

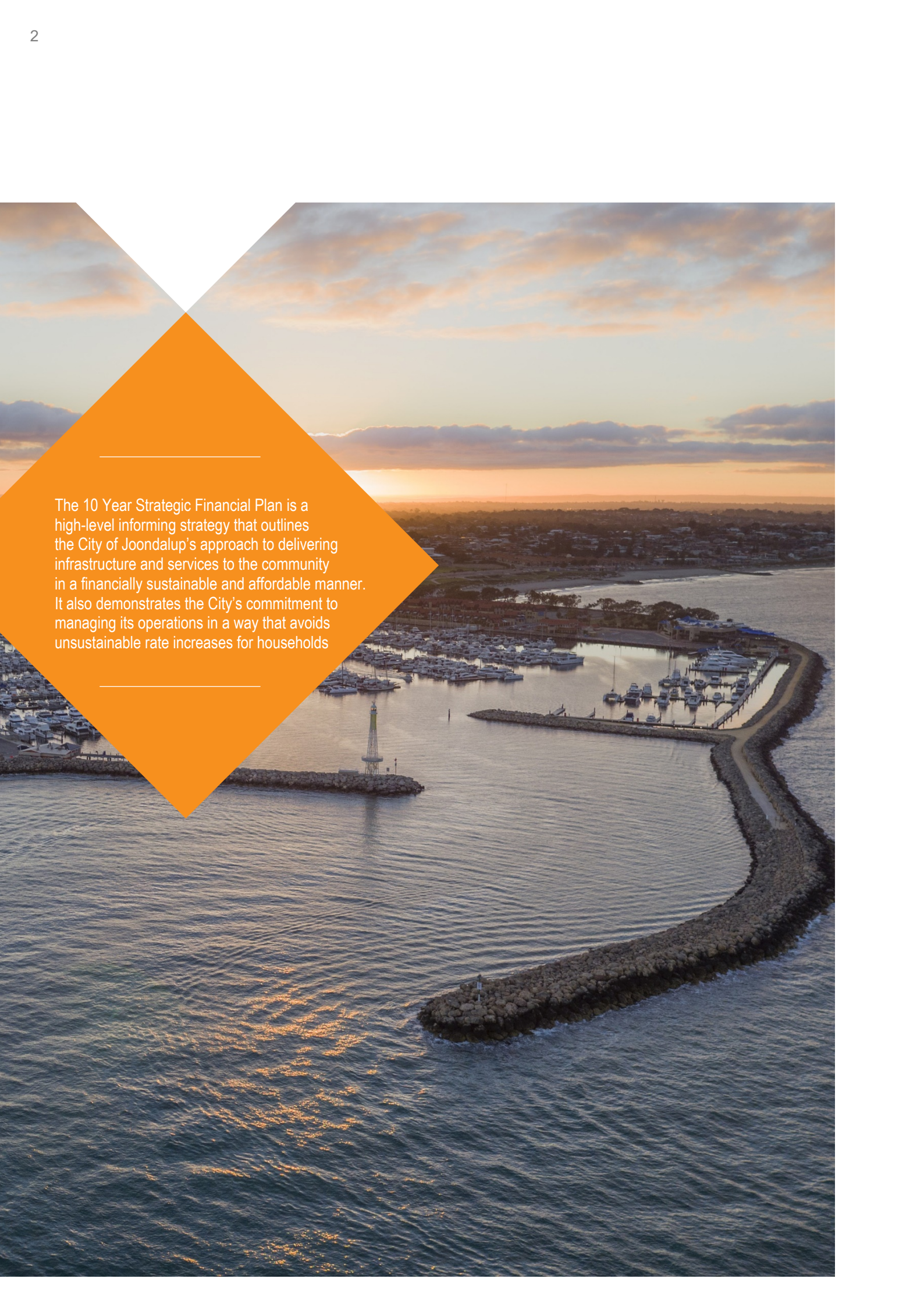
UPDATED JUNE

2023

10 Year Strategic Financial Plan

2022/23 - 2031/32



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

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

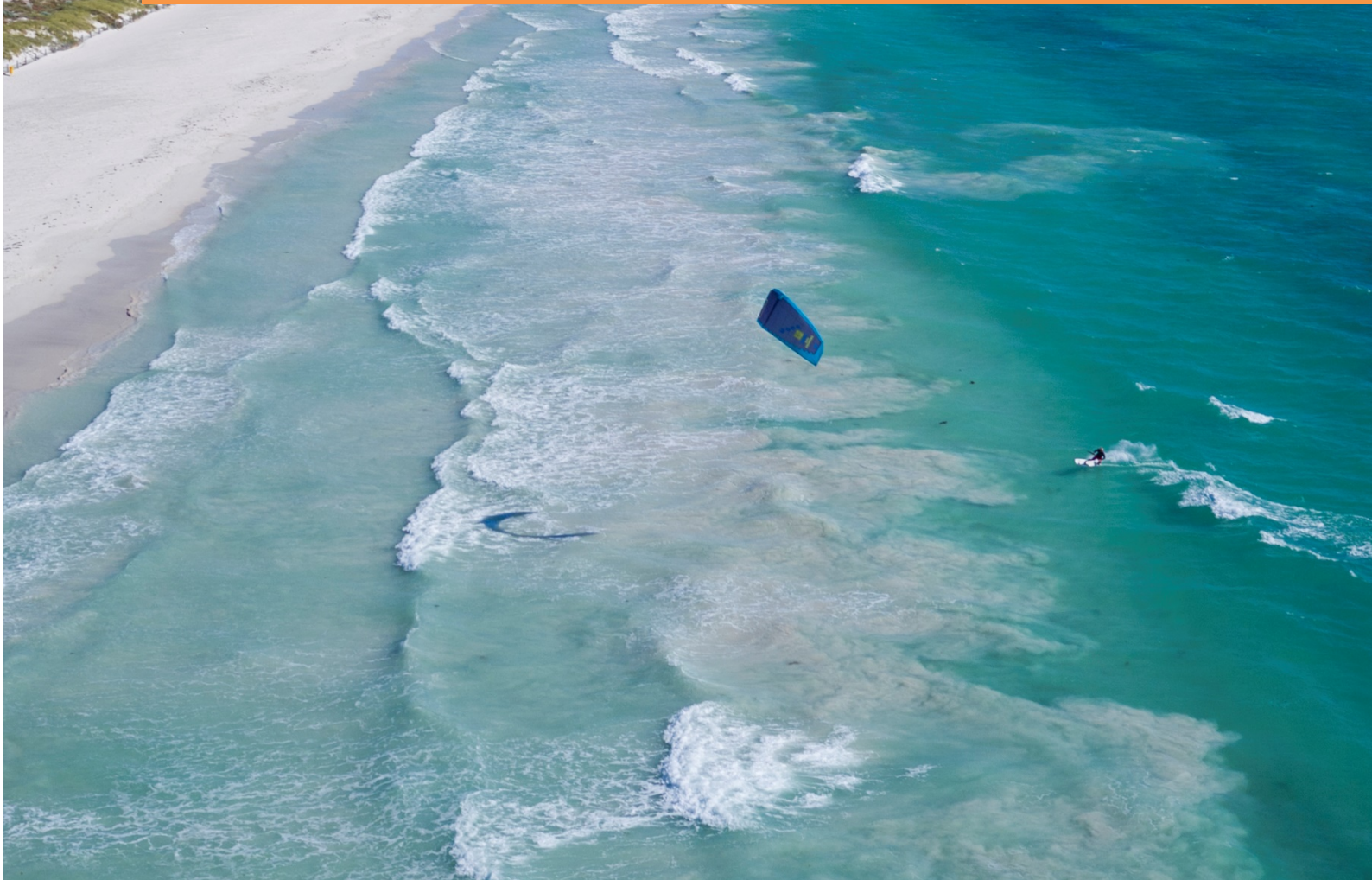
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1 Executive Summary

The *10 Year Strategic Financial Plan* is a high-level informing strategy that demonstrates financial competence and long-term financial sustainability. The City has applied a 2.75% rate increase for 2023/24 which is far lower than the rate of escalation and the increase in expenses. The City is estimated to have an operating deficit of \$2.3m in 2023/24 (after depreciation) but the City is in good financial health because it will generate an operating cash surplus of circa \$28m. There are economic challenges for the City with rising costs of living, which has the potential risk to cause a recession so the City will have to closely monitor the economic situation and be able to respond accordingly.

The City's financial health is evaluated using a COJ Financial Sustainability Indicator (COJ FSI), comprising of 8 key indicators. The COJ FSI is above target for most years but is currently below target because is being spent on the Capital Works Program than is recommended.



The City continues to respond to economic volatility as best it can, and with rising costs of employment and materials and contracts, the City has implemented a rates increase of 2.75% in 2023/24. There is ongoing uncertainty with economic conditions and the 10-year Strategic Financial Plan has been prepared with modest increases in the next few years.

Key issues:

Rates Increases

From 2024/25 onwards this plan has assumed base rates increase will increase in line with Perth CPI. The increase in the 2023/24 budget is a lot lower than the current inflation rate.

Salaries and wages

from 2024/25 onwards these are assumed to increase in line with Perth Wages Price Index but for 2023/24 there is uncertainty as the Inside Workplace Agreement is currently being negotiated.

Materials and contracts

Assumed to increase in line with Perth CPI.

Refuse Charge per Household

Increases would not be required each year. A total increase in the next 10 years of just 12% compared to the 2023/24 rate.

Operating deficit

An operating deficit, after depreciation, is projected for the next two years, but from 2025/26 onwards a surplus is projected.

Operating cashflow

This plan projects an operating cash surplus of \$28.5 million in 2023/4, steadily rising each year and forecast to be \$47.6 million by 2031/32. The cash surplus excludes depreciation.

Cash surpluses are essential so that the City can renew assets and provide upgrade or new assets.

Capital expenditure

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

Reserves

Cash reserves are forecast to grow to circa \$250 million at June 2032 which is higher than desired due to the large pipeline of major projects not yet approved and not yet included in the Strategic Financial Plan.

Borrowings

The City's existing borrowings will be repaid by June 2024.

Chart 1 compares the operating projections in last year's plan versus the updated projections. There are two sets of projections, the operating cashflow (excluding depreciation) and the operating deficit (including depreciation).

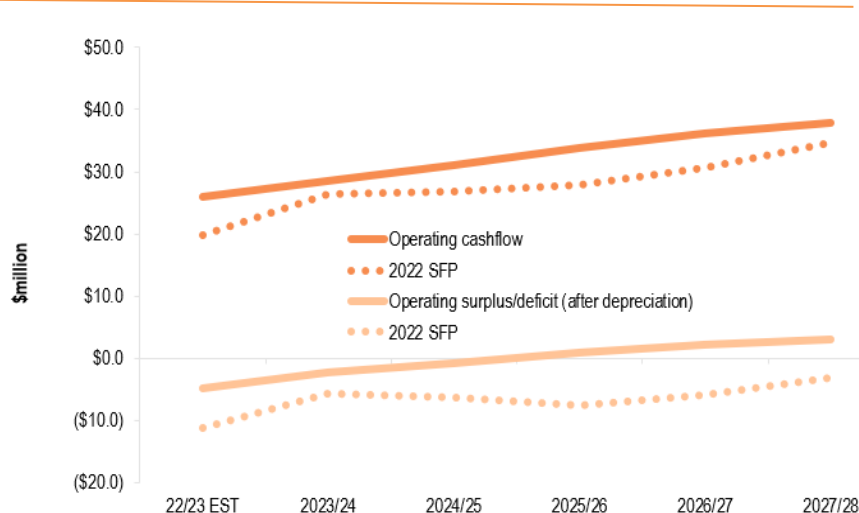
The 2023 plan shows a similar trend as the 2022 plan.

The updated operating projections still show gradual improvements due to new rates income, one-offs in 2023/24 not repeated, new income from projects and increased earnings from cash reserves.

In the long-term the operating deficit is not sustainable because expenditure on renewal of capital infrastructure will eventually be more than depreciation.

Chart 1 – Operating Projections 2023/24 to 2026/27

OPERATING SURPLUS/(DEFICIT)



2 Introduction

2.1 Purpose

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

The new plan included in this document covers the years 2022/23 to 2031/32 and is referred to as the *10 Year Strategic Financial Plan*. The Previous Plan covered the years 2021/22 to 2030/31 and was presented to Council in October 2022.

2.2 Integrated Planning /Reporting Framework and Guiding Principles

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

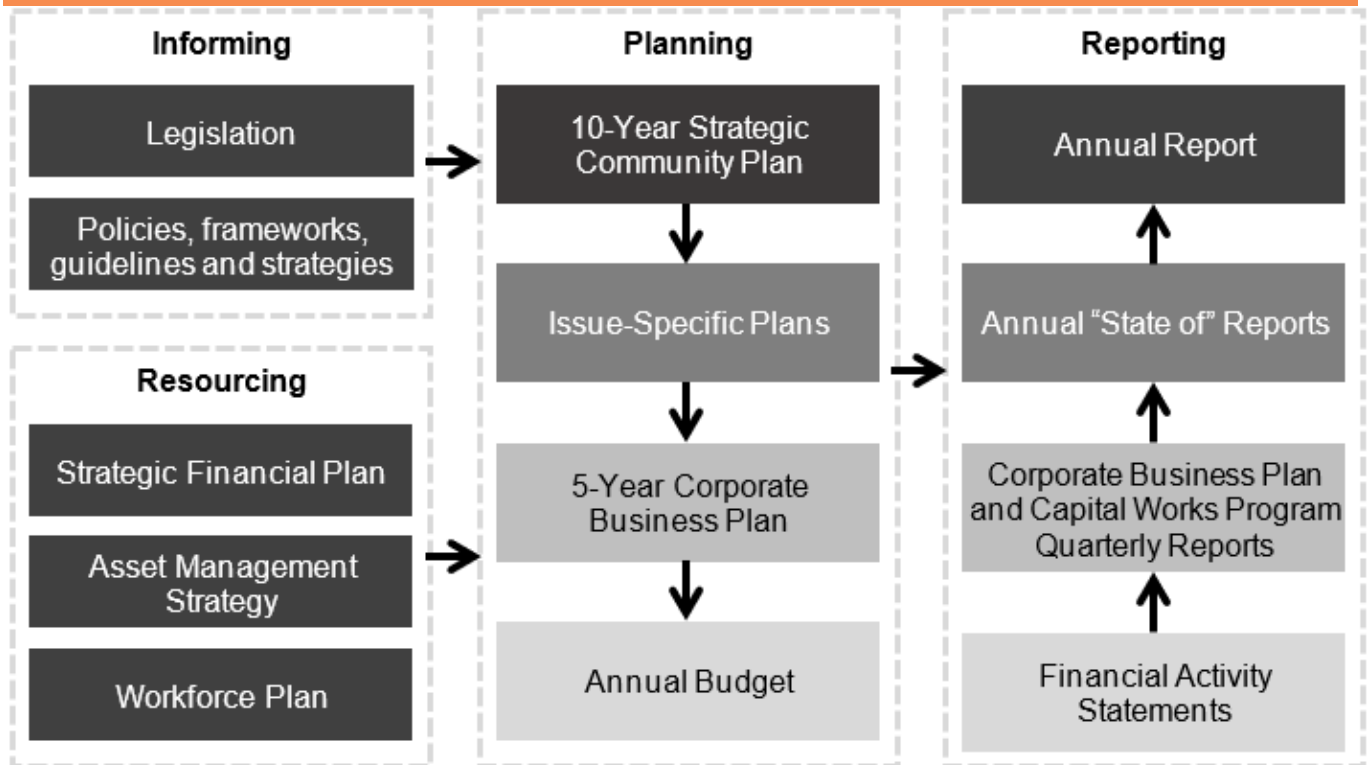
The Advisory Standard has been used by the City to develop its own Financial Sustainability Guiding Principles which are reviewed annually. The Financial Sustainability Guiding Principles include basic principles and eight key indicators are used by the City to evaluate the plan.

All the Guiding Principles are important, but the fundamental principal in preparing the projections is to be prudent, and the most important indicators are the operating results..

2.3 Planning Alignment

The *10 Year Strategic Financial Plan* forms part of the Integrated Planning Framework, as shown on Chart 2. The Budget for 2023/24 forms the baseline for the projections and the update of the *10 Year Strategic Financial Plan* has been synchronised with the annual budget cycle.

Chart 2 – Integrated Planning Framework



2.4 City Profile and Key Statistics

Table 1 – City of Joondalup Key Statistics

Joondalup Headline Statistics

Number of businesses
ABS 2022

12,644

**\$7.30
BILLION**

Headline Gross Regional
Product (NEIR 2022)

2023 (Forecast ID)

POPULATION
166,598

**DISTANCE FROM
PERTH CITY CENTRE**
30km

369
**Public open
spaces**

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





2.5 Services

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

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

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

2.6 Disclaimer

Readers of the *10 Year Strategic Financial Plan* should note that the document is used predominately as a planning tool

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

2.7 How The Plan is Prepared and Presented

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

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

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



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

3 Economic Indicators

3.1 Economic Outlook

There are volatile economic conditions and rising cost of living increases with RBA cash rate increasing from 0.1% to 4.10% in just over one year.

Table 2 contains the most recent state economic indicators (May 2022) and national indicators (May 2022). The indicators both suggest that the economy will gradually grow.

It is possible that the economic conditions result in a recession to the Australian economy. The risks to the City and ratepayers of the economic conditions and potential recession are:

- Unemployment increases.
- Business closures.
- Grant funding by Federal and State reduces because tax receipts are reduced.
- Mortgage stress / defaults.
- Rates repayments affected / hardship claims increased.
- Rates business and residential growth slows.

3.2 City of Joondalup Key Indicators – Long Term

The City is assumed to enjoy moderate population increases in the years ahead.

The population growth for the North West region will continue to grow significantly and this will place added pressure on the City to provide increased employment, health, entertainment and educational opportunities to support the needs of a growing regional population.

Business growth has slowed down recently there is further potential for increased business growth in the medium and long-term.

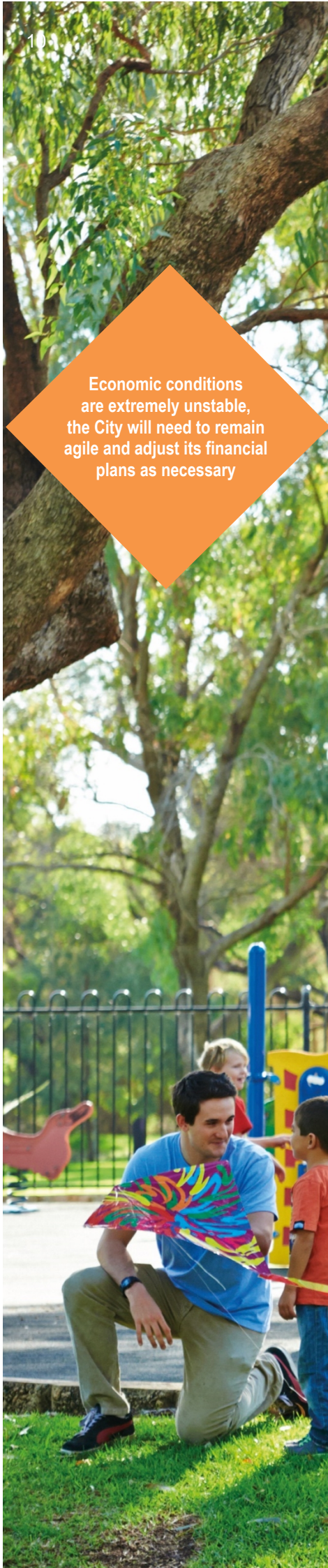


Table 2 – Economic Outlook Short-Term

		Forecast				
		22/23 EST	2023/24	2024/25	2025/26	2026/27
Economic & Social Indicators		%	%	%	%	%
Nominal Gross Domestic Product	#2	10.25%	1.25%	2.50%		
Gross State Product	#1	4.25%	2.25%	1.75%	2.00%	1.50%
Unemployment Rate: WA	#1	3.50%	4.00%	4.25%	4.50%	4.50%
Population Growth: WA	#1	2.00%	1.80%	1.70%	1.60%	1.60%
Price Indices and Cost Drivers						
CPI Australia	#2	6.00%	3.25%	2.75%		
CPI WA	#1	4.90%	3.50%	2.75%	2.50%	2.50%
Local Government Cost Index	#4	4.40%	3.30%	2.70%		
Wages Price Index WA	#1	3.75%	4.00%	3.75%	3.25%	3.00%
Financial Indicators						
RBA Cash Rate	#5	4.10%	4.60%	4.10%	3.85%	3.85%
WATC Borrowing Rate (10 Years)	#6	3.66%	3.43%	3.32%	3.21%	3.61%
Earnings on Cash		4.36%	4.50%	3.83%	3.72%	3.61%

#1 WA State Budget (May 2023). #2 Federal Budget May 2023 #3 WALGA economic update June 2023

#4 City estimate #5 WATC March 2023

Table 3 – City of Joondalup Long Term Key Indicators

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Population: City of Joondalup	166,598	166,985	167,512	168,012	168,473	169,044	169,628	170,273	171,007
Source: Profile ID									
Residential Dwellings	62,794	63,043	63,293	63,542	63,792	64,041	64,291	64,540	64,790
Source: City of Joondalup Forecast									
Business Growth	0.4%	0.3%	0.6%	2.3%	0.6%	12.8%	1.8%	0.1%	0.3%

4 Operating Projections

4.1 How the Operating Projections are Prepared

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

Chart 3 – Key Elements of Operating Projections





4.2 Critical Assumptions

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

Chart 4 shows the assumptions assumed to 2027/28. The economic indicators in previous section are used as a reference point for the city’s critical assumptions.

Perth CPI

Projected to be 3.5% for 2023/24, 2.75% for 2024/25 and 2.5% thereafter.

Rates increases

2.75 for 2023/24 and then match Perth CPI thereafter (and hence the red line in the graph for rates increase is not visible from 2024/25 onwards).

Perth Wages Price Index

Estimated to be 4% in 2023/24, 3.75% in 2024/25, reducing to 3.25% for the next two years..

Salaries & Wages

from 2026/27 onwards these are assumed to increase in line with Perth Wages Price Index but for 2023/24 and 2024/25 a lower increase of 2.75% is assumed.

Materials and Contracts

An increase in line with Perth CPI is assumed

Refuse Charge

A separate long-term financial model has been prepared that evaluates potential increases required in refuse charges to keep pace with expenditure. This analysis indicates that increases to Refuse Charge are not required every year.

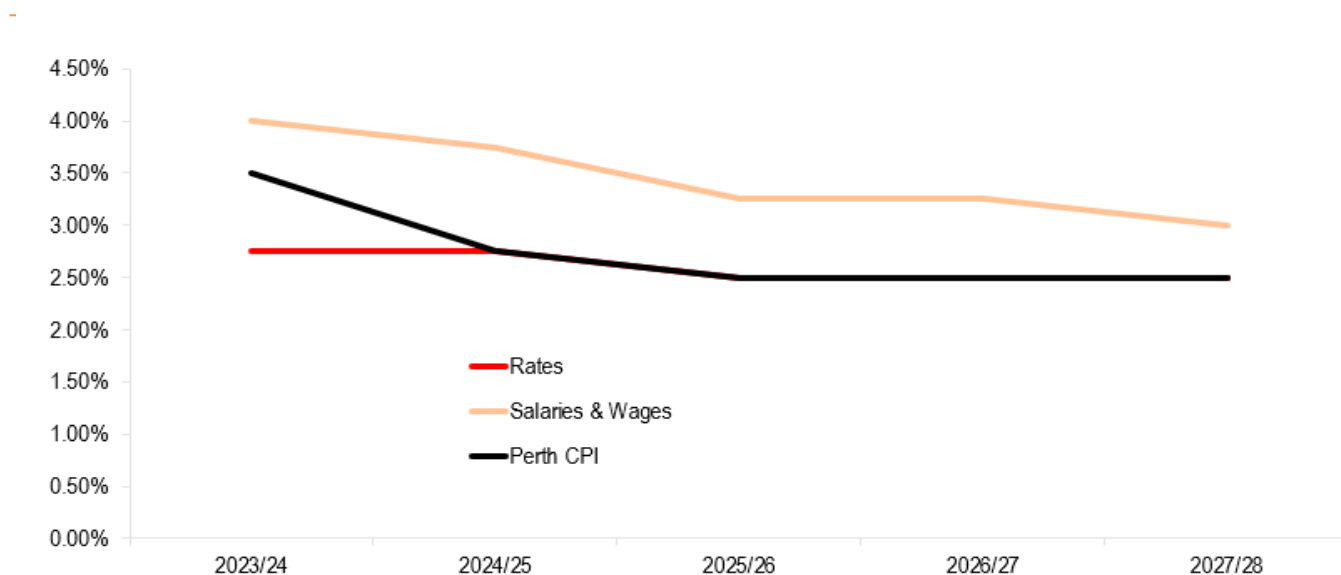
It is vital to emphasise that it is not the absolute number for each assumption that is critical to the financial projections but the difference between the assumptions i.e. if rates are increased less than the increase in expenses then the operating deficit will worsen, notwithstanding other factors.

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

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

Chart 4 – Critical Assumptions

% INCREASES TO BASE OPERATING INCOME AND EXPENSES



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

4.3 Operating Projections

Chart 5 compares the operating projections in last year's plan versus the updated projections.

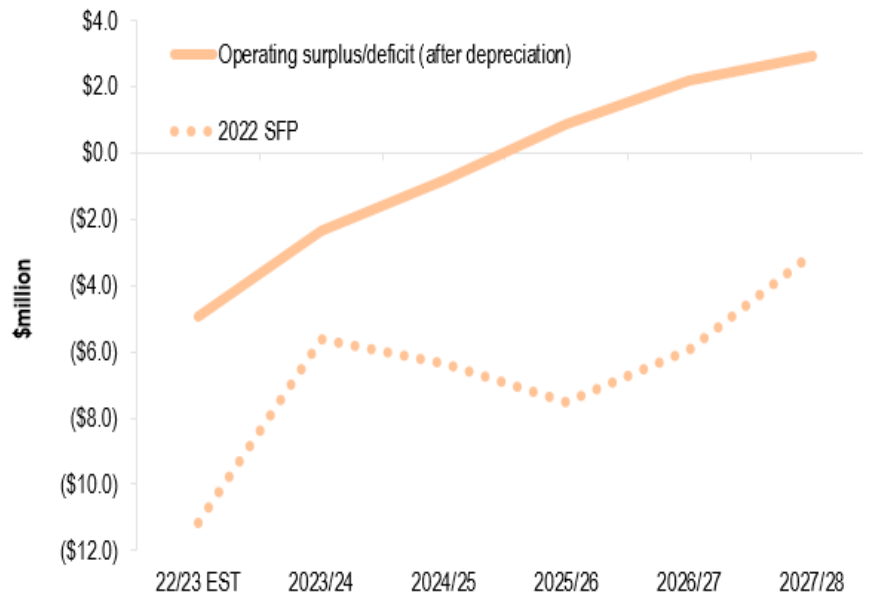
The 2023 plan shows a similar trend as the 2022 plan.

The updated operating projections still show gradual improvements due to new rates income, one-offs in 2023/24 not repeated, new income from projects and increased earnings from cash reserves.

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

Chart 5 – Operating Projections 2023/24 to 2026/27

OPERATING SURPLUS/(DEFICIT)



4.4 Analysis of Operating Results

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

One-Offs

There are \$1.1m of impacts in 2023/24 that will not be repeated in future years.

Rates Growth (Commercial and Residential) – by 2027/28 it is estimated that there will be \$1.7m additional income from new dwellings and new commercial. The assumptions have been built up with reference to known or potential planning applications and estimated in-fill.

Projects, a net impact of \$2.5m by 2027/28.

Investment Earnings – by 2027/28 it is estimated that the City may earn \$7.3m which is \$1.5m more than in 2023/24. This is caused by the growth in reserves

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

Other \$2.3m – an underspend on employee costs of \$2m per

year from 2024/25 is assumed because of the trend in vacancies where employee costs are regularly less than budget.

Critical Assumptions

These were explained earlier and relate to the % increases assumed for base income and expenses. The assumptions provide a net cost of (\$3.9m). The % increases to base income do not fully keep pace with increases in expenses, for example Salaries & Wages.

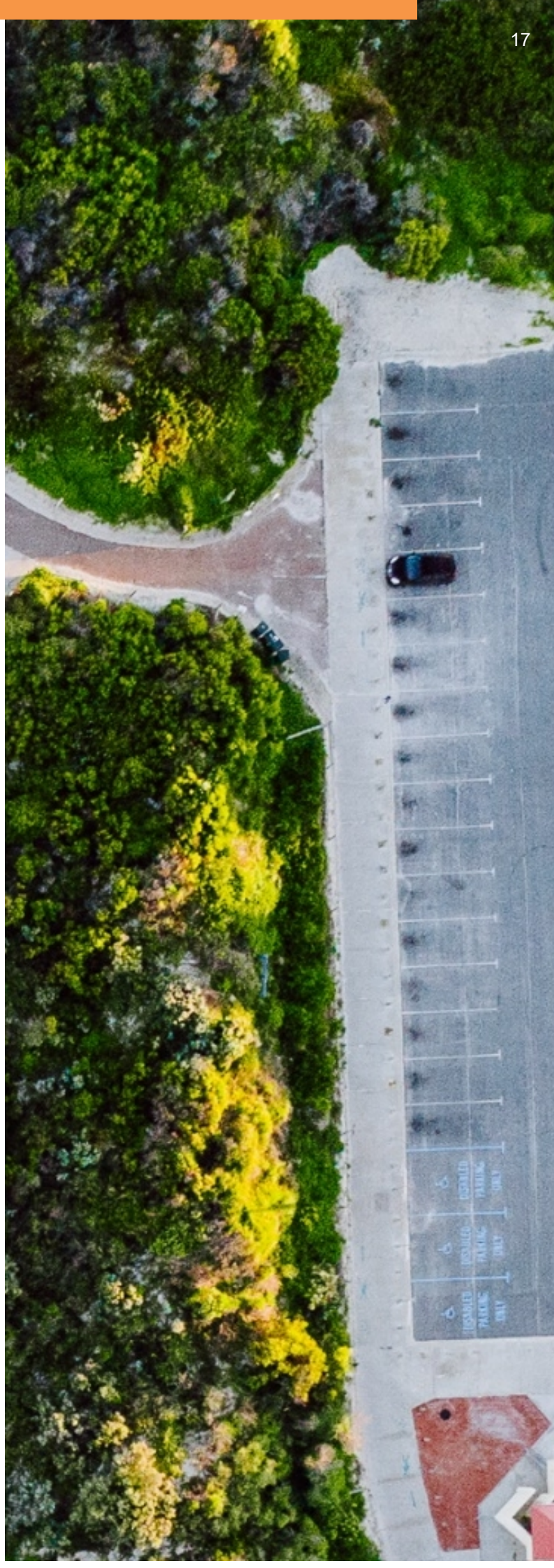
Table 4 – Changes in Operating Results

Improvements in Operating Results	23/24 \$ms	27/28 \$ms	Difference \$ms
1 One-off items in budget removed from future years		1.1	1.1
2 Rates Growth (Commercial & Residential)	0.3	1.7	1.5
3 Projects - additional operating expenses, depreciation and income		2.5	2.5
4 Investment Earnings	5.8	7.3	1.5
5 Interest on Borrowings	(0.3)	(0.1)	0.2
6 Other		2.3	2.3
7 Critical Assumptions			
- Rates Income & Fees/Charges	160.5	175.2	14.7
- Expenses (Employment Expenses, Materials/Contracts, Utilities, Depreciation)	(168.5)	(187.1)	(18.6)
Operating Surplus / (Deficit) after Depreciation	(2.3)	2.9	5.2



4.5 Summary of Operating Results

The City has deliberately planned for an operating deficit of (\$2.3m) in 2023/24. The operating deficit is possible because of the strong cash position and that the City's assets are still relatively young which means less spent on renewals compared to depreciation.



5 Capital Expenditure

5.1 Capital Expenditure Estimates by Asset Class

Capital Expenditure forecasts have been built up as follows:

- Major Projects – 9 major projects that have been approved are included in the plan.
- Major projects not currently included – these have been evaluated separately and covered in section 7 (sensitivity analysis).
- Capital Regular Programs (Fleet and IT) – capital replacement of existing infrastructure
- Capital Works Program (CWP) – the program has built up over the years, most notably in recent years due to economic stimulus packages. An evaluation of the affordability of the CWP going forwards has been prepared and recommends that \$21 million per year is affordable.

Supporting Schedule 2 provides more details on the estimated capital expenditure.

5.2 Capital Renewals and Asset Management

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

Table 5 Asset Values

Asset Values 30th June 2022	Asset Values		% of Total (CRC)
	Current Replacement Cost	Written Down Value	
	\$ms	\$ms	%
1 Buildings	317.4	210.2	16%
2 Drainage	359.3	250.7	18%
3 Lighting	44.6	23.0	2%
4 Parks	180.0	137.1	9%
5 Transport, excl Roads	190.1	126.2	9%
6 Roads	690.5	401.8	34%
7 Freehold Land	115.6	115.6	6%
8 Fleet, Equipment, Other	47.8	23.8	2%
9 Work in Progress	57.0	57.0	3%
Total Asset Values	2,002.5	1,345.5	100%

5.3 Capital Expenditure by Cause

Chart 6 summarises the 10-year capital expenditure estimates by cause. A total of \$340 million is estimated with most of this (67% on renewals) and 33% on upgrade or new. The \$114m on upgrade and new is far from ideal because this causes new

depreciation, new operating expenses and requires future capital renewal. There are some projects which will provide an operating surplus, but these are the minority, most of the new and upgrade projects will have a negative impact on operating

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

Chart 6 – Capital Expenditure by Cause

- Renewal \$227m 67%
- Upgrade \$64m 19%
- New \$50m 15%



5.4 Phasing of Capital Expenditure

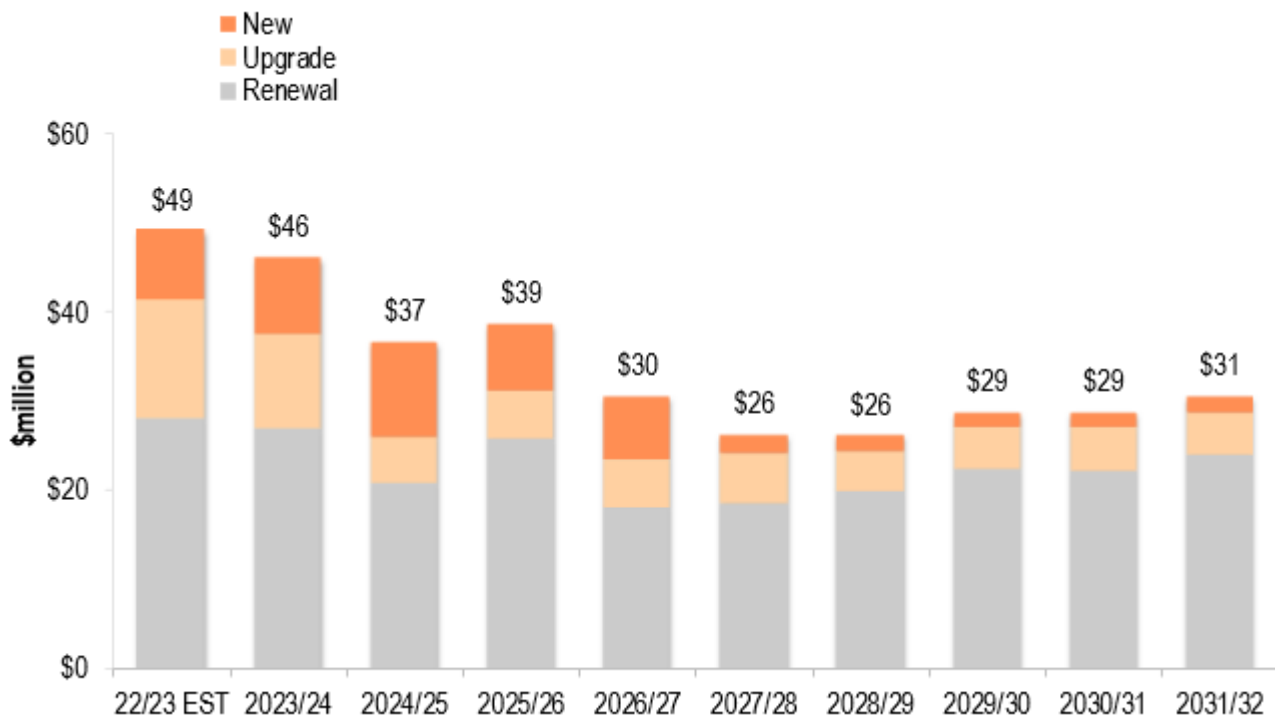
Chart 7 shows the estimated phasing of capital expenditure (including escalation). There are large peaks in new expenditure caused by major projects. The renewal expenditure shown is currently lower than annual depreciation expense (over \$30m

per year). The average age of existing assets is relatively young but as the assets get older there will be a requirement for increased renewal expenditure which has been built into some of the programs e.g. footpaths projected for replacement of paths based on condition assessment and modelling). In the longer term (beyond 20 years), there will be a

much higher renewal requirement and the City has set up an Asset Renewal Reserve to fund higher renewals.

Chart 7 – Phasing of Capital Expenditure

CAPITAL EXPENDITURE BY CAUSE \$M



5.5 Source of Funding

Table 6 summarises the capital expenditure by type and estimated funding for each program and project. As indicated earlier the *10 Year Strategic Financial Plan* only includes major projects that are approved.

The key assumptions for the funding of capital expenditure are:

CWP Renewal – some grant funding with remaining city funding from the Asset Renewal Reserve

CWP Upgrade/New – city portion funded by municipal

Capital projects e.g. I.T. – funded by municipal.

Fleet – disposal proceeds of sold assets and the remainder from the Asset Renewal Reserve

Major projects – city portion funded by reserves.

Table 6 – Capital Expenditure Funding Years 3 to 10

Capital Funding Years 3 to 10 (including escalation)	Capital Expend	Funding					Total
		Grants	Disposal Proceeds	Municipal	Reserves	Loans	
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Regular capital programs							
CWP - Renewal	(133.3)	22.4			110.9		133.3
CWP - Upgrade/New	(55.2)	22.4		32.7			55.2
Capital projects	(16.2)			16.2			16.2
Fleet	(13.1)		2.9		10.2		13.1
Total Regular capital programs	(217.8)	44.9	2.9	48.9	121.1		217.8
Major projects							
City Centre Place Activation	(1.1)				1.1		1.1
Burns Beach Coastal Node redevelopment	(3.9)				3.9		3.9
Burns Beach Café Restaurant	(3.8)				3.8		3.8
Sorrento Surf Life Saving Club Redevelopment	(14.1)	9.5			4.5		14.1
Percy Doyle Outdoor Youth Facilities	(5.1)	2.6			2.6		5.1
Total Major projects	(28.0)	12.1			15.9		28.0
All	(245.7)	57.0	2.9	48.9	137.0		54.8

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

5.6 Major Projects – Operating Impacts

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

This indicates that there are some projects that will provide an operating surplus but others that may provide an operating deficit.

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

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

5.7 Summary by Type

The source of the capital expenditure values are shown in Chart 8 and shows that the vast majority of the \$340m planned expenditure is the Capital Works Program with \$253m.

Chart 8 – Capital Expenditure by Type

CAPITAL EXPENDITURE BY TYPE



Table 7 – Major Projects Operating Impacts

Major Projects - Operating Impacts	Year 1	Impacts per Year				Rates % Impact
		Operating Revenue	Operating Expenses	Depreciation: New	Operating Surplus / (Deficit) after Depreciation	
		Opln	OpEx	Depn	Operating	
		\$000s	\$000s	\$000s	\$000s	
City Centre Place Activation	2023/24					
Cafes / Kiosks / Restaurants - Pinnaroo Point	2026/27	\$80	(\$4)		\$76	0.1%
Ocean Reef Marina - ORSSC building contribution	2025/26	\$21	\$110	(\$72)	\$59	0.1%
Burns Beach Coastal Node redevelopment	2026/27		(\$69)		(\$69)	-0.1%
Burns Beach Café Restaurant	2026/27	\$371	(\$90)	(\$58)	\$223	0.2%
Sorrento Surf Life Saving Club Redevelopment	2027/28	\$203	(\$66)	(\$142)	(\$5)	0.0%
Percy Doyle Outdoor Youth Facilities	2026/27		(\$108)	(\$87)	(\$195)	-0.2%
Craigie LC Refurbishment Phase 1	2024/25	\$298			\$298	0.3%
Chichester Park Redevelopment	2024/25					
TOTAL		\$974	(\$228)	(\$359)	\$387	0.4%

6 Source and Application of Funds

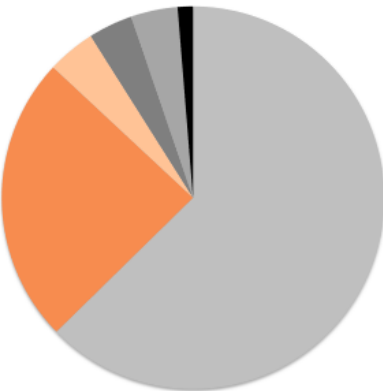
6.1 Source of Funds

Chart 9 summarises the source of all cash income over the 10 year period, and Financial Statement 2 provides further details. In total the City is projected to receive approximately almost \$2.0 billion of funds. The overwhelming source is operating income (Rates, Fees and Charges, Investment Earnings, Operating Grants). The non-operating income (capital grants, proceeds from sale of assets and borrowings) are important to help fund capital expenditure and are explained in more detail in this section.

Chart 9 – Source of Funds

SOURCE OF FUNDS %

■ Rates	\$1232m	62.7%
■ Fees & Charges	\$478m	24.3%
■ Operating Grants	\$80m	4.1%
■ Investment Earnings	\$73m	3.7%
■ Capital Grants	\$78m	4%
■ Proceeds from Sale of Assets	\$25m	1.3%
■ Borrowings	\$0m	0%



6.2 Application of Funds

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

Chart 10 – Application of Funds

APPLICATION OF FUNDS %

■ Operations and Maintenance	\$1488m	75.6%
■ Capital Expenditure	\$341m	17.3%
■ Debt Service Costs	\$5m	0.3%
■ Reserves Net Transfer	\$133m	6.8%



6.3 Grants

The City strives to maximise the amount of external funding to support capital projects, for example an annual application is made to the Community Sporting and Recreation Facility Fund. The plan assumes \$78m of Capital Grant revenue, mostly relating to the Five Year Capital Works Program.

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

6.4 Proceeds from Sale of Assets

The *10 Year Strategic Financial Plan* includes disposal proceeds for

- Fleet - sale of motor vehicles due to replacement.
- Tamala Park further proceeds from sale of Tamala Park land, which the City owns one sixth of.

Table 8 summarises the proceeds from sale of assets.

Table 8 – Proceeds from Sale of Assets

Proceeds from Sale of Assets	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Fleet	0.8	0.3	0.2	0.2	0.0	0.4	0.3	0.7
Tamala Park	2.8	2.0	1.7	1.7	1.7	1.7	1.7	1.2
Total	3.6	2.3	1.9	1.9	1.7	2.1	2.0	1.8



6.5 Reserves

Supporting Schedule 3 provides a break down for each of the individual reserves. Chart 11 summarises the projected balances split between Tied (legislative), Untied and Policy. These are explained in more detail below:

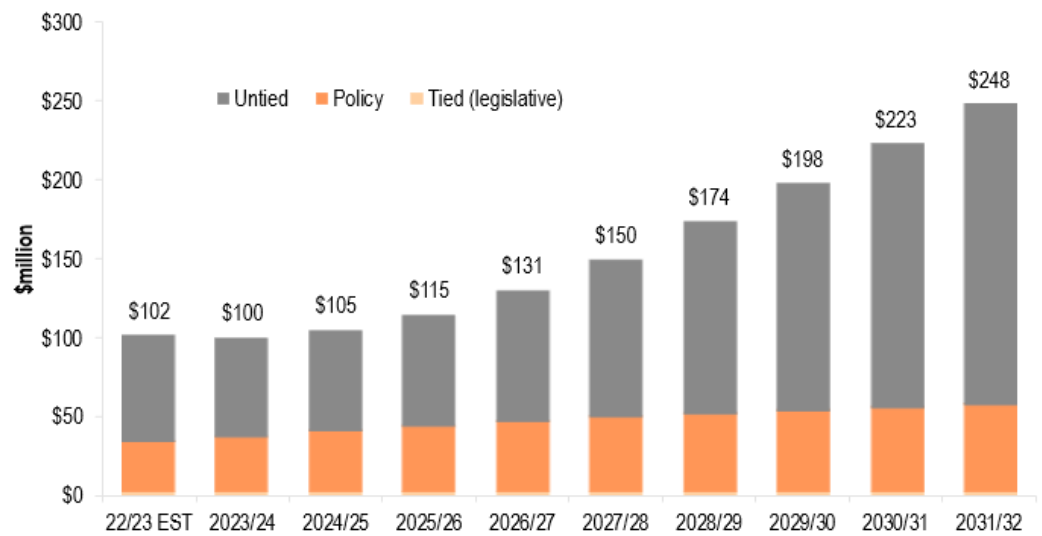
- Tied Reserves – legislative conditions dictate how the reserve is used. This applies to a small number of reserves with small values e.g. leave reserve and cash in lieu of ity parking.
- Untied reserves – where there is no major limitation on the use of the reserve

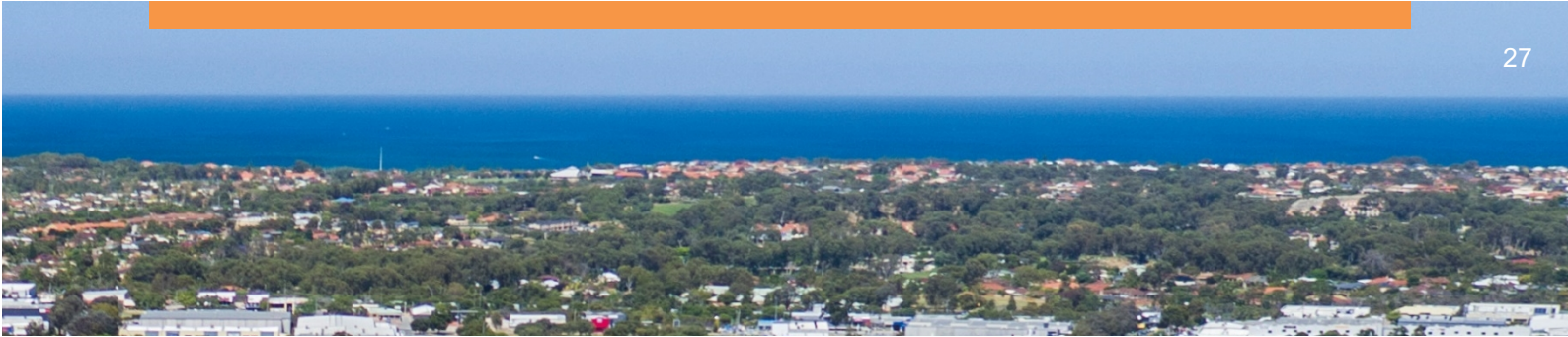
and Council has significant discretion on how the funds may be used. This relates to the Strategic Asset Reserve and the Tamala Park Land Reserve.

- Policy – this relates to the majority of reserves and where Council has determined a single purpose for each reserve. This includes the Joondalup Performing Arts Cultural Facility reserve, Parking Facilities Reserve, Asset Renewal Reserve and Percy Doyle Infrastructure Reserve fund. City has discretion at any time to change the use and application of these funds.

Chart 11 – Reserve Projections

RESERVE BALANCES





6.6 Borrowings and Debt Management

Borrowings are proposed in the 10 Year Strategic Financial Plan when there are no available reserves or surplus municipal funds. For capital expenditure there are sufficient municipal funds and reserves to fund projects up to 2031/32. There are no further borrowings assumed for any projects in the forward projections.

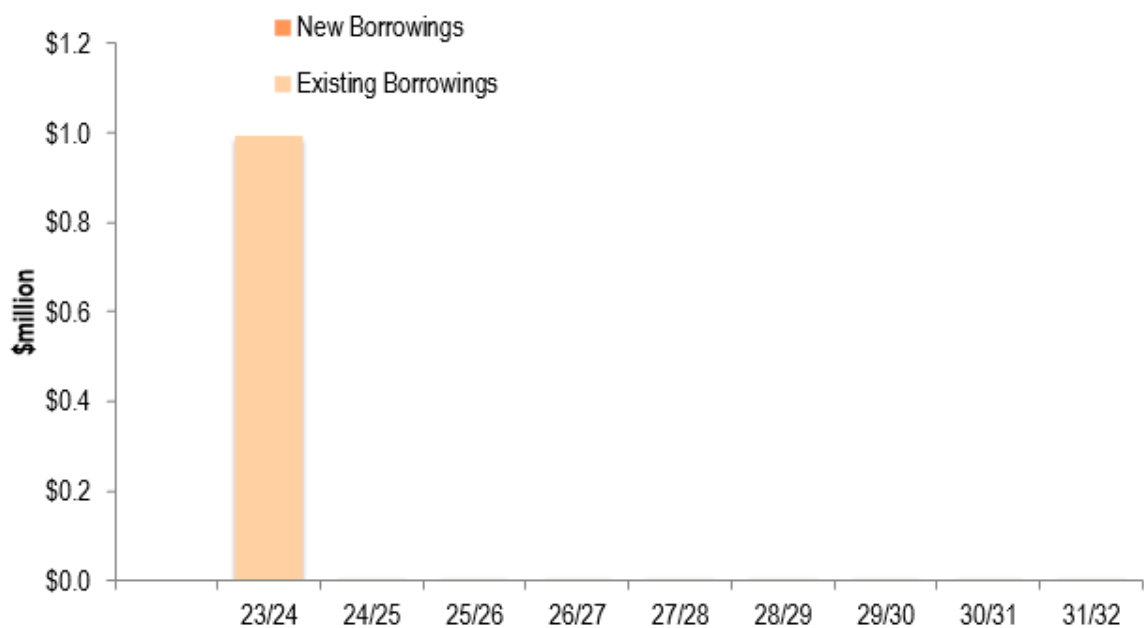
Table 9 – New Borrowings

<< There are no borrowings in the SFP 2023 >>

Chart 12 summarises the projected amount outstanding each year, this also shows that existing borrowings will be repaid in full within a year.

Chart 12 – Principal Owing

PRINCIPAL OWING



7 Risks, Sensitivity and Scenario Modelling

7.1 Key Risks and Opportunities

There are several key risks and opportunities within the plan:

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

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

7.2 Scenario Analysis

Analysis has been completed to evaluate the impact of all major projects, including unapproved, being included in the SFP.

Chart 13 summarises the capital expenditure for the full pipeline of major projects versus the capital expenditure of projects included in the *10 Year Strategic Financial Plan*. The values for “not yet included” include large values in a few years time for the development of the CBD, including an Arts Facility, development of Boas Place and a second Multi Storey Car Park. Whilst these values appear very ambitious they are supported by preliminary business cases albeit subject to further refinement and approval.

Chart 13– Major Project Capital Expenditure – Included in SFP and Not Included

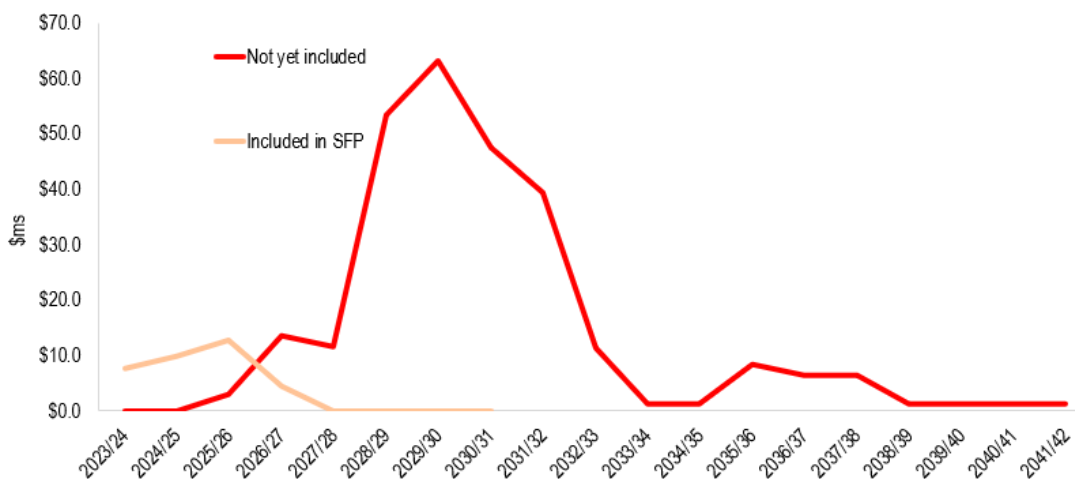
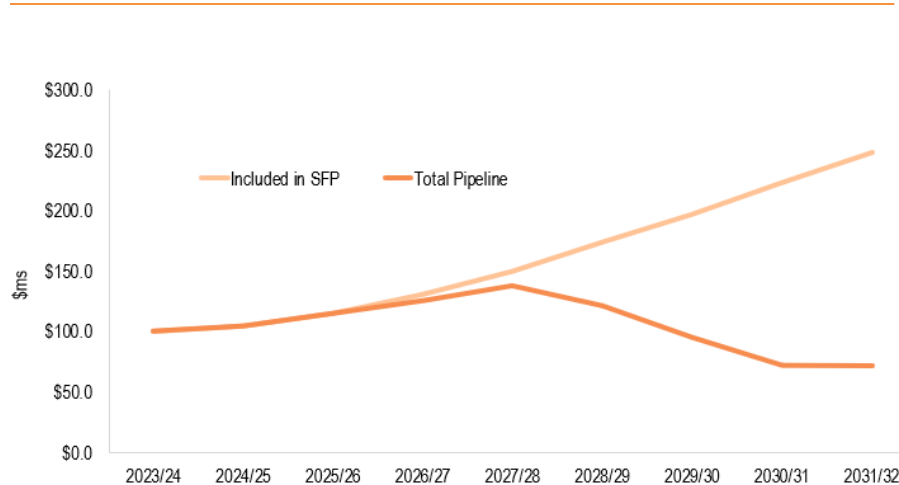


Chart 14 summarises the impact on the reserve funds if the full pipeline was approved. This indicates that reserves would deplete to circa \$70m and most of this relates to reserves such as the Asset Renewal Reserve and Waste Management Reserve that are reserved for specific policy purposes. The model with the full pipeline of major projects has also indicated that borrowings would be required of circa \$70m which would still be within acceptable debt ratios. Meanwhile the approval of major projects would deliver recurring financial benefits that would see growth in reserves beyond the 10-year period.

The analysis of the full pipeline of major projects has been used to evaluate the affordability of the CWP and propose capital expenditure of no more than \$21m.

Chart 14 – Scenario Comparison – Reserve Balances

SCENARIO COMPARISON



8 Financial Sustainability

8.1 Measuring Sustainability – Guiding Principles

The financial sustainability of the City is measured by its ability to be financially viable whilst meeting community expectations.

The City has used a set of Financial Sustainability Guiding Principles since 2009 and reviews them annually. The 2023 review has resulted in 8 key indicators and an overall score of financial sustainability, the COJ Financial Sustainability Indicator (COJ FSI).

Attachment 1 provides details of the indicators. There are also a set of economic and financial principles for capital expenditure, the most notable items are:

- Key metric is gross capital expenditure, not net city funding.
- Grant funding – availability of grants should not necessarily be a driving cause of expenditure. Grants should ideally not result in early renewal and grants should be based on required utilisation/levels of service.
- Economic, Social & Environmental benefits should be identified for each project/program and presented as part of the annual budget process. Recurring economic and social benefits are more important than one-off economic benefits.
- Prioritisation should be given to projects/programs that have demonstrated a higher economic and social benefit.

The City is in a reasonably good financial health, as indicated by the key indicators

Key Indicators Summary

There are four pillars of financial sustainability and for each pillar there are two indicators.

Operating Results – are the most important indicators because they relate to recurring financial performance, so they are weighted higher than the others. The primary indicator is operating surplus cash and the secondary indicator includes depreciation.

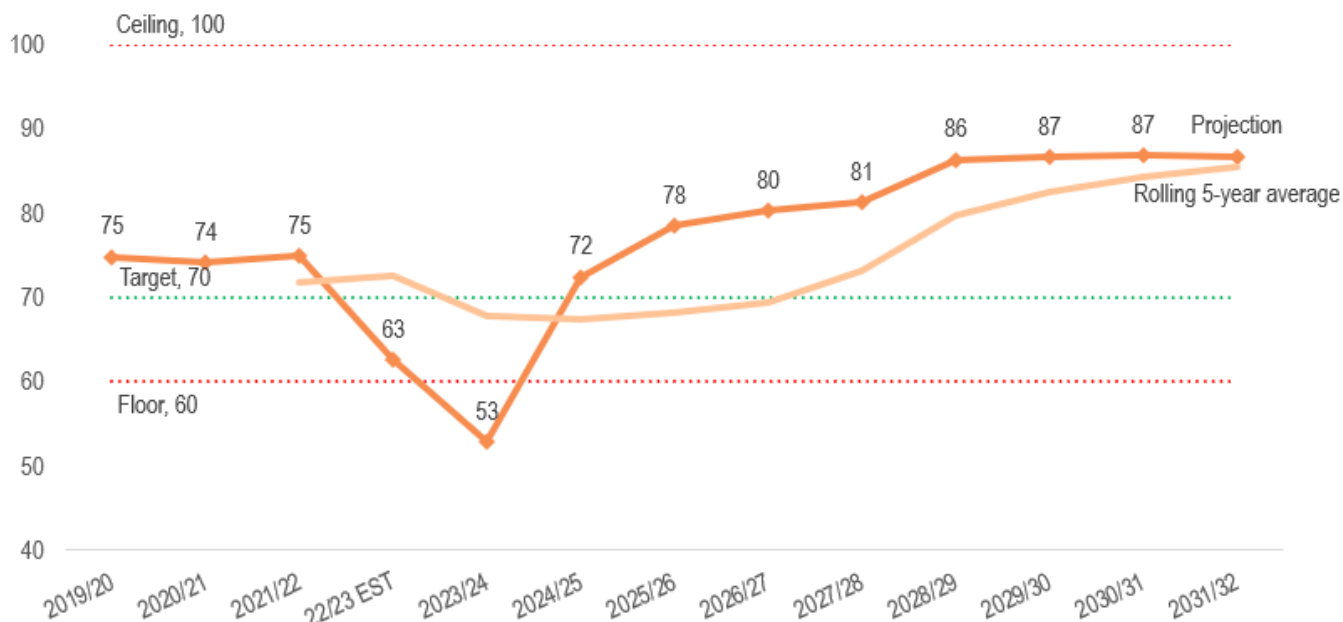
Capital Expenditure (both renewals and upgrade/new) are the next most important indicators with an annual target now established for the CWP, which may differ from the proposed CWP

Debt – Debt Service Coverage Ratio and Net Financial Liabilities Ratio. The City has scored highly with these ratios and will continue to do so.

Liquidity – the traditional current ratio is used and also a ratio for the amount of untied reserves.

The 8 indicators each have a target, a ceiling and a floor. Each indicator is scored from 0 to 10, with 7 being the benchmark. The overall COJ FSI is scored out of 100, with 70 being the benchmark target. Chart 15 shows the COJ FSI results and projections versus the target.

Chart 15 – COJ Financial Sustainability Indicator (FSI)



8.2 COJ FSI Commentary

Chart 15 shows the projected COJ FSI for each year. Some further comments regarding the indicators:

Last year (2022/23 Estimate) – score of 63 is below target but above the floor. The most important indicators (1 and 2) are above target, as are the debt/liquidity indicators (indicators 5, 6, 7 and 8.). However, Indicators 3 and 4 relating to the CWP do not achieve any score and depress the COJ FSI score, this is because the City is spending more capital on renewals than assets are at the end of life, whilst upgrade/new expenditure is significantly above target.

Current Year (2023/24) – the current year’s adopted budget is below the floor. Indicators 3 and 4 will again fail the target. In addition indicator 1 (Operating Surplus Cash) is below the target, because the operating results for 2023/24 are expected to be worse off than 2022/23 because the rate increase of 2.75% is lower than the increase in employee costs and materials/contracts).

Next year (2024/25) – there is an improvement expected next year. The operating results will slightly improve whilst it is assumed in the SFP that the expenditure for the CWP would be on target.

Next 5 years – the projections thereafter have further improvements with the operating results improving, and the assumption that from 2025/26 the CWP will only spend within the proposed targets.



8.3 Further Opportunities

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

- Service reviews – additional information will continue to be provided to elected members to help review service levels.
- Waste management – this area provides several opportunities in the years ahead to reduce operating expenses, and potentially reduce the refuse charge per household e.g. Waste to Energy; regional collaborations.

8.4 Conclusion

Whilst the City has demonstrated flexibility under extremely trying times, it needs to remain agile.

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

The key outcome of the 10 Year Strategic Financial Plan is the improvement in operating results.



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

- Aligned to the Budget 2023/24
- Scenarios to address the operating deficit
- Development of alternative revenue streams
- Renewal of existing infrastructure
- Provision of new services
- Maintaining a fair and equitable rating structure
- Affordable service charges

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



Financial Statement 1 - Operating Income and Expenses Estimates

		22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Operating Revenues												
Rates: Base	1	105.5	108.5	111.7	114.5	117.4	120.3	123.3	126.4	129.5	132.8	1,189.8
Rates: Growth	2	0.0	0.3	0.4	0.9	2.1	3.0	7.1	8.7	9.7	10.5	42.7
Fees and Charges / Other: Base	3	42.7	43.2	43.7	44.3	45.4	46.0	46.6	47.9	49.2	50.5	459.4
Fees and Charges / Other: Growth	4	0.0	0.0	0.1	1.2	1.9	2.4	2.8	3.1	3.3	3.4	18.3
Operating Grants and Subsidies, Contributions and Reimbursements	5	3.6	8.4	8.4	8.4	8.5	8.5	8.6	8.6	8.6	8.7	80.2
Investment Earnings	6	5.9	5.8	6.5	6.6	6.9	7.3	7.8	8.4	8.9	9.4	73.4
Profit on Disposal	7	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	4.1
Total Operating Revenue	8	157.8	166.5	171.2	176.4	182.6	187.9	196.6	203.5	209.8	215.6	1,867.9
Operating Expenses												
Employment Costs: Base	9	(67.7)	(70.1)	(72.7)	(75.1)	(77.5)	(79.8)	(82.2)	(84.6)	(87.2)	(89.8)	(786.6)
Employment Costs: Growth	10	0.0	0.0	1.9	2.3	2.4	2.6	2.7	2.2	2.3	2.3	18.8
Materials and Contracts: Base	11	(56.4)	(59.3)	(60.3)	(61.2)	(62.7)	(63.6)	(64.7)	(66.5)	(68.3)	(70.0)	(632.9)
Materials and Contracts: Growth	12	0.0	0.0	(0.3)	0.2	0.5	0.3	0.4	0.4	0.4	0.4	2.2
Utilities	13	(5.9)	(6.3)	(6.6)	(6.7)	(7.0)	(7.3)	(7.6)	(7.9)	(8.2)	(8.5)	(71.9)
Interest expenses	14	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(1.4)
Interest on Borrowings: New	15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance Expenses	16	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(1.9)	(17.5)
Depreciation: Existing	17	(30.7)	(30.9)	(31.8)	(32.6)	(33.4)	(34.2)	(35.1)	(36.0)	(36.9)	(37.8)	(339.5)
Depreciation: New	18	0.0	0.0	(0.3)	(0.6)	(0.8)	(1.0)	(1.1)	(1.2)	(1.3)	(1.5)	(7.8)
Loss on Disposal	19	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.9)
Total Operating Expenses	20	(162.7)	(168.8)	(172.1)	(175.5)	(180.5)	(185.0)	(189.6)	(195.8)	(201.4)	(207.0)	(1,838.5)
Net Operating Surplus (Deficit)	21	(4.9)	(2.3)	(0.8)	0.9	2.2	2.9	6.9	7.7	8.4	8.6	29.4

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

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



Financial Statement 2 - Source and Application of Funds

		22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms

Source of Funds

Rates	22	105.5	108.7	112.1	115.4	119.5	123.3	130.4	135.0	139.3	143.2	1,232.4
Fees & Charges	23	42.7	43.2	43.8	45.5	47.4	48.4	49.3	51.0	52.5	53.9	477.8
Operating Grants	24	3.6	8.4	8.4	8.4	8.5	8.5	8.6	8.6	8.6	8.7	80.2
Investment Earnings	25	5.9	5.8	6.5	6.6	6.9	7.3	7.8	8.4	8.9	9.4	73.4
Capital Grants	26	10.2	10.6	7.7	12.4	7.8	5.5	5.7	5.8	6.0	6.1	77.8
Proceeds from Sale of Assets	27	3.9	4.2	3.6	2.3	1.9	1.9	1.7	2.1	2.0	1.8	25.3
Borrowings	28											
Source of Funds	29	171.8	180.9	182.1	190.7	191.9	194.9	203.5	210.9	217.3	223.1	1,967.1

Application of Funds

Operations and Maintenance	30	(131.6)	(137.3)	(139.6)	(142.1)	(146.0)	(149.5)	(153.2)	(158.2)	(162.9)	(167.5)	(1,487.9)
Capital Expenditure	31	(49.1)	(46.0)	(36.5)	(38.6)	(30.4)	(26.2)	(26.1)	(28.7)	(28.7)	(30.5)	(340.8)
Debt Service Costs	32	(1.7)	(1.7)	(1.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(5.2)
Reserves Net Transfer	33	10.5	4.2	(4.9)	(9.9)	(15.4)	(19.1)	(24.2)	(23.9)	(25.6)	(25.0)	(133.2)
Application of Funds	34	(171.8)	(180.9)	(182.1)	(190.7)	(191.9)	(194.9)	(203.5)	(210.9)	(217.3)	(223.1)	(1,967.1)

Cashflow Summary

Cashflow Movements for the Year	35	(10.5)	(4.2)	4.9	9.9	15.4	19.1	24.2	23.9	25.6	25.0	133.2
Reserve Balance at End of Year	36	102.2	100.4	105.3	115.2	130.6	149.7	173.8	197.7	223.3	248.3	248.3

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

Line	Application of Funds	Description
30	Operations and Maintenance	Line 9 to 13 and Line 16 from Operating Statement. All cash expenses required for operation/maintenance of existing and new assets.
31	Capital Expenditure	This represents total Capital Expenditure for all projects.
32	Debt Service Costs	Interest Costs and repayment of principal of loans, both current and projected new loans.
33	Reserves Net Transfer	The sum of Transfers into Reserves and Transfers out of Reserves.
34	Application of Funds	Sum of Lines 30 to 33. This represents the total outgoings of the City and includes the net transfers to reserves.

Line	Cashflow Summary	Description
35	Cash Flow Movements for the Year	Source of Funds (Line 29) less Outgoings excluding reserves (Lines 30 to 33). This line represents the total net cashflow for the year.
36	Reserves Balance at End of Year	Previous Year's balance plus net reserves transfer in/out.

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

Financial Statement 4 - Statement of Financial Position Estimates												
OVERALL VALUES		Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32
	Notes	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Assets												
Current Assets	52	147.3	137.0	133.0	138.1	148.1	163.6	182.8	207.1	231.1	256.8	282.0
Non Current Assets	53	1,384.7	1,399.1	1,410.2	1,411.2	1,425.2	1,458.6	1,453.4	1,447.9	1,437.4	1,426.2	1,415.9
Total Assets	54	1,532.0	1,536.2	1,543.2	1,549.3	1,573.3	1,622.3	1,636.2	1,655.0	1,668.6	1,683.0	1,697.8
Liabilities												
Current Liabilities	55	(35.2)	(35.9)	(36.4)	(36.7)	(37.1)	(37.4)	(37.7)	(38.0)	(38.3)	(38.7)	(39.0)
Non Current Liabilities	56	(9.6)	(8.2)	(6.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)
Total Liabilities	57	(44.8)	(44.1)	(43.2)	(42.6)	(42.9)	(43.2)	(43.5)	(43.9)	(44.2)	(44.5)	(44.8)
Net Assets	58	1,487.2	1,492.0	1,500.1	1,506.7	1,530.4	1,579.0	1,592.7	1,611.1	1,624.4	1,638.5	1,653.0
Equity												
Retained Surplus	59	555.3	563.8	573.6	575.4	589.1	622.4	616.9	611.2	600.6	589.1	578.6
Reserves - Cash backed	60	105.6	102.0	100.2	105.1	115.0	130.4	149.5	173.6	197.6	223.1	248.1
Reserves - Asset Revaluation	61	826.3	826.3	826.3	826.3	826.3	826.3	826.3	826.3	826.3	826.3	826.3
Equity	62	1,487.2	1,492.0	1,500.1	1,506.7	1,530.4	1,579.0	1,592.7	1,611.1	1,624.4	1,638.5	1,653.0

MOVEMENTS		22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
	Line	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Assets											
Current Assets	63	(10.3)	(4.0)	5.1	10.1	15.5	19.2	24.3	24.1	25.7	25.1
Non Current Assets	64	14.5	11.1	1.0	13.9	33.5	(5.2)	(5.5)	(10.4)	(11.2)	(10.3)
Total Assets	65	4.2	7.0	6.1	24.0	49.0	14.0	18.7	13.6	14.5	14.8
Liabilities											
Current Liabilities	66	(0.7)	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Non Current Liabilities	67	1.4	1.4	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	68	0.7	1.0	0.6	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net Assets	69	4.9	8.0	6.7	23.7	48.6	13.6	18.4	13.3	14.1	14.5
Equity											
Retained Surplus	70	8.4	9.8	1.8	13.7	33.3	(5.4)	(5.7)	(10.6)	(11.4)	(10.5)
Reserves - Cash backed	71	(3.6)	(1.8)	4.9	9.9	15.4	19.1	24.2	23.9	25.6	25.0
Reserves - Asset Revaluation	72										
Equity	73	4.9	8.0	6.7	23.7	48.6	13.6	18.4	13.3	14.1	14.5

Line	Overall Values	Description
52	Current Assets	Short term assets such as cash and debtor receivables.
53	Non-Current Assets	Fixed assets at net book value (i.e. less accumulated Depreciation).
54	Total Assets	Sum of lines 52 and 53
55	Current Liabilities	Short term liabilities such as creditors.
56	Non-Current Liabilities	Long term liabilities such as outstanding loan principal.
57	Total Liabilities	Sum of lines 55 and 56.
58	Net Assets	Line 54 less line 57.
59	Retained Surplus	Cumulative retained surpluses generated since the inception of the City.
60	Reserves – Cash backed	Cash held in reserves established for specific purposes.
61	Reserves – Asset Revaluation	Increased book value (i.e. not cash) of assets resulting from revaluations.
62	Equity	Sum of Lines 59 to Line 61.
Lines 63 to 73		Summary of the movements in assets, liabilities and equity (lines 52 to 62) between successive years.

Supporting Schedule 1 - Assumptions

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
OPERATING EXPENSES										
A1	Salaries and Wages	4.00%	3.75%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
A2	Other Employment Costs		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B1	Members Allowances and Meeting Fees		1.50%		1.50%		1.50%		1.50%	
B2	Members Costs Various		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B3	Accommodation and Property (Ops)		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B4	Accommodation and Prop (Others)		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B5	Administration		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B6	Telephones and Communication		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B7	Finance Related Cost		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B8	Professional Fees, excl Consultancy		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B9	Consultancy		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B10	Public Relations, Advertising		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B11	Contributions and Donations paid by City		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B12	Computing		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B13	Furniture, Equipment		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B14	Other Materials		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B15	Books and Publications		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B16	Travel, Vehicles and Plant		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B17	External Services, excl Tipping Fees		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
B18	Tipping Fees				2.51%		0.22%	3.24%	3.22%	2.50%
B19	Waste Management Services				2.51%		0.22%	3.24%	3.22%	2.50%
B20	Charges and Recoveries		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
C1	Electricity - Western Power (WP) Streetlighting		2.00%	2.00%	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%
C2	Electricity - excluding WP Streetlighting		7.00%	7.00%	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%
C3	Gas and Water		2.75%	2.50%	2.50%	2.50%	3.50%	3.50%	3.50%	3.50%
D1	Insurance Expenses		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
E1	Depreciation: Existing		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Supporting Schedule 1 - Assumptions

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Capital Expenditure									
All Other Capital		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Road and Bridge Construction		2.75%	2.50%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Non Residential Building		3.90%	3.50%	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%
Capital Grants		2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Financing									
Cash Reserves earnings	4.50%	3.83%	3.72%	3.61%	3.50%	3.39%	3.28%	3.17%	3.05%
Borrowings Fixed Term - 5 Years	3.55%	3.42%	3.29%	3.15%	3.02%	2.88%	2.75%	2.61%	2.48%
Borrowings Fixed Term - 10 Years	3.97%	3.83%	3.72%	3.61%	3.50%	3.39%	3.28%	3.17%	3.05%
Borrowings Fixed Term - 15 Years	4.35%	4.22%	4.11%	4.00%	3.89%	3.78%	3.67%	3.56%	3.46%
Borrowings Fixed Term - 20 Years	4.61%	4.48%	4.37%	4.26%	4.15%	4.04%	3.93%	3.83%	3.72%

Supporting Schedule 2 - Capital Expenditure by Asset Type and Cause											
by Asset Class	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
By Type - Including Escalation											
Capital Works Program	(36.9)	(27.4)	(21.6)	(22.1)	(22.7)	(23.2)	(23.8)	(24.4)	(25.0)	(25.6)	(252.7)
Other Regular Capital programs	(3.8)	(11.1)	(5.0)	(3.3)	(2.9)	(3.0)	(2.3)	(4.2)	(3.7)	(4.9)	(44.1)
Major Projects	(8.4)	(7.6)	(9.9)	(13.2)	(4.9)	0.0	0.0	0.0	0.0	0.0	(44.0)
Total, including Escalation	(49.1)	(46.0)	(36.5)	(38.6)	(30.4)	(26.2)	(26.1)	(28.7)	(28.7)	(30.5)	(340.8)
By Cause - Including Escalation											
Renewal	(28.1)	(26.9)	(20.8)	(25.8)	(18.1)	(18.6)	(20.0)	(22.3)	(22.2)	(23.9)	(226.7)
Upgrades	(13.1)	(10.5)	(5.1)	(5.3)	(5.4)	(5.5)	(4.5)	(4.7)	(4.8)	(4.9)	(63.8)
New	(7.8)	(8.6)	(10.6)	(7.5)	(6.9)	(2.1)	(1.6)	(1.7)	(1.7)	(1.8)	(50.3)
Total, including Escalation	(49.1)	(46.0)	(36.5)	(38.6)	(30.4)	(26.2)	(26.1)	(28.7)	(28.7)	(30.5)	(340.8)
Renewal / Upgrade / New	%	%	%	%	%	%	%	%	%	%	%
Renewal %	57%	58%	57%	67%	59%	71%	76%	78%	77%	78%	67%
Upgrade %	27%	23%	14%	14%	18%	21%	17%	16%	17%	16%	19%
New %	16%	19%	29%	19%	23%	8%	6%	6%	6%	6%	15%

Supporting Schedule 3 - Reserves											
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	0
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Specified Area Rating											
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
Strategic Asset Reserve											
Opening Balance	10.1	22.3	20.2	15.6	12.6	11.6	13.2	20.1	27.0	29.2	10.1
Transfer to Reserve	20.0	0.9	2.8	3.0	1.5	1.6	6.9	6.9	2.2	2.8	48.6
Transfer from Reserve	(7.8)	(3.0)	(7.4)	(6.1)	(2.4)	0.0	0.0	0.0	0.0	0.0	(26.7)
Closing Balance	22.3	20.2	15.6	12.6	11.6	13.2	20.1	27.0	29.2	32.0	32.0
Sale of Tamala Park Land											
Opening Balance	18.0	21.9	26.4	30.3	33.4	36.3	39.3	42.3	45.4	48.5	18.0
Transfer to Reserve	4.0	4.4	3.9	3.2	2.9	3.0	3.0	3.1	3.1	2.7	33.2
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	21.9	26.4	30.3	33.4	36.3	39.3	42.3	45.4	48.5	51.2	51.2
Joondalup Performing Arts and Culture Facility											
Opening Balance	17.0	17.6	18.4	19.1	19.8	20.5	21.2	21.9	22.7	23.4	17.0
Transfer to Reserve	0.5	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	7.1
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	17.6	18.4	19.1	19.8	20.5	21.2	21.9	22.7	23.4	24.1	24.1
Parking Facility											
Opening Balance	4.2	5.2	6.1	6.9	8.7	10.7	12.7	14.9	17.1	19.5	4.2
Transfer to Reserve	2.0	1.9	1.7	1.8	1.9	2.0	2.1	2.3	2.4	2.5	20.7
Transfer from Reserve	(1.0)	(1.0)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.9)
Closing Balance	5.2	6.1	6.9	8.7	10.7	12.7	14.9	17.1	19.5	21.9	21.9
Percy Doyle Infrastructure Reserve Fund											
Opening Balance	0.1	0.4	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.1
Transfer to Reserve	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
Transfer from Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	0.4	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9

Supporting Schedule 4 - Reserves											
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	Total
	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms	\$ms
Marmion Car Park Reserve											
Opening Balance	0.2	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	0.0
Transfer from Reserve	(0.2)	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	0.0
Capital Works Going Forward											
Opening Balance	12.1	0.3	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	12.1
Transfer to Reserve	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Transfer from Reserve	(12.1)	(0.2)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(12.4)
Closing Balance	0.3	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0
Total											
Opening Balance	105.8	102.2	100.4	105.3	115.2	130.6	149.7	173.8	197.7	223.3	105.8
Transfer to Reserve	31.5	15.5	26.5	29.2	31.1	32.7	39.2	40.8	42.4	43.0	331.9
Transfer from Reserve	(35.0)	(17.3)	(21.7)	(19.3)	(15.7)	(13.6)	(15.0)	(16.9)	(16.8)	(18.0)	(189.3)
Closing Balance	102.2	100.4	105.3	115.2	130.6	149.7	173.8	197.7	223.3	248.3	248.3





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