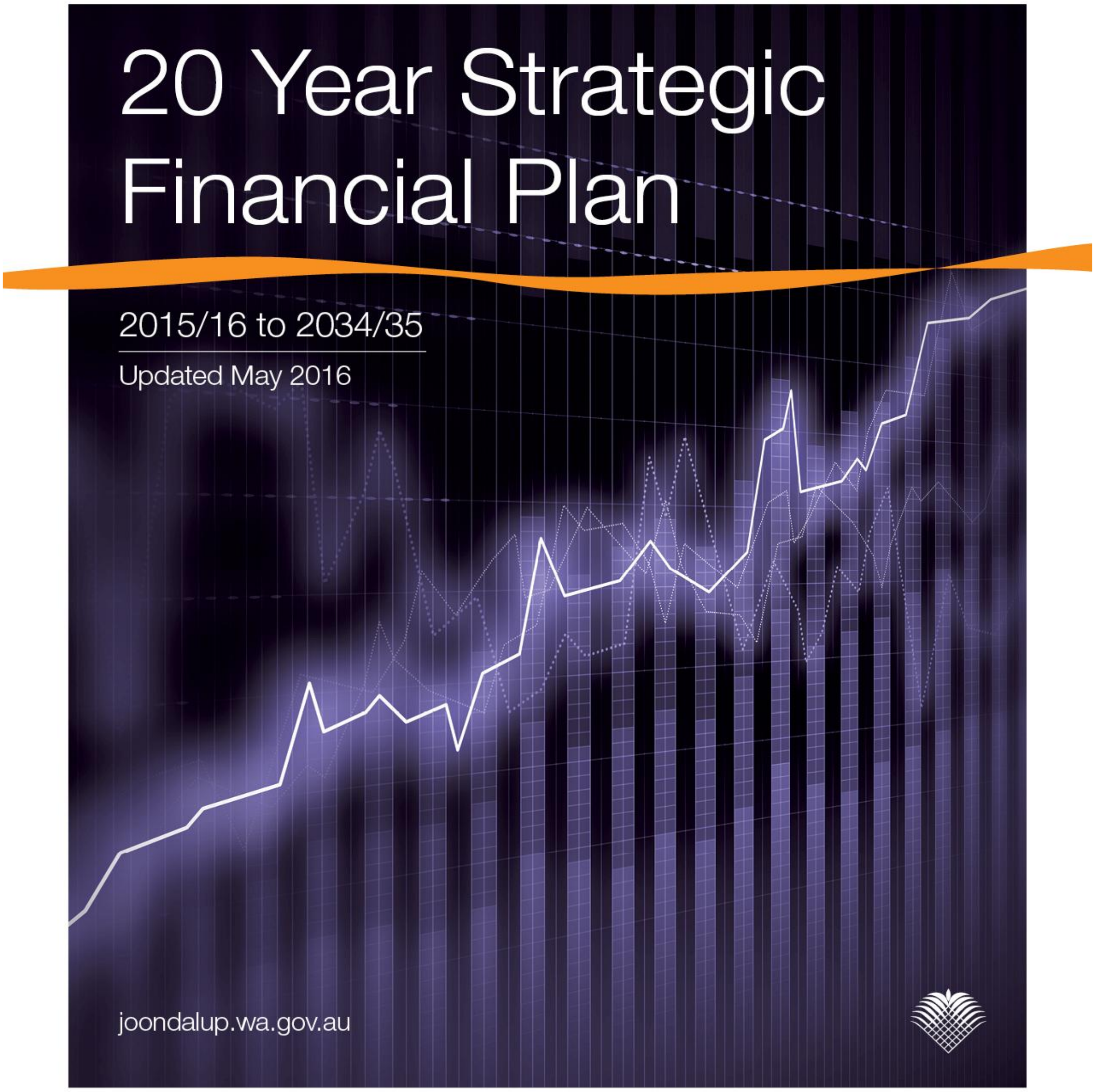
City of Joondalup

2016



CONTENTS

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.

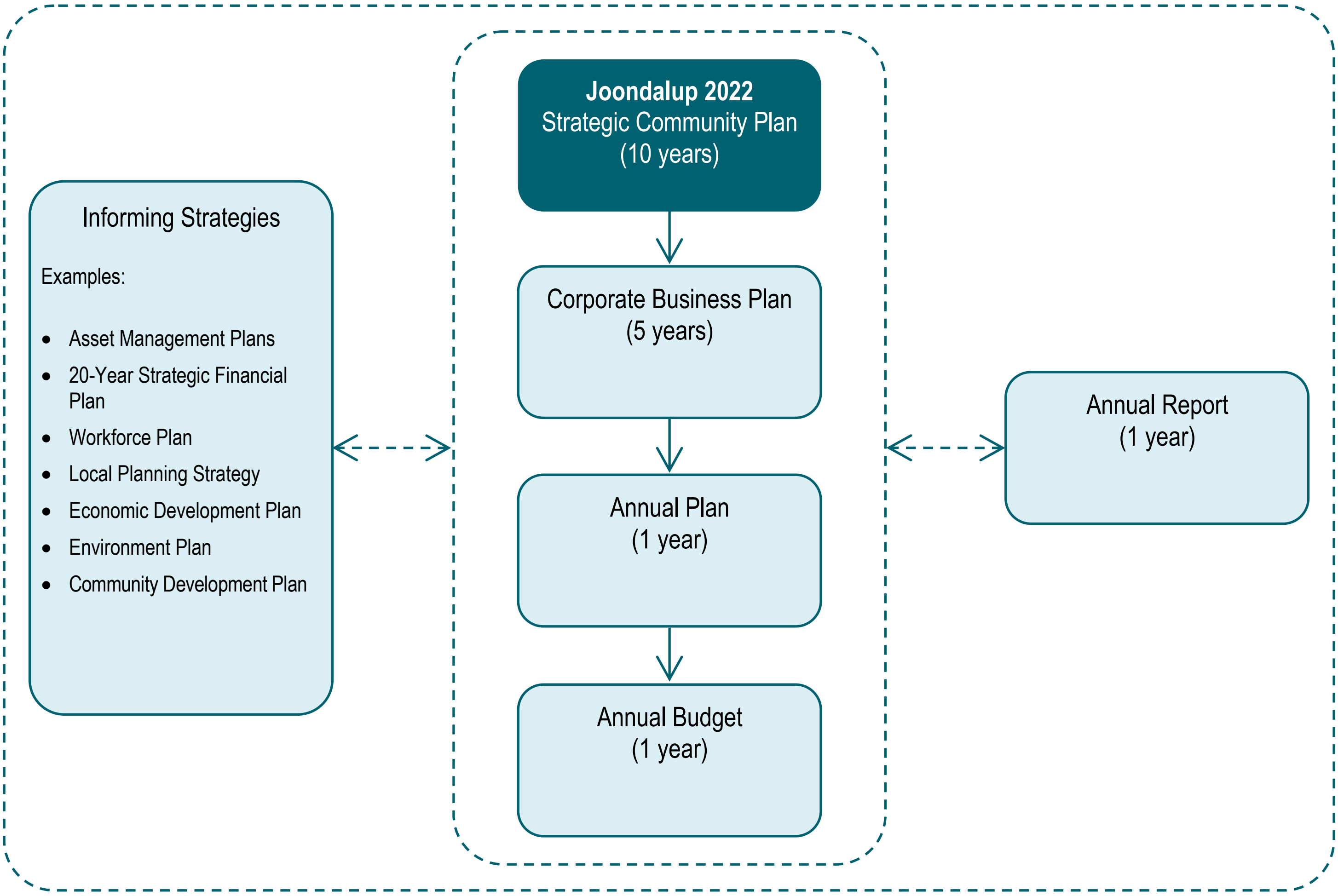
1.4. Planning Alignment

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**	○ 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:
		    ○ 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**	○ 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**	○ 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**	○ 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. <u>Assumptions</u>

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. <u>Key Ratios</u>

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

Joondalup Headline Statistics:	
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**	○ 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**	○ 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 *Draft 20 Year Strategic Financial Plan* highlights the significant level of capital projects required to meet the employment and transport needs of this growing population, for example:
		  ○ 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**	○ 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:
		  - 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 *Economic Development Plan*, which projects an increase of 20,000 jobs within the City by 2030-31. *Additionally reference has made to the Commercial Strategy*.

		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**	○ 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%.. ○ 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**	○ 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**	○ 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: - 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. For both items above, the reduction in Waste Expenditure has been matched by a reduction in Refuse Charges. ○ 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**	○ Superannuation Guarantee costs is projected to increase from 9.5% (2015-16) to 12%. The next increas begins 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) in 2016-17 in guaranteed contributions and an increase to 12% is an additional cost of $1.3m per year ○ 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**	○ 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**	○ Managing costs is an intrinsic part of the way the City conducts its business and the *Draft 20 Year Strategic Financial Plan* 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**	○ 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 Capital	Grants	Proceeds	Funded by City	(B) Ongoing Income	Expenses	Total	Total (A+B)
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 excl. Escal'n $m	Capital Expenditure incl. Escal'n $m	Yr Complete	Details
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**	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: ○ 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**	○ Where the borrowings in a year are - 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**	○ 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 *Draft 20 Year Strategic Financial Plan* 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	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%
Target is 5% or less																				
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	(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%
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																				
4) Asset Sustainability - 5 Year Average	60%	63%	63%	67%	70%	80%	88%	99%	105%	108%	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%
Target is between 90% and 110%																				
5) Debt Service Coverage Ratio	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
Preferably more than 5. Target fails if the City drops below a ratio of 5 for five years in a row																				

7.4. Key Indicators - Explanations

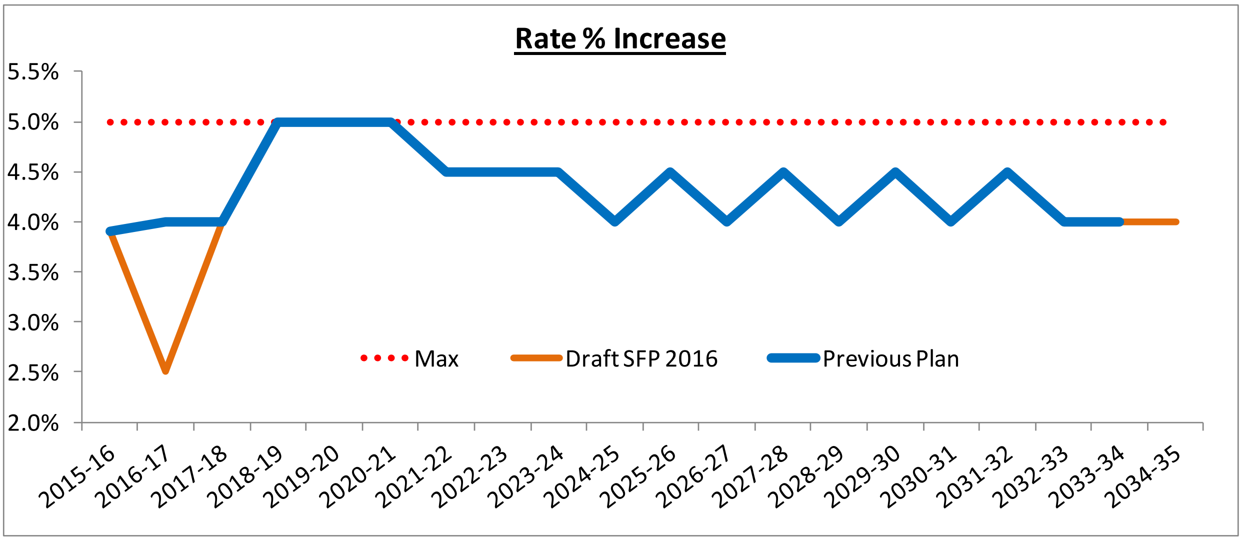
7.4.1. Rates % Increase

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
○ All 20 years are showing a balanced budget.	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. 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. 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.

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 %

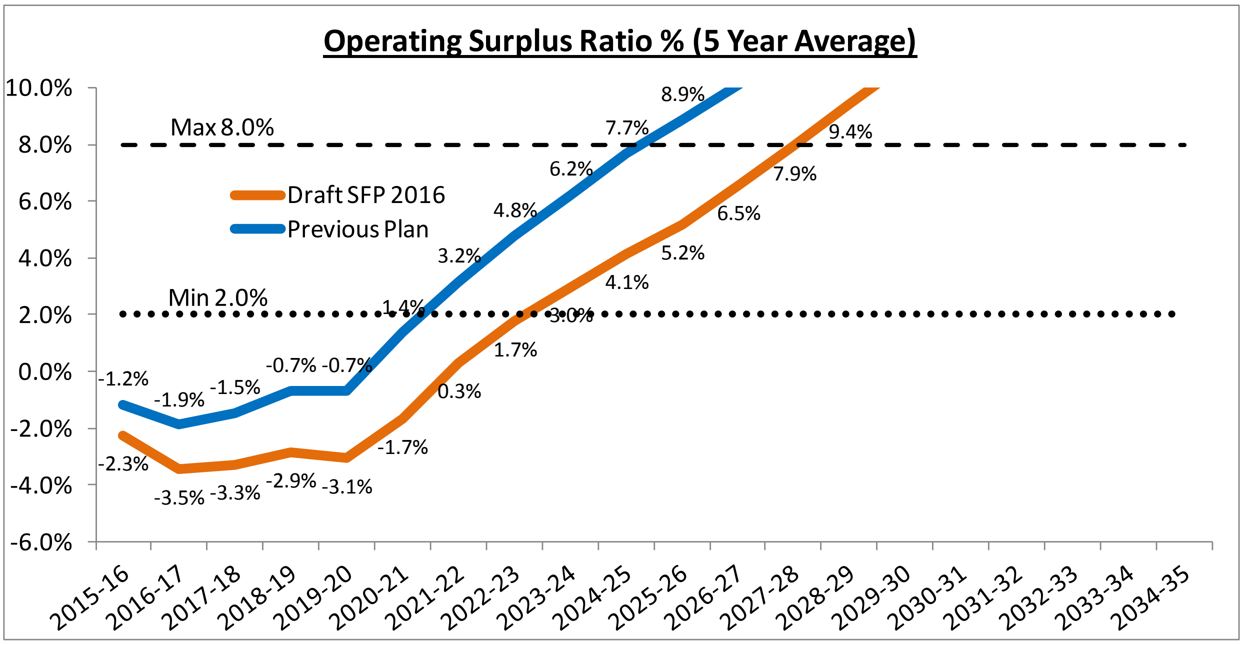


Table 10 – Operating Surplus Key Comments

Projection	Comment
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 The low achievement in the early years is due to a number of reasons: ○ 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. The projections show a positive upwards trend, but this is predicated mostly on Rates Increases being higher than the increase in expenses.	The *Draft 20 Year Strategic Financial Plan* 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. The *Draft 20 Year Strategic Financial Plan* has also been able to keep rates increases at no more than 5% in all years of the *Draft 20 Year Strategic Financial Plan*. 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. 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.

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

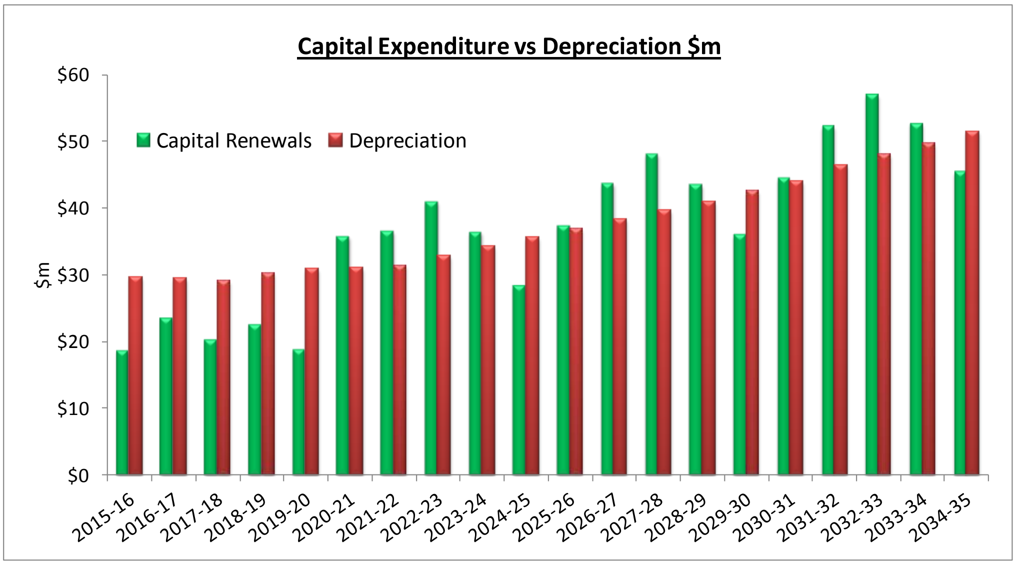


Chart 5 – Asset Sustainability

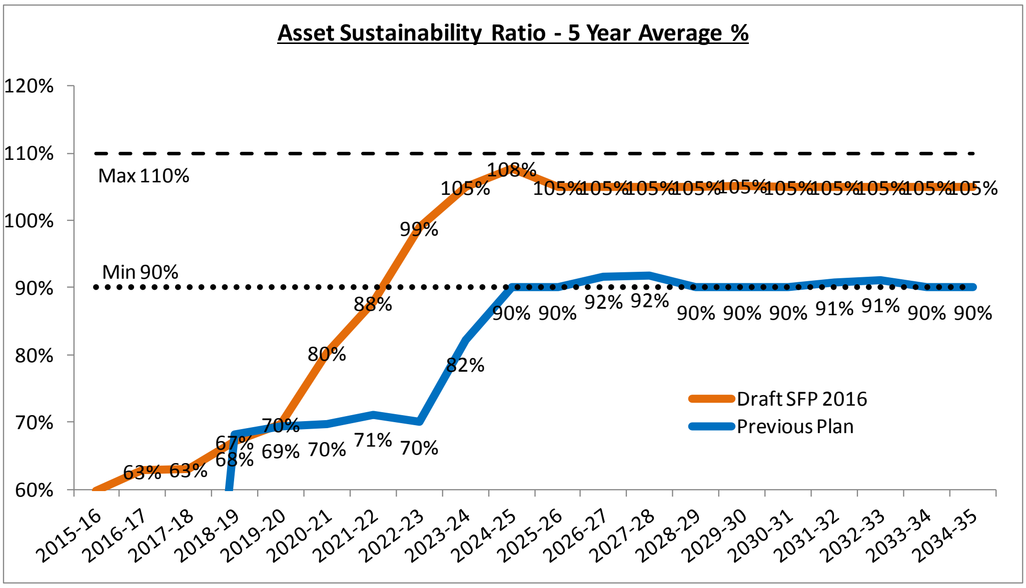


Table 11 – Asset Sustainability Comments

Projection	Comment
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. 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. 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.	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 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.

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

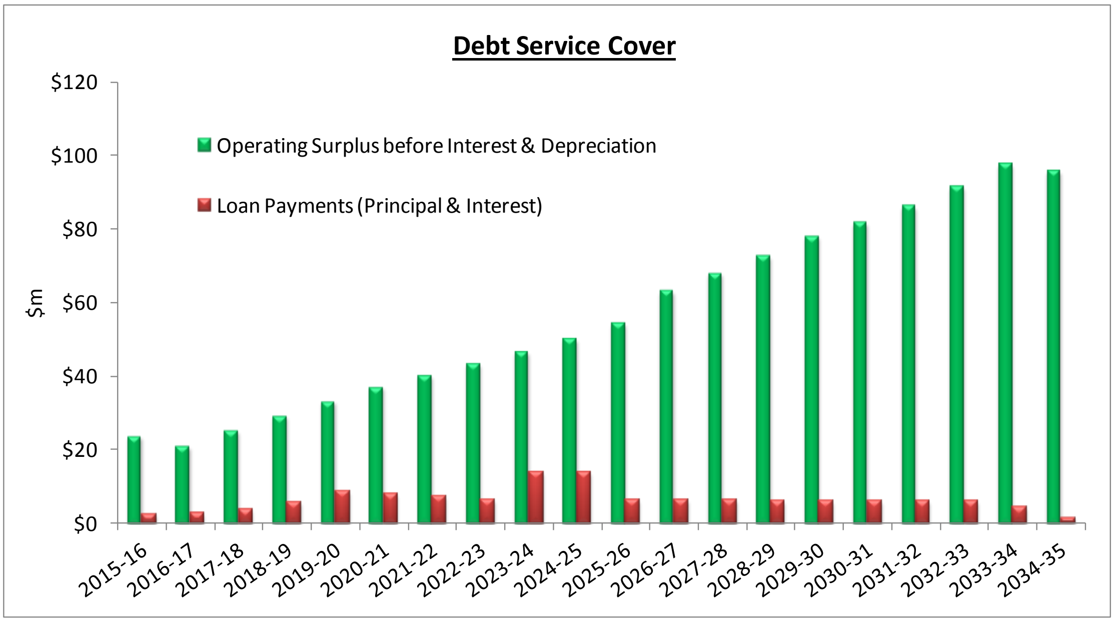


Chart 7 – Debt Service Coverage Ratio

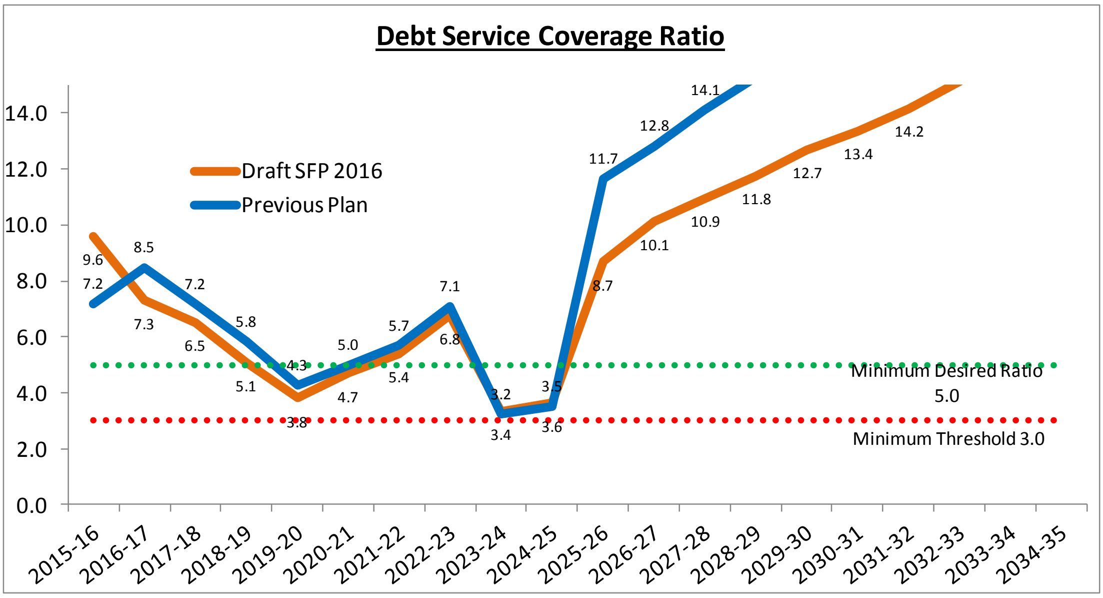


Table 12 – Debt Service Ratio Comments

Projection	Comment
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).	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.
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. For all other years the ratio is above 5. Towards the end of the life of the *Draft 20 Year Strategic Financial Plan* (from 2033-34), where there is less repayments, the ratio increases significantly.	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.

8. FUNDING & CASHFLOW

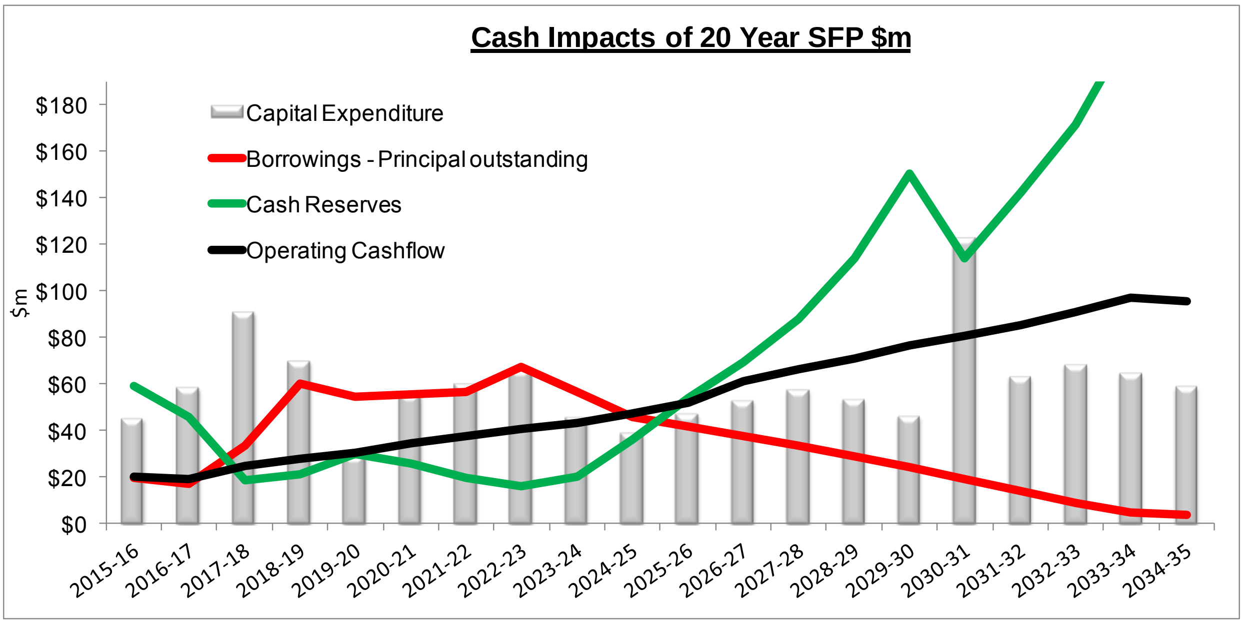
8.1. Overall Cash flow

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



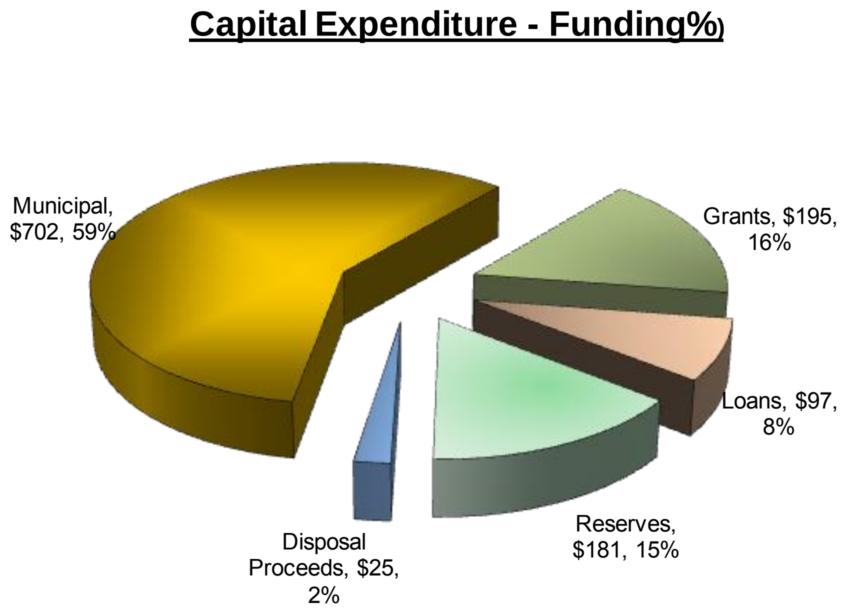
8.2. Funding for Capital Expenditure

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



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 Expend	Funding: Grants	Disposal Proceeds	Municipal	Reserves	Strategic Reserve	Loans	Total
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

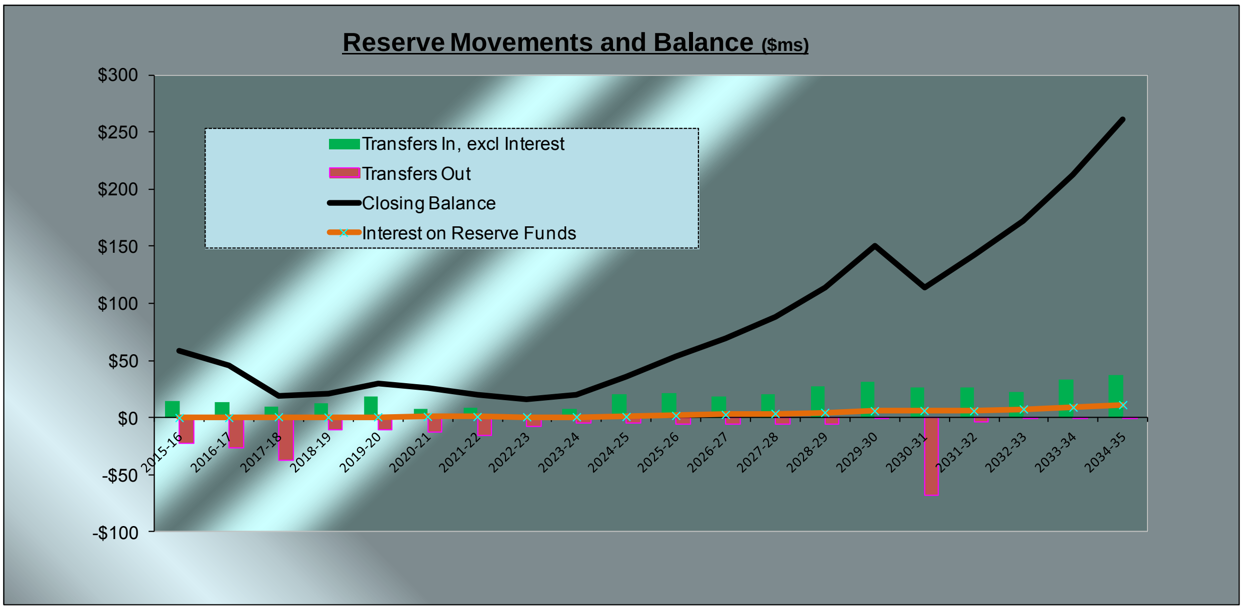


Table 14 below lists the movements on each of the reserves over a 20 year period. Supporting Schedule SS5 provides further details of each reserve, year by year,

Table 14 – Reserve Movements

Reserve Movements 20 Year Summary $ms	Opening Balance	Movements Transfers in	Internal Payback	Fund Major Projects	Other Trsfrs out	Interest on Reserve	Total	Closing 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 Low	Target Range High	Updated SFP Number of Years within Tolerance	Updated SFP Number of Years Outside Tolerance	Previous (Dec'15) Number of Years Within Tolerance	Previous (Dec'15) 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

Risk Definition			**Risk Management Framework #1**						
			Likelihood		**Consequences**		**Overall Score**		**Explanation of Consequences**
	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 *20 Year Strategic Financial Plan* 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.

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

Appendix 1

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.

<u>Key Elements/Assumptions:</u>

<u>Targets/Ratios</u>

- 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		
	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	(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**
	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	(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**	○ FS1 Income Estimates Statement includes all items that are deemed part of the operating (i.e. day to day) activities of the City including: • Items that are not cash-based (e.g. Depreciation). • Interest payments on loans. ○ FS1 does not include non operating items such as: • 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**	○ 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: • 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**	○ 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**	○ 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	○ 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	○ Increase in rates as a result of volume growth (e.g. new rateable properties).
3	Fees & Charges / Other Base	○ 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	○ 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	○ 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	○ Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds.
7	Profit on Disposals	○ Represents the book profit on disposal of City assets. ○ Further breakdown is included in Supporting Schedule SS4. ○ Non cash item.
8	Total Operating Revenue	○ Sum of lines 1 to 7. ○ This is the overall operational revenue earned by the City.
9	Employee Costs: Base	○ 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	○ Estimated additional employment costs for new services or facilities. ○ Includes costs for Multi Storey Car Parks, Edgewater Quarry.

11	Materials and Contracts: Base	○ 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	○ 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	○ 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	○ Interest on loan borrowings that are already set up. ○ Details are shown in Supporting Schedule SS6.
15	Interest on Borrowings: New	○ Interest on new loan borrowings that are estimated to be set up during the 20 years of the plan.
16	Insurance	○ Expenses for insurance of assets
17	Depreciation: Existing	○ Expense of using assets over useful life. ○ This item relates to the existing assets. ○ This is a non cash item.
18	Depreciation: New	○ New expense that arises from new capital purchases.
19	Loss on Disposal	○ Represents the book loss on disposal of City assets. ○ Non cash item.
20	Total Operating Expenses	○ Sum of lines 9 to 19. ○ This is the overall expenses necessary for day to day activities.
21	Net Operating Surplus (Deficit)	○ 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	9	12	15	23	27	30	34	36	39	43	47	44	**354**
Operating Activities - not cash related																						
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**
																						0
Borrowings & Repayments																						**0**
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**
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, exluding 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	○ All non rate revenue. ○ Cash related revenue only. ○ Line 8, less Line 1, 2 and 7
40	Expenses (cash only)	○ All cash expenses. ○ Line 20, less Line 17, 18 and 19.
41	Deficit before Capital Expenditure	○ Line 39 less line 40.
42	Capital Expenditure	○ As per Line 27 and 28.
43	Deficit before Rates	○ Line 41 less line 42.
44	Opening Funds	○ Municipal cash balance from end of the previous year.
45	Capital Grants	○ Grants provided by external bodies to support capital projects.
46	Capital Proceeds	○ Proceeds received as a result of sale of assets.
47	Loans – repayment of principal	○ As per line 32.
48	Transfers from Reserves	○ As per line 36.
49	Transfer to Reserves	○ As per line 37.
50	Borrowings	○ As per line 31.
51	Amount to be made up by Rates	○ Amount of rates required to be raised o fund the annual budget.
52	Rates % Increase	○ % increase of rates compared to the previous year.
53	Closing Funds	○ 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	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35
		$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$ms	$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	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**
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	**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%	**3.2%**
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%	**4.3%**
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%	**3.0%**
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%**
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%	**3.8%**
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%	**3.3%**
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%	**3.3%**
Fines & Penalties			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%	**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%	**3.3%**
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%	**3.3%**

	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)	**(38)**
Buildings	(4)	(9)	(7)	(7)	(5)	(7)	(4)	(1)	(2)	(3)	(2)	(2)	(2)	(2)	(3)	(3)	(6)	(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)	**(5)**
Fleet, Plant & Equipment	(4)	(4)	(5)	(6)	(5)	(4)	(6)	(7)	(4)	(6)	(6)	(6)	(7)	(8)	(7)	(7)	(7)	(9)	(8)	(7)	**(123)**
Roads	(7)	(8)	(6)	(7)	(6)	(20)	(22)	(28)	(26)	(14)	(23)	(29)	(32)	(26)	(20)	(29)	(32)	(39)	(34)	(28)	**(435)**
Footpaths	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(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)	**(20)**
Reserves	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**
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)	**(8)**
Buildings	(18)	(22)	(63)	(40)	(4)	(12)	(17)	(19)	(2)	(3)	(2)	(1)	(1)	(1)	(1)	(69)	(1)	(1)	(1)	(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)**
Fleet, Plant & Equipment	(0)	(1)	(1)	(0)	(0)	(1)	(0)	(0)	(0)	(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)	**(109)**
Footpaths	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(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)	**(9)**
Reserves	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**
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

	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***
Proceeds																					
Fleet	1	0	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	**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	**9**
Edgewater Quarry Masterplan	0	0	0	0	0	0	0	0	6	6	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	**4**
CBD Office Development	0	0	0	1	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	**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	**8**
Transfer to Reserve	3	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	**(10)**
Closing Balance	3	0	0	0	0	0	0	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	**5**
Transfer to Reserve	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	**(2)**
Closing Balance	7	6	5	5	6	6	6	6	6	7	7	8	8	8	9	9	10	10	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**
Transfer to Reserve	1	1	0	0	0	0	0	0	1	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	**(5)**
Closing Balance	3	4	4	3	3	3	2	2	3	3	3	3	3	2	1	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	**2**
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	2	2	2	2	2	2	2	2	2	2	2	2	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**
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***
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**	**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

	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					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**