicated mostly on Rates Increases being higher than the increase in expenses.</p>	<p>The <i>Draft 20 Year Strategic Financial Plan</i> is long-term, and it is therefore crucial that the upwards trend is positive. The low ratio in the next few years will continue to be evaluated as part of the annual budget review and mid-year budget review, to ensure that the upwards trend will be achieved. The impacts on the Operating Surplus Ratio of new or redeveloped facilities will continue to be evaluated.</p> <p>The <i>Draft 20 Year Strategic Financial Plan</i> has also been able to keep rates increases at no more than 5% in all years of the <i>Draft 20 Year Strategic Financial Plan</i>. If rates were increased more than 5% in the early years where the Operating Surplus is low, this would give rise to even greater cash surpluses in later years.</p> <p>In the outer years of the plan the ratio is projected to be above the maximum threshold of 8%. This is still regarded as being an achievement of the ratio because it is in one of the outer years.</p>

7.4.4. Asset Sustainability Ratio

The Asset Sustainability ratio measures the extent to which:

- Assets managed by the City are being replaced as they reach the end of their economic life.
- Compares the amount of expenditure on Capital Replacement versus Depreciation

The target for Asset Sustainability Ratio is to have a 5 year average of between 90% and 110%. The long term average that would be expected would be 100% i.e. for each \$1 of Depreciation expense is matched by \$1 on capital replacements. Where the ratio continually falls well below the 90% minimum this indicates that more expenditure is spent on new infrastructure than renewal or that there is a potential backlog of capital replacements.

Chart 4 below shows the values that go into the calculation. Chart 5 below shows the projections compared to the *Previous Plan* and the Targets. Table 11 underneath provides some commentary.

Chart 4 – Capital Expenditure & Depreciation

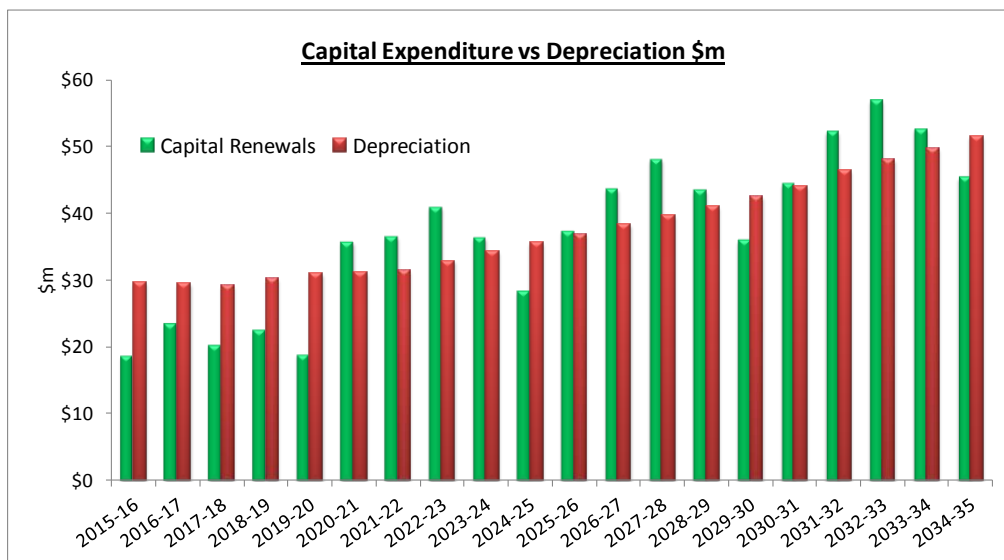


Chart 5 – Asset Sustainability

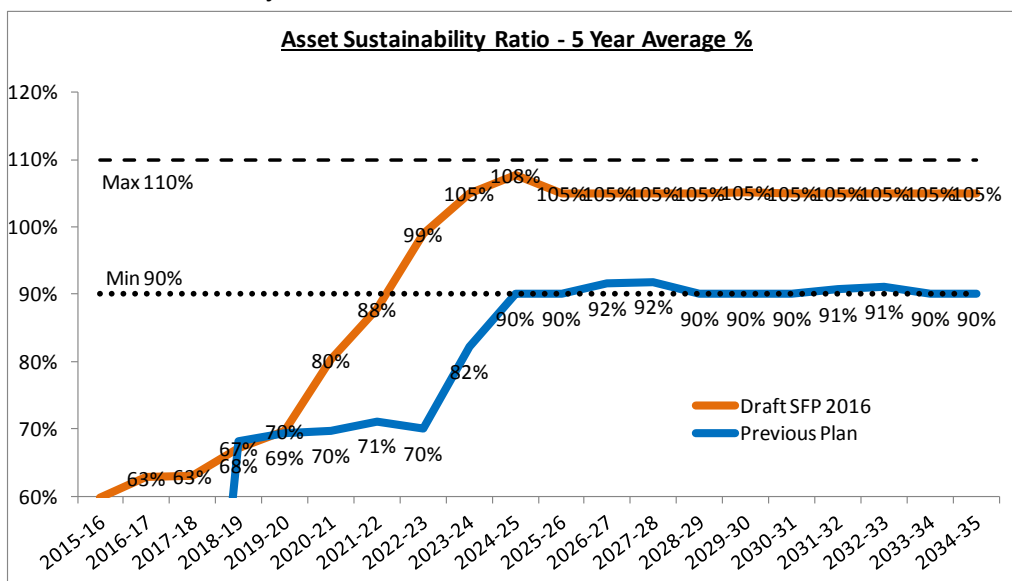


Table 11 – Asset Sustainability Comments

Projection	Comment
<p>From 2015-16 to 2019-20 the ratio consistently falls well below the 90% minimum, with an average of just 70%. This indicates a backlog of renewal expenditure, as the Depreciation expense is not matched by expenditure on capital replacements. However there is new Depreciation in those years (e.g. \$2.4m in 2019-20), relating to new projects, most of which have a long life (e.g. 40 years), and would not require any capital replacement in those years.</p>	<p>The ratio suggests that the City is not spending enough Capital Expenditure on replacement/renewal of existing assets and possibly spending too much expenditure on new assets or infrastructure in comparison. However 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</p>
<p>From 2022-23 the ratio achieves the minimum 90% target, due to the additional renewal expenditure that has been planned. One of the main reasons for this is the funds set aside as "Backlog Replacement" from 2020-21 to 2034-35.</p>	<p>There is more work to be done in this area. Whilst the minimum threshold is 90% the long-term average that the City should aim for is 100%. Each asset class is being re-valued; this will provide the City with detailed long term replacement estimates and the Asset Sustainability Ratio for each asset class.</p>
<p>The calculation requires the identification of Capital Expenditure as either replacement or new. This identification is not straightforward, for example where there is an upgrade of an existing asset, some of the expenditure may be deemed replacement, whilst some of it should be classed as new.</p>	

7.4.5. Debt Service Coverage Ratio

This is the key ratio to evaluate treasury management and is used by West Australia Treasury Corporation (WATC) to help evaluate requests for loans.

The ratio compares annual operating surplus available as cash versus debt repayments and is intended to demonstrate that local governments have sufficient surpluses to cover debt repayments.

The target for Debt Service Coverage Ratio is to that the ratio does not fall less than 5 for 5 years or more, and should not drop below a multiple of 3.

Chart 6 below shows the values that are used in the calculation. Chart 7 shows the projected ratio versus *Department of Local Government and Communities* standards. Table 12 underneath provides additional commentary.

Chart 6 – Operating Surplus & Loan Repayments

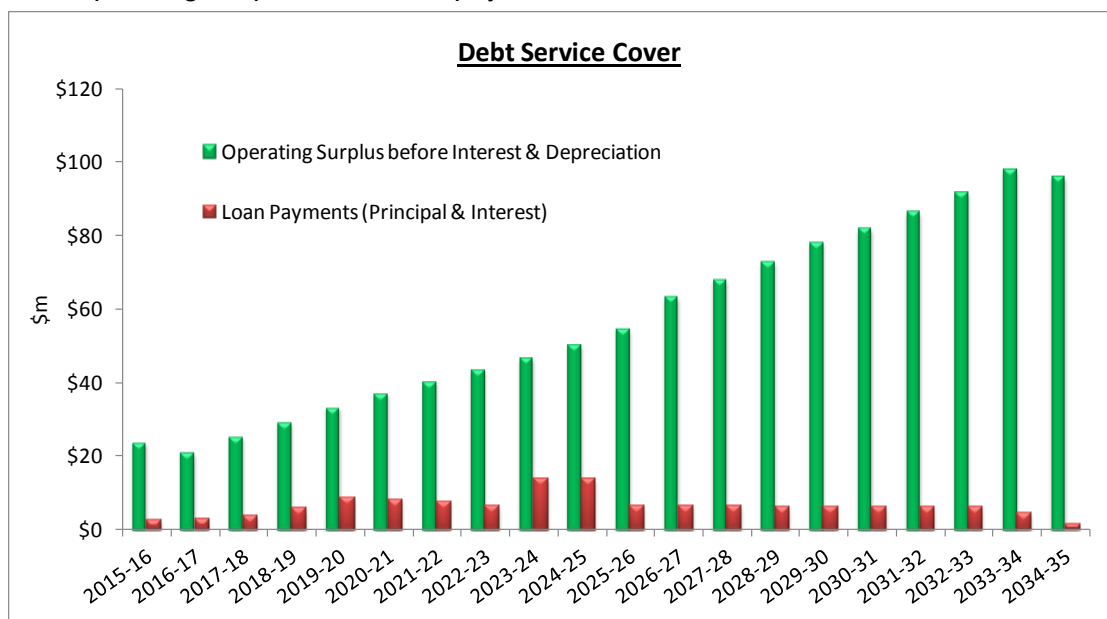


Chart 7 – Debt Service Coverage Ratio

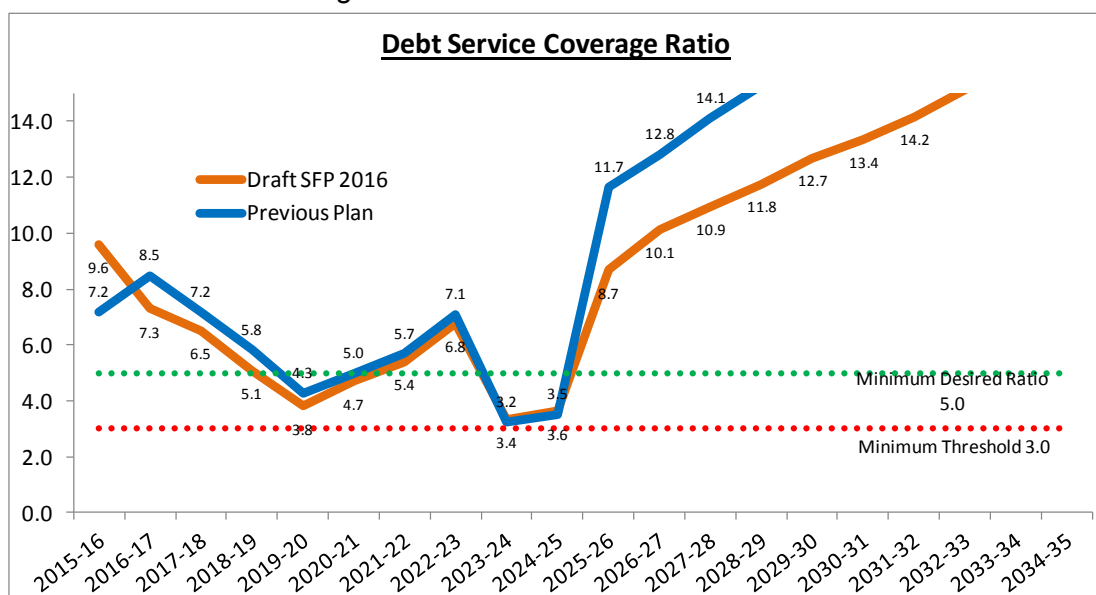


Table 12 – Debt Service Ratio Comments

Projection	Comment
<p>For four years the City has coverage of less than 5. . This is caused by the high borrowings used by the City to fund major projects, including the Joondalup Performing Arts & Culture Facility which is forecast to require borrowings of \$47m (repaid over a 15 year period).</p>	<p>WATC have provided additional tools to Local Governments to evaluate potential borrowings capacity. The WATC tools indicate a threshold of three for the Debt Service Coverage Ratio, which the City achieves every year.</p>
<p>When the ratio falls below the threshold of three in 2023-24 and 2024-25 this is due to the repayment of borrowings for Edgewater Quarry project. The failure of the ratio in those two years is well intended and the right strategy, as the borrowings are paid back quickly using the sales proceeds from Edgewater Quarry.</p>	<p>The City has had informal discussions with WATC regarding the estimated borrowings within the Draft 20 Year Strategic Financial Plan, so that the most appropriate assumptions are considered by the City. The 15 year repayment period for the \$47m borrowings for the Joondalup Performing Arts & Culture Facility is considered a reasonable assumption. The City should continue to discuss the 20 Year Strategic Financial Plan with WATC so that applications for borrowings which are larger than normal are not a surprise to WATC.</p>
<p>For all other years the ratio is above 5.</p>	
<p>Towards the end of the life of the <i>Draft 20 Year Strategic Financial Plan</i> (from 2033-34), where there is less repayments, the ratio increases significantly.</p>	

8. FUNDING & CASHFLOW

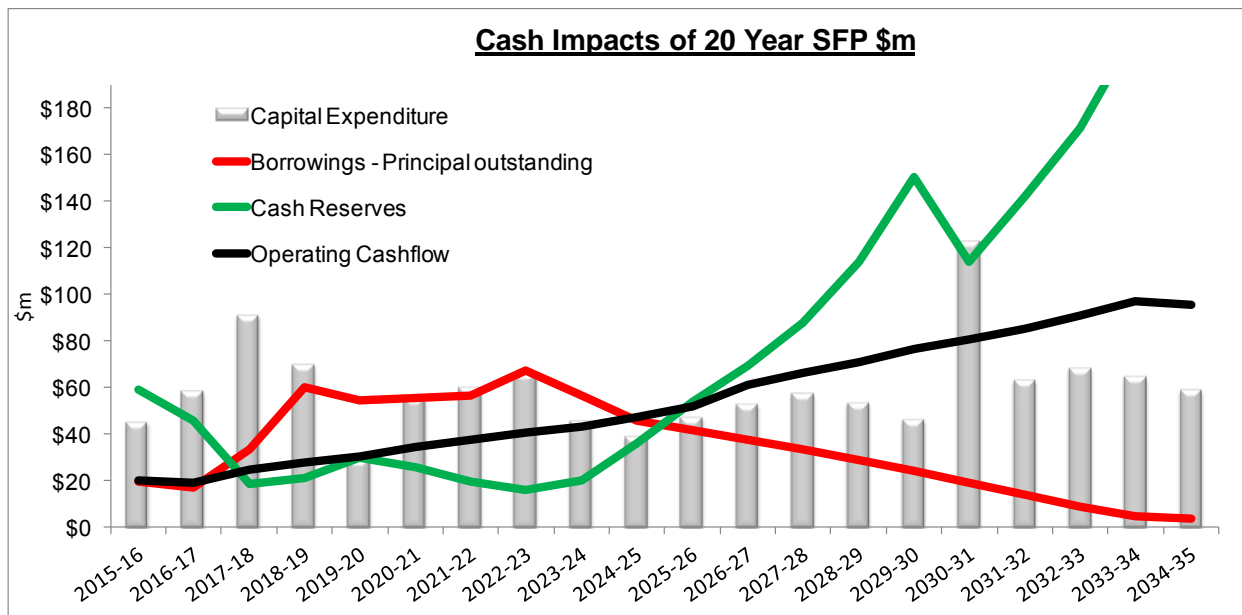
8.1. Overall Cash flow

Chart 8 below summarises the overall cash flow movements (Reserves plus Municipal) and the closing balance. In the early years of the plan cash reserves are depleted, reducing from \$66m at June 2015 to \$19m by June 2018. The \$19m relates mostly to tied reserves, with \$4m left in the Strategic Asset Management Reserve and then zero by June 2022. The early years of the plan (and in particular 2017-18 and 2018-19) are projected to have a high level of new investment and consequently cause high external borrowings.

Between the years 2015-16 to 2018-19 the City projects borrowings of \$55m, \$47m of this relates to the Joondalup Performing Arts & Cultural Facility. The plan has the same assumptions as the *Previous Plan* for the Joondalup Performing Arts and Cultural Facility whereby the Tamala Park proceeds are used to support the construction and then proceeds received after construction are used to assist with the loan repayments. The Tamala Park proceeds would be sufficient to pay for \$47m of the \$67m of borrowings (approximately 10 years worth of the borrowings), but the remaining \$20m (the last 5 years) are assumed to be met from municipal funds.

From 2027-28 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases greatly, with \$261m projected by June 2035.

Chart 8 – Cash Flow



8.2. Funding for Capital Expenditure

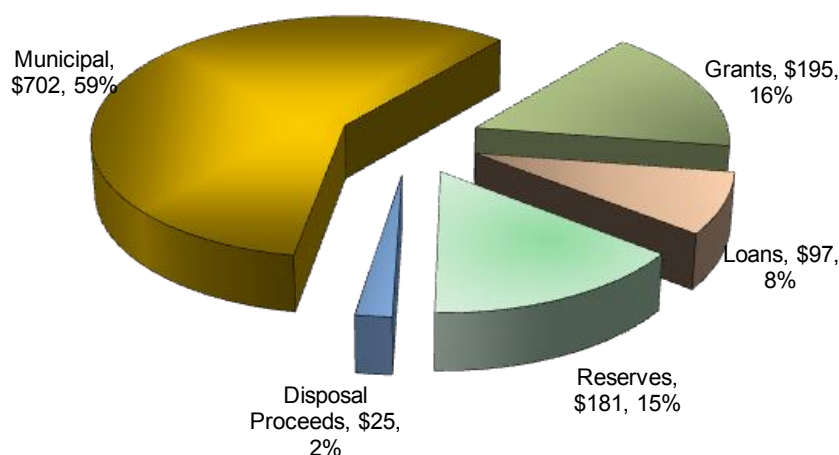
Supporting Schedules SS2 to SS5 provide details of the Capital Expenditure and Funding:

- Capital Expenditure (Supporting Schedule SS2)
- Capital Proceeds (Supporting Schedule SS3)
- Funding methods (Supporting Schedule SS4 and Supporting Schedule SS5).

Detailed analysis has been undertaken, year by year, project by project, to evaluate the appropriate method of funding whilst striving to achieve all other goals in the *Draft 20 Year Strategic Financial Plan* (maintain rate setting surpluses at zero or as close as possible to zero and keep rates increases to a maximum of 5%). Chart 9 below summarises the Funding for the (\$1,199m) of capital projects over the full 20 years:

Chart 9 – Funding of New Capital Expenditure

Capital Expenditure - Funding%



In assessing the funding requirements for Capital Expenditure the following parameters have been followed:

- The Capital Works Program is day to day Capital Expenditure and it is preferable for operating surpluses generated within the year to fund these. For major one-off items within the Capital Works Program the Strategic Asset Management Reserve has been used:
 - City Centre Street Lights will need to be replaced within the 20 years. This is estimated to cost (\$13.5m) (in today's dollars).
 - Building Construction Works such as refurbishments. This program is assumed to be partially funded by the Strategic Asset Management Reserve and partially by Municipal funds.
- Major projects are funded either by external grants where available, proceeds from sale of land relating to the project, municipal funds, specific reserves established for the purpose of Funding the project, the Strategic Asset Management Reserve or the use of borrowings as a last resort. Table 13 below lists the Major Projects (>\$3m) and the source of the Funding for each.

Table 13 – Major Projects – source of funding

Major Projects & Funding 20 Year summary, including inflation \$ms	Capital	Funding						Total
	Expend	Grants	Disposal Proceeds	Municipal	Reserves	Strategic Reserve	Loans	
1 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(102)	10		(0)	45		47	102
2 CBD Office Development	(1)		1		1	(1)		1
3 Cafes / Kiosks / Restaurants	(1)			1	0			1
4 Ocean Reef Marina Business Case & Structure Plan	(2)	1		1	0			2
5 Penistone Park - Facility Redevelopment	(4)	1			1	2		4
6 Synthetic Hockey Project	(6)	1	1	(1)	1		5	6
7 Edgewater Quarry Masterplan	(13)			1			12	13
8 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	(67)					67		67
9 Percy Doyle - Refurbishment Works	(7)	1	0	0	0	5		7
10 Chichester Park Redevelopment	(4)	1				3		4
11 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4	0	1	(1)		4
12 Whitfords Library and Senior Citizens Centre	(3)					3		3
13 Multi Storey Car Park (2)	(22)				4	3	15	22
14 Joondalup Administration Building - refurbishment	(5)					2	3	5
15 Prince Regent Park Development	(3)					3		3
Total Major Projects	(247)	14	6	3	54	88	82	247

#1 Percy Doyle Master-Plan included above is the renewal of the Library and Leisure Centre. Phase 2 is outside the timescales of the 20 year SFP

8.3. Reserve Movements

Supporting Schedule SS4 provides details of the reserve assumptions within the *Draft 20 Year Strategic Financial Plan*.

Chart 10 below summarises the overall movements in reserves, over the term of the *Draft 20 Year Strategic Financial Plan*. This shows that:

- The Reserve funds are depleted in the early years of the *Draft 20 Year Strategic Financial Plan* to fund new Major Projects.
- The reserve balance is as low as \$19m by June 2018, with \$4m in the Strategic Asset Management Reserve
- The reserve balances increase steadily from 2023-24, due to cash surpluses.

Chart 10 – Reserve Movements

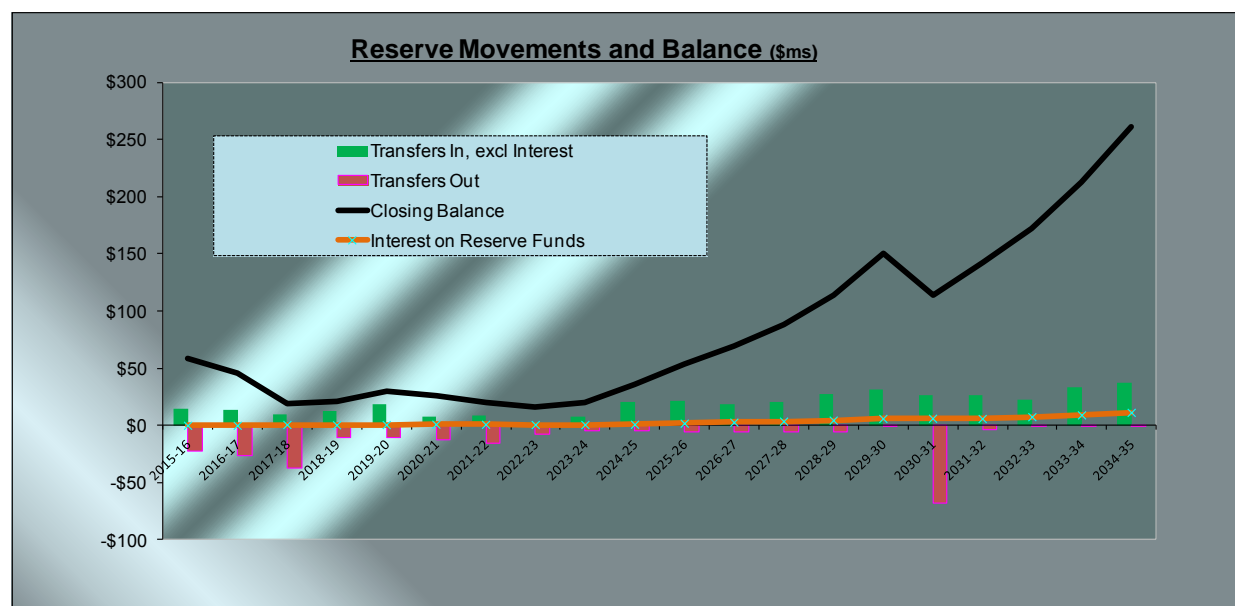


Table 14 below lists the movements on each of the reserves over a 20 year period. Supporting Schedule SS5 provides further details of each reserve, year by year,

Table 14 – Reserve Movements

Reserve Movements 20 Year Summary \$ms	Opening	Movements					Total	Closing
	Balance	Transfers in	Internal Payback	Fund Major Projects	Other Trsfrs out	Interest on Reserve		Balance
1 Strategic Asset Management	22	282		(129)		49	202	224
2 Sale of Tamala Park Land	7	60		(22)	(47)	1	(7)	
3 Joondalup Performing Arts & Culture Facility	11	10		(21)			(11)	
4 Parking Facility	5	18		(11)		2	9	14
5 Ocean Reef Marina	0			(0)			(0)	
6 Capital Works Going Forward	8	3		(10)		1	(7)	1
7 Waste Management	5	2		(2)		6	6	11
8 Vehicles & Plants Replacement	2	3			(5)	2	0	3
9 Non Current LS Leave Reserve	2			(0)		2	2	4
10 Public Art Reserve	0			(0)		0	(0)	0
11 Section 20A Land	0	0				0	0	0
12 Cash in Lieu of Parking Reserve	1	0		(0)		2	2	3
13 Trust Fund	1	0		(0)		0	(0)	0
14 Minor Reserves	0	0		(0)		0	(0)	0
15 Marmion Car Park Reserve	2			(2)		0	(2)	0
Total Reserves	66	379		(198)	(52)	65	194	261

#1 Opening Balance relates to June 2015

8.4. Investment Earnings

As the City continues to use Reserve funds, this has the impact of reduced investment earnings. For example in 2017-18 the earnings on reserve funds is estimated to be less than \$1m

8.5. Loans

There are \$84m borrowings projected within the 20 years of the plan, however these are spread across multiple years and begin to be repaid immediately. The new borrowings of \$84m comprise of the following:

- \$47m borrowings for Joondalup Performing Arts & Cultural Facility.
- \$12m short-term borrowings for Edgewater Quarry, repaid within four years by proceeds from sale of land. These borrowings cost \$2.5m in interest payments.
- \$25m standard repayment loans used for a variety of projects as listed in Supporting Schedule 5.

The maximum balance owing is estimated to be \$67m at June 2023, although this reduces quickly to \$42m by June 2026.

Loans are deemed necessary, where there are insufficient operating surpluses available to meet all capital requirements. Loans are a useful way of spreading the capital cost out over time; however this does come at a cost i.e. the interest to be paid which the City needs to understand and plan for.

Local Government is an asset-intensive business and as such the prudent use of external borrowings is a reasonable expectation. The City should continue to consider the use of loans

to pay for infrastructure. The borrowings projection may appear to be a high value, but in terms of the bold projects taken on and the ring-fencing of specific land proceeds (Tamala Park and Edgewater Quarry) to help fund major projects, the use of borrowings in the Draft 20 Year Strategic Financial Plan is deemed appropriate. It is not viable to expect the City to save up enough cash before proceeding with major projects.

9. COMPARISON TO PREVIOUS PLAN

9.1. Key Changes since Previous Plan

The *Previous Plan* for the period 2014-15 to 2033-34 was adopted by Council in December 2015. The key changes in the current update are:







- Rates Increase of 2.5% in 2016-17 instead of 4%
- Employment Costs increase of 2% in 2016-17, 2017-18 and 2018-19 instead of 3%
- Capital Renewal Expenditure – additional \$62 million expenditure projected for Capital Renewals from 2020-21 onwards to achieve an Asset Sustainability Ratio of 105% instead of 90%

9.2. Summary of Key Ratios versus Previous Plan

Table 15 below summarises the projections within the *Draft 20 Year Strategic Financial Plan* versus the *Previous Plan*. There is now estimated to be 85 Key Ratios achieved out of a possible 100, this is 2 more than the *Previous Plan*.

However the Asset Sustainability Ratio is now projected to be below the target for the first 7 years, and the Operating Surplus Ratio only achieves target from 2023-24. Whilst the projection of 85 is now 2 higher than the *Previous Plan*, the City should ideally be achieving at least 90 out of 100.

Table 15 – Key Ratios

KEY RATIO as per the City's Guiding Principles		Target Range		Updated SFP		Previous (Dec'15)		
		Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Number of Years Within Tolerance	vs. Current Proposal	
1	Rate % Increase	0.0%	5.0%	20	0	20	0	
2	Balanced Cash Budget	\$0	\$0	20	0	20	0	
3	Operating Surplus Ratio %	2.0%	8.0%	12	8	13	-1	
4	Asset Sustainability Ratio %	90.0%	110.0%	13	7	10	3	
5	Debt Service Coverage Ratio	3.0	>5	20	0	20	0	
	Total			85	15	83	2	

In summary, the updated plan now includes more detailed assessments for several projects, and includes more prudent assumptions for some key items. Additionally, there are greater challenges for the City with the funding of the Joondalup Performing Arts & Cultural Facility.

10. RISK ASSESSMENT

10.1. Overall Comment

The *Draft 20 Year Strategic Financial Plan* is a planning tool. It is based on many assumptions. It also includes projects and proposals that in some cases:

- Have been approved by Council and are in progress,
- Have been considered by Council but are yet to receive final approval,
- Have only been considered by Elected Members at a strategy level,
- Have only been considered by Officers
- Are operational in nature and based on the continued provision of services and maintenance of City assets and infrastructure in accordance with management and other plans

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this time in relation to likely requirement, timing and financial estimates. Adoption of the *Draft 20 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.

Periodic review and update of the *Draft 20 Year Strategic Financial Plan* will ensure that it remains a relevant and useful document to manage the City's financial affairs into the future.

10.2. Projects Not Included in the Draft 20 Year Strategic Financial Plan

There are a number of projects which have been subject to some discussion, but not included in the *Draft 20 Year Strategic Financial Plan* as they have not yet sufficiently been clarified. This could be due to a requirement for a Council decision, the need to determine some financial basis for how it may happen, unresolved external factors such as State Government participation or some combination of these.

Projects discussed but not included are:

1. Digital Hub
2. Lotteries House extension – the City is currently developing a position statement on affordable accommodation for not-for-profit organisations
3. Burns Beach Master Plan
4. Ocean Reef Marina – project costs 2016-17 only are included. No other costs for the development of the project or ongoing costs and income are included.
5. Redevelopment of Sorrento Surf Life Saving Club – the need to redevelop this in later years was identified in the Active Reserve Review (noted by Council in July 2014). No costs have yet been included in the 20 Year Strategic Financial Plan. These will be subject to further review as part of a future update to the Active Reserve Review
6. Office Development - The project costs for Office Development and additional income from Rates Income are included, but there are no other costs or income assumed yet for the project.

10.3. Analysis of Risks

Some of the key risks have been analysed using the City’s Risk Management Framework as summarised in Table 16 below.

Table 16 – Risks

<u>Risk Definition</u>		<u>Risk Management Framework #1</u>							
		<u>Likelihood</u>		<u>Consequences</u>		<u>Overall Score</u>		<u>Explanation of Consequences</u>	
Issue	Risk Defined	Definition	Score	Definition	Score	Score	Overall Risk		
1	JPACF (Arts Facility) Operating Subsidy higher than \$0.9m	Updated SFP now assumes a (\$818k) subsidy per year by the City. It would be a good outcome for the City to achieve a subsidy of \$818k. Comparisons with several other Arts Facilities indicates subsidies of over \$1m	Possible	3	Medium	3	9	Moderate	If the subsidy worsened by another \$200k to \$400k this would equate to approx 0.2% to 0.4% of a potential Rates Increase
2	Tamala Park Proceeds lower than forecast	Updated SFP currently assumes circa \$66m proceeds, which are assumed to help repay borrowings for Arts Facility. Sales proceeds are subject to fluctuation based on demand and economic conditions	Possible	3	Major	4	12	Moderate	If proceeds were less than anticipated then this would reduce proceeds available for Arts Facility and causing higher borrowings. For example, a 25% reduction in the Tamala Proceeds would reduce income by approx \$17m
3	Ocean Reef Marina / Office Development - Unidentified Costs	Draft SFP only includes the project costs for the City, and does not include ongoing commitments, or other possible costs that City could incur e.g.. Improvement of City infrastructure	Likely	4	Medium	3	12	Moderate	It is currently proposed for the City to operate a Multi Storey Car Park as part of the Office Development project. Costs or negotiations are not finalised but could be a cost of \$18m
4	Housing Growth lower than projected	SFP has assumed an increase in dwellings of just over 5,300 based on outright growth and in-fill. This growth is dependent on external factors (new developments) and take-up within Housing Opportunity Areas	Possible	3	Major	4	12	Moderate	Approx \$84m additional income is assumed within 20 years due to Housing Growth. If 25% less were achieved, there would be \$21m less income.
5	Business Growth lower than projected	SFP has aligned with the Economic Development Strategy and assumed that the jobs within the City will increase by 20,000 (from 50,000).	Possible	3	Major	4	12	Moderate	Approx \$94 of additional income is assumed within 20 years due to Business Growth. If 25% less were achieved this would be a reduction of \$23m
6	Rates Increases less than planned	The plan currently assumes rates increases on average of 4.4%. This is much higher than the 2.5% being proposed for 2016-17. It is possible that the City may have lower rates increases in the coming years than are currently included in the plan.	Likely	4	Major	4	16	High	There is a cumulative impact of lower rates increases, for example the 2.5% increase in 2016-17 will result in \$60m less cash in the 20 year SFP. Further analysis of the consequences is considered in the Sensitivity Analysis.

10.4. Net Assets

It is estimated that the net assets of the City would increase from \$1,207m at June 2015 to \$1,864m, an increase of 53%. Although some of this increase is due to inflation, a large part of this is due to the increase in new infrastructure, expenditure of (\$479m) which far outstrips the reduction in assets of just \$49m. The City should continue to evaluate the utilisation of assets and consider whether assets or infrastructure with low utilisation could be removed.

10.5. Future Improvements in the update of the Draft 20 Year Strategic Financial Plan

The *Draft 20 Year Strategic Financial Plan* has been developed with the best available data. During the construction of the *Draft 20 Year Strategic Financial Plan*, several improvements have been identified which were not able to be incorporated in this iteration of the *Draft 20 Year Strategic Financial Plan*, but will be improved in future iterations. In essence the *Draft 20 Year Strategic Financial Plan* is a continuous improvement process. Table 17 below sets out some of the key improvements identified

Table 17 – Further Improvements in the update of the Draft 20 Year Strategic Financial Plan

Ref	Issue	Details
1	Updated Asset Management Plans / Asset Sustainability Ratio	The <i>20 Year Strategic Financial Plan</i> is only as good as the substance of the Asset Management Plans. The Asset Management plans for most asset classes require updating to provide the City with a clearer long-term strategy which includes the estimated replacement requirements, potential backlogs and the identification of the Asset Sustainability Ratio for each asset class. An updated Buildings Asset Management Plan was prepared in 2015 and used to inform this draft. The City is currently preparing the Parks and Public Open Spaces Asset Management Plan, and this should assist with the 2017 update of the <i>20 Year Strategic Financial Plan</i> .
2	Whole Life Costs	It is crucial that the future Operating Expenses and Operating Income are estimated for Capital Expenditure, as often the one-off costs are minor in comparison to the 20 year impacts. There continues to be development in this area with Appendix 2 providing details of the future estimates for capital projects. However there is further progress required, particularly with the Capital Works Program.

11. SCENARIO MODELLING

11.1. Scenario Analysis

The update of the Draft 20 Year Strategic Financial Plan commenced in February 2016. During this time there have been many scenarios and options considered, for example the scheduling of projects and assumptions regarding increases to costs.

As explained earlier the projections have a high risk regarding the Rates assumptions, as there is assumed to be an average of 4.4% increase in the plan, which is far higher than the 2.5% being proposed for 2016-17. The table below provides some sensitivity analysis of having lower rates increases in the plan than currently assumed for the years 2017-18 to 2020-21. The top row summarises the assumptions that are currently in the plan, with increases of 4% in 2017-18 and then 5% in the following 3 years.

The first alternative scenario is having Rates increases of 1% less than the current assumptions. The table indicates the cash impacts after 1 year, after 4 years and the full impact on the 20 year plan a reduction in cash of \$150.4m. Meanwhile the second scenario considers the rates increases being 2% less than the current estimates, the cash impacts are approximately double the preceding scenario.

This analysis indicates the high risk that exists in the plan with the increase in income assumed to be much higher than the increase in expenses. As well as the impacts in cash, the other consequences of these scenarios are:

- Higher borrowings
- Debt Service Coverage Ratio would be reduced and fall below the minimum threshold for West Australia Treasury Corporation.
- Borrowings would be unlikely to be approved.
- Projects may need to be delayed or removed
- Operating Surpluses may be insufficient to afford renewal of assets at their end of life, which may cause deterioration in service performance.

Table 18 – Impact of a Rate Increases less than planned

Scenario	Rates Increases %				Impact on Cash			Guiding Principles Achieved
	2017-18	2018-19	2019-20	2020-21	1 Year Impact (2017-18)	4 Year Impact (2020-21)	20 Year Impact (2034-35)	
Proposed Plan	4.0%	5.0%	5.0%	5.0%				85
1% less of an increase	3.0%	4.0%	4.0%	4.0%	-\$1.0	-\$11.2	-\$150.4	77
2% less of an increase	2.0%	3.0%	3.0%	3.0%	-\$2.0	-\$22.2	-\$297.2	69

20 Year Strategic Financial Plan - Guiding Principles 2016

The Guiding Principles set out the foundation on which the *20 Year 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:
 - Rates increase 5% or less (Community)
 - Balanced Cash Budget (Liquidity)
 - Operating Surplus Ratio % (Operating Results).
 - Asset Sustainability % (Asset Management).
 - Debt Service Coverage Ratio % (Treasury Management).
- Projections will be based on the notion that each year in the SFP should as close as possible be balanced (closing Municipal cash balance). In this respect the City will generate an annual operating surplus sufficient to allow it to meet:
 - additional financial costs for new Capital Expenditure
 - projected net annual operational costs of new facilities that become operational
 - projected annual operational costs and Capital Expenditure on existing infrastructure
- The SFP will aim to achieve an Operating Surplus Ratio between 2% and 8%, based on a 5 year average.
- Growth in operating revenue will be in excess of the growth in Operating Expenses, in so far as necessary to achieve the Operating Surplus targets.

Funding/Treasury/Reserves

- 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.
- The Strategic Asset Management Reserve is able to be applied to fund projects based on an internal payback mechanism. Municipal funds should pay back to the Strategic Asset Management Reserve principal and interest over a 10 year period. The payback mechanism should only be used where affordable for the municipal fund such that the overall objective of achieving a net nil closing balance each year is achieved.

New expenditure

- Whole of Life Costs must be identified for all new expenditure
- Approved Asset Management plans will be funded where possible, within the parameters established in the Guiding Principles.
- Priority will be given to Asset Management plans that have demonstrated that replacement expenditure is based on economic life modelling, 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% based on a five year average. 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.
- 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 Finance Committee for consideration and recommendation to Council.

Appendix 2

CAPITAL PROJECTS & IMPACTS ON OPERATING INCOME & EXPENSES

A) Capital Works Program 20 Year Summary \$ms	20 Year Capital Estimates			Total Impact		
	Replace ment	New	Total	Grants & Proceeds	Operating Impacts	Total, incl Capital
1 Parks Development	(38)	(8)	(46)		(1)	(47)
2 Foreshore and Natural Areas	(14)	(3)	(17)			(17)
3 Parks Equipment	(47)	(11)	(58)	0	(2)	(60)
4 Streetscape Enhancement	(11)	(19)	(30)		(2)	(32)
5 Local Traffic management	(0)	(26)	(26)			(26)
6 State Blackspot		(24)	(24)	16		(8)
7 Parking Facilities		(13)	(13)	1		(12)
8 Major Road Construction		(45)	(45)	30		(15)
9 New Paths		(12)	(12)	4		(8)
10 Path Replacement	(17)	(1)	(18)	1		(17)
11 Stormwater Drainage	(20)	(9)	(29)			(29)
12 Streetlighting	(26)	(15)	(41)	1	7	(32)
13 Road Preservation & Resurfacing	(289)	(2)	(291)	125		(166)
14 Bridges	(2)		(2)			(2)
15 Major Building Construction	(36)	(19)	(55)	0		(55)
16 Backlog Replacement	(143)		(143)			(143)
Total A) Capital Works Program	(643)	(206)	(849)	179	2	(668)

B) Capital Projects 20 Year Summary \$ms	(A) One-Off				(B) Operating			Total
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	(A+B)
1 Fleet	(74)		18	(56)				(56)
2 IT	(6)			(6)		(8)	(8)	(14)
3 Rangers, Parking & Community Safety	(3)			(3)				(3)
4 Waste - Bigger Bins roll-out	(1)			(1)				(1)
5 Year 1 & 2 Various	(14)	2		(12)				(12)
TOTAL	(98)	2	18	(78)		(8)	(8)	(86)

C) Major Projects (\$1m to \$3m) 20 Year Summary \$ms	(A) One-Off				(B) Operating			Total
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	(A+B)
1 Craigie LC - Upgrades	(2)			(2)				(2)
2 Heathridge Master Plan - Planning Costs only	(0)			(0)				(0)
3 Craigie LC - Geothermal Bore - additional injection bore	(1)			(1)				(1)
4 Joondalup Library - major refurbishment	(1)			(1)				(1)
TOTAL	(5)			(5)				(5)

D) Major Projects (>\$3m) 20 Year Summary \$ms	(A) One-Off				(B) Operating #2			Total (A+B)
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	
1 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(102)	10		(92)	54	(81)	(27)	(119)
2 CBD Office Development	(1)		1	(0)				(0)
3 Cafes / Kiosks / Restaurants	(1)			(1)	6	(1)	4	4
4 Ocean Reef Marina Business Case & Structure Plan	(2)	1		(2)				(2)
5 Penistone Park - Facility Redevelopment	(4)	1		(3)		(0)	(0)	(3)
6 Synthetic Hockey Project	(6)	1		(5)	0	(3)	(3)	(8)
7 Edgewater Quarry Masterplan	(13)		12	(1)	10	(9)	1	0
8 Percy Doyle Master-Plan Phase 1 (Library & L-Centre) #1	(67)			(67)				(67)
9 Percy Doyle - Refurbishment Works	(7)	1		(6)		(3)	(3)	(9)
10 Chichester Park Redevelopment	(4)	1		(3)				(3)
11 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4	0				0
12 Whitfords Library and Senior Citizens Centre	(3)			(3)				(3)
13 Multi Storey Car Park (2)	(22)			(22)	10	(6)	4	(18)
14 Joondalup Administration Building - refurbishment	(5)			(5)				(5)
15 Prince Regent Park Development	(3)			(3)				(3)
TOTAL	(247)	14	18	(215)	80	(103)	(23)	(238)

#1 Percy Doyle Master-Plan included above is the renewal of the Library and Leisure Centre. Phase 2 is outside the timescales of the 20 year SFP

#2 Operating Impacts exclude the costs of borrowing for any loans that may be relevant for projects

Appendix 3

Financial Statements Explanation

Ref	Statement	Details
1	Income	<ul style="list-style-type: none"> ○ FS1 Income Estimates Statement includes all items that are deemed part of the operating (i.e. day to day) activities of the City including: <ul style="list-style-type: none"> ● Items that are not cash-based (e.g. Depreciation). ● Interest payments on loans. ○ FS1 does not include non operating items such as: <ul style="list-style-type: none"> ● Capital Expenditure and Capital Income. ● Proceeds of Loans. ● Principal repayment of loans. ○ FS1 shows the calculation of the Operating Surplus, a key indicator to measure financial sustainability for the City. ○ The Operating Surplus by itself is a key number as it indicates whether the City is generating adequate revenues to cover day to day expenditure. ○ The Operating Surplus is also used to calculate the Operating Surplus Ratio, another key indicator as reviewed in section 7.
2	Cash Flow	<ul style="list-style-type: none"> ○ FS2 Cash Flow Estimates Statement shows the overall cash position of the City. ○ The cash flow is calculated from the Operating Surplus from FS1 from which: <ul style="list-style-type: none"> ● All non cash operating items are removed. ● All cash non operating items are added. ○ The cash balance is then split into municipal and reserve funds.
3	Rate Setting	<ul style="list-style-type: none"> ○ FS3 Rate Setting Estimates Statement is based on the Rate Setting Statement included in Annual Budgets to calculate the amount of rates required to be raised. ○ FS3 includes all operating and non-operating income and expenses as well as funding and transfers from loans and reserve funds but excludes all non cash items. ○ FS3 shows the calculation of the amount of rates required to fund the budget.
4	Statement of Financial Position	<ul style="list-style-type: none"> ○ FS4 Statement of Financial Position Estimates Statement shows estimated net assets and equity.

(FS1) Financial Statement 1 - Operating Income & Expenses Estimates

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Operating Revenues																						
Rates: Base	1	92	95	99	104	109	115	120	125	131	136	142	148	155	161	168	175	183	190	198	205	2,851
Rates: Growth	2	0	0	0	1	2	3	4	4	5	6	7	12	13	15	15	16	17	18	20	21	181
Fees and Charges / Other: Base	3	40	40	41	41	43	44	46	47	49	51	52	54	56	58	60	62	64	66	68	70	1,049
Fees and Charges / Other: Growth	4	0	0	0	0	2	2	2	3	4	4	5	5	5	5	6	6	6	6	7	7	76
Operating Grants & Subsidies, Cont's & Reimb's	5	4	5	5	5	5	5	6	6	6	6	6	7	7	7	7	8	8	8	8	9	127
Investment Earnings	6	4	3	3	3	3	3	4	4	4	5	6	7	8	9	11	11	11	13	15	17	144
Profit on Disposal	7	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Total Operating Revenue	8	143	144	148	155	164	173	181	190	199	208	218	233	244	255	267	277	289	301	315	329	4,432
Operating Expenses																						
Employment Costs: Base	9	(61)	(64)	(65)	(66)	(68)	(70)	(72)	(75)	(77)	(79)	(82)	(85)	(88)	(91)	(94)	(97)	(101)	(104)	(108)	(112)	(1,657)
Employment Costs: Growth	10	0	0	(0)	(0)	(1)	(1)	(1)	(2)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(56)
Materials and Contracts: Base	11	(51)	(51)	(49)	(50)	(52)	(53)	(55)	(57)	(59)	(61)	(63)	(65)	(68)	(70)	(72)	(75)	(78)	(80)	(83)	(86)	(1,279)
Materials and Contracts: Growth	12	0	0	(0)	(1)	(2)	(2)	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(6)	(14)	(75)
Utilities	13	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(11)	(11)	(12)	(13)	(13)	(14)	(183)
Interest on Borrowings: Existing	14	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	0	0	0	0	0	0	0	(3)
Interest on Borrowings: New	15	0	0	0	(1)	(2)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(0)	(0)	(30)
Insurance Expenses	16	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(41)
Depreciation: Existing	17	(30)	(29)	(28)	(28)	(28)	(28)	(28)	(29)	(31)	(32)	(33)	(34)	(35)	(36)	(38)	(39)	(40)	(42)	(43)	(45)	(677)
Depreciation: New	18	0	0	(1)	(2)	(2)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(7)	(7)	(76)
Loss on Disposal	19	(0)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)
Total Operating Expenses	20	(150)	(153)	(152)	(157)	(164)	(169)	(175)	(182)	(190)	(196)	(203)	(210)	(217)	(225)	(233)	(241)	(250)	(259)	(268)	(285)	(4,078)
Net Operating Surplus (Deficit)	21	(6)	(9)	(4)	(2)	(0)	3	6	8	9	12	15	23	27	30	34	36	39	43	47	44	354

Financial Statement 1 – Income Estimates

Line	Item	Details / Source of calculation
1	Rates Base	<ul style="list-style-type: none"> ○ Rates income has been calculated by applying a % increase to the previous year's total Rates Income (sum of line 1 and line 2). ○ The starting point in the projections is the 2016-17 proposed budget. ○ Excludes growth as a result of volume growth.
2	Rates Growth	<ul style="list-style-type: none"> ○ Increase in rates as a result of volume growth (e.g. new rateable properties).
3	Fees & Charges / Other Base	<ul style="list-style-type: none"> ○ Includes charges for recreation, Leisure Centre charges, planning and building fees, car parking fees, fines & penalties, property hire, inspection fees and all other income received by the City. ○ Based on the 2016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new facilities.
4	Fees & Charges / Other: Growth	<ul style="list-style-type: none"> ○ Estimated additional income for new services or facilities. ○ Includes income estimated for new clubrooms, Currambine Community Centre, Multi Storey Car Parks, Joondalup Performing Arts & Culture Facility, CBD Office Development, Cafes / Kiosks / Restaurants, Edgewater Quarry, Synthetic Hockey Pitch.
5	Operating Grants & Subsidies, Cont's & Reimb's	<ul style="list-style-type: none"> ○ Operational Grants, Contributions and Reimbursements. ○ Includes all normally expected operating grants such as grants commission. ○ % increase has been factored in each year. (see Supporting Schedule SS1) ○ Excludes capital grants.
6	Investment Earnings	<ul style="list-style-type: none"> ○ Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds.
7	Profit on Disposals	<ul style="list-style-type: none"> ○ Represents the book profit on disposal of City assets. ○ Further breakdown is included in Supporting Schedule SS4. ○ Non cash item.
8	Total Operating Revenue	<ul style="list-style-type: none"> ○ Sum of lines 1 to 7. ○ This is the overall operational revenue earned by the City.
9	Employee Costs: Base	<ul style="list-style-type: none"> ○ All expenditure associated with the employment of staff. ○ Largest item is salaries and wages but also includes superannuation, recruitment costs, advertising, uniforms and training. ○ Based on the 2016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new projects.
10	Employee Costs: Growth	<ul style="list-style-type: none"> ○ Estimated additional employment costs for new services or facilities. ○ Includes costs for Multi Storey Car Parks, Edgewater Quarry.

11	Materials and Contracts: Base	<ul style="list-style-type: none"> ○ Includes expenditure for the purchase of materials, supplies, services and insurance. ○ Based on the 2016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new facilities.
12	Materials and Contracts: Growth	<ul style="list-style-type: none"> ○ Estimated additional expenditure for new services or facilities. ○ Includes costs for new Clubrooms, Currambine Community Centre, Multi Storey Car Parks, Joondalup Performing Arts & Culture Facility, Jinan Gardens, CBD Office Development, Edgewater Quarry, Synthetic Hockey Pitch.
13	Utilities	<ul style="list-style-type: none"> ○ All expenditure for the purchase of water, power and gas. ○ Based on the 2016-17 budget, with a % increase assumed each year (see Supporting Schedule SS1). ○ Exclude changes arising from new facilities.
14	Interest on Borrowings: Existing	<ul style="list-style-type: none"> ○ Interest on loan borrowings that are already set up. ○ Details are shown in Supporting Schedule SS6.
15	Interest on Borrowings: New	<ul style="list-style-type: none"> ○ Interest on new loan borrowings that are estimated to be set up during the 20 years of the plan.
16	Insurance	<ul style="list-style-type: none"> ○ Expenses for insurance of assets
17	Depreciation: Existing	<ul style="list-style-type: none"> ○ Expense of using assets over useful life. ○ This item relates to the existing assets. ○ This is a non cash item.
18	Depreciation: New	<ul style="list-style-type: none"> ○ New expense that arises from new capital purchases.
19	Loss on Disposal	<ul style="list-style-type: none"> ○ Represents the book loss on disposal of City assets. ○ Non cash item.
20	Total Operating Expenses	<ul style="list-style-type: none"> ○ Sum of lines 9 to 19. ○ This is the overall expenses necessary for day to day activities.
21	Net Operating Surplus (Deficit)	<ul style="list-style-type: none"> ○ Total Operating Revenue (line 8) less Total Operating Expenses (line 20).

(FS2) Financial Statement 2 - Cash Flow Estimates

Line	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Operating Cashflow																						
Net Operating Surplus (Deficit)	22	(6)	(9)	(4)	(2)	(0)	3	6	8	9	12	15	23	27	30	34	36	39	43	47	44	354
<u>Operating Activities - not cash related</u>																						
Profit on Disposal	23	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Depreciation	24	(30)	(29)	(29)	(30)	(31)	(31)	(31)	(33)	(34)	(36)	(37)	(38)	(40)	(41)	(42)	(44)	(46)	(48)	(50)	(51)	(752)
Loss on Disposal	25	(0)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1)
Operating Cashflow	26	20	19	25	28	31	34	37	41	43	47	52	61	66	71	77	80	85	91	97	95	1,102

Cashflow Movements for the Year

Capital Expenditure & Proceeds

Capital Expenditure: Renewal	27	(19)	(24)	(20)	(23)	(19)	(36)	(37)	(41)	(36)	(28)	(37)	(44)	(48)	(43)	(36)	(44)	(52)	(57)	(53)	(45)	(742)
Capital Expenditure: New	28	(27)	(35)	(71)	(47)	(11)	(20)	(24)	(26)	(9)	(11)	(10)	(9)	(10)	(10)	(10)	(78)	(11)	(12)	(12)	(14)	(457)
Capital Proceeds	29	4	10	7	11	7	8	8	3	9	11	8	3	5	4	1	1	1	1	1	1	105
Capital Grants	30	10	14	16	7	7	8	8	8	8	8	9	9	9	9	10	10	10	11	11	12	193

Borrowings & Repayments

Borrowings	31	2	5	20	31	0	6	5	15	0	0	0	0	0	0	0	0	0	0	0	0	84
Repayments	32	(2)	(2)	(3)	(4)	(6)	(5)	(5)	(4)	(11)	(11)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(4)	(1)	(95)

Cashflow Movements for the Year	33	(10)	(13)	(27)	2	9	(4)	(6)	(4)	4	16	18	16	18	26	36	(36)	28	29	41	48	192
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Cashflow Balance - Start of year	34	69	59	46	19	21	30	26	20	16	20	36	54	70	88	114	150	114	142	172	213	
Cashflow Balance - End of year	35	59	46	19	21	30	26	20	16	20	36	54	70	88	114	150	114	142	172	213	261	

Reserve Balances

Transfers from Reserves	36	22	26	37	10	10	13	15	7	5	5	5	5	6	6	1	68	4	1	1	1	249
Transfers to Reserves	37	(14)	(13)	(10)	(13)	(19)	(9)	(9)	(3)	(9)	(21)	(23)	(21)	(24)	(32)	(37)	(32)	(32)	(30)	(42)	(49)	(444)
Reserve Balance at end of year	38	58	46	19	21	30	26	20	16	20	36	54	70	88	114	150	114	142	172	213	261	261

Financial Statement 2 – Cash Flow Estimates

Line	Item	Details / Source of calculation
22	Net Operating Surplus(Deficit)	○ From FS 1 (line 21).
23	Profit on Disposals	○ This is deducted from the Operating Surplus as a non cash expense (FS1 Line 7).
24	Depreciation	○ This is deducted from the Operating Surplus as a non cash expense. ○ From FS 1 (line 17 and line 18).
25	Loss on Asset Disposal	○ This is deducted from the Operating Surplus as a non cash expense (FS1 Line 19)
26	Operating Cash Flow	○ Sum of lines 22 to 25.
27	Capital Expenditure: Renewal	○ This represents total Capital Expenditure for the refurbishment and improvement of existing capital assets.
28	Capital Expenditure: New	○ This represents estimated Capital Expenditure required on new projects.
29	Capital Proceeds	○ The cash achieved from sale of assets (refer Supporting Schedule SS4).
30	Capital Grants	○ Grants to be received for specific capital projects.
31	Borrowings	○ Loans to help fund new projects. ○ Expected borrowings by project are shown in Table 13 within section 8.2.
32	Repayments	○ The principal repayment of loans both current and projected new loans (refer Supporting Schedule SS6).
33	Cash Flow Movements for the Year	○ Sum of lines 26 to Line 32. ○ This is the net overall cash flow for the year.
34	Cash Flow Balance – Start of Year	○ The cash position at the beginning of the year, for both Reserves and Municipal Cash.
35	Cash Flow Balance – End of Year	○ The end of year cash position taking account of the opening balance (Line 34) and the net overall cash flow for the year (Line 33).
36	Transfers from Reserves	○ Transfers to the municipal fund to fund projects.
37	Transfers to Reserves	○ Transfers of funds to reserves set aside for specific purposes.
38	Reserve Balance at end of Year	○ The closing balance at end of year of funds held in reserves. ○ Comprises net of the opening balance less transfers out (Line 36) plus transfers in (Line 37).

(FS3) Financial Statement 3 - Rate Setting Estimates

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Deficit before Rates																						
Revenue, excluding Rates	39	48	48	48	49	52	55	57	60	63	66	69	73	76	80	84	86	89	93	98	103	1,396
Expenses (Cash only)	40	(120)	(123)	(123)	(127)	(133)	(138)	(143)	(149)	(156)	(161)	(166)	(172)	(178)	(184)	(190)	(197)	(204)	(211)	(218)	(234)	(3,325)
Deficit before Capital Expenditure	41	(72)	(76)	(75)	(78)	(81)	(83)	(86)	(89)	(93)	(95)	(97)	(99)	(102)	(104)	(107)	(110)	(115)	(117)	(120)	(131)	(1,929)
Capital Expenditure	42	(45)	(59)	(91)	(70)	(30)	(56)	(60)	(67)	(46)	(39)	(47)	(53)	(58)	(54)	(46)	(123)	(63)	(68)	(65)	(59)	(1,199)
Deficit before Rates	43	(117)	(134)	(166)	(148)	(111)	(139)	(146)	(155)	(139)	(134)	(144)	(152)	(160)	(158)	(153)	(233)	(178)	(186)	(185)	(190)	(3,128)
Funding																						
Opening Funds	44	3	1	0	(0)	(0)	0	0	0	0	(0)	(0)	(0)	0	0	(0)	(0)	(0)	0	(0)	(0)	3
Capital Grants	45	10	14	16	7	7	8	8	8	8	8	9	9	9	9	10	10	10	11	11	12	193
Capital Proceeds	46	4	10	7	11	7	8	8	3	9	11	8	3	5	4	1	1	1	1	1	1	105
Loans - repayment of principal	47	(2)	(2)	(3)	(4)	(6)	(5)	(5)	(4)	(11)	(11)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(4)	(1)	(95)
Transfer from Reserves	48	22	26	37	10	10	13	15	7	5	5	5	5	6	6	1	68	4	1	1	1	249
Transfer to Reserves	49	(14)	(13)	(10)	(13)	(19)	(9)	(9)	(3)	(9)	(21)	(23)	(21)	(24)	(32)	(37)	(32)	(32)	(30)	(42)	(49)	(444)
Borrowings	50	2	5	20	31	0	6	5	15	0	0	0	0	0	0	0	0	0	0	0	0	84
Amount to be made up by Rates	51	92	95	99	105	112	118	123	130	136	142	149	160	168	175	183	191	200	208	217	226	3,032
Rates % increase	52	3.9%	2.5%	4.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.0%	4.0%	
Closing Funds (excluding Reserves)																						
Closing Funds	53	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Financial Statement 3 – Rate Setting Estimates

Line	Item	Details / Source of calculation
39	Revenue, excluding Rates	<ul style="list-style-type: none"> ○ All non rate revenue. ○ Cash related revenue only. ○ Line 8, less Line 1, 2 and 7
40	Expenses (cash only)	<ul style="list-style-type: none"> ○ All cash expenses. ○ Line 20, less Line 17, 18 and 19.
41	Deficit before Capital Expenditure	<ul style="list-style-type: none"> ○ Line 39 less line 40.
42	Capital Expenditure	<ul style="list-style-type: none"> ○ As per Line 27 and 28.
43	Deficit before Rates	<ul style="list-style-type: none"> ○ Line 41 less line 42.
44	Opening Funds	<ul style="list-style-type: none"> ○ Municipal cash balance from end of the previous year.
45	Capital Grants	<ul style="list-style-type: none"> ○ Grants provided by external bodies to support capital projects.
46	Capital Proceeds	<ul style="list-style-type: none"> ○ Proceeds received as a result of sale of assets.
47	Loans – repayment of principal	<ul style="list-style-type: none"> ○ As per line 32.
48	Transfers from Reserves	<ul style="list-style-type: none"> ○ As per line 36.
49	Transfer to Reserves	<ul style="list-style-type: none"> ○ As per line 37.
50	Borrowings	<ul style="list-style-type: none"> ○ As per line 31.
51	Amount to be made up by Rates	<ul style="list-style-type: none"> ○ Amount of rates required to be raised o fund the annual budget.
52	Rates % Increase	<ul style="list-style-type: none"> ○ % increase of rates compared to the previous year.
53	Closing Funds	<ul style="list-style-type: none"> ○ Sum of lines 43 to 51 ○ The end of year municipal fund rate setting surplus (deficit).

(FS4) Financial Statement 4 - Statement of Financial Position Estimates

OVERALL VALUES

	Notes	Jun-15 \$ms	Jun-16 \$ms	Jun-17 \$ms	Jun-18 \$ms	Jun-19 \$ms	Jun-20 \$ms	Jun-21 \$ms	Jun-22 \$ms	Jun-23 \$ms	Jun-24 \$ms	Jun-25 \$ms	Jun-26 \$ms	Jun-27 \$ms	Jun-28 \$ms	Jun-29 \$ms	Jun-30 \$ms	Jun-31 \$ms	Jun-32 \$ms	Jun-33 \$ms	Jun-34 \$ms	Jun-35 \$ms
Assets																						
Current Assets	54	77	94	81	54	57	66	62	56	52	57	73	91	107	125	152	188	152	181	210	252	300
Non Current Assets	55	1,161	1,279	1,298	1,353	1,382	1,374	1,391	1,411	1,442	1,444	1,437	1,439	1,451	1,464	1,473	1,475	1,553	1,569	1,588	1,602	1,608
Total Assets	56	1,239	1,373	1,379	1,407	1,439	1,440	1,452	1,467	1,494	1,500	1,510	1,530	1,557	1,589	1,624	1,664	1,705	1,750	1,799	1,854	1,908
Liabilities																						
Current Liabilities	57	(24)	(27)	(24)	(24)	(25)	(25)	(26)	(27)	(28)	(28)	(29)	(30)	(31)	(32)	(33)	(35)	(36)	(37)	(38)	(39)	(41)
Non Current Liabilities	58	(8)	(14)	(17)	(33)	(60)	(54)	(55)	(56)	(67)	(56)	(45)	(41)	(37)	(33)	(28)	(24)	(19)	(14)	(8)	(4)	(3)
Total Liabilities	59	(31)	(42)	(40)	(57)	(84)	(79)	(81)	(83)	(94)	(85)	(75)	(72)	(68)	(65)	(62)	(58)	(54)	(50)	(46)	(44)	(44)
Net Assets	60	1,207	1,332	1,339	1,350	1,355	1,361	1,371	1,384	1,399	1,416	1,435	1,458	1,489	1,524	1,562	1,605	1,651	1,699	1,752	1,810	1,864
Equity																						
Retained Surplus	61	543	542	562	601	602	600	614	633	652	665	668	673	688	705	717	724	806	826	849	866	873
Reserves - Cash backed	62	52	64	51	24	27	35	31	25	21	26	42	59	75	93	119	156	120	148	177	219	266
Reserves - Asset Revaluation	63	613	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725	725
Equity	64	1,207	1,332	1,339	1,350	1,355	1,361	1,371	1,384	1,399	1,416	1,435	1,458	1,489	1,524	1,562	1,605	1,651	1,699	1,752	1,810	1,864

MOVEMENTS

	Line	15-16 \$ms	16-17 \$ms	17-18 \$ms	18-19 \$ms	19-20 \$ms	20-21 \$ms	21-22 \$ms	22-23 \$ms	23-24 \$ms	24-25 \$ms	25-26 \$ms	26-27 \$ms	27-28 \$ms	28-29 \$ms	29-30 \$ms	30-31 \$ms	31-32 \$ms	32-33 \$ms	33-34 \$ms	34-35 \$ms	Total \$ms
Assets																						
Current Assets	65	17	(13)	(27)	3	9	(4)	(6)	(4)	4	16	18	16	18	26	37	(36)	28	30	42	48	223
Non Current Assets	66	118	19	55	29	(8)	17	20	31	2	(7)	2	12	13	9	3	78	16	19	14	7	447
Total Assets	67	135	6	28	31	1	13	15	27	7	9	20	28	32	35	39	42	44	49	55	55	670
Liabilities																						
Current Liabilities	68	(4)	4	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(17)
Non Current Liabilities	69	(6)	(2)	(16)	(26)	6	(1)	(1)	(11)	11	11	4	4	4	5	5	5	5	5	4	1	5
Total Liabilities	70	(10)	1	(17)	(27)	5	(2)	(2)	(12)	10	10	3	3	3	3	4	4	4	4	3	(0)	(12)
Net Assets	71	125	7	11	4	6	11	13	15	16	19	23	31	35	39	43	46	48	53	58	55	657
Equity																						
Retained Surplus	72	(0)	20	38	2	(3)	15	19	19	12	3	5	15	17	12	7	82	20	23	16	7	330
Reserves - Cash backed	73	12	(13)	(27)	2	9	(4)	(6)	(4)	4	16	18	16	18	26	36	(36)	28	29	41	48	214
Reserves - Asset Revaluation	74	113																				
Equity	75	125	7	11	4	6	11	13	15	16	19	23	31	35	39	43	46	48	53	58	55	657

Financial Statement 4 – Statement of Financial Position

Line	Item	Details / Source of calculation
54	Current Assets	○ Short term assets such as cash and debtor receivables.
55	Non Current Assets	○ Fixed assets at net book value (ie. 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 58 less line 60.
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 (ie not cash) of assets resulting from revaluations.
64	Equity	○ Sum of lines 61 to 63.
Lines 65 to 75		○ Summarise the movements in assets, liabilities and equity (lines 54 to 64) between successive years.

(SS1) Supporting Schedule 1 - Assumptions

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Average	
EXTERNAL ENVIRONMENT																					
Population	165,307	165,789	166,309	166,839	167,467	168,064	168,724	169,477	170,285	171,109	171,959	172,846	173,744	174,670	175,617	176,595	177,616	178,671	178,671		
Dwellings	60,212	62,150	62,564	63,014	63,464	63,914	64,364	64,733	65,083	65,433	65,783	66,133	66,483	66,683	66,883	67,083	67,283	67,483	67,683	67,683	65,075
Perth CPI	1.8%	2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.2%
Wages CPI	1.8%	2.3%	2.8%	3.3%																	0.5%
RATES REVENUE																					
Rates % Increase on Base Revenue	2.5%	4.0%	5.0%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.5%	4.0%	4.0%	4.0%	4.0%	4.3%
FEES & CHARGES - BY SERVICE																					
Refuse Charges		-1.5%	1.2%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%
Building Fees, excl Dev't Application Fees					3.0%					3.5%					3.5%						0.6%
Development Application Fees		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Licenses & Registrations				2.3%				3.5%				3.5%				3.5%					0.7%
Sports & Recreation Fees		11.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.8%
Hire & Rentals / Leases		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Inspection & Control Fees		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Fines & Penalties			3.0%			3.0%			3.0%			3.0%			3.0%			3.0%	3.0%	3.0%	1.2%
Parking Fees		8.9%	8.3%	7.7%	7.3%	6.9%	5.9%	5.6%	5.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	5.0%
Other Fees & Charges		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Other Revenue		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Average
OPERATING EXPENSES																				
Salaries & Wages		2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.2%
Other Employment Costs		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Members Allowances & Meeting Fees		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		1.5%
Accommodation & Prop		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Administration		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Telephones and Communication		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Finance Related Cost		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Professional Fees		-9.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.7%
Public Relations, Ad		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Contributions & Donations paid by City		-47.0%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.6%
Computing		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Furniture, Equipment		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Other Materials		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Books & Publications		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Travel, Vehicles & P		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
External Services, excl Tipping Fees		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Tipping Fees		-7.3%	-0.2%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.6%
Waste Management Services		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Charges & Recoveries		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Electricity - Western Power (WP) Streetlighting		2.0%	2.0%	2.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%
Electricity - excluding WP Streetlighting		3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%
Gas & Water		7.0%	6.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.2%
Insurance Expenses		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Depreciation: Existing		-3.4%					3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	2.3%
CAPITAL & GRANTS																				
Capital Expenditure		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
Grants		2.3%	2.5%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
FINANCING																				
Cash Reserves earnings		2.7%	3.0%	3.3%	3.6%	3.9%	4.2%	4.5%	4.8%	5.0%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	4.6%
Borrowings: Fixed Term - 5 Years		3.20%	3.51%	3.83%	4.14%	4.45%	4.77%	5.08%	5.39%	5.64%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%	5.17%
Borrowings: Fixed Term - 10 Years		3.70%	3.99%	4.29%	4.59%	4.88%	5.18%	5.48%	5.77%	6.02%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	5.57%
Borrowings: Fixed Term - 15 Years		3.86%	4.10%	4.34%	4.57%	4.81%	5.05%	5.29%	5.53%	5.78%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	6.03%	5.42%
Borrowings: Fixed Term - 20 Years		4.01%	4.24%	4.46%	4.69%	4.91%	5.14%	5.36%	5.59%	5.84%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	6.09%	5.50%

(SS2) Supporting Schedule 2 - Capital Expenditure

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Existing assets & infrastructure																						
Freehold Land	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(38)
Buildings	(4)	(9)	(7)	(7)	(5)	(7)	(4)	(1)	(2)	(3)	(2)	(2)	(2)	(2)	(3)	(3)	(6)	(3)	(3)	(3)	(3)	(79)
Furniture & IT	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(5)
Fleet, Plant & Equipment	(4)	(4)	(5)	(6)	(5)	(4)	(6)	(7)	(4)	(6)	(6)	(6)	(7)	(8)	(7)	(7)	(7)	(9)	(8)	(7)	(7)	(123)
Roads	(7)	(8)	(6)	(7)	(6)	(20)	(22)	(28)	(26)	(14)	(23)	(29)	(32)	(26)	(20)	(29)	(32)	(39)	(34)	(28)	(28)	(435)
Footpaths	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(42)
Drainage	(0)	(0)	(0)	0	0	0	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(20)
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Existing Assets & Infrastructure	(19)	(24)	(20)	(23)	(19)	(36)	(37)	(41)	(36)	(28)	(37)	(44)	(48)	(43)	(36)	(44)	(52)	(57)	(53)	(45)	(742)	
New Assets & Infrastructure																						
Freehold Land	(1)	(0)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(8)
Buildings	(18)	(22)	(63)	(40)	(4)	(12)	(17)	(19)	(2)	(3)	(2)	(1)	(1)	(1)	(1)	(69)	(1)	(1)	(1)	(3)	(3)	(283)
Furniture & IT	0	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Fleet, Plant & Equipment	(0)	(1)	(1)	(0)	(0)	(1)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(13)
Roads	(6)	(9)	(3)	(4)	(4)	(5)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(109)
Footpaths	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(34)
Drainage	(1)	(0)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(9)
Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Assets & Infrastructure	(27)	(35)	(71)	(47)	(11)	(20)	(24)	(26)	(9)	(11)	(10)	(9)	(10)	(10)	(10)	(78)	(11)	(12)	(12)	(14)	(457)	
Total Capital Expenditure	(45)	(59)	(91)	(70)	(30)	(56)	(60)	(67)	(46)	(39)	(47)	(53)	(58)	(54)	(46)	(123)	(63)	(68)	(65)	(59)	(1,199)	

(SS3) Supporting Schedule 3 - Capital Proceeds

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>28-29</u>	<u>29-30</u>	<u>30-31</u>	<u>31-32</u>	<u>32-33</u>	<u>33-34</u>	<u>34-35</u>	Total	
	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	
Proceeds																						
Fleet	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18
Tamala Park	2	2	6	5	6	7	8	2	3	4	7	2	4	3	0	0	0	0	0	0	0	60
Asset Rationalisation Proceeds (JPACF)	2	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
Edgewater Quarry Masterplan	0	0	0	0	0	0	0	0	6	6	0	0	0	0	0	0	0	0	0	0	0	12
Grove Child Care / Dorchester Hall / Warwick Hall	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
CBD Office Development	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total Proceeds	4	10	7	11	7	8	8	3	9	11	8	3	5	4	1	1	1	1	1	1	1	105

(SS4) Supporting Schedule 4 - Reserves

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Strategic Asset Management																					
Opening Balance	22	19	12	4	7	15	8	3	0	4	20	35	52	70	98	133	94	119	146	182	22
Transfer to Reserve	4	1	4	7	12	0	0	0	4	17	15	18	19	29	35	30	29	27	37	43	331
Transfer from Reserve	(6)	(9)	(11)	(4)	(4)	(8)	(5)	(3)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(68)	(4)	(1)	(1)	(1)	(129)
Closing Balance	19	12	4	7	15	8	3	0	4	20	35	52	70	98	133	94	119	146	182	224	224
Sale of Tamala Park Land																					
Opening Balance	7	9	11	0	0	0	2	5	3	2	1	4	2	1	0	0	0	0	0	0	7
Transfer to Reserve	2	2	6	5	6	7	8	3	3	4	7	2	4	3	0	0	0	0	0	0	61
Transfer from Reserve	0	0	(17)	(5)	(6)	(5)	(5)	(5)	(5)	(4)	(4)	(4)	(4)	(4)	(0)	0	0	0	0	0	(68)
Closing Balance	9	11	0	0	0	2	5	3	2	1	4	2	1	0	0	0	0	0	0	0	0
Joondalup Performing Arts & Culture Facility																					
Opening Balance	11	12	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11
Transfer to Reserve	2	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Transfer from Reserve	(2)	(11)	(8)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(21)
Closing Balance	12	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking Facility																					
Opening Balance	5	1	1	1	2	3	3	0	0	0	0	0	0	0	0	1	3	4	6	10	5
Transfer to Reserve	1	1	0	0	1	1	1	0	0	0	0	0	0	0	1	1	2	2	4	4	20
Transfer from Reserve	(5)	(1)	0	0	0	0	(4)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	(11)
Closing Balance	1	1	1	2	3	3	0	0	0	0	0	0	0	0	1	3	4	6	10	14	14
Ocean Reef Marina																					
Opening Balance	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
Transfer from Reserve	(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

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Capital Works Going Forward																						
Opening Balance	8	3	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	8
Transfer to Reserve	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Transfer from Reserve	(7)	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(10)
Closing Balance	3	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Waste Management																						
Opening Balance	5	7	6	5	5	6	6	6	6	6	7	7	8	8	8	9	9	10	10	11	11	5
Transfer to Reserve	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	8
Transfer from Reserve	(0)	(1)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2)
Closing Balance	7	6	5	5	6	6	6	6	6	7	7	8	8	8	9	9	10	10	11	11	11	11
Vehicles & Plants Replacement																						
Opening Balance	2	3	4	4	3	3	3	2	2	3	3	3	3	3	2	1	2	2	2	2	2	2
Transfer to Reserve	1	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	5
Transfer from Reserve	0	0	(0)	(1)	(0)	(0)	(1)	0	0	0	(0)	(0)	(1)	(1)	(0)	0	0	0	0	0	0	(5)
Closing Balance	3	4	4	3	3	3	2	2	3	3	3	3	3	2	1	2	2	2	2	2	3	3
Non Current LS Leave Reserve																						
Opening Balance	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	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	2
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	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4
Public Art Reserve																						
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

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	Total	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	
Section 20A Land																						
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
Marmion Car Park Reserve																						
Opening Balance	2	0	0	0	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	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2)
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash in Lieu of Parking Reserve																						
Opening Balance	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	3	3	3	1
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Closing Balance	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3
Trust Fund																						
Opening Balance	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
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
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	66	58	46	19	21	30	26	20	16	20	36	54	70	88	114	150	114	142	172	213	66	
Transfer to Reserve	14	13	10	13	19	9	9	3	9	21	23	21	24	32	37	32	32	30	42	49	444	
Transfer from Reserve	(22)	(26)	(37)	(10)	(10)	(13)	(15)	(7)	(5)	(5)	(5)	(5)	(6)	(6)	(1)	(68)	(4)	(1)	(1)	(1)	(249)	
Closing Balance	58	46	19	21	30	26	20	16	20	36	54	70	88	114	150	114	142	172	213	261	261	

(SS5) Supporting Schedule 5 - Borrowings

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>28-29</u>	<u>29-30</u>	<u>30-31</u>	<u>31-32</u>	<u>32-33</u>	<u>33-34</u>	<u>34-35</u>	Total	
	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	<i>\$ms</i>	
Heathridge Master Plan - Planning Costs only																						
Joondalup Performing Arts & Culture Facility/Jinan Garden				20	28																	47
Synthetic Hockey Project		5																				5
Edgewater Quarry Masterplan						0	6	5														12
Percy Doyle - Refurbishment Works																						
Chichester Park Redevelopment																						
Multi Storey Car Park (2)											15											15
Total New Borrowings	2	5	20	31	0	6	5	15														84