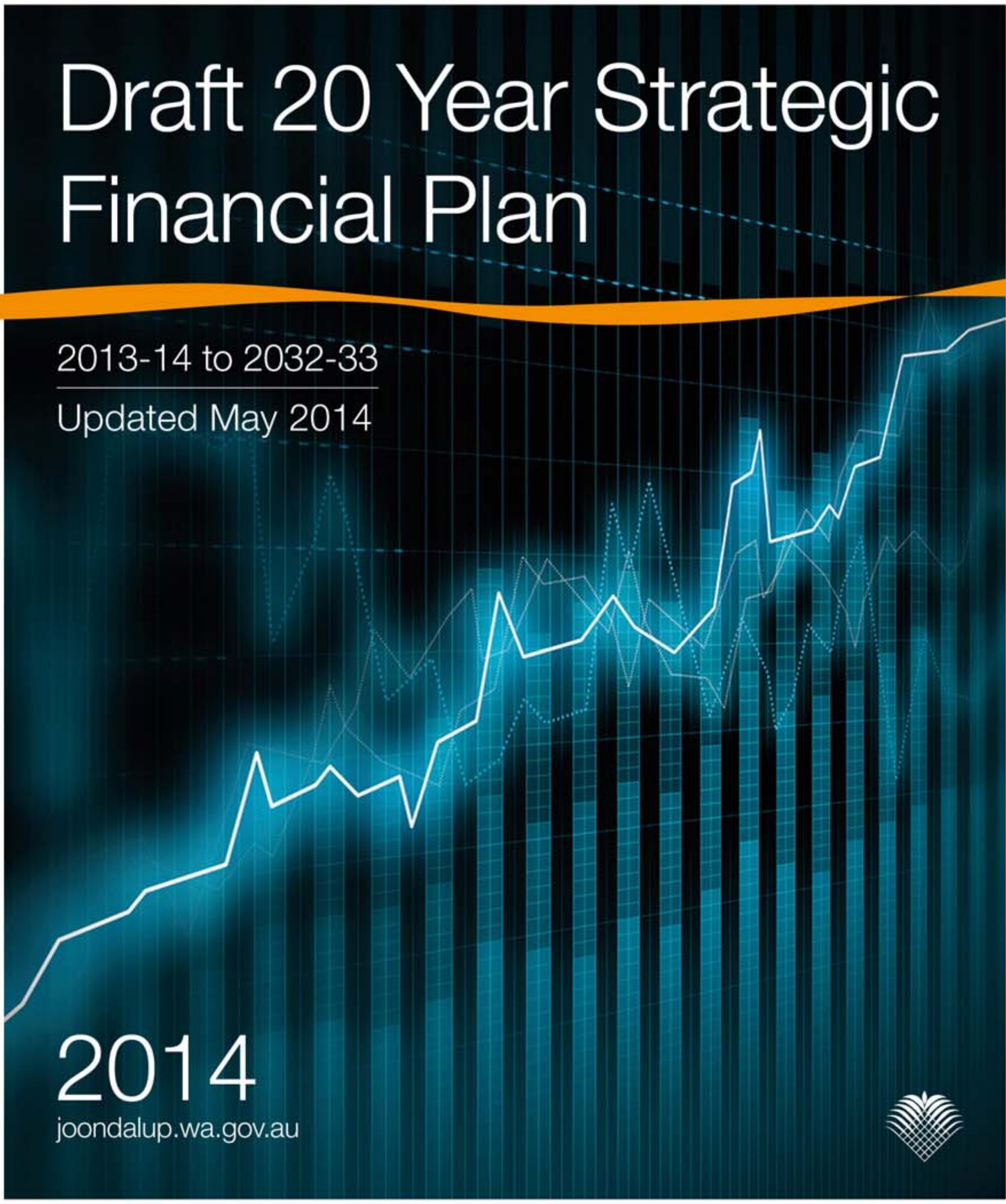
Attachment 1

City of Joondalup



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 Joondalup's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for households.

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.

~~The *Draft 20 Year Strategic Financial Plan* is underpinned by the following principles:~~

- ~~consistency~~
- ~~prudence~~
- ~~transparency~~
- ~~sustainability~~
- ~~performance and accountability~~
- ~~innovation (in accordance with the *Strategic Community Plan 2012-2022*)~~

1.2. *Previous Plan*

The new plan included in this document covers the years 2013-14 to 2032-33 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 2011-12 to 2030-31 and was adopted by Council in November 2012.

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.

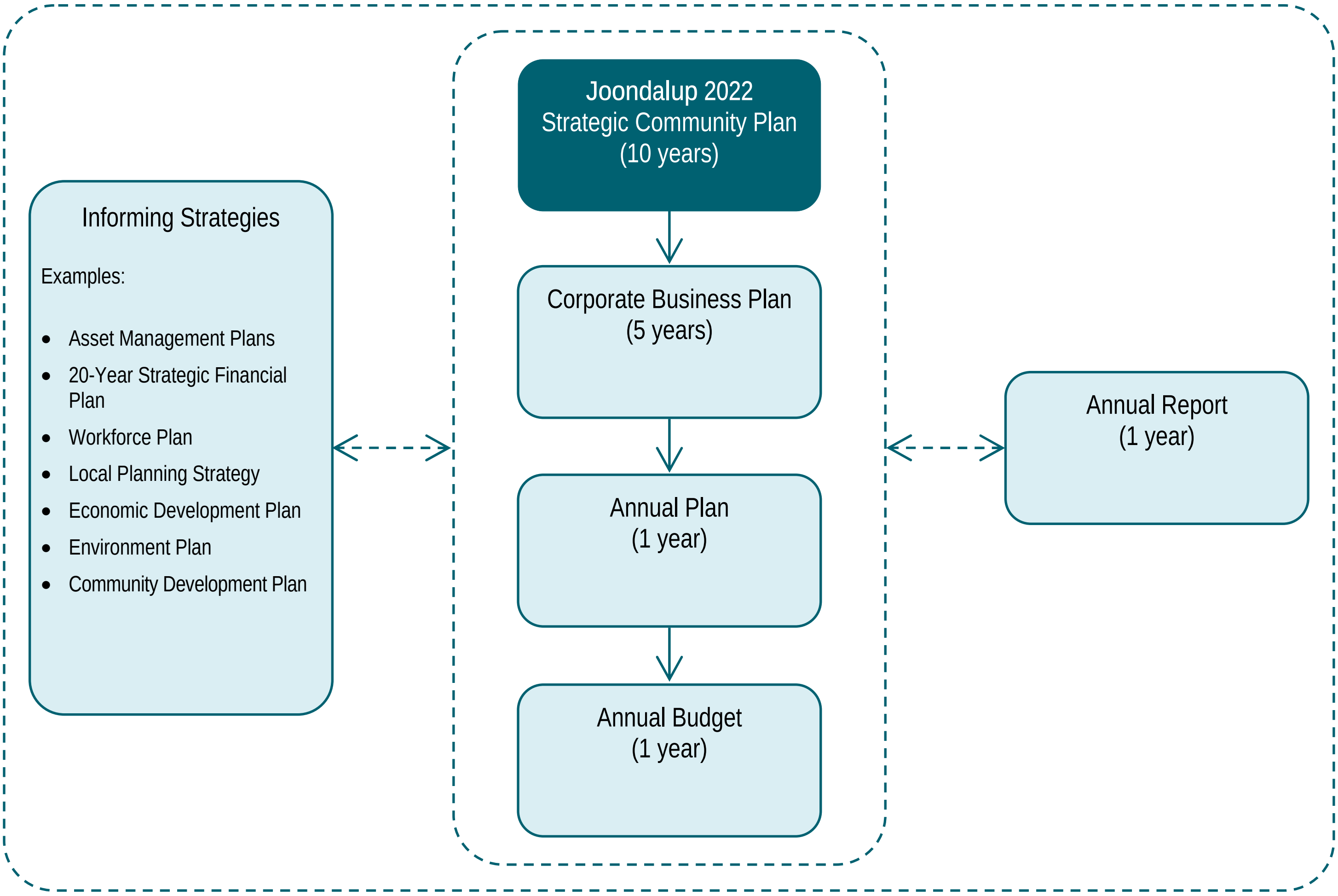
1.4. Planning Alignment

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

- Joondalup 2022 (Strategic Community Plan 2012-2022)
- Corporate Business Plan 2012 to 2017
- Capital Works Program 2014~~3~~-15~~4~~ to 2018~~7~~-19~~8~~
- Budget 2014~~3~~-15~~4~~
- Workforce Plan 2013-2017
- Local Housing 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	**New Investment**	o Joondalup Performing Arts & Cultural Facility to be completed ~~ready~~ by 2018-19. Estimated costs of ($94~~2~~m). The project will be financed using reserves and borrowings~~, with an assumption of 50% grant funding~~.
		o Multi Storey Car Park (MSCP) at Boas Avenue, which will be pivotal to the continued economic development of the City Centre. This will be completed by August 2015, with estimated cost of ($21~~18~~m).
		~~o~~ Second MSCP planned for 2022-23~~19-20~~ ($25~~1~~m), however there may be additional capacity from the first MSCP and additional parking from the Joondalup Performing Arts & Cultural Facility which may impact on the timing for a second MSCP.
		o ~~Percy Doyle Master Plan – significant investment ($45m) in the development of improved sports and leisure facilities at the Percy Doyle Reserve (completed by 2022/23)~~
		o Library resources expanded by 2021~~3~~-224 at Whitfords ($12m).
		o Significant investment in sporting facilities:
		    o Redevelopment Arena Joondalup 2015-16 – contribution by City of ($4m).
		    o Synthetic Hockey Pitch at Warwick by 2015-16 ($6.5~~7~~m). Contributions from 3rd parties of $1.8m~~Subject to successful grant application for 1/3 funding~~.
		    ~~o~~ New Clubroom facilities at Bramston Park and Hawker Park.
		    o ~~New park at Delamare Park.~~
		    o Several clubroom refurbishments.

2	**Rates % increases**	o Projected rates per year increase no more than 5%~~ of the overall rates revenue~~. o Average rate increase over 20 years is estimated at 4.3~~2~~%
3	**Fees and Charges % increases**	o An average increase over 20 years of 3.2% per annum. o Some services such as Leisure may increase more than other charges (Property Rental).
4	**Operating Expenses**	o Total Employee costs increase by 3.2~~4.1~~% on average p.a.. This includes increased costs due to the Superannuation Guarantee from 9.5% in 2014-15 to 12% by 2022-23.

- o Other operating expenses (such as materials and contracts) increase by average 3.0~~1~~% p.a.

2.2. Assumptions

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

- Demographics: The population increase for the City over the next 20 years is moderate, an increase of approx 6%. A review of the increase in dwellings has been undertaken, with reference to the Local Housing Strategy, this has resulted in a forecast of 8,000 dwellings over 20 years, an increase of approx 13%. This assumption has been used to build up a forecast for growth in rates revenue.
- Economy: CPI is forecast to grow at 3%.~~ with Wages CPI 1.25% higher at 4.25%~~
- Whole Life Costs: For all new capital projects an estimate of ongoing operating income and operating expenses is prepared.

2.3. Key Ratios

The *Draft 20 Year Strategic Financial Plan* is prepared using a set of Guiding Principles (Section 4), which includes five key ratios. There is a maximum possible achievement of 100 Guiding Principles (five ratios x 20 years). The projections are that 74~~xx~~ Key Ratios out of 100 would be achieved; this is 1 less than 75 projected in~~xx higher than~~ the *Previous Plan*. However the Asset Sustainability Ratio is now projected to be below the target for the first 12~~xx~~ years, and the Operating Surplus Ratio only achieves target from 2023-24. The summary of the key ratios are:

- Rates increases at no more than 5%. This is achieved in 19 of the 20 years; the only year above the target is 2013-14 where the overall increase was 5.2%.
- 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 10~~15~~ of the 20 years. Although the earlier years (2013-14 to 2022-23~~17-18~~) are below the target there is a positive upwards trend. One of the reasons why the ratio is below the target between 2018-19 and 2022-23 is due to the interest payments associated with the short-term loans used for the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry. ~~, whilst t~~The projections from 2023-24 ~~2018-19~~ 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 12~~11~~ ~~years which~~years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The ratio indicates a potential backlog of expenditure on capital replacement projects. 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 cashflow available versus loan repayments. Ideally there should be surplus from operating cashflow of five times or more of loan repayments. It is intended that the ratio does not fall below 2 to 5 in some years, and the ~~can be acceptable to fall between 2 and 5 in some years, although the~~ target is to avoid this occurring for five years in a row. This ratio is not achieved in all 20 years due to the large and immediate repayment of borrowings arising from the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry~~.~~

2.4. Cashflows ~~Balanced Budget~~

In the early years of the plan cash reserves are depleted, reducing from $50m at June 2014 to $10~~3~~m by 2017-18. 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. Indeed, between the years 2014-15 to 2018-19 the City projects borrowings of $66~~4~~m. However $38m of this relates to short-term borrowings for the Joondalup Performing Arts & Cultural Facility, with future proceeds from Tamala Park land sales allowing the City to repay this quickly within 6 years. Edgewater Quarry project also assumes a similar financing mechanism, whereby $18m of short-term borrowings are required from 2019-20 to 2021-22, and are repaid within 3 years with proceeds from the sale of land. It is these short-term borrowings that have caused the Debt Service Coverage Ratio to fail in several years. The issue here is with the ratio itself and not due to any concerns of financial management by the City, it is a logical assumption for the City to borrow based on known future proceeds, and to repay the debt as quickly as possible.

From 2023-24 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases greatly. Indeed from 2022-23 onwards the City will be generating sufficient cashflow to set aside for replacement of its infrastructure, which by then will have aged more and requiring more replacement.

~~There have been some challenges in the update of the projections, notably with 2014-15 and 2015-16. To achieve a balanced budget for those years the estimated Capital Expenditure had to be reduced, with $4m reduced from 2014-15 and $0.5m from 2015-16. The projects that need to be amended will be reviewed as part of the forthcoming update of the *5 Year Capital Works Program*. Due to issues with the Asset Sustainability Ratio as described above, the reductions must be made to new capital projects as opposed to replacement.~~

~~The City intends to use Reserves as much as possible in the next few years, as there is a large program of new Capital Expenditure. Reserves are estimated to reduce from $51m at beginning of 2013-14 to $11m at the end of 2018-19. However the surplus cash improves from 2019-20 onwards, with sufficient expenditure from 2022-23 to assist with backlog of capital replacement projects. Excess cash surplus is also set aside in the Strategic Asset Management Reserve. The estimated surplus cash at the end of 2032-33 is estimated at $143m.~~

~~One of the issues caused by continual use of reserves is the reduction in investment earnings, estimated to reduce from $4.5m in 2013-14 to $3.4m in 2014-15.~~

2.5. Previous 20 Year Strategic Financial Plan

The *Previous Plan* for the period 2011-12 to 2030-31 was adopted by Council in November 2012. The key changes in the current update are:

- Use of revised Guiding Principles adopted by Council in July 2013. Analysis of ratios is simplified.
- Rates Volume Growth has higher projections than the previously adopted plan. A more detailed analysis has been undertaken e.g. estimated 8,000 additional dwellings.
- Refuse Charges & Waste Management Costs now separately identified.
- Major Projects – updates to projects where there have been revisions available
  - Joondalup Performing Arts & Culture Facility – costs increased from ($51m) to ($94~~2~~m), and assumed that all ~~50% is~~ financing is provided by the City~~unded externally~~.

- CBD Office Development – estimated benefits of new rates revenue and rates income now included (estimated $420k per annum)
- Synthetic Hockey Pitch – costs amended in line with Council adopted proposal.
- ~~Other updates to projects as per council decisions eg. Bramston Park.~~
- Redevelopment Arena Joondalup – ($4m) contribution by the City.
- Multi Storey Car Park (1) consistent with approved business case (December 2012).
- Multi Storey Car Park (2) amended in line with the costs and income for first car park.
- Other updates to projects as per council decisions eg. Bramston Park.

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 (ABS 2012)	164,737
Distance between Perth and the Joondalup City Centre	30 kilometres
Number of businesses (ABS 2012)	13,470
Headline Gross Regional Product (NEIR 2011)	$ 4.5 billion
Public Open Spaces	369
Schools	59

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. Performing Arts 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

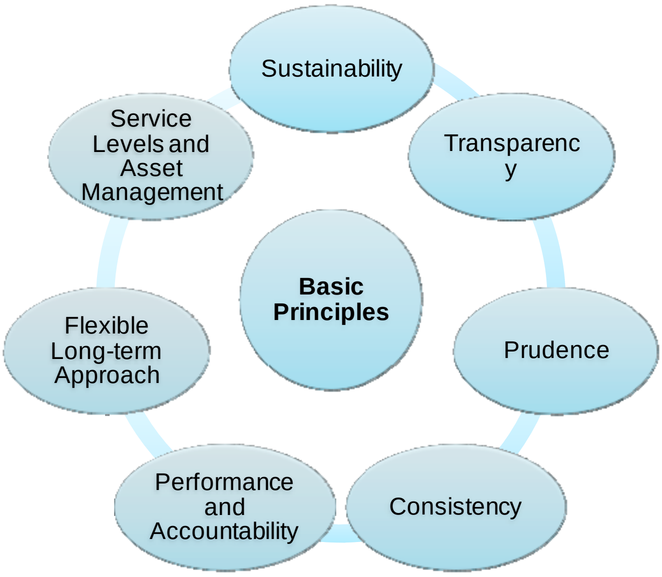
The *Draft 20 Year Strategic Financial Plan* has been prepared on the basis of the City continuing to deliver the above mentioned services to the same level and standard.

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).
- Cashflow and funding (Section 8).
- Scenarios (Section 11).

4.2. Update of 20 Year Strategic Financial Plan – Guiding Principles

The last update of the Guiding Principles was adopted by Council in July 2013 and included a review of best industry practice. The update included the identification of primary ratios that the City should focus on and made further comment on the Integrated Planning and Reporting Framework as described below. *Draft 20 Year Strategic Financial Plan* now includes the updated Guiding Principles 2014.

4.3. 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.

4.4. 20 Year Strategic Financial Plan & Annual Budget Setting Process

The update of the *20 Year Strategic Financial Plan* has been synchronised with the ~~commencement of the~~ annual budget cycle. The *20 Year Strategic Financial Plan* will be 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 proposed~~adopted~~ Program for 2014~~3~~-15~~4~~ to 2018~~7~~-19~~8~~ has been used in the development of the *Draft 20 Year Strategic Financial Plan*. ~~Ideally all Capital Expenditure identified within the *5 Year Capital Works Program* would be included fully within the *Draft 20 Year Strategic Financial Plan*. However, the *Draft 20 Year Strategic Financial Plan* has a series of key ratios to achieve (e.g. balance the books), and for two of the five years not all of the estimated expenditure was able to be included.~~

~~The following years were affected by this:~~

~~2014-15. $4.5m is excluded.~~

~~2015-16. $0.5m is excluded.~~

~~Consideration was given to funding the expenditure using borrowings. However the majority of the *5 Year Capital Works Program* is mainstream expenditure and should be funded from operating cashflows.~~

~~As part of the next update of the *5 Year Capital Works Program*, a review will be undertaken to identify the projects and programs where the requirements will need to be reduced. This will involve one or more of the following factors:~~

~~Asset Management principles.~~

~~Projects identified as either Discretionary or Non Discretionary.~~

~~Prioritisation of discretionary projects based on relevant criteria (community requests, needs, benefits) and the contribution towards *Joondalup 2022*.~~

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 a potential backlog of replacement expenditure in the first 12 years of the plan which is addressed in the later years of the plan.

6. ASSUMPTIONS

6.1. Disclaimer

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

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

Any of the assumptions and any of the projects or proposals not already approved could prove to be inaccurate both as to likely requirement, timing and financial estimates or may not come to pass at all. They have, however, been included based on the best available information and knowledge to hand at this time in relation to likely requirement, timing and financial estimates. Adoption of the Draft 20 Year Strategic Financial Plan by Council does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved or the financial estimates and projections.

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

The *Draft 20 Year Strategic Financial Plan* uses the proposed Budget 2014~~13~~-15~~4~~ 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 2014 and Federal Budget 2014
- Economic Forecasts from WA Treasury Corporation and WALGA
- Asset Management Plans
- Capital Works Programs
- City Strategy and Planning documents e.g. Housing 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.

6.3. All figures include Escalation

All figures included throughout the report include estimated impacts of escalation.

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 2014**	o The State budget recently announced that the costs of the street lights were not fully reflected in the tariffs charged to Local Governments, and some large increases were required to the tariff, most notably a 36.8% increase in 2015-16. The City is estimated to spend ($3.2m) in Western Power Street Lights in 2014-15, and a 36.8% increase is an additional cost of ($1.2m) from 2015-16. o Financial Assistance Grants were normally increased each year in line with CPI, but the Federal Budget has paused the indexation for three years. Within the *Previous Plan* the Grants income had been assumed to increase in line with CPI each year. The projections have now been amended so that indexation only applies from 2017-18. o Superannuation Guarantee increase to 12% is paused with the next increment beginning in 2018-19.
2~~1~~	**Population & Regional Growth**	o ABS data projects moderate population growth for the City, approx 6% over the term of the plan, however projected regional growth may impact on the level of infrastructure and services required within the City Centre o 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: o Multi Storey Car Parks. o Joondalup Performing Arts & Culture Facility. o Ocean Reef Marina Business Case & Structure Plan. o Cafes / Kiosks / Restaurants.
3~~2~~	**Local Housing Strategy / New Dwellings**	o 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. o It is considered that potentially 8,000 of the 25,000 extra dwellings may arise within the next 20 years. This assumption, is based on: - 4,000 new dwellings as a result of new developments (Burns Beach, Iluka, City Centre, former school sites). - 4,000 increase due to higher density as a result of the

		Housing Opportunity Areas. o The increase in dwellings is used to forecast additional rates revenue.
4~~3~~	**Commercial Growth**	o The City is preparing an *Economic Development Plan*. The data from this will be used to update the next version of the *20 Year Strategic Financial Plan* during 2014. o In the meantime, moderate growth assumptions have been included as follows: o Known developments e.g. *Lakeside Shopping Centre extension.* o General business growth of 0.5% for the next 5 years.
5~~4~~	**CPI**	o WALGA have provided forecast data up to 2015-16, as part of their regular updates to all WA councils. Additionally, the City has sought additional advice regarding the long-term forecast beyond 2015-16. ~~o~~ The initial forecast provided by WALGA up to 2015-16 estimates a 2.5~~3~~% CPI increase. o For the projections beyond 2015-16, WALGA also estimate a 2.5~~3~~% increase.~~ 2% to 3% is the Reserve Bank's target range for inflation. The WA economy has generally grown faster and had higher inflation than the rest of Australia and therefore 3% appears a reasonable long-term forecast.~~
~~5~~	~~**Wages CPI**~~	~~o WALGA have provided a forecast up to 2015-16~~ ~~o Forecast is for wages to increase by 4.25%, which is 1.25% higher than CPI. This difference of 1.25% is consistent with the trend during the past few years.~~ ~~o The Wages CPI is only an indicator and does not necessarily determine the increase that the City would assume for Employment expenses. The City deems 4% increase to be appropriate for employment expenses.~~

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

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

- 'Base - the values in Year 1 (2013-14) 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 6.5

Table 4 Assumptions – Operating Income & Operating Expenses

Ref	Issue	Details
1	**2014~~3~~-15~~4~~ values**	~~o~~ Values for Year 2~~1~~ (2014~~3~~-15~~4~~) relate to the proposed~~adopted~~ budget for 2014~~3~~-15~~4~~. o ~~Opening balance has been amended to $987k in line with the 2012-13 closing position (a reduction of $749k from the estimated opening balance assumed in the 2013-14 budget). The closing position for 2013-14 is assumed to be zero, and the reserve values have been reduced by $749k to ensure a zero balance at the end of~~

		~~2013-14.~~
2	**Rates Increases**	~~o~~ The Adopted Guiding Principles included a ~~There is a~~ target to increase overall rates revenue by no more than 5%~~, whilst there are other key ratios that need to be achieved~~. o ~~o~~ The increases are varied in line with the targets required for Operating Surplus Ratio and Net Municipal Closing Balance. o ~~In 2021-22 the increase is 4.5% and from 2022-23 to 2032-33 the increase is only 3.5%.~~ o The forecast increase in dwellings and commercial growth, as explained in the previous section, is used to estimate an increase in Rates income, over and above the annual % increase.
3	**Fees & Charges Base Increase**	o There are eight separate charges and fees that are included in Fees and Charges. Each of the eight areas has been reviewed separately with a separate escalation factor prepared. o For example, Leisure Fees have been increased by 4% in line with previous increases and benchmarks. o Meanwhile Hire & Rentals is only expected to increase by 1% due to the subsidies provided to clubs; the 1% increase does not match the increase in costs. o Supporting Schedule SS1 provides more details of the increases assumed for each of the eight areas.
4	**Refuse Charges and the Waste Management Expenses**	o The *Draft 20 Year Strategic Financial Plan* has now separated out Refuse Charges from Fees & Charges, and has also separated out Waste Management Expenses from Materials & Contracts. This is necessary as the income and expenses is a significant amount and should be reviewed separately. o The increases assumed for Refuse Charges have to be consistent with the expected increase in costs of Waste Management. It is expected that costs from 2017-18 will increase higher than CPI, a 4% increase has therefore been assumed for both Waste Management and Refuse Charges income from 2017-18 onwards.
5	**Employment Costs**	o Superannuation Guarantee costs are projected to increase from 9.5% (2014-15) to 12%. The increase though has recently been paused, with the next increases beginning again in 2018-19 in 0.5% increments, so that by 2022-23 the guarantee is 12%. The City currently spends ($4.0m) in guaranteed contributions and an increase to 12% is an additional cost of $1.2m per year o Remaining Employment Costs are projected to increase by ~~An assumption of~~ 34% ~~increase for~~ each year ~~is~~ from 2015-16 until 2023-24. This increase is lower than previous years but in line with the current labour market and the state cap on salary cost increases. ~~o~~ It is then assumed that Employment costs will increase by 3.5% from 2024-25 till 2032-33.~~deemed sufficient. This is 1% higher than CPI and slightly less (0.25%) than the forecast for Wages CPI.~~ ~~o In addition to the 4% increase there will also be an increase as a result of Federal legislation with the Superannuation Guarantee increasing from 9% (2012-13) to 12% (2019-20). These increases~~

		~~have been included in the projections.~~ o ~~The City has prepared a Workforce Plan 2013 to 2017, in accordance with *Department of Local Government and Communities and Communities* guidelines which has been used to help inform the *Draft 20 Year Strategic Financial Plan*.~~
6	**Materials & Contracts**	o These costs are expected to increase in line with at least CPI. ~~o~~ CPI has been projected to increase by 2.5% by WALGA. However the City deems it more prudent to assume that Materials and Contracts will increase by 3%~~ and therefore a 3% increase is assumed until 2018-19~~. o ~~Although the long term projection for the full 20 years for CPI is 3%, it is deemed prudent to assume that CPI has the potential to be higher, and therefore a 3.5% increase in Materials and Contracts has been assumed from 2019-20 onwards.~~
7	**Cost Management Materials & Contracts**	o 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. o A target of 2% savings in Materials and Contracts is targeted for both ~~2014-15 and~~ 2015-16, and a 1% target for 2016-17. o The combination of the escalation factor, and the efficiency saving still provides a net increase in the overall cost for Materials & Contracts (i.e. for 2015~~4~~-16~~5~~ there is a 3% CPI increase and a 2% efficiency saving, giving a 1% net increase), however the real impact (i.e. excluding inflation) is that Materials & Contracts are required to reduce.
~~**8**~~	~~**Utilities**~~	~~o Utility costs have been increasing sharply over the past few years and it is prudent to assume that the increases will be higher than CPI, despite the recent advances by the State Government to change the structure again of the electricity providers (re-merging of Synergy and Verve).~~ ~~o A 7% increase is assumed until 2016-17, 6% increase in 2017-18 & 2018-19, and then from 2019-20 onwards a 5% increase each year.~~ ~~o Although Utility costs have increased sharply it is not deemed reasonable to assume a 7% increase for all 20 years.~~
~~**9**~~	~~**Depreciation**~~	~~o The vast majority of existing assets and infrastructure are assumed to remain for all 20 years. Therefore, the Depreciation budget for 2013-14 of $21m is assumed to continue for the remaining 19 years.~~ ~~o In reality the Depreciation figures are likely to fluctuate as the City is required to comply with accounting standards to have all assets valued at fair value. No assumption has been included for the impact of the revaluations; this will be considered in subsequent updates.~~
~~**10**~~	~~**Services & Specification**~~	~~o The *Draft 20 Year Strategic Financial Plan* assumes the same level of services as currently provided.~~ ~~o Likewise the same specifications and delivery method of providing services is assumed to continue.~~

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 ($1,092~~977~~m). The table also summarises:

- One-off proceeds (Grants of $184~~209~~m and Disposal proceeds associated with the capital projects of $38~~42~~m). The one-off proceeds are $222~~251~~m in total, which leaves a net amount of ($871~~727~~m) to be financed~~unded~~ by Reserves, Municipal Funds and Borrowings. ~~and Municipal funding.~~
- Operating Income and Operating Expenses have been estimated for each capital project. This identifies a net benefit of $21~~13~~m, when compared to existing income and expenses.
- Overall impact over the term of the plan is estimated at ($850~~713~~m), the sum of the one-off impacts and ongoing income and expenses.

Table 5 Assumptions – Capital Projects Summary

Project Summary $ms	(A) One-Off				(B) Ongoing			Total
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	(A+B)
A) Capital Works Program	(691)	175		(516)	2	(4)	(1)	**(517)**
B) Capital Projects	(87)	0	15	(72)		(8)	(8)	**(80)**
C) Major Projects ($1m to $3m)	(20)	1		(19)	0	(1)	(1)	**(20)**
D) Major Projects (> $3m)	(294)	7	23	(265)	144	(113)	31	**(233)**
TOTAL	**(1,092)**	**184**	**38**	**(871)**	**147**	**(126)**	**21**	**(850)**

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

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

~~As indicated in Section 5, the projections from the *5 Year Capital Works Program* have had to be reduced ($4m in 2014-15 and $0.5m in 2015-16).~~ Excess surpluses are generated from 2022-23, 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 below provides additional data for Major Projects over $3m.

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

Ref	Major and/or Significant Projects	Capex $m	Yr Complete	Details
~~1~~	~~**Currambine Community Centre**~~	~~($1m)~~	~~2013-14~~	~~o New Community Centre (now completed).~~
1	**Multi-Storey**	($21~~18~~m)	2015-16	o Multi-storey car park to further enhance the City

	Car Park (1) *(Boas Avenue)*			Centre and support the further growth of the City. o Costs are based on the business case approved by Council in December 2012. The final costs are subject to detailed design.
2	**Ocean Reef Marina Business Case & Structure Plan**	($2m)	2015-16	o Development of business case / Structure Plan for Ocean Reef Marina development.
3	**Penistone Park – Facility Redevelopment**	($4m)	2015-16	o Redevelopment of park and other infrastructure.
4	**Redevelopment Arena Joondalup**	($4m)	2015-16	o Contribution to upgrade facilities at the Arena Joondalup.
5	**Synthetic Hockey Project**	($7m)	2015-16	o New hockey facilities
6	**Cafes / Kiosks / Restaurants**	($0.3m)	2016-17	o Project costs to support the development of two cafes, kiosks or restaurants
7	**Hawker Park Clubrooms**	($3m)	2016-17	o Clubroom provision
8	**CBD Office Development**	($0.6m)	2017-18	o Project Costs required from 2013-14 to 2015-16 to work with a proponent for CBD office development. o New revenue potentially generated from 2017-18.
9	**Grove Child Care / Dorchester Hall / Warwick Hall**	($4m)	2017-18	o Rationalise three (3) existing buildings currently on separate blocks o Project overall should be cost –neutral, therefore assumed sale proceeds of land of $4m to support capital costs
10	**Joondalup Administration Building**	($5m)	2017-18	o Major refurbishment
11	**Joondalup Performing Arts & Cultural Facility (JPACF) / Jinan Gardens**	($94~~2~~m)	2018-19	o New facility to provide for Performing Arts & Culture o Cost estimates are based on feasibility study (2012)
12	**Greenwood Community Hall / Calectasia Hall / GSGH)**	($5m)	2019-20	o New community hall.
13	**Clubroom redevelopment – Chichester Park**	($4m)	2020-21	o Redevelopment of existing facilities
14	**Edgewater Quarry**	($26~~33~~m)	2021-22~~17-18~~	o Development of quarry o Sale of land estimated to contribute
15	**Whitfords**	($12m)	2021~~2~~-	o New library facility at Whitfords

	Library & Senior Citizens Centre		22~~3~~	o	Potential for offset with shopping centre development
16	**Multi-Storey Car Park (2)** ~~*(location not yet identified)*~~	($26~~1~~m)	2022-23~~019-20~~	o	~~There may be additional capacity from the first MSCP and additional parking from the Joondalup Performing Arts & Cultural Facility which may impact on the timing for a second MSCP.~~Location not yet identified
17	**Percy Doyle Master Plan**	($69~~45~~m)	2030~~22~~-31~~23~~	o	Development of sporting and leisure facilities at the Percy Doyle Reserve
18	**Percy Doyle Refurbishments**	($6m)	2016-17, 2020-21	o	Refurbishment of existing facilities to keep in working order until Master Plan is completed.
	Total	**($296~~53~~m)**			

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:-

- $67~~52~~m from sale of Tamala Park land. ~~In the early years of the *Draft 20 Year Strategic Financial Plan* when there is insufficient surplus to meet all of the *Draft 20 Year Strategic Financial Plan*'s requirements (2015-16 & 2016-17), $5m of this is used to support municipal funds. The municipal fund pays the funds back when it can afford to do so (2020-21).~~ The proceeds are used to support the following projects:
- ~~Multi Storey Car Parks~~
  - Joondalup Performing Arts & Culture Facility
  - ~~Whitfords Library and Senior Citizen Centre~~Percy Doyle Master Plan
- $12m from sale of land no longer considered required for City purposes ('Asset Rationalisation'). These proceeds are allocated to the Joondalup Performing Arts & Culture Facility Reserve, and then subsequently used to help build the facility.
- $18~~22~~m 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.

6.8. Assumptions (5) - Financing Assumptions

Table 7 below summarises the key financing assumptions:

Table 7 Assumptions – Financing Assumptions

Ref	Issue		Details
1	**Each Financial Year Balances**	o	Projections established so that the 'Net Cash' each year (i.e. Cash excluding reserves) should be balanced

2	**Interest % on Loans**	o WATC (West Australia Treasury Corporation) were consulted and provided forecast up to 2018-19. o 5% cost of interest is assumed for borrowings taken out from 2014-15 to 2016-17, 5.5% for borrowings taken out from 2017-18 to 2021-22 and then 6% from 2022-23 onwards
3	**Term of Repayment Loans**	o 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 - between $10m and $15m, a loan period of 15 years is assumed - greater than $15m a loan period of 20 years is assumed. o The interest has not been varied with the terms, although in reality the term of the loan period would affect the interest %.
4	**Investment Earnings**	o Are assumed to be 1% less than the cost of finance o 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 finance i.e. the City does not plan or 'speculate' to beat the market.

7. 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 - Details

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~~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 – Summary

- Rates increases at no more than 5%. This is achieved in 19 of the 20 years; the only year above the target is 2013-14 where the overall increase was 5.2%.
- 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 10 of the 20 years. Although the earlier years (2013-14 to 2022-23) are below the target there is a positive upwards trend. One of the reasons why the ratio is below the target between 2018-19 and 2022-23 is due to the interest payments associated with the short-term loans used for the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry. 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 12 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The ratio indicates a potential backlog of expenditure on capital replacement projects. 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 cashflow available versus loan repayments. Ideally there should be surplus from operating cashflow of five times or more of loan repayments. It is intended that the ratio does not fall below 2 to 5 in some years, and the target is to avoid this occurring for five years in a row. This ratio is not achieved in all 20 years due to the large and immediate repayment of borrowings arising from the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry
- ~~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 15 of the 20 years. Although the earlier years (2013-14 to 2017-18) are below the target~~

~~there is a positive upwards trend, whilst the projections from 2018-19 onwards are all within the target or exceed it.~~

- ~~Rates increases at no more than 5%. This is achieved in 19 of the 20 years; the only year above the target is 2013-14 where the overall increase was 5.2%.~~
- ~~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 11 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets. The ratio indicates a potential backlog of expenditure on capital replacement projects. 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 cashflow available versus loan repayments. Ideally there should be surplus from operating cashflow of five times or more of loan repayments. It can be acceptable to fall between 2 and 5 in some years, although the target is to avoid this occurring for five years in a row. This ratio is achieved in all 20 years.~~

Table 8 – Key Ratios

Key Ratios

	13-14	14-15	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
1) Rates % increase	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.2%	3.9%	4.0%	4.0%	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%
Target is 5% or less																				
2) Net Closing Position $m	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	0	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	✗	✗	✗	✗	✗	✗	✗	!	!	!	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(1.7%)	(0.7%)	(0.8%)	(0.5%)	(0.3%)	(0.1%)	(0.1%)	0.6%	1.2%	1.9%	2.9%	4.2%	5.3%	6.5%	7.7%	8.8%	9.9%	10.8%	11.5%	12.3%
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	*(no data available prior to 2013-14)*			✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
				86%	83%	79%	77%	74%	72%	75%	80%	86%	90%	90%	90%	90%	90%	90%	90%	90%
Target is between 90% and 110%																				
5) Debt Service Coverage Ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
	2	2	2	2	2	2	2	2	2	1	1	1	2	2	2	2	2	2	2	2
Preferably more than 5. Target fails if the City drops below a ratio of 5 for five years in a row																				

The definition of each indicator above is explained in the following respective paragraphs 7.4.1 to 7.4.5~~6~~. The calculations for each indicator are provided in Supporting Schedule SS2.

7.4. Key Indicators - Explanations

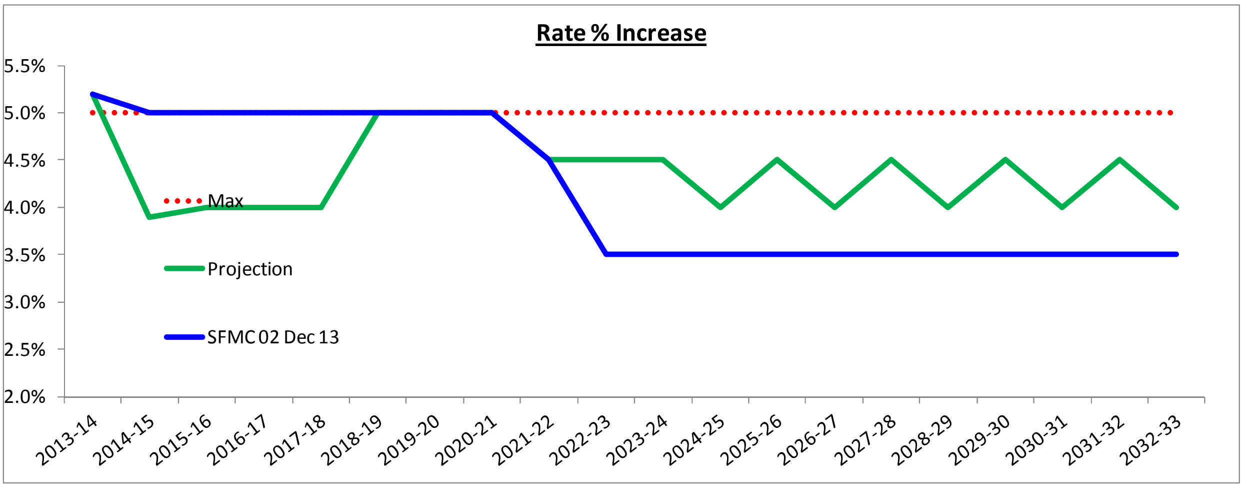
7.4.1. Rates % Increase

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 4.2%.

Chart 2 – Rates % Increase



7.4.2. Net Municipal Closing Balance

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.

Chart 3 below shows the projections versus the *Previous Plan*. The *Previous Plan* showed surpluses in the later years of the plan; whilst the revised plan has now assumed that the surpluses are used for expenditure on backlog Capital Expenditure. Table 9 underneath provides some commentary to this.

Chart 3 – Net Municipal Closing Balance

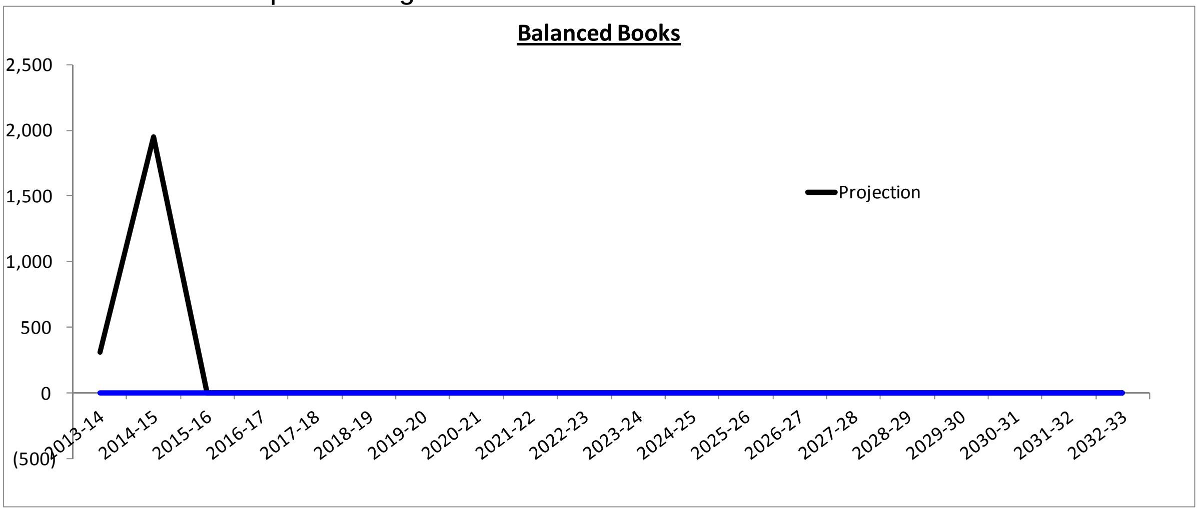


Table 9 – Net Municipal Closing Balance - Key Comments

Projection	Comment
o All 20 years are showing a balanced budget.	It should be noted that the later years (from 2022-23) have high cash surpluses due to Capital Expenditure on New projects being much lower in the last 10 years of the plan than the first 10 years The excess surpluses generated from 2022-23 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.

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 4 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 4 – Operating Surplus %

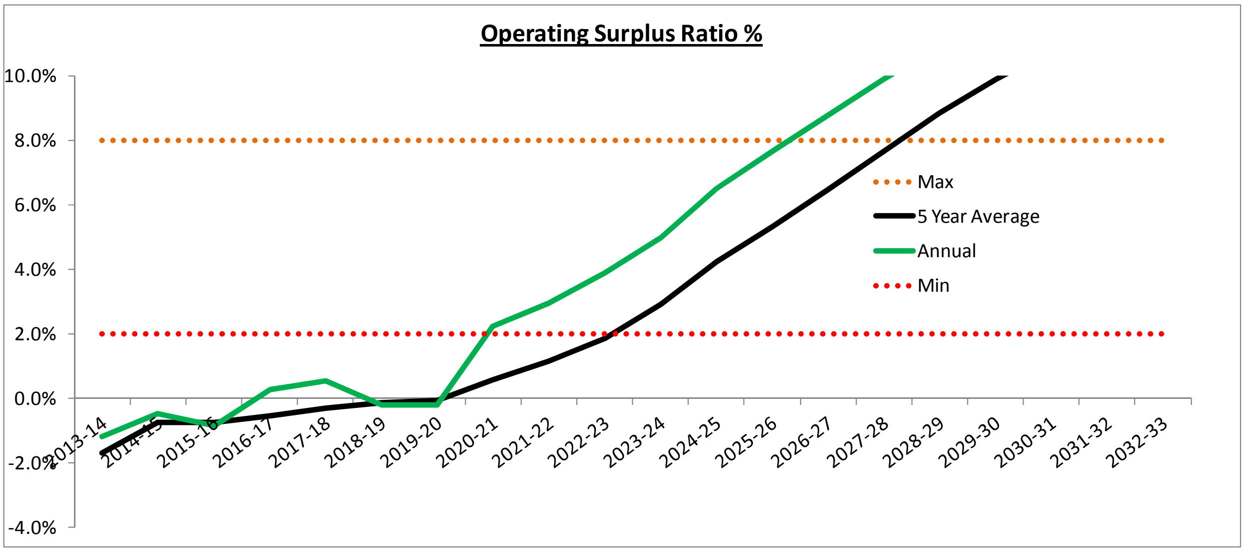


Table 10 – Operating Surplus Key Comments

Projection	Comment

The early years (up to 2019-20) have a low operating surplus ratio, and the five~~r~~ year average is only above the 2% target from 2023~~2~~-24~~3~~.~~2017-18~~

The low achievement in the early years is due to a number of reasons:

- Baseline 2013-14 has a negative operating surplus.
- High capital investment in the early years whilst striving to keeping rate increases at 5% or less.
- Interest payments associated with the short-term loans used for the Joondalup Performing Arts & Cultural Facility and Edgewater Quarry projects.
- Reduced investment earnings as reserves become depleted.

T~~Overall t~~he projections show a positive upwards trend.~~increase year by year.~~

~~Operating deficits in the early years make it difficult to achieve the net municipal closing balance (see previous paragraph).~~

~~The Cost Management targets explained earlier, a total of 5% saving in Materials & Contracts from 2014-15 to 2016-17, have a significant bearing on the ability of the City to have a positive increase.~~

The *Draft 20 Year Strategic Financial Plan* is long-term, and the most important consideration with the operating surplus ratio is the sustained achievement from 2022-23~~17-18~~ onwards. 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.

One of the causes of the low performance between 2017-18 to 2023-24 is the cost of interest associated with the Arts Facility. However the City is repaying the loan as quickly as possible using the Tamala Park proceeds and therefore the higher costs of interests are short-term only.

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 a potential backlog of capital replacements.

Chart 5 below shows the values that go into the calculation. Chart 6 below shows the projections compared to the *Previous Plan* and the Targets*.* Table 11 underneath provides some commentary.

Chart 5 – Capital Expenditure & Depreciation

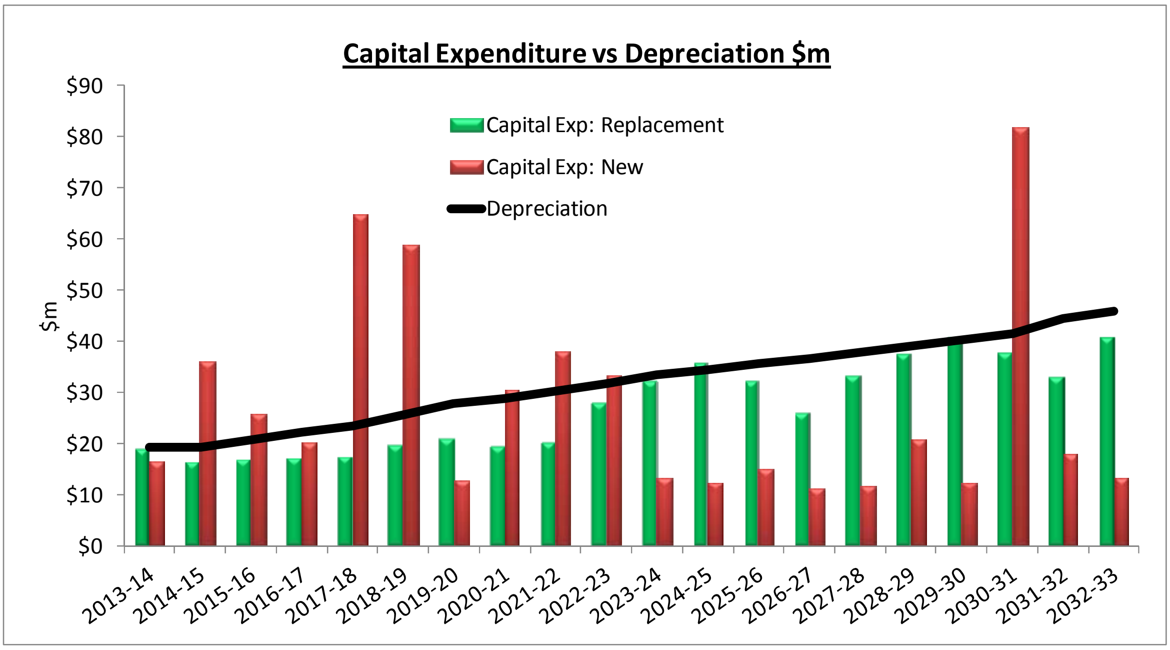


Chart 6 – Asset Sustainability

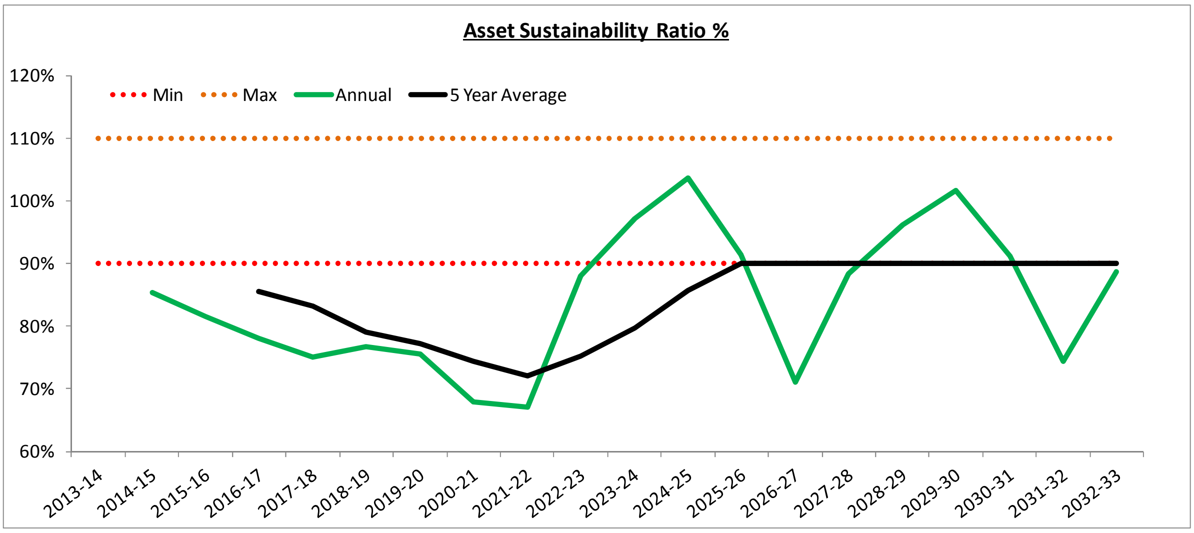


Table 11 – Asset Sustainability Comments

Projection	Comment
From 2013-14 to 2021-22 the ratio consistently falls well below the 90% minimum, with an average of just 72%. This indicates a backlog of ($48m), as the Depreciation expense is not matched by expenditure on capital replacements. There is ($26m) of new Depreciation in those years, relating to new projects, most of which have a long life (e.g. 40 years), and would not require any capital replacement in those years. Therefore the ~~59~~backlog may be approx ($22~~35~~m). From 2025~~4~~-26~~5~~ the ratio achieves the 90% target, due to the funds that are set aside as backlog replacements. The calculation requires the identification of Capital Expenditure as either replacement or new. This identification is not straightforward, for example where there is an upgrade of an existing asset, some of the expenditure may be deemed replacement, whilst some of it should be classed as new. There have been refinements in the methods used in the calculation of the ratio, and there will continue to be further refinements in subsequent updates of the *20 Year Strategic Financial Plan.*	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 There is more work to be done in this area. 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. A further concern with the backlog indicated in the earlier years, is the possibility that there may be higher maintenance costs required to keep assets in working order. This will also be reviewed as part of the review of each asset class and may be an issue identified in subsequent updates of the *20 Year Strategic Financial Plan*.

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.

Chart 7 below shows the values that are used in the calculation. Chart 8 shows the projected ratio versus *Department of Local Government and Communities* standards. Table 12 underneath provides additional commentary.

Chart 7 – Operating Surplus & Loan Repayments

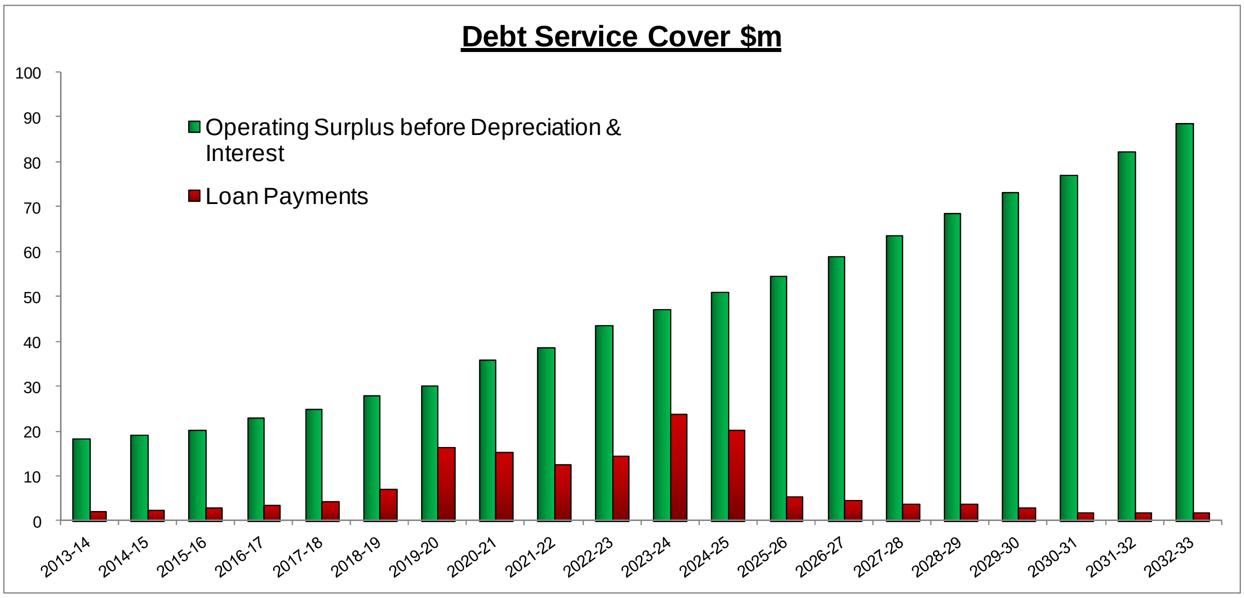


Chart 8 – Debt Service Coverage Ratio

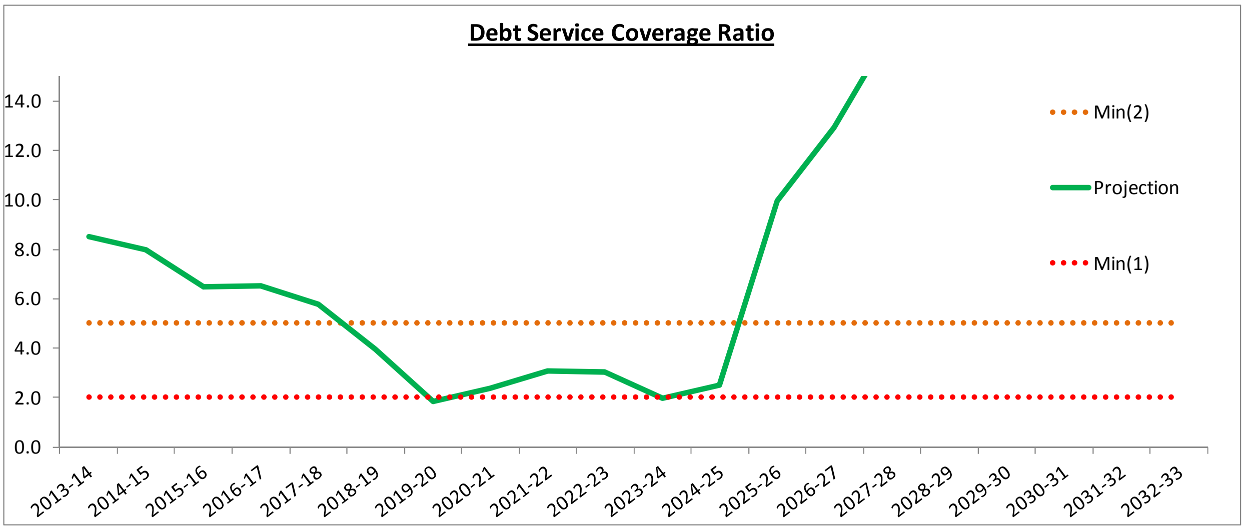


Table 12 – Debt Service Ratio Comments

Projection	Comment
For Years 2018-19 to 2024-25 the City has coverage of less than 5. This results in the City target of falling below the target for five years in a year from 2022-23 to 2024-25. The distortions are caused by the short-term borrowings used to finance Joondalup Performing Arts & Culture Facility and Edgewater Quarry project. The repayments for the years 2018-19 to 2024-25 are high in comparison to the operating surpluses, however this is actually well intended and the right strategy, as the borrowings are paid back as quickly as possible using the sales proceeds from Tamala Park and the land at 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 2027/28), where there is little new capital investment included, the ratio increases significantly.	The failure of the ratio is due to the calculation of the ratio itself, rather than poor financial management by the City. The ratio falls below 5 due to the large repayments of debt that the City makes, it is well-intended to do this and sound financial management, yet the ratio fails to take account of this. When the Department of Local Government and Community review the planning framework and ratios, it will be useful for them to reconsider the use of this ratio and to use another liquidity ratio that is more widely used in other states, the Net Financial Assets Liabilities Ratio. Nevertheless, the City should not take the failure of this ratio lightly, particularly as the ratio as used by WATC to help evaluation eligibility for borrowings. Discussions with WATC regarding potential borrowings normally only occur once Council has approved loan borrowings. However the City will undertake informal discussions with WATC to discuss the long-term plan for borrowings and ensure that the City would qualify for borrowings with the assumptions it has made.

8. CASHFLOW & FUNDING

8.1. Overall Cashflow

Chart 10 below summarises the overall cash flow movements (Reserves plus~~+~~ Municipal) and the closing balance. ~~The early years of the *Draft 20 Year Strategic Financial Plan* surplus cash reduces to $11m by end of 2019-20. From 2020-21 there are improved cash surpluses, and from 2022-23 there is sufficient surplus to allow Capital Expenditure on backlog replacements to assist with the Asset Sustainability Ratio. At the end of the 2032-33 the overall surplus cash is $143m. One of the main reasons for the later years of the plan to have cash surpluses compared to the early years is the scheduling of major projects, where 91% of the expenditure is estimated to be required within the first 10 years.~~

~~The key movements on cash are as follows:~~

~~2013-14. The surplus cash for the City is projected to reduce from $52m to $34m, as Capital Expenditure is $18m greater than the surplus cash from operating activities.~~

~~2014-15 to 2016-17, a small amount of surplus cash, caused by small operating surpluses. A total surplus of $2m for those three years, providing cash balance of $36m by 2016-17.~~

~~2017-18 to 2019-20 are projected to have cash deficits of ($25m), caused by significant capital investment, resulting in overall cash flow reducing to $11m at the end of 2019-20.~~

~~From 2020-21 to 2021-22 a surplus of $13m is achieved, resulting in surplus cash of $24m at end of 2021-22~~

~~From 2022-23 onwards there is sufficient surplus to provide:~~

~~Expenditure on backlog capital replacements.~~

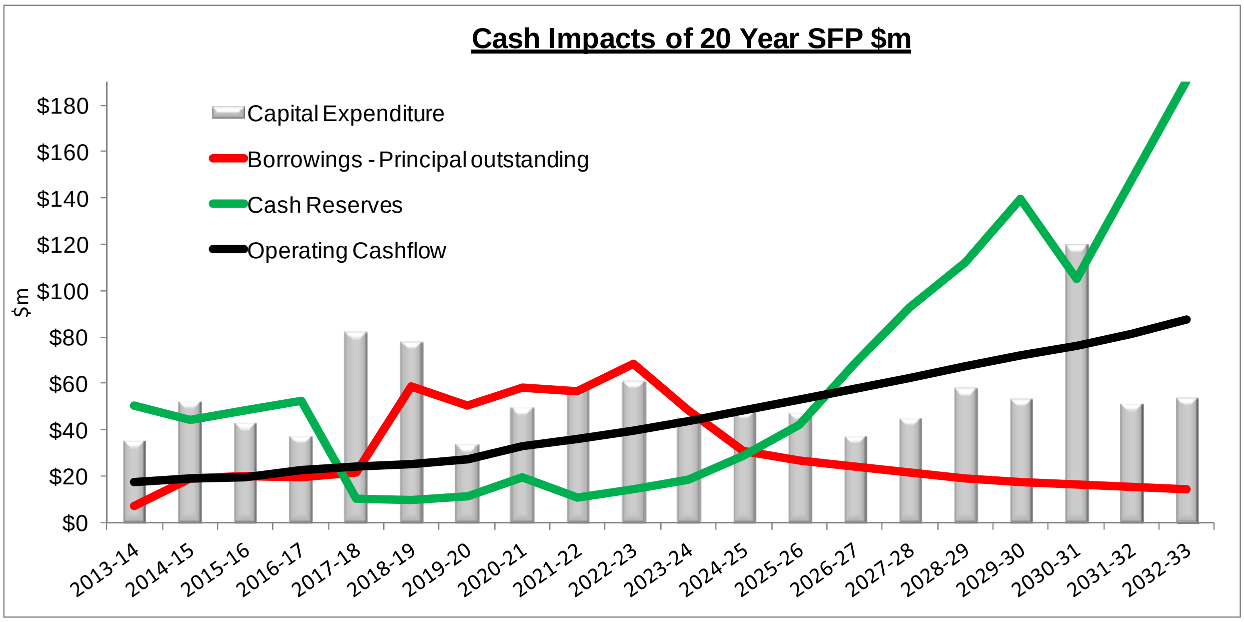
~~Transfer of $75m to Strategic Asset Management Reserve.~~

In the early years of the plan cash reserves are depleted, reducing from $50m at June 2014 to $10~~3~~m by 2017-18. 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. Indeed, between the years 2014-15 to 2018-19 the City projects borrowings of $66~~4~~m. However $38m of this relates to short-term borrowings for the Joondalup Performing Arts & Cultural Facility, with future proceeds from Tamala Park land sales allowing the City to repay this quickly within 6 years. Edgewater Quarry project also assumes a similar financing mechanism, whereby $18m of short-term borrowings are required from 2019-20 and 2021022, and are repaid within 3 years with proceeds from the sale of land at the Quarry. It is these short-term borrowings that have caused the Debt Service Coverage Ratio to fail in several years. The issue here is with the ratio itself and not due to any concerns of financial management by the City, it is a logical assumption for the City to borrow based on known future proceeds, and to repay the debt as quickly as possible.

From 2023-24 onwards (where there is far less new investment than in the earlier years), the cash held in reserves increases greatly. Indeed from 2022-23 onwards the City will be generating sufficient cashflow to set aside for replacement of its infrastructure, which by then will have aged more and requiring more replacement.

The City need not be overly concerned with the lower cash balances in the early years; ~~however~~ it is vital that the City proceeds with the projects and investments that best meet the objectives for the City. ~~The City could consider rescheduling some of the major projects to the later years where there are larger surpluses.~~

Chart 10 – Cash Flow


Cash Impacts of 20 Year SFP $m
Capital Expenditure
Borrowings - Principal outstanding
Cash Reserves
Operating Cashflow
$m
$180
$160
$140
$120
$100
$80
$60
$40
$20
$0
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
2022-23
2023-24
2024-25
2025-26
2026-27
2027-28
2028-29
2029-30
2030-31
2031-32
2032-33

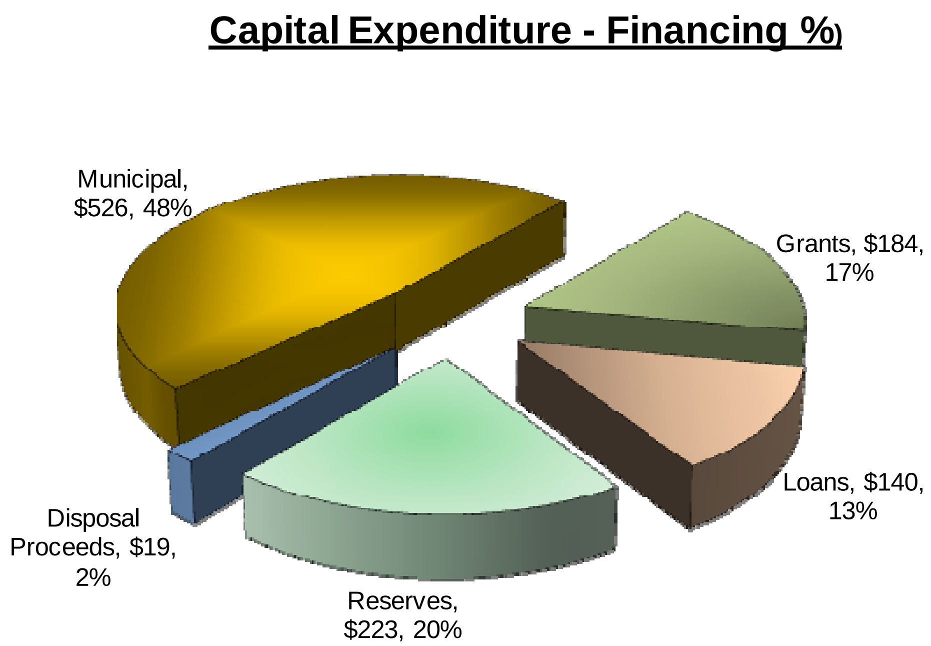
8.2. Financing~~unding~~ for Capital Expenditure

Supporting Schedules SS3 to SS6 provide details of the Capital Expenditure and Financing~~unding~~:

- Capital Expenditure (Supporting Schedule SS3)
- Capital Proceeds (Supporting Schedule SS4)
- Financing~~unding~~ methods (Supporting Schedule SS5 and Supporting Schedule SS6).

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 11 below summarises the financing for the ($1,092~~977~~m) of capital projects over the full 20 years:

Chart 11 – 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. ~~Where there are insufficient operating surpluses to afford all of the estimates, it may be necessary to reduce the amounts identified, and this is how the plan has been constructed for 2014-15 and 2015-16 where $4.5m has been reduced from the Capital Expenditure estimates.~~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 ($13m) (in today's dollars).
  - Major Road Construction. The City is relatively mature in terms of the needs of new major roads (i.e. most arterial roads are dual carriageway). The plan has assumed that only 11 of the 20 years would require major road investment, approx ($3m) per project. It is assumed that external grant funding would support approx two-thirds of the cost.

The remaining ($1m) is assumed financed by the Strategic Asset Management Reserve.

- Building Construction Works such as refurbishments. This program is assumed to be partially financed by the Strategic Asset Management Reserve and partially by Municipal funds.

- Major projects are financed either by external grants where available, proceeds from sale of land relating to the project, municipal funds, specific reserves established for the purpose of financing~~unding~~ the project, ~~by~~ 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 financing~~unding~~ for each.

Table 13 – Major Projects – source of finance

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	(94)				54		40	**94**
2 CBD Office Development	(1)			0	0			**1**
3 Cafes / Kiosks / Restaurants	(0)				0			**0**
4 Ocean Reef Marina Business Case & Structure Plan	(3)	1		1	1			**3**
5 Penistone Park - Facility Redevelopment	(4)	1		0	0	2		**4**
6 Redevelopment Arena Joondalup	(4)				2	2		**4**
7 Synthetic Hockey Project	(7)	2					5	**7**
8 Greenwood Community Centre (Calectasia hall / GSGH)	(5)						5	**5**
9 Edgewater Quarry	(26)			8			18	**26**
10 Percy Doyle Master-Plan	(69)				7	63		**69**
11 Percy Doyle Master Plan - Refurbishment Works	(6)	1				2	3	**6**
12 Hawker Park Clubrooms	(3)	1					2	**3**
13 Clubroom Redevelopment - Chichester Park	(4)	1					3	**4**
14 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4					**4**
15 Whitfords Library and Senior Citizens Centre	(12)					5	8	**12**
16 Multi Storey Car Park (1)	(21)				10	1	10	**21**
17 Multi Storey Car Park (2)	(26)				7		19	**26**
18 Joondalup Administration Building - refurbishment	(5)						5	**5**
Total Major Projects	**(294)**	**7**	**4**	**9**	**81**	**75**	**118**	**294**

8.3. Reserve Movements

Supporting Schedule SS5 provides details of the reserve assumptions within the *Draft 20 Year Strategic Financial Plan*.

Chart 12 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~~used greatly~~ in the early years of the *Draft 20 Year Strategic Financial Plan* to fund new Major Projects.
- The reserve balance is as low as $10~~31~~m by the end of 2017-18~~8-19~~.
- The reserve balances increase steadily from 2017-18~~23-24~~, due to cash surpluses.

Chart 12 – Reserve Movements

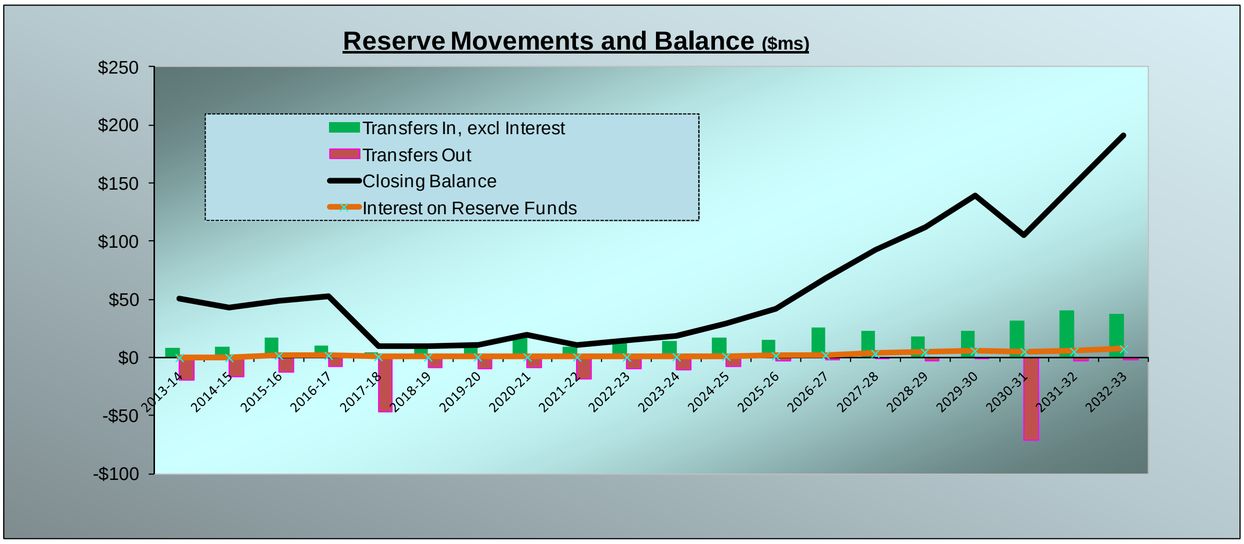


Table 14 below lists the movements on each of the reserves over a 20 year period. Supporting Schedule SS5 provides further details of each reserve, year by year,

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	217		(127)		22	**112**	133
2 Sale of Tamala Park Land		67		(32)	(38)	3		
3 Joondalup Performing Arts & Culture Facility	11	16		(29)		2	**(11)**	
4 Parking Facility	6	46		(17)		9	**38**	44
5 Cash in Lieu of City Parking	1	0		(1)			**(1)**	
6 Ocean Reef Marina	1	0		(1)		0	**(1)**	0
7 Currambiine / Kinross Community Centre	(0)					(0)	**(0)**	(0)
8 Capital Works Going Forward	11	2		(13)		0	**(11)**	0
9 Waste Management	2	0		(1)		2	**1**	4
10 Vehicles & Plants Replacement	2	2		(0)	(4)	0	**(2)**	0
11 Non Current LS Leave Reserve	2	0				3	**3**	5
12 Public Art Reserve	0	0		(0)		0	**(0)**	0
13 Section 20A Land	0	0				0	**0**	0
14 Cash in Lieu of Parking Reserve	1	0				2	**2**	3
15 Cash in Lieu of Public Open Space	(0)					(0)	**(0)**	(0)
16 Trust Fund	1			(1)		0	**(1)**	1
Total Reserves	**61**	**350**		**(222)**	**(42)**	**43**	**129**	**191**

#1 Opening Balance relates to the Budget 2013-14
#2 Transfers into "Sale of Tamala Park" include $67~~52~~m proceeds from sale of land~~, and $6m paid back from Municipal~~

Other comments to note regarding reserves within *Draft 20 Year Strategic Financial Plan:*

- Sale of Tamala Park – proceeds have now begun to be received and a reserve was formally ~~has not yet been~~ established ~~formally~~ by the City as part of the 2013-14 Mid Year Budget Review.~~a Reserve.~~ The intended use of the funds within the *Draft 20 Year Strategic Financial Plan* is consistent with the City's ~~The S~~Strategic Positioning Statement (~~,~~ as adopted by Council June 2012), which states that

"*Funds from Tamala Park should be used for programs aligned to the 20 Year Strategic Financial Plan, but for the following purposes as a minimum:*

- *To invest in income producing facilities*
- *To build significant one-off community facilities*"

~~The application of the funds within the *Draft 20 Year Strategic Financial Plan* is consistent with the Strategic Positioning Statement. However, the transfer of the proceeds into a reserve fund by itself will need to be endorsed by Council as part of the annual budget process, as there is currently no Tamala Reserve.~~The funds are used for two projects only, the Joondalup Performing Arts & Cultural Facility and Percy Doyle Reserve Master Plan.

- Strategic Asset Management Reserve. The *Draft 20 Year Strategic Financial Plan* has assumed that this reserve can be used flexibly. Where projects use this reserve, it is then assumed that the Municipal funds will replenish the reserve over a ten year period, but only where the Municipal funds can afford to do so.~~, with some projects having to pay back to the reserve (i.e. from the municipal funds).~~
- "Trust Fund" is not a Reserve. This cannot be used in the same way as other reserves.

8.4. Investment Earnings

As the City continues to use Reserve funds, this has the impact of reduced investment earnings. The estimated investment earnings on Reserves for 2016-17~~3-14~~ are $1.8~~4.5~~m, based on an Opening Cash Balance of $48~~952~~m and a closing cash balance of $5~~3~~34m. However the earnings on Reserves for the following year 2017-18 reduce sharply by ($1.1m) to $0.7m. This reduction is caused by reserves reducing from $534m at the beginning of the year to just $10~~3~~m at the end of 2017-18.

~~As the opening cash balance for 2014-15 is $18m lower than the 2013-14 opening position, the investment earnings for 2014-15 are estimated to reduce to $3.4m. This is a reduction of $1.1m, approx 25% less investment earnings caused by the reduce reserve balance.~~

Other factors affect the investment earnings as well, such as the earnings rate, the timing of income received, and the timing of expenditure during the year and in reality the actual investment earnings for any particular year will be different to the projections.~~but the major factor is the opening balance.~~

8.5. Loans

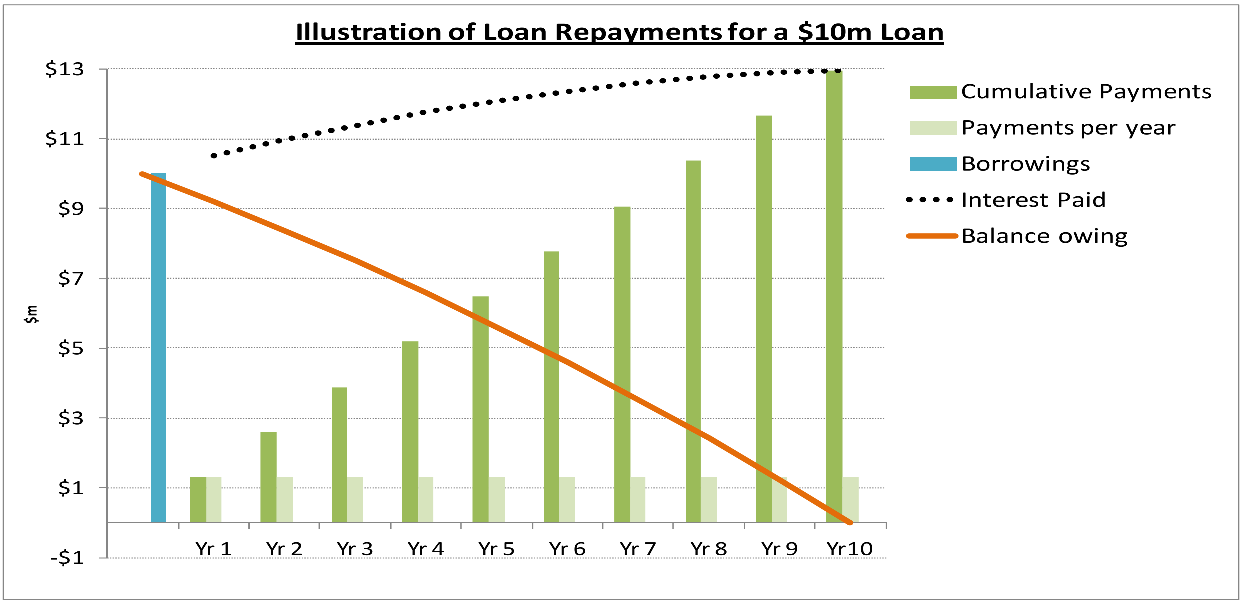
New Loans of $122~~71~~m are assumed to be required within the 20 years projected. This comprises of the following:

- $38m short-term borrowings for Joondalup Performing Arts & Cultural Facility. These are repaid within six years using the proceeds from Tamala Park Land Sales. During the six years though, the borrowings attract a cost of interest of $8m.
- $18m short-term borrowings for Edgewater Quarry, repaid within four years by proceeds from sale of land. These borrowings cost $4m in interest payments.
- $6~~5~~6m standard repayment loans used for a variety of projects as listed in Supporting Schedule 6. ~~This includes $22m interest-only loan for Edgewater Quarry which is paid back within a few years when the sales proceeds are realised.~~ 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.

Chart 13 below illustrates the overall impacts of a $10m loan over a 10 year period with a 5% interest charge. The key issues to note are:

- Payments of ($1.3m) per year over 10 years, results in total payments of ($13m), ($3m) higher than the sum borrowed.
- ($3m) additional cost is the cost of interest, an overall total of 30% of the original sum borrowed

Chart 13 – Illustrative Loan Repayments



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, particularly where the investment can provide income generating opportunities. However in using Loans the City needs to understand the additional cost to Operating Expenses with interest charges. In summary the City should continue to evaluate the use of borrowings to fund projects.

8.6. Borrowings owing versus Cash Reserves

There are seven years (2017-18 to 2023-24) where the amount of borrowings is higher than the cash reserves the City has. This is not an issue to be of concern. Liquidity is measured using the Debt Service Coverage Ratio, where the amount of Operating Surplus generated by the City is compared to the cost of loan repayments. Although the ratio appears low for several years, this is an abnormality caused by the ratio itself and the prudent measures by the City to repay debt quickly. Notwithstanding the short-term borrowings, the operating surpluses being generated by the City are sufficient for the borrowings used. Additionally, the City continues to operate a healthy working capital, out with the cash reserve balances.

The borrowings projection of $122m 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 finance 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.

~~8.6.~~ Net Assets

~~It is estimated that the net assets of the City would increase from $842m at June 2013 to $1,244m, an increase of 47%. Although some of this increase is due to inflation, a large part of this is due to the increase in new infrastructure, expenditure of $429m which far outstrips the reduction in assets of just $42m. The City should continue to evaluate the utilisation of assets and consider whether assets or infrastructure with low utilisation could be removed.~~

9. CHANGES TO *PREVIOUS PLAN*

9.1. Previous Plan

The *Previous Plan* for the period 2011-12 to 2030-31 was adopted by Council in November 2012. The key changes in the current update are:

- Use of revised Guiding Principles adopted by Council in July 2013. Analysis of ratios is simplified.
- Rates Volume Growth has higher projections than the previously adopted plan. A more detailed analysis has been undertaken e.g. estimated 8,000 additional dwellings.
- Refuse Charges & Waste Management Costs now separately identified.
- Major Projects – updates to projects where there have been revisions available
  - Joondalup Performing Arts & Culture Facility – costs increased from ($51m) to ($94~~2~~m), and assumed that all ~~50%~~ is financing is provided by the City~~unded externally~~.
  - CBD Office Development – estimated benefits of new rates revenue and rates income now included (estimated $420k per annum)
  - Synthetic Hockey Pitch – costs amended in line with Council adopted proposal.
  - Redevelopment Arena Joondalup - $4m contribution by the City.
  - Multi Storey Car Park (1) consistent with approved business case (December 2012).
  - Multi Storey Car Park (2) amended in line with the costs and income for first car park.
  - Other updates to projects as per council decisions eg. Bramston Park.

9.2. ~~Analysis of~~ Draft 20 Year Strategic Financial Plan versus Previous Plan

Key issues to note in comparing the *Draft 20 Year Strategic Financial Plan* versus *Previous Plan:*

- **Rates:** The Rates increases in the earlier years are now lower than the Previous Plan, for example
  - 3.9% increase in 2014-15 compared to 5% in the Previous Plan
  - 4.0% increase in 2016-17 compared to 5% in the previous plan

  The Draft 20 Year Strategic Financial Plan now includes a more detailed projection of growth in rates income, compared to the estimates included in the previous plan.

  ~~From 2016-17 onwards though, the projections are higher than *Previous Plan*, this is caused by the revised growth projections including the Housing Strategy. This trend continues until 2022-23, where the Rates income is forecast to be almost $7m more than the *Previous Plan*. From 2033-34 onwards, the differences reduce, this is due to the revised assumption of a 3.5% Rates increase from 2022-23 onwards.~~

2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
5.00%	4.75%	5.00%	5.00%	4.50%	4.50%	4.50%

- ~~**Fees & Charges, including Refuse Charges**: The starting point of 2013-14 is now higher and continues to be higher for all years. This is caused by the assumption of a 4% increase in Refuse Charges from 2017-18, where the *Previous Plan* had an increase of approx 3% for all Fees & Charges, including Refuse Charges. Additionally, the Sports & Recreation Fees are now projected to increase by 4% per year, where previously they were also increasing by approximately 3% per year. The cumulative impacts of these differences result in a difference of $11m by 2030-31.~~
- ~~**Materials & Contracts, including Waste Management costs**: The starting point of 2013-14 is now higher by $3m than the *Previous Plan*. This difference continues, and~~

~~increases throughout all years due to the same reason as indicated above; an increase of 4% is now applied to Waste Management costs where the *Previous Plan* assumed an increase similar to other Materials & Contracts between 3% to 4%.~~

- **Employee Costs**: The previous plan included higher increases in Employee Costs, with an average increase of 4.4% increase compared to 3.3% increase now included.
- ~~The starting point for the projections of 2013-14 is approx $1m higher than the *Previous Plan* assumed for 2013-14. This is due to some additional staff resources to meet service demand and increases under the workplace agreements and superannuation guarantee increase which were not factored into the previous projection.~~
- **New Projects:** Operating Income & expenditure. There is a higher net cost for the new projects and plans compared to the *Previous Plan*. This is caused by the availability of more information for new facilities, for example there is financial data from the feasibility study of the Joondalup Performing Arts & Culture Facility.
- ~~**Capital Expenditure & Grants:** Overall there is a higher cost, year by year, between the Draft 20 Year Strategic Financial *Plan* and the *Previous Plan*. The reasons for this are:~~
  - ~~*5 Year Capital Works Program* as adopted in June 2012 is now higher than the previously adopted *5 Year Capital Works Program*.~~
  - ~~Other Capital projects, such as the Joondalup Performing Arts & Culture Facility have a higher estimated capital cost ($92m) than the *Previous Plan* ($51m).~~

9.3. 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 75~~99~~ Key Ratios achieved out of a possible 100~~20~~, this is the same as the ~~13 higher than the~~ *Previous Plan*. However it is worth noting the following:

- Balanced Books. The previous plan indicated that only 14 years out of 20 were balanced. This is slightly misleading when compared to the revised plan. The 6 years in the previous plan that were not balanced were at the end of the 20 years and had large surplus funds, therefore indicating a healthy financial situation. The Draft 20 Year Strategic Financial Plan also has large surpluses in the later years of the plan, but has balanced the books by moving the surpluses into the Strategic Asset Management Reserve or to expenditure for backlog replacements to improve the Asset Sustainability Ratio.
- Operating Surplus Ratio is now worse off when compared to the previous plan. This is caused by the reasons indicated earlier in section 7, where the City has established lower Rates increases and has taken on more short-term borrowings causing higher interest payments.
- Debt Service Coverage Ratio was achieved in all 20 years of the previous plan, but now there are now 3 years where the City is projected not to meet the threshold. ~~the Asset Sustainability Ratio is projected to be below the target for the first 9 years.~~

Table 15 – Key Ratios

	KEY RATIO (calculations are shown on Attachment 11)	(A) Target Range		(B) Updated 20 Year SFP		C) PREVIOUS PLAN		Summary
		Low	High	Number of Years within Tolerance	Number of Years Outside Tolerance	Number of Years Within Tolerance	vs Current Proposal	Red / Amber / Green #1
1	Rate % Increase	0.0%	5.0%	19	1	19	0	Green
2	Balanced Books	$0	$0	20	0	14	6	Green
3	Operating Surplus Ratio %	2.0%	8.0%	10	10	15	-5	Red
4	Asset Sustainability Ratio %	90.0%	110.0%	8	12	7	1	Red
5	Debt Service Coverage Ratio	< 5 for 5 yrs in a row	>5	17	3	20	-3	Green
	Total			74	26	75	-1	Green

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 financing of the Joondalup Performing Arts & Cultural Facility and the target to have Employment Costs only increase by 3% each year (excluding the impact of Superannuation Guarantee).

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
3. Ocean Reef Marina – further development/investment by the City, beyond the costs required for the Business Case and Structure Plan

10.3. Analysis of Risks

~~Analysis of Risks & Opportunities~~

~~High level analysis has been prepared against some of the key assumptions, so that the potential risk and opportunity over a 20 year period can be better understood. Table 16 and Chart 14 below show that there is significantly more risk ($133m) than opportunity of $82m.~~Some of the key risks have been analysed using the City's Risk Management Framework as summarised in Table 16 below.

Table 16 – Risks

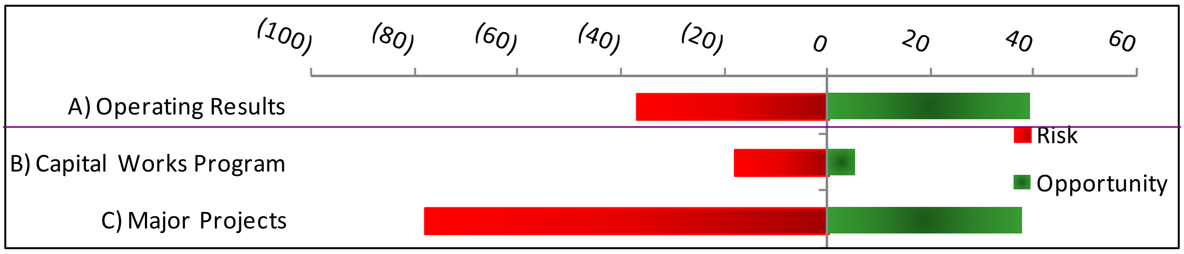
Risk Definition			Risk Management Framework #1						Mitigating Actions
			Likelihood		Consequences #2		Overall Score		SFP / Project
	Issue	Risk Defined	Definition	Score	Definition	Score	Score	Overall Risk	What other values could be changed to improve the OSR ? What could the project do to mitigate the risk ?
1	**JPACF Operating**	SFP currently assumes a ($400k) subsidy per year by the City. There is a risk the subsidy could be higher	Likely	4	Medium	3	**12**	**Moderate**	Higher Rates % Increase (but still within the 5% limit). City will develop its own financial model for assessing the JPACF operating impacts, and will continue to review and refine the model at each stage of the project.
2	**Edgewater Quarry**	Projections assume positive cashflows. Amphitheatre income is uncertain	Possible	3	Minor	2	**6**	**Moderate**	The assumptions for the EQ project need more detailed testing, particularly the income analysis. This will be completed this year.
3	**Ocean Reef Marina**	Draft SFP only includes the project costs for the City, and does not include ongoing commitments.						**Low**	Business Case to be developed, including detailed assessment of the financial impacts for the City. Next update of the SFP (2015) should include financial assessment of the impacts for the City.
4	**Capital Works Program 2019-20 to 2032-33**	Long Term Asset Management plans (AMPs) have yet to be prepared. These could identify higher levels of expenditure for replacement of existing infrastructure than the arbitary estimates currently included.	Possible	3	Major	4	**12**	**Moderate**	As each Asset Management plan is developed, build the impacts into the SFP. Ensure that each Asset Management plan provides long term forecasts.
5	**Percy Doyle Reserve**	Delay of 10 years means that the existing facilities have to last 20 years. Refurbishments will be required	Likely	4	Insignificant	1	**4**	**Low**	Detailed assessment of the requirements. What work must be carried out (e.g. due to H&S) in next 18 years, what could be delayed till Master Plan ?
6	**Materials & Contracts**	SFP currently assumes 3% Perth CPI, which is applied to Materials & Contracts. This could be different.	Possible	3	Major	4	**12**	**Moderate**	Continue to monitor the costs and update SFP annually.

#1 Risk Management Framework, as adopted by the City, is used as the basis of assessing the overall risk
#2 The Operating Surplus Ratio is the most important long-term indicator for the SFP, and it is therefore appropriate to analyse the consequences of risks to the achievement of the OSR

~~Table 16 – Risks & Opportunities~~

Risk & Opportunity Summary $ms	**Risk**		**Opportunity**	
	%	**10 Yr Impact**	**%**	**10 Yr Impact**
A) Operating Results	0.0%	(37)	0.0%	39
B) Capital Works Program	0.0%	(18)	0.0%	5
C) Major Projects	0.0%	(78)	0.0%	38
Total		**(134)**		**82**

~~Chart 14 – Risks & Opportunities $m~~



~~Some of the key assumptions and projects have been evaluated in terms of the maximum risk and maximum opportunity. The key features of this analysis are:~~

- ~~Impact on cash flow for the first 10 years of the *Draft 20 Year Strategic Financial Plan* from 2014-15 up to 2021-22 only has been assessed. Although the *Draft 20 Year Strategic Financial Plan* goes up to 2032-33, there is very little risk with the later years. All of the pressures in achievement of the Guiding Principles come in the early years, and it is therefore more appropriate to analyse the risk over the early years.~~
- ~~Operating Results have a variety of risks and opportunities and overall there is deemed to be higher opportunity than risk.~~
- ~~Major projects have a significant level of risks, less opportunity. Some of the key issues are:~~
  - ~~JPACF is assumed to have 50% of the funding by grant, this is a risk. There is also an architectural design process currently underway which may impact on the estimated costs.~~
  - ~~Edgewater Quarry is an opportunity. The *Draft 20 Year Strategic Financial Plan* includes the same values as the *Previous Plan*, based on the feasibility study completed during 2012; this is in the process of being revised.~~

10.4. Net Assets

It is estimated that the net assets of the City would increase from $844m at June 2013 to $1,288~~302~~m, an increase of 53~~4~~%. Although some of this increase is due to inflation, a large part of this is due to the increase in new infrastructure, expenditure of ($546m) 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

~~Future Improvements to 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~~Risks & Opportunities~~

Ref	Issue	Details
1	**Updated Asset Management Plans / Asset Sustainability Ratio**	The SFP 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. Revaluations are being prepared during 2014 and will be included in the next update of the Draft 20 Year Strategic Financial Plan in 2015. ~~outlines community requirements, service level agreements, whole life costs, replacement modelling~~
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. ~~l Works Program.~~
~~3~~	~~**Asset Sustainability Ratio**~~	~~The calculation of the ratio continues to improve, but requires further improvement is required in some areas. For example, expenditure classed as "upgrade" needs to be more clearly identified between replacement and new expenditure.~~ ~~Additionally, there needs to be a review of the impacts of the ratio falling below target. This will be analysed for each asset class.~~
3~~4~~	**Refuse Charges**	Income from Refuse Charges and the associated costs are now identified~~treated~~ separately. A different escalation factor is now applied than other Materials & Contracts. A further improvement opportunity for future iterations is to have a detailed 20 year assessment of Refuse services.
~~5~~	~~**Prioritisation of projects and programs**~~	~~Where there are affordability gaps (as indicated earlier with 2014-15 and 2015-16), there needs to be a clear process to prioritise projects and programs. A new prioritisation process is being evaluated and may be used for future iterations of the *20 Year Strategic Financial Plan*.~~

11. SCENARIO MODELLING

11.1. Scenario Analysis

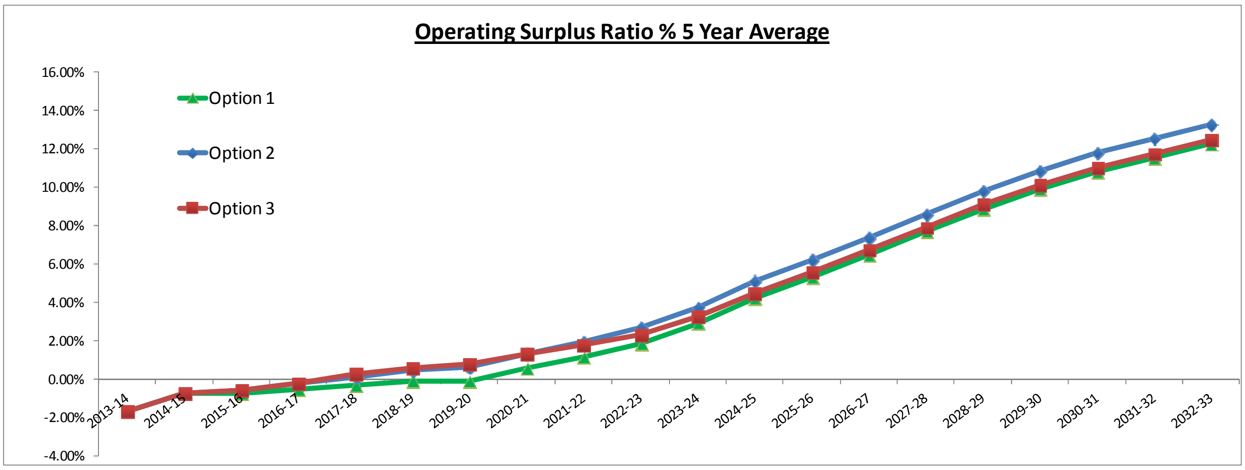
~~The *20 Year Strategic Financial Plan* – Guiding Principles, established three scenarios to be prepared as follows~~

~~Scenario 1 (Baseline) - based on the business as it currently stands, including agreed commitments to future projects.~~
~~Scenario 2 (Maximum) - incorporating all new expenditure as proposed.~~
~~Scenario 3 – (Balanced) – a balanced budget that achieves the targets and is in accordance with the Guiding Principles (e.g. Operating Surplus Ratio target). This scenario will seek to include all new expenditure where possible, whilst ensuring the City complies with all other Guiding Principles.~~The update of the Draft 20 Year Strategic Financial Plan has taken place over a 12 month period, commencing in June 2013. During this time there have been many scenarios and options considered, for example the scheduling of projects and assumptions regarding increases to costs.

Three scenarios are included as follows:
- Option 1. 4% Rate Increase 2015-16, 2016-17, 2018-19, then 5% Rate Increase in next 3 years
- Option 2. 5% rate increase in 2015-16, the remainder of the assumptions same as Option 1.
- Option 3. 5% 2015-16, 4% 2016-17, 5% 2017-18, 4% 2018-19, 5% 2019-20, 4% 2020-21

The results have been modelled and shown in Chart 14~~5~~ below, using the Operating Surplus Ratio.

Chart 14~~5~~ – Scenario Analysis



The Scenario analysis informs us that:
- Option 2 and 3 would enable the City to achieve the Operating Surplus target by 2022-23, whilst Option 1 would achieve the target a year later.
- Option 2 and 3 would not require borrowings to finance the Capital Works Program.
- Option 2 has higher revenue and therefore a higher Operating Surplus Ratio than Option 3 or Option 1.

- ~~Baseline scenario would provide an Operating Surplus above the 2% minimum target by 2016-17, and would continually grow. The operating surpluses would be excessive, and demonstrate the need for the City to invest in new assets and infrastructure.~~

- ~~Maximum scenario would provide an Operating Surplus that rarely achieves above the target of 2%.~~
- ~~Balanced Scenario shows a steady improvement in Operating Surplus and a consistent achievement. The Balanced scenario is the scenario that is included now within the *Draft 20 Year Strategic Financial Plan* and is a better scenario than either the Baseline or the Maximum Scenario.~~

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

Taking account of some of the key developments that the City has committed to as part of the Strategic Community Plan and the population growth in the North West corridor which results in the City having to provide regional services, it could be a consideration to have a one-off rates increase above the norm. Table 18 below shows the additional revenue that would be generated from an increase above the standard. If there were a 10% increase in 2015~~4~~-16~~5~~ (5% above the standard), this would result in $4.3~~2~~m additional revenue in 2015~~4~~-16~~5~~ and ~~an overall~~overall additional revenue of ~~total of~~ $36~~41.1~~m by 2021-22.

Table 18 – Impact of a one-off Rates Increase above 5%

RATES ONE-OFF INCREASE ABOVE 5%	Rates % Increase	Additional Revenue $ms	
		2015-16	Cumulative to 2021-22
1% Above Projection	6%	0.9	7
2% Above Projection	7%	1.7	14
3% Above Projection	8%	2.6	21
4% Above Projection	9%	3.5	29
5% Above Projection	10%	4.3	36

Appendix 1

20 Year Strategic Financial Plan - Guiding Principles 2014

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 reports against eight ratios, seven are Department of Local Government (DLG) ratios. Whilst recognising that all seven DLG ratios are important, the City's long term plan will focus primarily on:
  - Operating Surplus Ratio % (Operating Results).
  - Debt Service Coverage Ratio % (Treasury Management).
  - Asset Sustainability % (Asset Management).
  - Rates increase 5% or less.
  - ~~Rates Increase 5% or less.~~

- 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 Strategic Community Plan 2012-2022 has a target to maintain a positive operating surplus ratio that exceeds 0%.~~ 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. Loans may be planned for, but only where:
  - It is in accordance with the City Borrowing Strategy.
  - Debt Service Coverage Ratio is not to exceed five consecutive years with an annual debt service cover ratio of between two and five, with all other periods exceeding a ratio of five.
  - Building infrastructure of a capital nature may be funded by loans but with a loan term not exceeding 50% of the life of the asset.

- ~~If the cost of borrowing is cheaper than earnings on cash reserves, then the City may seek to use loans even where there are reserves available for specific projects.~~

- 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.

- 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 ~~first quarter of each financial year by the Administration for submission to the Strategic Financial Management Committee in the second quarter for consideration. This will enable the~~ SFP to be used as an enabler to the Annual Budget ~~setting process~~ 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.

- The SFP will prepare options and risk analysis.~~project three scenarios:~~
    - ~~Scenario 1 (Baseline) - based on the business as it currently stands, including agreed commitments to future projects.~~
    - ~~Scenario 2 (Maximum) - incorporating all new expenditure as proposed.~~
    - ~~Scenario 3 – (Balanced) – a balanced budget that achieves the targets and is in accordance with the Guiding Principles (e.g. Operating Surplus Ratio target). This scenario will seek to include all new expenditure where possible, whilst ensuring the City complies with all other Guiding Principles. The City will prepare a sensitivity analysis of potential cost reduction opportunities and will use appropriate discretion to prioritise new expenditure.~~

Appendix 2

CAPITAL PROJECTS & IMPACTS ON OPERATING INCOME & EXPENDITURE

A) Capital Works Program 20 Year Summary $ms	20 Year Capital Estimates			Total Impact		
	Replacement	New	Total	Grants	Operating Expenses	Total, incl Capital
1 Parks Development	(25)	(16)	(41)			(41)
2 Foreshore and Natural Areas	(13)	(4)	(18)			(18)
3 Parks Equipment	(41)	(15)	(56)	1	(1)	(57)
4 Streetscape Enhancement	(6)	(22)	(28)		(2)	(30)
5 Local Traffic management	(0)	(25)	(25)			(25)
6 State Blackspot		(23)	(23)	16		(7)
7 Parking Facilities		(12)	(12)	1		(11)
8 Major Road Construction		(39)	(39)	26		(13)
9 New Paths		(14)	(14)	3		(11)
10 Path Replacement	(11)	(1)	(12)			(12)
11 Stormwater Drainage		(28)	(28)			(28)
12 Streetlighting	(36)	(2)	(39)	1	2	(35)
13 Road Preservation & Resurfacing	(176)	(10)	(186)	129		(57)
14 Bridges	(5)		(5)	0		(5)
15 Major Building Construction	(33)	(25)	(58)	0		(58)
16 Backlog Replacement	(110)		(110)			(110)
Total A) Capital Works Program	**(456)**	**(235)**	**(691)**	**175**	**(1)**	**(517)**

B) Capital Projects 20 Year Summary $ms	(A) One-Off				(B) Operating			Total
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	(A+B)
1 Fleet	(73)		15	(59)				**(59)**
2 IT	(7)	0		(7)		(8)	(8)	**(15)**
3 Rangers, Parking & Community Safety	(3)			(3)				**(3)**
4 Artworks & Other	(3)			(3)				**(3)**
TOTAL	**(87)**	**0**	**15**	**(72)**		**(8)**	**(8)**	**(80)**

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 Warwick Leisure Centre Extension	(2)			(2)				**(2)**
2 Delamare Park	(2)			(2)				**(2)**
3 Bramston Park Clubrooms	(3)	1		(2)	0	(1)	(1)	**(3)**
4 Craigie LC - Upgrades - Sports courts, Gym & Car Park	(2)			(2)				**(2)**
5 Craigie LC - Geothermal Bore - additional injection bore	(1)			(1)				**(1)**
6 Padbury Hall Redevelopment	(4)			(4)				**(4)**
7 Ocean Reef Boat Harbour Floating Jetties	(1)	0		(0)				**(0)**
8 Marmion Angling & Aquatic Club Parking	(2)	0		(2)				**(2)**
9 Joondalup Library - major refurbishment	(1)			(1)				**(1)**
TOTAL	**(20)**	**1**		**(19)**	**0**	**(1)**	**(1)**	**(20)**

D) Major Projects (>$3m) 20 Year Summary $ms	**(A) One-Off**				**(B) Operating**			**Total**
	Capital	Grants	Proceeds	Total	Income	Expenses	Total	**(A+B)**
1 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(94)			(94)	69	(77)	(9)	**(103)**
2 CBD Office Development	(1)			(1)	16	(3)	12	**12**
3 Cafes / Kiosks / Restaurants	(0)			(0)	4		4	**3**
4 Ocean Reef Marina Business Case & Structure Plan	(3)	1		(2)				**(2)**
5 Penistone Park - Facility Redevelopment	(4)	1		(3)		(0)	(0)	**(3)**
6 Redevelopment Arena Joondalup	(4)			(4)				**(4)**
7 Synthetic Hockey Project	(7)	2		(5)	0	(3)	(3)	**(8)**
8 Greenwood Community Centre (Calectasia hall / GSGH)	(5)			(5)				**(5)**
9 Edgewater Quarry	(26)		19	(8)	19	(15)	4	**(4)**
10 Percy Doyle Master-Plan	(69)			(69)				**(69)**
11 Percy Doyle Master Plan - Refurbishment Works	(6)	1		(5)		(1)	(1)	**(7)**
12 Hawker Park Clubrooms	(3)	1		(2)	0	(1)	(1)	**(2)**
13 Clubroom Redevelopment - Chichester Park	(4)	1		(3)				**(3)**
14 Grove Child Care / Dorchester Hall / Warwick Hall	(4)		4					
15 Whitfords Library and Senior Citizens Centre	(12)			(12)				**(12)**
16 Multi Storey Car Park (1)	(21)			(21)	27	(8)	19	**(1)**
17 Multi Storey Car Park (2)	(26)			(26)	9	(4)	5	**(20)**
18 Joondalup Administration Building - refurbishment	(5)			(5)				**(5)**
TOTAL	**(294)**	**7**	**23**	**(265)**	**144**	**(113)**	**31**	**(233)**

Appendix 3

Financial Statements Explanation

Ref	Statement	Details
1	**Income**	o 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. o FS1 does not include non operating items such as: • Capital Expenditure and Capital Income. • Proceeds of Loans. • Principal repayment of loans. o FS1 shows the calculation of the Operating Surplus, a key indicator to measure financial sustainability for the City. o 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. o The Operating Surplus is also used to calculate the Operating Surplus Ratio, another key indicator as reviewed in section 7.
2	**Cash Flow**	o FS2 Cash Flow Estimates Statement shows the overall cash position of the City. o 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. o The cash balance is then split into municipal and reserve funds.
3	**Rate Setting**	o 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. o 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. o FS3 shows the calculation of the amount of rates required to fund the budget.
4	**Statement of Financial Position**	o FS4 Statement of Financial Position Estimates Statement shows estimated net assets and equity.

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

	Line	13-14 $ms	14-15 $ms	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 $ms	**Total** **$ms**
Operating Revenues																						
Rates: Base	*1*	83	86	90	94	97	102	107	113	118	123	128	134	140	145	152	158	165	172	179	186	**2,571**
Rates: Growth	*2*	0	0	0	1	2	3	4	6	8	9	10	11	11	12	13	14	15	15	17	18	**169**
Grants & Subsidies (Op'l), Cont's & Reimb's	*3*	4	5	5	5	5	5	5	6	6	6	6	6	6	7	7	7	7	8	8	8	**122**
Refuse Charges & Sale Recyclable Materials	*4*	19	21	21	22	23	24	25	26	27	28	29	30	31	32	34	35	36	38	39	41	**579**
Fees and Charges / Other: Base	*5*	19	19	20	21	21	22	23	23	24	25	26	26	27	28	29	30	31	32	33	34	**513**
Fees and Charges / Other: Growth	*6*	0	0	0	1	1	2	5	6	6	8	9	9	10	10	11	11	12	12	13	13	**140**
Profit on Disposal	*7*	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**1**
Investment Earnings	*8*	5	4	4	4	4	4	4	4	4	5	5	6	6	7	8	10	11	11	12	14	**131**
Total Operating Revenue	*9*	131	135	141	147	154	161	172	183	192	203	213	222	232	242	254	265	277	288	301	315	**4,227**
Operating Expenses																						
Employee Costs: Base	*10*	(55)	(58)	(60)	(62)	(63)	(66)	(68)	(70)	(73)	(75)	(77)	(80)	(82)	(85)	(88)	(91)	(95)	(98)	(101)	(105)	**(1,552)**
Employee Costs: Growth	*11*	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	**(11)**
Materials, Contracts & Insurance: Base	*12*	(31)	(33)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(42)	(42)	(44)	(45)	(47)	(48)	(50)	(51)	(53)	(54)	**(830)**
Materials, Contracts & Insurance: Growth	*13*	0	0	(0)	(1)	(1)	(1)	(5)	(5)	(6)	(7)	(7)	(8)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(10)	**(115)**
Waste Management & Tipping Fees	*14*	(19)	(19)	(20)	(20)	(21)	(22)	(23)	(24)	(25)	(25)	(27)	(28)	(29)	(30)	(31)	(32)	(34)	(35)	(36)	(38)	**(535)**
Depreciation: Existing	*15*	(19)	(19)	(20)	(21)	(21)	(22)	(22)	(23)	(24)	(24)	(25)	(26)	(27)	(28)	(28)	(29)	(30)	(31)	(32)	(33)	**(505)**
Depreciation: New	*16*	0	0	(1)	(2)	(2)	(4)	(5)	(6)	(6)	(7)	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(10)	(13)	(13)	**(133)**
Utilities	*17*	(6)	(6)	(8)	(8)	(9)	(9)	(10)	(10)	(11)	(11)	(12)	(12)	(13)	(14)	(14)	(15)	(16)	(17)	(17)	(18)	**(236)**
Interest on Borrowings - Existing	*18*	(0)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	**(2)**
Interest on Borrowings - New	*19*	0	0	(0)	(0)	(1)	(3)	(3)	(3)	(3)	(4)	(4)	(3)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	**(33)**
Loss on Disposal	*20*	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Total Operating Expenses	*21*	(132)	(136)	(142)	(147)	(153)	(162)	(173)	(179)	(186)	(195)	(202)	(208)	(214)	(221)	(229)	(237)	(245)	(253)	(264)	(273)	**(3,952)**
Net Operating Surplus (Deficit)	*22*	**(2)**	**(1)**	**(1)**	**0**	**1**	**(0)**	**(0)**	**4**	**6**	**8**	**10**	**14**	**17**	**21**	**25**	**28**	**32**	**35**	**37**	**42**	**275**

Financial Statement 1 – Income Estimates

Line	Item	Details / Source of calculation
1	Rates Base	o Rates income has been calculated by applying a % increase to the previous year's total Rates Income (sum of line 1 and line 2). o The starting point in the projections is the 2013-14 budget. o Excludes growth as a result of volume growth.
2	Rates Growth	o Increase in rates as a result of volume growth (e.g. new rateable properties).
3	Grants & Subsidies (Op'l), Cont's & Reimb's	o Operational Grants, Contributions and Reimbursements. o Includes all normally expected operating grants such as grants commission. o % increase has been factored in each year. (see Supporting Schedule SS1) o Excludes capital grants.
4	Refuse Charges & Sale Recyclable Materials	o Income received for refuse collection and sale of recyclable materials. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1).
5	Fees & Charges / Other Base	o Includes charges for recreation, Leisure Centre charges, planning and building fees, car parking fees, fines & penalties, property hire, inspection fees and all other income received by the City. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new facilities.
6	Fees & Charges / Other: Growth	o Estimated additional income for new services or facilities. o Includes income estimated for new clubrooms, Currambine Community Centre, Multi Storey Car Parks, Joondalup Performing Arts & Culture Facility, CBD Office Development, Cafes / Kiosks / Restaurants, Edgewater Quarry, Synthetic Hockey Pitch.
7	Profit on Disposals	o Represents the book profit on disposal of City assets. o Further breakdown is included in Supporting Schedule SS4. o Non cash item.
8	Investment Earnings	o Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds.
9	Total Operating Revenue	o Sum of lines 1 to 8. o This is the overall operational revenue earned by the City.
10	Employee Costs: Base	o All expenditure associated with the employment of staff. o Largest item is salaries and wages but also includes superannuation, recruitment costs, advertising, uniforms and training. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new projects.

11	Employee Costs: Growth	o Estimated additional employment costs for new services or facilities. o Includes costs for Multi Storey Car Parks, Edgewater Quarry and changes arising from the Workforce Plan 2013-2017.
12	Materials, Contracts and Insurance: Base	o Includes expenditure for the purchase of materials, supplies, services and insurance. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new facilities.
13	Materials, Contracts and Insurance: Growth	o Estimated additional expenditure for new services or facilities. o 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.
14	Waste Management & Tipping Fees	o All expenditure to collect rubbish and expenditure associated with the sale of recyclable materials. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new facilities.
15	Depreciation: Existing	o Expense of using assets over useful life. o This item relates to the existing assets. o This is a non cash item.
16	Depreciation: New	o New expense that arises from new capital purchases.
17	Utilities	o All expenditure for the purchase of water, power and gas. o Based on the 2013-14 budget, with a % increase assumed each year (see Supporting Schedule SS1). o Exclude changes arising from new facilities.
18	Interest on Borrowings: Existing	o Interest on loan borrowings that are already set up. o Details are shown in Supporting Schedule SS6.
19	Interest on Borrowings: New	o Interest on new loan borrowings that are estimated to be set up during the 20 years of the plan.
20	Loss on Disposal	o Represents the book loss on disposal of City assets. o Non cash item.
21	Total Operating Expenses	o Sum of lines 10 to 20. o This is the overall expenses necessary for day to day activities.
22	Net Operating Surplus (Deficit)	o Total Operating Revenue (line 9) less Total Operating Expenses (line 21).

(FS2) Financial Statement 2 - Cash Flow Estimates

	Line	13-14 $ms	14-15 $ms	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	**Total $ms**
Operating Cashflow																						
Net Operating Surplus (Deficit)	23	(2)	(1)	(1)	0	1	(0)	(0)	4	6	8	10	14	17	21	25	28	32	35	37	42	**275**
Operating Activities - not cash related																						
Profit on Disposal	24	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**1**
Depreciation	25	(19)	(19)	(21)	(22)	(23)	(26)	(28)	(29)	(30)	(32)	(33)	(34)	(36)	(37)	(38)	(39)	(40)	(42)	(44)	(46)	**(638)**
Loss on Disposal	26	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Operating Cashflow	27	17	19	20	23	24	25	27	33	36	40	44	49	53	57	62	67	72	76	81	88	**912**
Cashflow Movements for the Year																						
Capital Expenditure & Proceeds																						
Capital Expenditure: Existing	28	(19)	(17)	(17)	(17)	(17)	(20)	(21)	(19)	(20)	(28)	(32)	(36)	(32)	(26)	(33)	(37)	(41)	(38)	(33)	(41)	**(546)**
Capital Expenditure: New	29	(17)	(36)	(26)	(20)	(65)	(59)	(13)	(30)	(38)	(33)	(13)	(12)	(15)	(11)	(12)	(21)	(12)	(82)	(18)	(13)	**(546)**
Capital Proceeds	30	2	7	15	11	5	7	9	9	6	6	16	20	1	1	1	1	1	1	1	1	**121**
Capital Grants	31	6	10	11	9	8	9	7	9	10	7	10	8	11	8	8	12	9	9	13	10	**182**
																						0
Borrowings & Repayments																						**0**
Borrowings	32	0	13	4	2	6	42	6	20	8	22	0	0	0	0	0	0	0	0	0	0	**122**
Repayments	33	(2)	(2)	(3)	(3)	(4)	(4)	(14)	(12)	(9)	(10)	(20)	(18)	(4)	(3)	(2)	(2)	(2)	(1)	(1)	(1)	**(117)**
Cashflow Movements for the Year	34	**(12)**	**(6)**	**4**	**4**	**(43)**	**(0)**	**1**	**8**	**(8)**	**4**	**4**	**10**	**13**	**26**	**25**	**19**	**27**	**(35)**	**43**	**43**	**128**
Cashflow Balance - Start of year	35	**62**	**51**	**44**	**48**	**53**	**10**	**10**	**11**	**19**	**11**	**14**	**19**	**29**	**42**	**68**	**93**	**112**	**139**	**105**	**148**	
Cashflow Balance - End of year	36	**50**	**44**	**48**	**53**	**10**	**10**	**11**	**19**	**11**	**14**	**19**	**29**	**42**	**68**	**93**	**112**	**139**	**105**	**148**	**191**	
Reserve Balances																						
Transfers from Reserves	37	19	17	13	8	47	8	10	9	18	10	11	8	3	2	1	3	2	71	3	2	**265**
Transfers to Reserves	38	(8)	(9)	(18)	(12)	(5)	(8)	(11)	(17)	(10)	(13)	(15)	(18)	(17)	(28)	(26)	(22)	(29)	(36)	(46)	(45)	**(395)**
Reserve Balance at end of year	39	50	42	48	53	10	10	11	19	11	14	19	29	42	68	93	112	139	105	148	191	**191**

Financial Statement 2 – Cash Flow Estimates

Line	Item	Details / Source of calculation
23	Net Operating Surplus(Deficit)	o From FS 1 (line 22).
24	Profit on Disposals	o This is deducted from the Operating Surplus as a non cash expense (FS1 Line 7).
25	Depreciation of Non Current Assets	o This is deducted from the Operating Surplus as a non cash expense. o From FS 1 (line 15 and line 16).
26	Loss on Asset Disposal	o This is deducted from the Operating Surplus as a non cash expense (FS1 Line 20)
27	Operating Cash Flow	o Sum of lines 23 to 26.
28	Capital Expenditure: Existing	o This represents total Capital Expenditure for the refurbishment and improvement of existing capital assets.
29	Capital Expenditure: New	o This represents estimated Capital Expenditure required on new projects.
30	Capital Proceeds	o The cash achieved from sale of assets (refer Supporting Schedule SS4).
31	Capital Grants	o Grants to be received for specific capital projects. o Includes estimates for JPACF, Percy Doyle (including Duncraig Library) $7m.
32	Borrowings	o Loans to help fund new projects. o Expected borrowings by project are shown in Table 12 within section 8.2.
33	Repayments	o The principal repayment of loans both current and projected new loans (refer Supporting Schedule SS5).
34	Cash Flow Movements for the Year	o Sum of lines 27 to Line 33. o This is the net overall cash flow for the year.
35	Cash Flow Balance – Start of Year	o The cash position at the beginning of the year, for both Reserves and Municipal Cash.
36	Cash Flow Balance – End of Year	o The end of year cash position taking account of the opening balance (Line 35) and the net overall cash flow for the year (Line 34).
37	Transfers from Reserves	o Transfers to the municipal fund to fund projects.
38	Transfers to Reserves	o Transfers of funds to reserves set aside for specific purposes.
39	Reserve Balance at end of Year	o The closing balance at end of year of funds held in reserves. o Comprises net of the opening balance less transfers out (Line 37) plus transfers in (Line 38).

(FS3) Financial Statement 3 - Rate Setting Estimates

	Line	13-14 $ms	14-15 $ms	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	**Total $ms**
Deficit before Rates																						
Revenue, exluding Rates	40	47	49	51	52	54	56	61	64	67	71	74	78	81	85	89	93	98	101	105	110	**1,486**
Expenses (Cash only)	41	(112)	(116)	(121)	(125)	(130)	(136)	(145)	(150)	(156)	(163)	(169)	(173)	(179)	(185)	(191)	(198)	(205)	(212)	(220)	(227)	**(3,314)**
Deficit before Capital Expenditure	42	(65)	(68)	(71)	(72)	(75)	(80)	(84)	(86)	(90)	(92)	(95)	(96)	(98)	(100)	(102)	(104)	(107)	(111)	(115)	(117)	**(1,828)**
Capital Expenditure	43	(36)	(53)	(43)	(37)	(82)	(78)	(34)	(50)	(58)	(61)	(46)	(48)	(47)	(37)	(45)	(58)	(53)	(120)	(51)	(54)	**(1,092)**
Deficit before Rates	44	(101)	(120)	(113)	(110)	(158)	(158)	(118)	(136)	(148)	(153)	(140)	(144)	(146)	(137)	(147)	(162)	(161)	(231)	(166)	(171)	**(2,920)**
Funding																						
Opening Funds	45	1	0	2	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**1**
Capital Grants	46	6	10	11	9	8	9	7	9	10	7	10	8	11	8	8	12	9	9	13	10	**182**
Capital Proceeds	47	2	7	15	11	5	7	9	9	6	6	16	20	1	1	1	1	1	1	1	1	**121**
Loans - repayment of principal	48	(2)	(2)	(3)	(3)	(4)	(4)	(14)	(12)	(9)	(10)	(20)	(18)	(4)	(3)	(2)	(2)	(2)	(1)	(1)	(1)	**(117)**
Borrowings	49	0	13	4	2	6	42	6	20	8	22	0	0	0	0	0	0	0	0	0	0	**122**
Transfer from Reserves	50	19	17	13	8	47	8	10	9	18	10	11	8	3	2	1	3	2	71	3	2	**265**
Transfer to Reserves	51	(8)	(9)	(18)	(12)	(5)	(8)	(11)	(17)	(10)	(13)	(15)	(18)	(17)	(28)	(26)	(22)	(29)	(36)	(46)	(45)	**(395)**
Amount to be made up by Rates	52	83	86	90	95	99	105	111	119	125	132	138	144	151	157	165	171	180	187	196	204	**2,740**
Rates % increase	53	5.2%	3.9%	4.0%	4.0%	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%	
Closing Funds (excluding Reserves)																						
Closing Funds	54	**0**	**2**	**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
40	Revenue, excluding Rates	o All non rate revenue. o Cash related revenue only. o Line 9, less Line 1, 2 and 7
41	Expenses (cash only)	o All cash expenses. o Line 21, less Line 15, 16 and 20.
42	Deficit before Capital Expenditure	o Line 40 less line 41.
43	Capital Expenditure	o As per Line 28 and 29.
44	Deficit before Rates	o Line 42 less line 43.
45	Opening Funds	o Municipal cash balance from end of the previous year.
46	Capital Grants	o Grants provided by external bodies to support capital projects.
47	Capital Proceeds	o Proceeds received as a result of sale of assets.
48	Loans – repayment of principal	o As per line 33.
49	Borrowings	o As per line 32.
50	Transfers from Reserves	o As per line 37.
51	Transfer to Reserves	o As per line 38.
52	Amount to be made up by Rates	o Amount of rates required to be raised o fund the annual budget.
53	Rates % Increase	o % increase of rates compared to the previous year.
54	Closing Funds	o Sum of lines 44 to 52 o The end of year municipal fund rate setting surplus (deficit).

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

OVERALL VALUES

	Notes	Jun-13	Jun-14	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
		$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*
Assets																						
Current Assets #1	*55*	82	65	64	68	73	30	30	31	40	32	35	40	50	64	90	115	135	162	127	170	214
Non Current Assets	*56*	793	806	833	839	844	898	943	940	953	975	998	994	988	999	998	1,004	1,022	1,034	1,112	1,118	1,125
Total Assets	*57*	875	872	897	907	916	928	973	972	993	1,006	1,033	1,034	1,038	1,062	1,088	1,119	1,157	1,196	1,239	1,288	1,339
Liabilities																						
Current Liabilities	*58*	(22)	(0)	(22)	(22)	(23)	(24)	(24)	(25)	(26)	(27)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)
Non Current Liabilities	*59*	(9)	(8)	(19)	(20)	(19)	(21)	(59)	(50)	(58)	(57)	(68)	(48)	(31)	(27)	(24)	(21)	(19)	(17)	(16)	(15)	(14)
Total Liabilities	*60*	(31)	(8)	(40)	(42)	(42)	(45)	(83)	(76)	(84)	(83)	(96)	(76)	(60)	(57)	(55)	(53)	(52)	(51)	(51)	(51)	(51)
Net Assets	*61*	**844**	**864**	**856**	**865**	**874**	**883**	**891**	**896**	**909**	**923**	**937**	**957**	**978**	**1,006**	**1,034**	**1,066**	**1,105**	**1,145**	**1,188**	**1,237**	**1,288**
Equity																						
Retained Surplus	*62*	533	564	564	568	572	623	631	636	640	663	674	689	700	714	716	724	743	756	834	840	848
Reserves - Cash backed #1	*63*	61	50	42	48	53	10	10	11	19	11	14	19	29	42	68	93	112	139	105	148	191
Reserves - Asset Revaluation	*64*	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249	249
Equity	*65*	**844**	**864**	**856**	**865**	**874**	**883**	**891**	**896**	**909**	**923**	**937**	**957**	**978**	**1,006**	**1,034**	**1,066**	**1,105**	**1,145**	**1,188**	**1,237**	**1,288**

#1 "Reserves - Cash Backed" - Opening Balance has been adjusted to reflect the Reserves Budget Position. $8m removed from Reserves Opening Balance and $8m removed from Current Assets

MOVEMENTS

	Line	13-14	14-15	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	0
		$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	***$ms***
Assets																						
Current Assets	*66*	(17)	(1)	4	5	(43)	0	1	8	(8)	4	4	10	13	27	25	20	27	(34)	43	43	**132**
Non Current Assets	*67*	14	27	7	4	54	46	(3)	12	22	23	(4)	(6)	11	(1)	6	18	12	77	6	7	**332**
Total Assets	*68*	(3)	25	11	9	12	46	(2)	21	14	27	0	4	24	26	31	38	39	43	49	51	**464**
Liabilities																						
Current Liabilities	*69*	22	(22)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	**(15)**
Non Current Liabilities	*70*	2	(11)	(1)	1	(2)	(37)	8	(8)	1	(12)	20	18	4	3	2	2	2	1	1	1	**(5)**
Total Liabilities	*71*	23	(33)	(2)	0	(3)	(38)	7	(8)	1	(13)	19	17	3	2	1	2	1	(0)	(0)	0	**(20)**
Net Assets	*72*	**20**	**(8)**	**9**	**9**	**9**	**8**	**6**	**12**	**14**	**14**	**20**	**21**	**27**	**28**	**32**	**39**	**40**	**43**	**49**	**51**	**444**
Equity																						
Retained Surplus	*73*	31	0	3	4	51	8	5	4	23	11	16	11	14	2	8	20	13	78	6	8	**314**
Reserves - Cash backed	*74*	(11)	(8)	6	4	(43)	(0)	1	8	(8)	4	4	10	13	26	25	19	27	(35)	43	43	**129**
Reserves - Asset Revaluation	*75*																					
Equity	*76*	**20**	**(8)**	**9**	**9**	**9**	**8**	**6**	**12**	**14**	**14**	**20**	**21**	**27**	**28**	**32**	**39**	**40**	**43**	**49**	**51**	**444**

Financial Statement 4 – Statement of Financial Position

Line	Item	Details / Source of calculation
55	Current Assets	o Short term assets such as cash and debtor receivables.
56	Non Current Assets	o Fixed assets at net book value (ie. less accumulated Depreciation).
57	Total Assets	o Sum of lines 55 and 56.
58	Current Liabilities	o Short term liabilities such as creditors.
59	Non Current Liabilities	o Long term liabilities such as outstanding loan principal.
60	Total Liabilities	o Sum of lines 58 and 59.
61	Net Assets	o Line 58 less line 60.
62	Retained Surplus	o Cumulative retained surpluses generated since the inception of the City.
63	Reserves – Cash backed	o Cash held in reserves established for specific purposes.
64	Reserves – Asset Revaluation	o Increased book value (ie not cash) of assets resulting from revaluations.
65	Equity	o Sum of lines 51 to 53.
Lines 66 to 76		o Summarise the movements in assets, liabilities and equity (lines 55 to 65) between successive years.

(SS1) Supporting Schedules - Assumptions - Increases to Income & Expenditure

	14-15	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	**Average**
EXTERNAL ENVIRONMENT																				
Dwellings	59,633	60,033	60,483	61,480	62,077	62,674	63,271	63,867	64,464	65,061	65,658	65,905	66,152	66,399	66,646	66,892	67,139	67,386	67,633	**64,361**
Perth CPI	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
RATES REVENUE																				
Rates % Increase on Base Revenue	3.9%	4.0%	4.0%	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%	**4.3%**
Rates Volume Growth per year		0.3%	1.2%	0.7%	0.7%	0.8%	1.8%	0.9%	0.6%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.5%	0.0%	**0.5%**
REFUSE CHARGES & WASTE MANAGEMENT EXPENSES																				
Refuse Charges & Sale Recyclable Materials		3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	**3.9%**
Waste Management & Tipping Fees		3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	**3.9%**
FEES & CHARGES - BY SERVICE																				
Building & Development Fees		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Licenses & Registrations		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Sports & Recreation Fees		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	**4.0%**
Hire & Rentals / Leases		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	**1.0%**
Inspection & Control Fees		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Fines & Penalties		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Parking Fees		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Other Fees & Charges		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Other Revenue		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
FEES & CHARGES - SUMMARY																				
Base Income Growth (average of above)		3.1%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	**3.2%**
Growth: New Projects		2.1%	1.2%	2.9%	1.0%	13.8%	1.1%	1.1%	5.9%	1.8%	0.7%	0.7%	0.5%	0.8%	0.2%	0.2%	0.2%	0.2%	0.1%	**1.9%**
OPERATING EXPENSES																				
Employee Costs: Base		3.0%	3.0%	3.0%	3.4%	3.4%	3.4%	3.4%	3.4%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	**3.3%**
Employee Costs: Growth		0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Materials & Contracts: Escalation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	**3.0%**
Materials & Contracts: Efficiency Target	-2.0%	-2.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**-0.3%**
Materials & Contracts: Growth		1.1%	0.5%	0.8%	0.3%	9.4%	0.5%	0.9%	1.8%	0.5%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	**0.9%**
Utilities: Base		7.0%	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%	**5.3%**
FINANCING																				
Cash Reserves earnings		4.0%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	**4.8%**
Borrowings: Fixed Term - 5 Years		4.75%	4.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	**5.50%**
Borrowings: Fixed Term - 10 Years		5.00%	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	**5.75%**
Borrowings: Fixed Term - 15 Years		5.25%	5.25%	5.75%	5.75%	5.75%	5.75%	5.75%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	**6.00%**
Borrowings: Fixed Term - 20 Years		5.50%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	**6.25%**

(SS2) Supporting Schedule 2 - Key Indicators Calculations

	Line No from FS	13-14 *$ms*	14-15 *$ms*	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*
1) Rate % Increase																					
Rates Baseline (previous year's charges)	*1*		83	86	90	94	97	102	107	113	118	123	128	134	140	145	152	158	165	172	179
Rates New Charges, excluding growth			86	90	94	97	102	107	113	118	123	128	134	140	145	152	158	165	172	179	186
increase excluding volume			3	3	4	4	5	5	5	5	5	6	5	6	6	7	6	7	7	8	7
= Rates % Increase		5.2%	3.9%	4.0%	4.0%	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%
Target / (Maximum)			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%
Variance versus Target			1.1%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	1.0%	0.5%	1.0%	0.5%	1.0%	0.5%	1.0%	0.5%	1.0%
2) Balanced Books																					
Net Closing Position Projection	*54*	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Target		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Variance versus Target		0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3) Operating Surplus Ratio %																					
Operating Revenues	*9*	131	135	141	147	154	161	172	183	192	203	213	222	232	242	254	265	277	288	301	315
less Grants & Subsidies (Op'l), Cont's & Reimb's	*3*	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(8)	(8)	(8)
add back Reimbursements			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
= Own Source Revenue		126	131	136	143	149	157	168	178	187	198	207	216	226	236	248	259	271	281	294	307
divided by Operating Surplus	*22*	(2)	(1)	(1)	0	1	(0)	(0)	4	6	8	10	14	17	21	25	28	32	35	37	42
= Operating Surplus % - Year		(1.2%)	(0.5%)	(0.9%)	0.3%	0.5%	(0.2%)	(0.2%)	2.2%	3.0%	3.9%	5.0%	6.5%	7.7%	8.8%	9.9%	10.9%	11.8%	12.3%	12.5%	13.5%
= Operating Surplus % - 5 Year Average		(1.7%)	(0.7%)	(0.8%)	(0.5%)	(0.3%)	(0.1%)	(0.1%)	0.6%	1.2%	1.9%	2.9%	4.2%	5.3%	6.5%	7.7%	8.8%	9.9%	10.8%	11.5%	12.3%
Target		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Variance versus Target		(6.7%)	(5.7%)	(5.8%)	(5.5%)	(5.3%)	(5.1%)	(5.1%)	(4.4%)	(3.8%)	(3.1%)	(2.1%)	(0.8%)	0.3%	1.5%	2.7%	3.8%	4.9%	5.8%	6.5%	7.3%

	Line No from FS	13-14 *$ms*	14-15 *$ms*	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*
4) Asset Sustainability Ratio %																					
Capital Expenditure Replacement	*28*	(19)	(17)	(17)	(17)	(17)	(20)	(21)	(19)	(20)	(28)	(32)	(36)	(32)	(26)	(33)	(37)	(41)	(38)	(33)	(41)
divided by Depreciation	*25*	(19)	(19)	(21)	(22)	(23)	(26)	(28)	(29)	(30)	(32)	(33)	(34)	(36)	(37)	(38)	(39)	(40)	(42)	(44)	(46)
= Asset Sustainability Ratio % - Year			85%	81%	78%	75%	77%	76%	68%	67%	88%	97%	104%	91%	71%	88%	96%	102%	91%	74%	89%
= Asset Sustainability Ratio % - 5 Year Average		0%	0%	0%	86%	83%	79%	77%	74%	72%	75%	80%	86%	90%	90%	90%	90%	90%	90%	90%	90%
Target		90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Variance versus Target		-90%	-90%	-90%	-4%	-7%	-11%	-13%	-16%	-18%	-15%	-10%	-4%	0%	0%	0%	0%	0%	0%	0%	0%

	Line No from FS	13-14 *$ms*	14-15 *$ms*	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*
5) Debt Service Coverage Ratio																					
Operating Surplus	*22*	(2)	(1)	(1)	0	1	(0)	(0)	4	6	8	10	14	17	21	25	28	32	35	37	42
Depreciation & Interest	*18, 19, 25*	(20)	(20)	(21)	(23)	(24)	(28)	(31)	(32)	(33)	(36)	(37)	(37)	(37)	(38)	(39)	(40)	(42)	(43)	(46)	(47)
= Operating Surplus before Depreciation & Interest		18	19	20	23	25	28	30	36	39	44	47	51	55	59	64	68	73	77	82	88
divided by Loan Payments (interest & principal)	*18, 19, 33*	2	2	3	4	4	7	16	15	12	14	24	20	5	5	4	4	3	2	2	2
= Debt Service Coverage Ratio		8.5	8.0	6.5	6.5	5.8	4.0	1.8	2.4	3.1	3.0	2.0	2.5	10.0	12.9	16.9	18.2	25.3	37.7	40.2	43.2
Target		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Variance versus Target		3.5	3.0	1.5	1.5	0.8	(1.0)	(3.2)	(2.6)	(1.9)	(2.0)	(3.0)	(2.5)	5.0	7.9	11.9	13.2	20.3	32.7	35.2	38.2

(SS3) Supporting Schedule 3 - Capital Expenditure

	13-14	14-15	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	**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)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	**(25)**
Buildings	(4)	(2)	(4)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	**(41)**
Furniture & IT	(0)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**(6)**
Fleet, Plant & Equipment	(6)	(5)	(5)	(7)	(7)	(8)	(7)	(8)	(8)	(11)	(6)	(8)	(8)	(9)	(9)	(9)	(8)	(8)	(8)	(9)	**(154)**
Roads	(6)	(7)	(6)	(6)	(7)	(7)	(10)	(8)	(8)	(13)	(22)	(23)	(19)	(11)	(19)	(23)	(27)	(24)	(19)	(26)	**(290)**
Footpaths	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	**(30)**
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
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)	(17)	(17)	(17)	(17)	(20)	(21)	(19)	(20)	(28)	(32)	(36)	(32)	(26)	(33)	(37)	(41)	(38)	(33)	(41)	**(546)**
New Assets & Infrastructure																					
Freehold Land	(1)	(1)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	**(16)**
Buildings	(6)	(29)	(15)	(10)	(55)	(49)	(6)	(23)	(27)	(26)	(1)	(3)	(1)	(1)	(1)	(6)	(2)	(71)	(2)	(2)	**(335)**
Furniture & IT	0	0	(0)	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Fleet, Plant & Equipment	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	**(17)**
Roads	(4)	(4)	(6)	(6)	(6)	(6)	(3)	(3)	(7)	(3)	(7)	(4)	(8)	(4)	(4)	(9)	(4)	(4)	(10)	(5)	**(108)**
Footpaths	(3)	(2)	(2)	(2)	(2)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)	**(41)**
Drainage	(1)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	**(28)**
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	(17)	(36)	(26)	(20)	(65)	(59)	(13)	(30)	(38)	(33)	(13)	(12)	(15)	(11)	(12)	(21)	(12)	(82)	(18)	(13)	**(546)**
Total Capital Expenditure	**(36)**	**(53)**	**(43)**	**(37)**	**(82)**	**(78)**	**(34)**	**(50)**	**(58)**	**(61)**	**(46)**	**(48)**	**(47)**	**(37)**	**(45)**	**(58)**	**(53)**	**(120)**	**(51)**	**(54)**	**(1,092)**

(SS4) Supporting Schedule 4 - Capital Proceeds

	13-14	14-15	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	**Total**
	$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	***$ms***
Proceeds																					
Fleet	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	**15**
Tamala Park	2	3	4	7	3	6	8	8	5	5	7	10	0	0	0	0	0	0	0	0	**67**
Asset Rationalisation Proceeds	0	0	11	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**12**
Edgewater Quarry	0	0	0	0	0	0	0	0	0	0	9	9	0	0	0	0	0	0	0	0	**19**
Grove Child Care / Dorchester Hal	0	0	0	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**4**
Total Proceeds	2	3	15	11	5	7	9	9	6	6	16	20	1	1	1	1	1	1	1	1	**116**

(SS5) Supporting Schedule 5 - Reserves

	13-14 $ms	14-15 $ms	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	**Total $ms**
Strategic Asset Management																					
Opening Balance	22	18	15	6	3	1	1	1	8	3	6	8	10	20	42	61	75	96	62	98	**22**
Transfer to Reserve	1	1	2	3	1	1	1	8	3	6	5	6	12	24	21	17	22	30	39	37	**239**
Transfer from Reserve	(5)	(4)	(11)	(6)	(3)	(1)	(1)	(1)	(8)	(3)	(4)	(3)	(3)	(1)	(1)	(3)	(2)	(64)	(3)	(2)	**(127)**
Closing Balance	18	15	6	3	1	1	1	8	3	6	8	10	20	42	61	75	96	62	98	133	**133**
Sale of Tamala Park Land																					
Opening Balance	0	2	4	9	16	0	0	0	0	0	0	0	5	5	6	6	6	7	0	0	**0**
Transfer to Reserve	2	3	4	7	3	6	8	8	5	5	7	10	0	0	0	0	0	0	0	0	**70**
Transfer from Reserve	0	0	0	0	(19)	(7)	(8)	(8)	(5)	(5)	(7)	(5)	0	0	0	0	0	(7)	0	0	**(70)**
Closing Balance	2	4	9	16	0	0	0	0	0	0	0	5	5	6	6	6	7	0	0	0	**0**
Joondalup Performing Arts & Culture Facility																					
Opening Balance	11	11	14	26	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**11**
Transfer to Reserve	0	4	12	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**18**
Transfer from Reserve	(0)	(1)	0	(2)	(26)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(29)**
Closing Balance	11	14	26	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Parking Facility																					
Opening Balance	6	6	0	0	0	1	2	3	4	0	0	2	3	7	11	15	20	25	31	37	**6**
Transfer to Reserve	2	1	0	0	1	1	1	1	1	1	2	2	3	4	4	5	5	6	6	7	**54**
Transfer from Reserve	(1)	(8)	(0)	0	0	0	0	0	(6)	(1)	0	0	0	0	0	0	0	0	0	0	**(17)**
Closing Balance	6	0	0	0	1	2	3	4	0	0	2	3	7	11	15	20	25	31	37	44	**44**
Cash in Lieu of City Parking																					
Opening Balance	1	1	1	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	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Closing Balance	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**

	13-14	14-15	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	**0**
	$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	***$ms***
Ocean Reef Marina																					
Opening Balance	1	1	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	(1)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Closing Balance	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Currambiine / Kinross Community Centre																					
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)**
Capital Works Going Forward																					
Opening Balance	11	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**11**
Transfer to Reserve	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**2**
Transfer from Reserve	(11)	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(13)**
Closing Balance	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Waste Management																					
Opening Balance	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	4	**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	(1)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Closing Balance	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	4	4	**4**
Vehicles & Plants Replacement																					
Opening Balance	2	2	2	3	2	2	1	0	0	0	0	1	1	0	0	0	0	0	0	0	**2**
Transfer to Reserve	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	**2**
Transfer from Reserve	(0)	0	0	(0)	(1)	(1)	(0)	(0)	0	0	0	0	(1)	(0)	(0)	0	0	0	0	0	**(4)**
Closing Balance	2	2	3	2	2	1	0	0	0	0	1	1	0	0	0	0	0	0	0	0	**0**

	13-14	14-15	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	**0**
	$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	***$ms***
Non Current LS Leave Reserve																					
Opening Balance	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4	4	4	4	5	5	**2**
Transfer to Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**3**
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	3	3	3	3	3	3	3	3	4	4	4	4	4	5	5	5	**5**
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**
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	0	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Transfer to Reserve	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**2**
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	2	1	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**

	13-14 $ms	14-15 $ms	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	**Total $ms**
Cash in Lieu of Public Open Space																					
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)**
Trust Fund																					
Opening Balance	1	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	**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	(1)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(1)**
Closing Balance	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	**1**
Minor Reserves																					
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
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**

(SS6) Supporting Schedule 6 - Borrowings

	13-14	14-15	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	**Total**
	$ms	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	*$ms*	***$ms***
Bramston Park Clubrooms		2																			**2**
Marmion Angling & Aquatic Club Parking			0																		**0**
Joondalup Performing Arts & Culture Facility/Jinan Gardens					1	39															**40**
Synthetic Hockey Project		1	3																		**5**
Greenwood Community Centre (Calectasia hall / GSGH)						2	4														**5**
Edgewater Quarry							1	13	4												**18**
Percy Doyle Master Plan - Refurbishment Works				0				3													**3**
Hawker Park Clubrooms				2																	**2**
Clubroom Redevelopment - Chichester Park								3													**3**
Whitfords Library and Senior Citizens Centre								0	3	4											**8**
Multi Storey Car Park (1)		10																			**10**
Multi Storey Car Park (2)									1	18											**19**
Joondalup Administration Building - refurbishment					5																**5**
Total New Borrowings		**13**	**4**	**2**	**6**	**42**	**6**	**20**	**8**	**22**											**122**

Attachment 2

20 Year Strategic Financial Plan - *Guiding Principles* *(2014)*

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 reports against eight ratios, seven are Department of Local Government (DLG) ratios. Whilst recognising that all seven DLG ratios are important, the City's long term plan will focus primarily on:
  - Operating Surplus Ratio % (Operating Results).
  - Debt Service Ratio % (Treasury Management).
  - Asset Sustainability % (Asset Management).
  - Rates Increase 5% or less.

- 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 Strategic Community Plan 2012-2022 has a target to maintain a positive operating surplus ratio that exceeds 0%.~~ 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 expenditure, 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. Loans may be planned for, but only where:
  - o It is in accordance with the City Borrowing Strategy.
  - o Debt Service Ratio is not to exceed five consecutive years with an annual debt service cover ratio of between two and five, with all other periods exceeding a ratio of five.
  - o Building infrastructure of a capital nature may be funded by loans but with a loan term not exceeding 50% of the life of the asset.

- ~~If the cost of borrowing is cheaper than earnings on cash reserves, then the City may seek to use loans even where there are reserves available for specific projects..~~

- 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.

- 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 . ~~first quarter of each financial year by the Administration for submission to the Strategic Financial Management Committee in the second quarter for consideration. This will enable the~~ SFP to be used as an enabler to the Annual Budget ~~setting process~~ 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.

- The SFP will prepare options and risk analysis.~~project three scenarios:~~
    - ~~Scenario 1 (Baseline) - based on the business as it currently stands, including agreed commitments to future projects.~~
    - ~~Scenario 2 (Maximum) - incorporating all new expenditure as proposed.~~
    - ~~Scenario 3 – (Balanced) – a balanced budget that achieves the targets and is in accordance with the Guiding Principles (e.g. Operating Surplus Ratio target). This scenario will seek to include all new expenditure where possible, whilst ensuring the City complies with all other guiding principles. The City will prepare a sensitivity analysis of potential cost reduction opportunities and will use appropriate discretion to prioritise new expenditure.~~

Attachment 3 - Explanatory Schedules Index

Attachment No	Attachment Title	Contents	Details / Source
Draft 20 Year SFP - Summary			
Attachment 3.2	**20 Year Plan - Detailed Summary**	Detailed Rate Setting Statement in traditional format: Operating statement, Capital Expenditure, Financing	Large changes to the previous year are highlighted in yellow
Project Details			
Attachment 3.3	**Capital Expenditure by Year**	List of all capital expenditure, by project, by year.	All figures include escalation
Attachment 3.4	**Project Financing - 20 Year Totals**	Summary of how project is financed by the SFP model, split between reserves, grants, borrowings, municipal	20 Year totals include escalation
Assumptions			
Attachment 3.5	**Changes to Key Assumptions since SFMC 02 December 2013**	Summary of the key changes made since last presented to SFMC.	Draft SFP is consistent with decisions/reviews by Elected Members since December.
Attachment 3.6	**Major Project Assumptions & Changes since SFMC 02 December 2013**	Comparison of revised assumptions versus December 2013 and Adopted SFP (November 2012)	Changes in assumptions are explained
Options			
Attachment 3.7	**Options Summary**	Summary Impacts of 3 Options	

20 YEAR PLAN - DETAILED SUMMARY

Version: 11 June 2014

Option 1

Table 1 - Key Income & Cost Assumptions

		1 2013-14	2 2014-15	3 2015-16	4 2016-17	5 2017-18	6 2018-19	7 2019-20	8 2020-21	9 2021-22	10 2022-23	11 2023-24	12 2024-25	13 2025-26	14 2026-27	15 2027-28	16 2028-29	17 2029-30	18 2030-31	19 2031-32	20 2032-33	Average
1 Rate % Increase	%	5.2%	3.9%	4.0%	4.0%	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%	4.4%
2 Fees and Charges / Other: Base	%			3.1%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.2%
3 Employee Costs: Base	%			3.0%	3.0%	3.0%	3.4%	3.4%	3.4%	3.4%	3.4%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.3%
4 Materials, Contracts & Insurance: Base	%			1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.8%

Table 2 - Ratios

			1 2013-14	2 2014-15	3 2015-16	4 2016-17	5 2017-18	6 2018-19	7 2019-20	8 2020-21	9 2021-22	10 2022-23	11 2023-24	12 2024-25	13 2025-26	14 2026-27	15 2027-28	16 2028-29	17 2029-30	18 2030-31	19 2031-32	20 2032-33	Average
1 Operating Surplus Ratio %	For Year	%	(1.2%)	(0.5%)	(0.9%)	0.3%	0.5%	(0.2%)	(0.2%)	2.2%	3.0%	3.9%	5.0%	6.5%	7.7%	8.8%	9.9%	10.9%	11.8%	12.3%	12.5%	13.5%	5.29%
	5 Year Average	%	(1.7%)	(0.7%)	(0.8%)	(0.5%)	(0.3%)	(0.1%)	(0.1%)	0.6%	1.2%	1.9%	2.9%	4.2%	5.3%	6.5%	7.7%	8.8%	9.9%	10.8%	11.5%	12.3%	3.96%
2 Asset Sustainability Ratio %	For Year	%		85.4%	81.5%	78.1%	75.0%	76.7%	75.5%	67.8%	67.1%	88.1%	97.1%	103.6%	91.3%	71.1%	88.4%	96.1%	101.7%	91.1%	74.4%	88.7%	84.1%
	5 Year Average	%				85.5%	83.2%	79.0%	77.2%	74.4%	72.1%	75.2%	79.8%	85.7%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	84.2%
3 Debt Service Coverage Ratio	Ratio for Year		8.5	8.0	6.5	6.5	5.8	4.0	1.8	2.4	3.1	3.0	2.0	2.5	10.0	12.9	16.9	18.2	25.3	37.7	40.2	43.2	12.9
	Fall below Score of 5, Five Years in a Row		No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	

Table 3 - 20 Year Rate Setting Statement

			1 2013-14	2 2014-15	3 2015-16	4 2016-17	5 2017-18	6 2018-19	7 2019-20	8 2020-21	9 2021-22	10 2022-23	11 2023-24	12 2024-25	13 2025-26	14 2026-27	15 2027-28	16 2028-29	17 2029-30	18 2030-31	19 2031-32	20 2032-33	Total
	OPERATING INCOME																						
1	Rates: Base	$000s	82,609	86,466	89,925	93,522	97,263	102,126	107,232	112,594	117,661	122,955	128,488	133,628	139,641	145,227	151,762	157,833	164,935	171,532	179,251	186,421	2,571,073
2	Rates: Growth	$000s			253	1,353	2,121	2,976	4,026	6,238	7,600	8,716	9,917	10,565	11,303	12,029	12,856	13,667	14,593	15,500	17,146	17,832	168,691
3	Grants & Subsidies (Op'l), Cont's & Reimb's	$000s	4,339	4,925	4,949	4,975	5,124	5,278	5,436	5,599	5,767	5,940	6,119	6,302	6,491	6,686	6,887	7,093	7,306	7,525	7,751	7,983	122,477
4	Refuse Charges & Sale Recyclable Materials	$000s	19,298	20,599	21,217	21,853	22,728	23,637	24,582	25,565	26,588	27,652	28,758	29,908	31,104	32,348	33,642	34,988	36,388	37,843	39,357	40,931	578,986
5	Fees and Charges / Other: Base	$000s	18,556	19,276	19,882	20,510	21,160	21,833	22,530	23,253	24,001	24,776	25,578	26,410	27,272	28,164	29,089	30,047	31,039	32,067	33,133	34,237	512,810
6	Fees and Charges / Other: Growth	$000s			401	664	1,329	1,615	5,155	5,610	6,095	8,058	8,867	9,374	9,901	10,397	11,025	11,455	11,906	12,381	12,876	13,332	140,440
7	Profit on Disposal	$000s	997	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,044
8	Interest: Reserves	$000s	0	0	1,721	1,817	744	402	418	478	425	383	680	1,018	1,431	2,141	3,478	4,669	5,683	5,134	5,271	7,458	43,351
9	Interest: Municipal	$000s	4,742	3,991	2,490	2,541	3,365	3,506	3,113	3,686	3,651	4,423	4,320	4,500	4,546	4,926	5,021	5,136	5,401	5,963	6,314	6,366	88,002
A	**Operating Revenue**	$000s	**130,541**	**135,304**	**140,838**	**147,236**	**153,834**	**161,372**	**172,493**	**183,023**	**191,787**	**202,902**	**212,727**	**221,705**	**231,689**	**241,918**	**253,760**	**264,888**	**277,251**	**287,946**	**301,100**	**314,561**	**4,226,874**
	OPERATING EXPENDITURE																						
10	Employee Costs: Base	$000s	(55,275)	(58,066)	(59,808)	(61,602)	(63,450)	(65,619)	(67,862)	(70,180)	(72,576)	(75,053)	(77,305)	(79,624)	(82,399)	(85,271)	(88,243)	(91,319)	(94,502)	(97,797)	(101,206)	(104,734)	(1,551,890)
11	Employee Costs: Growth	$000s			(156)	(162)	(169)	(175)	(182)	(190)	(197)	(561)	(766)	(796)	(828)	(861)	(896)	(932)	(969)	(1,008)	(1,048)	(1,090)	(10,987)
12	Materials, Contracts & Insurance: Base	$000s	(31,385)	(32,570)	(33,179)	(33,524)	(34,848)	(35,566)	(36,970)	(37,732)	(39,222)	(40,030)	(41,610)	(42,468)	(44,145)	(45,054)	(46,833)	(47,798)	(49,685)	(50,709)	(52,711)	(53,797)	(829,834)
13	Materials, Contracts & Insurance: Growth	$000s			(343)	(522)	(830)	(990)	(4,915)	(5,275)	(5,862)	(6,949)	(7,444)	(7,749)	(8,070)	(8,344)	(8,736)	(9,062)	(9,400)	(9,751)	(10,116)	(10,443)	(114,802)
14	Waste Management & Tipping Fees	$000s	(19,246)	(18,989)	(19,558)	(20,145)	(20,951)	(21,789)	(22,661)	(23,567)	(24,510)	(25,490)	(26,510)	(27,570)	(28,673)	(29,820)	(31,012)	(32,253)	(33,543)	(34,885)	(36,280)	(37,731)	(535,182)
15	Depreciation: Existing	$000s	(19,288)	(19,331)	(19,911)	(20,509)	(21,124)	(21,758)	(22,410)	(23,083)	(23,775)	(24,489)	(25,223)	(25,980)	(26,759)	(27,562)	(28,389)	(29,241)	(30,118)	(31,021)	(31,952)	(32,911)	(504,834)
16	Depreciation: New	$000s	0	0	(917)	(1,637)	(2,191)	(3,850)	(5,341)	(5,660)	(6,420)	(7,348)	(8,180)	(8,490)	(8,796)	(9,147)	(9,422)	(9,705)	(10,192)	(10,493)	(12,535)	(12,954)	(133,277)
17	Utilities: Base	$000s	(6,029)	(6,165)	(7,633)	(8,212)	(8,705)	(9,227)	(9,688)	(10,173)	(10,681)	(11,215)	(11,776)	(12,365)	(12,983)	(13,632)	(14,314)	(15,030)	(15,781)	(16,570)	(17,399)	(18,269)	(235,848)
18	Utilities: Growth	$000s			0	(6)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	(9)	(9)	(10)	(10)	(10)	(11)	(12)	(12)	(13)	(151)
19	Interest on Borrowings - Existing	$000s	(489)	(616)	(330)	(267)	(205)	(139)	(69)	(10)	0	0	0	0	0	0	0	0	0	0	0	0	(2,124)
20	Interest on Borrowings - New	$000s	0	0	(177)	(259)	(536)	(2,545)	(2,723)	(3,165)	(3,022)	(4,055)	(3,554)	(2,560)	(1,702)	(1,531)	(1,397)	(1,307)	(1,211)	(1,100)	(1,039)	(973)	(32,856)
21	Loss on Disposal	$000s	(330)	(190)																			(520)
B	**Operating Expenses**	$000s	**(132,042)**	**(135,927)**	**(142,013)**	**(146,845)**	**(153,014)**	**(161,664)**	**(172,828)**	**(179,042)**	**(186,273)**	**(195,199)**	**(202,375)**	**(207,611)**	**(214,364)**	**(221,232)**	**(229,253)**	**(236,656)**	**(245,412)**	**(253,345)**	**(264,298)**	**(272,913)**	**(3,952,306)**
C	**Operating Surplus / (Deficit)** A+B	$000s	**(1,500)**	**(623)**	**(1,175)**	**391**	**820**	**(292)**	**(336)**	**3,981**	**5,514**	**7,704**	**10,352**	**14,094**	**17,326**	**20,687**	**24,508**	**28,232**	**31,838**	**34,601**	**36,802**	**41,647**	**274,568**
D	Non Cash Items (Depn, Profit & Loss on Disposals)	$000s	(18,761)	(19,594)	(20,829)	(22,146)	(23,315)	(25,608)	(27,751)	(28,743)	(30,195)	(31,837)	(33,403)	(34,470)	(35,556)	(36,709)	(37,811)	(38,946)	(40,310)	(41,514)	(44,487)	(45,864)	(637,848)
E	**Operating Cashflow** C-D	$000s	**17,261**	**18,971**	**19,653**	**22,536**	**24,134**	**25,316**	**27,416**	**32,724**	**35,710**	**39,540**	**43,754**	**48,564**	**52,881**	**57,395**	**62,318**	**67,178**	**72,148**	**76,115**	**81,289**	**87,512**	**912,416**
	CAPITAL EXPENDITURE & LOAN PAYMENTS																						
22	Capital Expenditure: Existing	$000s	(19,004)	(16,512)	(16,974)	(17,296)	(17,485)	(19,630)	(20,963)	(19,499)	(20,248)	(28,041)	(32,439)	(35,725)	(32,462)	(26,110)	(33,417)	(37,427)	(40,980)	(37,825)	(33,111)	(40,665)	(545,815)
23	Capital Expenditure: New	$000s	(16,509)	(36,083)	(25,844)	(20,093)	(64,886)	(58,711)	(12,811)	(30,438)	(37,912)	(33,296)	(13,266)	(12,421)	(15,035)	(11,209)	(11,545)	(20,582)	(12,248)	(81,939)	(17,953)	(13,384)	(546,167)
24	Loan Repayment Principal: Existing	$000s	(1,656)	(1,804)	(1,078)	(1,021)	(1,083)	(1,149)	(1,219)	(286)	0	0	0	0	0	0	0	0	0	0	0	0	(9,297)
25	Loan Repayment Principal: New	$000s			(1,527)	(1,980)	(2,488)	(3,199)	(12,435)	(11,799)	(9,475)	(10,397)	(20,224)	(17,673)	(3,778)	(3,023)	(2,372)	(2,463)	(1,689)	(947)	(1,008)	(1,074)	(107,552)
F	**Capital Expenditure & Loan Repayments**	$000s	**(37,169)**	**(54,400)**	**(45,423)**	**(40,390)**	**(85,942)**	**(82,689)**	**(47,427)**	**(62,023)**	**(67,635)**	**(71,734)**	**(65,928)**	**(65,819)**	**(51,276)**	**(40,342)**	**(47,334)**	**(60,472)**	**(54,918)**	**(120,711)**	**(52,072)**	**(55,123)**	**(1,208,830)**
G	**Surplus / (Deficit) from Operations & Capital** E+F	$000s	**(19,908)**	**(35,429)**	**(25,770)**	**(17,854)**	**(61,808)**	**(57,373)**	**(20,012)**	**(29,298)**	**(31,926)**	**(32,194)**	**(22,174)**	**(17,255)**	**1,605**	**17,053**	**14,984**	**6,706**	**17,230**	**(44,596)**	**29,217**	**32,388**	**(296,414)**
	RESERVES, PROCEEDS AND BORROWINGS																						
26	Grants Capital: Existing	$000s	5,580	8,035	4,156	4,697	4,830	5,144	5,217	5,373	5,534	5,700	5,871	6,048	6,229	6,416	6,608	6,807	7,011	7,221	7,438	7,661	121,576
27	Grants Capital: New	$000s	400	1,700	6,428	4,290	3,420	3,579	1,426	3,586	3,972	1,558	4,214	1,653	4,471	1,754	1,806	4,886	1,916	1,974	5,339	2,094	60,468
28	Disposal Proceeds: Existing	$000s	711	4,066	573	632	718	848	602	940	813	988	545	612	949	1,066	1,117	1,060	846	838	788	812	19,521
29	Disposal Proceeds: New	$000s	1,667	2,500	14,800	10,357	4,303	6,167	8,333	7,923	5,167	5,333	15,745	19,050	0	138	0	0	0	0	0	0	101,482
30	Borrowings	$000s	0	13,045	3,614	2,320	5,854	41,506	5,544	19,762	7,981	22,214	0	0	0	0	0	0	0	0	0	0	121,841
31	Reserves Existing: Transfer from Reserves to Municipal	$000s	12,459	2,696	0	238	605	1,338	311	268	0	0	0	0	643	470	12	0	0	0	0	0	19,039
32	Reserves Existing: Transfer from Municipal to Reserves	$000s	(2,106)	(315)	(548)	(326)	(363)	(336)	(314)	(315)	(323)	(375)	(1,269)	(605)	(471)	(467)	(478)	(502)	(527)	(553)	(648)	(682)	(11,522)
33	Reserves New: Transfer from Reserves to Municipal	$000s	6,845	14,120	12,652	7,617	46,758	7,119	9,287	8,662	18,486	9,870	10,581	8,014	2,768	1,426	1,469	3,025	1,558	70,928	3,306	1,702	246,192
34	Reserves New: Transfer from Municipal to Reserves	$000s	(6,320)	(8,784)	(17,854)	(11,969)	(4,317)	(7,991)	(10,394)	(16,902)	(9,705)	(13,095)	(13,513)	(17,517)	(16,195)	(27,854)	(25,517)	(21,982)	(28,035)	(35,811)	(45,439)	(43,975)	(383,169)
H	**Municipal Cashflow Movements for Year** G+26:34	$000s	**(673)**	**1,635**	**(1,948)**	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(987)**
I	Net Municipal Cash Opening Balance	$000s	987	313	1,948	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	987
J	**Net Municipal Cash Closing Balance**	$000s	**313**	**1,948**	**0**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
	TREASURY																						
K	Reserves Closing Balance	$000s	50,194	42,478	48,227	52,668	9,985	9,854	10,964	19,250	10,793	14,393	18,594	28,702	41,956	68,382	92,897	112,356	139,359	104,796	147,577	190,532	190,532
L	**Cash Closing Balance (Reserves & Municipal)**	**$000s**	**50,508**	**44,426**	**48,227**	**52,668**	**9,985**	**9,854**	**10,964**	**19,250**	**10,793**	**14,393**	**18,594**	**28,702**	**41,956**	**68,382**	**92,897**	**112,356**	**139,359**	**104,796**	**147,577**	**190,532**	**190,532**
M	Borrowings: Principal Owing at end of Year	$000s	(7,236)	(18,882)	(19,891)	(19,210)	(21,493)	(58,651)	(50,541)	(58,217)	(56,723)	(68,540)	(48,317)	(30,644)	(26,865)	(23,842)	(21,470)	(19,007)	(17,318)	(16,371)	(15,363)	(14,289)	(14,289)
N	**Cash Held less Borrowings Owing**	**$000s**	**43,272**	**25,544**	**28,336**	**33,458**	**(11,508)**	**(48,796)**	**(39,576)**	**(38,967)**	**(45,930)**	**(54,147)**	**(29,722)**	**(1,942)**	**15,091**	**44,540**	**71,427**	**93,348**	**122,041**	**88,424**	**132,214**	**176,243**	**176,243**

CAPITAL EXPENDITURE BY YR #1

Version: 11 June 2014

Option 1

Section A - by Project

	Yr 1 2013-14	Yr 2 2014-15	Yr 3 2015-16	Yr 4 2016-17	Yr 5 2017-18	Yr 6 2018-19	Yr 7 2019-20	Yr 8 2020-21	Yr 9 2021-22	Yr10 2022-23	Yr11 2023-24	Yr12 2024-25	Yr13 2025-26	Yr14 2026-27	Yr15 2027-28	Yr16 2028-29	Yr17 2029-30	Yr18 2030-31	Yr19 2031-32	Yr20 2032-33	Yr 1 to 20 Total
A1 Capital Works Program, excl MPP																					
1 Parks Development	(1,890)	(1,328)	(1,283)	(1,359)	(1,302)	(1,437)	(1,739)	(1,791)	(1,845)	(1,900)	(1,957)	(2,285)	(2,353)	(2,424)	(2,497)	(2,571)	(2,649)	(2,728)	(2,810)	(2,894)	(41,041)
2 Foreshore and Natural Areas	(390)	(380)	(484)	(473)	(497)	(467)	(869)	(896)	(922)	(950)	(979)	(1,008)	(1,038)	(1,069)	(1,101)	(1,134)	(1,168)	(1,204)	(1,240)	(1,277)	(17,547)
3 Parks Equipment	(3,533)	(2,277)	(1,752)	(1,856)	(1,912)	(1,970)	(2,319)	(2,388)	(2,460)	(2,534)	(2,610)	(3,024)	(3,115)	(3,208)	(3,304)	(3,403)	(3,505)	(3,611)	(3,719)	(3,830)	(56,327)
4 Streetscape Enhancement	(2,903)	(1,202)	(979)	(1,008)	(1,038)	(1,069)	(1,101)	(1,134)	(1,168)	(1,203)	(1,240)	(1,344)	(1,384)	(1,426)	(1,469)	(1,513)	(1,558)	(1,605)	(1,653)	(1,702)	(27,699)
5 Local Traffic management	(1,100)	(776)	(876)	(901)	(929)	(957)	(1,043)	(1,075)	(1,107)	(1,140)	(1,174)	(1,344)	(1,384)	(1,426)	(1,469)	(1,513)	(1,558)	(1,605)	(1,653)	(1,702)	(24,730)
6 State Blackspot	(1,175)	(850)	(773)	(796)	(820)	(844)	(1,043)	(1,075)	(1,107)	(1,140)	(1,174)	(1,210)	(1,246)	(1,283)	(1,322)	(1,361)	(1,402)	(1,444)	(1,488)	(1,532)	(23,084)
7 Parking Facilities	(386)	(290)	(340)	(354)	(361)	(371)	(498)	(513)	(529)	(545)	(561)	(712)	(734)	(756)	(778)	(802)	(826)	(850)	(876)	(902)	(11,985)
8 Major Road Construction	(1,512)	(1,880)	(4,058)	(3,183)	(3,278)	(3,377)			(3,690)		(3,914)		(4,153)			(4,538)			(4,959)		(38,541)
9 New Paths	(950)	(583)	(426)	(526)	(503)	(563)	(580)	(597)	(615)	(633)	(652)	(739)	(761)	(784)	(808)	(832)	(857)	(883)	(909)	(936)	(14,137)
10 Path Replacement	(184)	(260)	(308)	(372)	(384)	(394)	(464)	(478)	(492)	(507)	(522)	(739)	(761)	(784)	(808)	(832)	(857)	(883)	(909)	(936)	(11,873)
11 Stormwater Drainage	(1,034)	(480)	(722)	(743)	(765)	(788)	(1,159)	(1,194)	(1,230)	(1,267)	(1,305)	(1,680)	(1,730)	(1,782)	(1,836)	(1,891)	(1,947)	(2,006)	(2,066)	(2,128)	(27,752)
12 Street lighting	(595)	(922)	(1,942)	(3,455)	(2,868)	(2,954)	(2,029)	(2,090)	(2,152)	(2,217)	(2,283)	(2,688)	(1,384)	(1,426)	(1,469)	(1,513)	(1,558)	(1,605)	(1,653)	(1,702)	(38,504)
13 Road Preservation and Resurfacing	(6,109)	(7,207)	(6,047)	(6,461)	(6,933)	(7,310)	(8,115)	(8,358)	(8,609)	(8,867)	(9,133)	(10,079)	(10,382)	(10,693)	(11,014)	(11,344)	(11,685)	(12,035)	(12,396)	(12,768)	(185,547)
14 Bridges	(204)	(25)	(26)	(53)	(55)	(56)	(2,550)	(107)	(111)	(114)	(117)	(134)	(138)	(143)	(147)	(151)	(156)	(160)	(165)	(170)	(4,784)
15 Major Building Construction	(1,339)	(1,785)	(3,285)	(2,911)	(1,873)	(2,701)	(2,319)	(2,388)	(2,460)	(2,534)	(2,610)	(3,091)	(3,184)	(3,279)	(3,378)	(3,479)	(3,583)	(3,691)	(3,802)	(3,916)	(57,605)
16 CWP Replacement and backlog										(4,862)	(13,104)	(13,010)	(9,165)	(997)	(8,345)	(12,255)	(15,866)	(11,918)	(6,684)	(13,446)	(109,651)
Total Capital Works Program, excl MPP	**(23,302)**	**(20,244)**	**(23,298)**	**(24,451)**	**(23,517)**	**(25,259)**	**(25,829)**	**(24,084)**	**(28,496)**	**(30,413)**	**(43,336)**	**(43,087)**	**(42,912)**	**(31,480)**	**(39,742)**	**(49,132)**	**(49,175)**	**(46,226)**	**(46,981)**	**(49,844)**	**(690,806)**
A2 Capital Projects - Annual Programs																					
21 Fleet	(2,553)	(2,250)	(2,313)	(2,888)	(3,389)	(4,289)	(3,119)	(3,830)	(3,937)	(4,496)	(2,213)	(3,042)	(4,212)	(5,448)	(5,044)	(4,528)	(3,851)	(4,006)	(3,885)	(4,001)	(73,293)
22 IT	(492)	(899)	(1,165)	(642)	(496)	(293)	(325)	(143)	(148)	(152)	(157)	(161)	(374)	(171)	(176)	(197)	(203)	(209)	(198)	(204)	(6,802)
23 Rangers, Parking & Community Safety	(547)		(129)						(172)	(2,059)				(221)							(3,127)
24 Artworks & Other																					
26 Year 1 & 2 Various	(2,611)	(693)																			(3,304)
Total Capital Projects - Annual Programs	**(6,202)**	**(3,841)**	**(3,606)**	**(3,530)**	**(3,885)**	**(4,582)**	**(3,444)**	**(3,973)**	**(4,257)**	**(6,707)**	**(2,369)**	**(3,204)**	**(4,585)**	**(5,840)**	**(5,220)**	**(4,725)**	**(4,054)**	**(4,215)**	**(4,083)**	**(4,206)**	**(86,526)**
A3 Major Projects less than $3m																					
31 Warwick Leisure Centre Extension	(691)	(691)	(918)																		(2,300)
32 Delamare Park	(2,065)																				(2,065)
33 Bramston Park Clubrooms		(2,931)																			(2,931)
34 Craigie LC - Upgrades - Sports courts, Gym & Car Park					(2,250)																(2,250)
35 Heathridge Leisure Centre Refurbishment						(1,000)															(1,000)
37 Craigie LC - Geothermal Bore - additional injection bore												(1,230)									(1,230)
38 Padbury Hall Redevelopment		(290)														(4,153)					(4,443)
40 Ocean Reef Boat Harbour Floating Jetties		(600)																			(600)
41 Marmion Angling & Aquatic Club Parking	(7)	(1,000)	(1,150)																		(2,157)
42 Joondalup Library - major refurbishment					(1,250)																(1,250)
Total Major Projects less than $3m	**(2,763)**	**(5,512)**	**(2,068)**		**(3,500)**	**(1,000)**						**(1,230)**				**(4,153)**					**(20,226)**
A4 Major Projects greater than $3m																					
51 Joondalup Performing Arts & Culture Facility/Jinan Gardens	(162)	(1,042)		(2,000)	(45,000)	(46,000)															(94,204)
52 CBD Office Development	(288)	(195)	(100)																		(583)
53 Cafes / Kiosks / Restaurants	(115)	(180)																			(295)
54 Ocean Reef Marina Business Case & Structure Plan	(922)	(1,450)	(745)																		(3,117)
56 Penistone Park - Facility Redevelopment		(240)	(3,580)																		(3,820)
57 Redevelopment Arena Joondalup	(1,000)	(750)	(2,250)																		(4,000)
58 Synthetic Hockey Project		(1,276)	(5,269)																		(6,545)
59 Greenwood Community Centre (Calectasia hall / GSGH)						(1,500)	(3,500)														(5,000)
60 Edgewater Quarry							(1,002)	(13,402)	(11,821)												(26,225)
61 Percy Doyle Master-Plan																		(69,323)			(69,323)
62 Percy Doyle Master Plan - Refurbishment Works				(1,701)				(4,057)				(626)									(6,383)
63 Hawker Park Clubrooms				(2,908)																	(2,908)
64 Clubroom Redevelopment - Chichester Park								(4,371)													(4,371)
65 Grove Child Care / Dorchester Hall / Warwick Hall				(2,800)	(1,470)																(4,270)
66 Whitfords Library and Senior Citizens Centre								(50)	(7,000)	(5,000)											(12,050)
67 Multi Storey Car Park (1)	(760)	(17,865)	(1,901)																		(20,525)
68 Multi Storey Car Park (2)									(6,586)	(19,217)											(25,803)
69 Joondalup Administration Building - refurbishment					(5,000)																(5,000)
Total Major Projects greater than $3m	**(3,247)**	**(22,998)**	**(13,845)**	**(9,409)**	**(51,470)**	**(47,500)**	**(4,502)**	**(21,880)**	**(25,407)**	**(24,217)**		**(626)**						**(69,323)**			**(294,423)**

Section B - Summary

	Yr 1 2013-14	Yr 2 2014-15	Yr 3 2015-16	Yr 4 2016-17	Yr 5 2017-18	Yr 6 2018-19	Yr 7 2019-20	Yr 8 2020-21	Yr 9 2021-22	Yr10 2022-23	Yr11 2023-24	Yr12 2024-25	Yr13 2025-26	Yr14 2026-27	Yr15 2027-28	Yr16 2028-29	Yr17 2029-30	Yr18 2030-31	Yr19 2031-32	Yr20 2032-33	Yr 1 to 20 Total
Category																					
Capital Works Program, excl MPP	(23,302)	(20,244)	(23,298)	(24,451)	(23,517)	(25,259)	(25,829)	(24,084)	(28,496)	(30,413)	(43,336)	(43,087)	(42,912)	(31,480)	(39,742)	(49,132)	(49,175)	(46,226)	(46,981)	(49,844)	(690,806)
Capital Projects - Annual Programs	(6,202)	(3,841)	(3,606)	(3,530)	(3,885)	(4,582)	(3,444)	(3,973)	(4,257)	(6,707)	(2,369)	(3,204)	(4,585)	(5,840)	(5,220)	(4,725)	(4,054)	(4,215)	(4,083)	(4,206)	(86,526)
Major Projects less than $3m	(2,763)	(5,512)	(2,068)		(3,500)	(1,000)						(1,230)				(4,153)					(20,226)
Major Projects greater than $3m	(3,247)	(22,998)	(13,845)	(9,409)	(51,470)	(47,500)	(4,502)	(21,880)	(25,407)	(24,217)		(626)						(69,323)			(294,423)
TOTAL CAPITAL EXPENDITURE	**(35,514)**	**(52,595)**	**(42,818)**	**(37,389)**	**(82,372)**	**(78,341)**	**(33,774)**	**(49,937)**	**(58,160)**	**(61,337)**	**(45,705)**	**(48,146)**	**(47,498)**	**(37,319)**	**(44,962)**	**(58,009)**	**(53,229)**	**(119,764)**	**(51,064)**	**(54,049)**	**(1,091,982)**
Existing / New																					
Existing $000s	(19,005)	(16,512)	(16,974)	(17,296)	(17,485)	(19,630)	(20,963)	(19,499)	(20,248)	(28,041)	(32,439)	(35,725)	(32,462)	(26,110)	(33,417)	(37,427)	(40,980)	(37,825)	(33,111)	(40,665)	(545,815)
New $000s	(16,509)	(36,083)	(25,844)	(20,093)	(64,886)	(58,711)	(12,811)	(30,438)	(37,912)	(33,296)	(13,266)	(12,421)	(15,035)	(11,209)	(11,545)	(20,582)	(12,248)	(81,939)	(17,953)	(13,384)	(546,167)
Existing %	53.5%	31.4%	39.6%	46.3%	21.2%	25.1%	62.1%	39.0%	34.8%	45.7%	71.0%	74.2%	68.3%	70.0%	74.3%	64.5%	77.0%	31.6%	64.8%	75.2%	50.0%
New %	46.5%	68.6%	60.4%	53.7%	78.8%	74.9%	37.9%	61.0%	65.2%	54.3%	29.0%	25.8%	31.7%	30.0%	25.7%	35.5%	23.0%	68.4%	35.2%	24.8%	50.0%

#1 All figures are in $000s and include escalation

PROJECT FINANCING- 20 YR TOTALS #1

Option 1

Section A - Financing by Project

Section A - Financing by Project	Capital Expend	Financing: Grants	Disposal Proceeds	Municipal	Reserves	Strategic Reserve	Loans	Total
A1 Capital Works Program, excl MPP								
1 Parks Development	**(41,041)**			39,376	1,665			**41,041**
2 Foreshore and Natural Areas	**(17,547)**			17,547				**17,547**
3 Parks Equipment	**(56,327)**	547		52,607	3,173			**56,327**
4 Streetscape Enhancement	**(27,699)**			24,856	2,843			**27,699**
5 Local Traffic management	**(24,730)**			24,005	725			**24,730**
6 State Blackspot	**(23,084)**	15,596		7,304	184			**23,084**
7 Parking Facilities	**(11,985)**	802		11,018	165			**11,985**
8 Major Road Construction	**(38,541)**	25,637		239	304	11,836	526	**38,541**
9 New Paths	**(14,137)**	2,748		11,389				**14,137**
10 Path Replacement	**(11,873)**			11,873				**11,873**
11 Stormwater Drainage	**(27,752)**			27,610	143			**27,752**
12 Street lighting	**(38,504)**	641		24,252	938	11,631	1,042	**38,504**
13 Road Preservation and Resurfacing	**(185,547)**	128,829		55,123	1,595			**185,547**
14 Bridges	**(4,784)**	204		4,580				**4,784**
15 Major Building Construction	**(57,605)**	68		35,705	1,786	20,046		**57,605**
16 CWP Replacement and backlog	**(109,651)**			109,651				**109,651**
Total Capital Works Program, excl MPP	**(690,806)**	**175,072**		**457,134**	**13,519**	**43,513**	**1,568**	**690,806**
A2 Capital Projects - Annual Programs								
21 Fleet	**(73,293)**		14,744	58,550				**73,293**
22 IT	**(6,802)**	1		6,503	298			**6,802**
23 Rangers, Parking & Community Safety	**(3,127)**			2,598	530			**3,127**
26 Year 1 & 2 Various	**(3,304)**			221	3,082		0	**3,304**
Total Capital Projects - Annual Programs	**(86,526)**	**1**	**14,744**	**67,872**	**3,910**		**0**	**86,526**
A3 Major Projects less than $3m								
31 Warwick Leisure Centre Extension	**(2,300)**				1,382	918		**2,300**
32 Delamare Park	**(2,065)**			(0)	2,065			**2,065**
33 Bramston Park Clubrooms	**(2,931)**	750			412		1,769	**2,931**
34 Craigie LC - Upgrades - Sports courts, Gym & Car Park	**(2,250)**			2,250				**2,250**
35 Heathridge Leisure Centre Refurbishment	**(1,000)**			1,000				**1,000**
37 Craigie LC - Geothermal Bore - additional injection bore	**(1,230)**			1,230				**1,230**
38 Padbury Hall Redevelopment	**(4,443)**			4,153	290			**4,443**
40 Ocean Reef Boat Harbour Floating Jetties	**(600)**	450		150				**600**
41 Marmion Angling & Aquatic Club Parking	**(2,157)**	235		7	1,770		145	**2,157**
42 Joondalup Library - major refurbishment	**(1,250)**			1,250				**1,250**
Total Major Projects less than $3m	**(20,226)**	**1,435**		**10,040**	**5,919**	**918**	**1,914**	**20,226**
A4 Major Projects greater than $3m								
51 Joondalup Performing Arts & Culture Facility/Jinan Gardens	**(94,204)**				53,870		40,334	**94,204**
52 CBD Office Development	**(583)**			100	483			**583**
53 Cafes / Kiosks / Restaurants	**(295)**				295			**295**
54 Ocean Reef Marina Business Case & Structure Plan	**(3,117)**	900		1,078	1,139			**3,117**
56 Penistone Park - Facility Redevelopment	**(3,820)**	1,273		193	47	2,307		**3,820**
57 Redevelopment Arena Joondalup	**(4,000)**				1,750	2,250		**4,000**
58 Synthetic Hockey Project	**(6,545)**	1,800					4,745	**6,545**
59 Greenwood Community Centre (Calectasia hall / GSGH)	**(5,000)**						5,000	**5,000**
60 Edgewater Quarry *#2*	**(26,225)**			7,796			18,428	**26,225**
61 Percy Doyle Master-Plan	**(69,323)**				6,772	62,551		**69,323**
62 Percy Doyle Master Plan - Refurbishment Works	**(6,383)**	1,134				1,946	3,303	**6,383**
63 Hawker Park Clubrooms	**(2,908)**	969					1,939	**2,908**
64 Clubroom Redevelopment - Chichester Park	**(4,371)**	983					3,387	**4,371**
65 Grove Child Care / Dorchester Hall / Warwick Hall	**(4,270)**		4,270					**4,270**
66 Whitfords Library and Senior Citizens Centre	**(12,050)**					4,520	7,530	**12,050**
67 Multi Storey Car Park (1)	**(20,525)**				9,566	959	10,000	**20,525**
68 Multi Storey Car Park (2)	**(25,803)**				7,112		18,691	**25,803**
69 Joondalup Administration Building - refurbishment	**(5,000)**						5,000	**5,000**
Total Major Projects greater than $3m	**(294,423)**	**7,060**	**4,270**	**9,168**	**81,035**	**74,533**	**118,357**	**294,423**

#2 Arts Facility & Edgewater Quarry Borrowings comprise of i) Short-term Interest-only borrowings repaid within 3 years using proceeds of land sale. Ii) 10 Year Standard Repayment Terms

Section B - Financing Summary

Section B - Financing Summary		Capital Expend	Financing: Grants	Disposal Proceeds	Municipal	Reserves	Strategic Reserve	Loans	Total
Existing / Approved									
Capital Works Program, excl MPP	*Section A Table 1*	**(690,806)**	175,072		457,134	13,519	43,513	1,568	**690,806**
Capital Projects - Annual Programs	*Section A Table 2*	**(86,526)**	1	14,744	67,872	3,910		0	**86,526**
Major Projects less than $3m	*Section A Table 3*	**(20,226)**	1,435		10,040	5,919	918	1,914	**20,226**
Major Projects greater than $3m	*Section A Table 4*	**(294,423)**	7,060	4,270	9,168	81,035	74,533	118,357	**294,423**
TOTAL CAPITAL EXPENDITURE		**(1,091,982)**	**183,567**	**19,014**	**544,213**	**104,382**	**118,965**	**121,841**	**1,091,982**

Section C - Reserve Movements	Opening Balance	Movements: Transfers in	Internal Payback	Fund Projects	Other Trsfrs Out	Interest on Reserve	Total	Closing Balance
1 Strategic Asset Management	**21,853**	216,938		(127,499)		22,173	111,612	**133,465**
2 Sale of Tamala Park Land		67,148		(31,831)	(38,000)	2,683		
3 Joondalup Performing Arts & Culture Facility	**10,776**	16,101		(28,665)		1,787	(10,776)	
4 Parking Facility	**6,210**	45,500		(16,616)		8,903	37,787	**43,998**
5 Cash in Lieu of City Parking	**622**	49		(671)			(622)	
6 Ocean Reef Marina	**1,144**	48		(1,139)		69	(1,023)	**121**
7 Currambiine / Kinross Community Centre	**(0)**					(0)	(0)	**(0)**
11 Capital Works Going Forward	**11,165**	1,699		(12,825)		51	(11,075)	**90**
12 Waste Management	**2,429**	150		(917)		2,169	1,401	**3,830**
13 Vehicles & Plants Replacement	**2,089**	1,525		(71)	(3,884)	485	(1,946)	**142**
14 Non Current LS Leave Reserve	**1,969**	260				2,910	3,170	**5,139**
15 Public Art Reserve	**101**	58		(148)		14	(77)	**24**
16 Section 20A Land	**47**	4				66	70	**117**
21 Marmion Car Park Reserve		1,770		(1,770)				
22 Cash in Lieu of Parking Reserve	**1,122**	88				1,579	1,667	**2,789**
23 Cash in Lieu of Public Open Space	**(0)**					(0)	(0)	**(0)**
24 Trust Fund	**1,465**			(1,150)		412	(738)	**727**
25 Minor Reserves	**79**	3		(43)		51	10	**90**
Total	**61,072**	**351,340**		**(223,347)**	**(41,884)**	**43,351**	**129,460**	**190,532**

#1 All figures are in $000s and include escalation

CHANGES TO KEY ASSUMPTIONS SINCE SFMC 02 DECEMBER2013

	Assumption	**Reason for Change / Source**	**Details** Income or Cost Lines Affected		SFMC 02 Dec 13	Current Proposal	Difference	**Ratio Impacts** Rate %	Balanced Books	Operating Surplus Ratio %	Asset Sustainability Ratio %	Debt Service Coverage Ratio	Explanation of Movements
1	**CWP 2014-15**	CWP Adopted by Council July 2013 included $14.2m requirement for 2014-15. The SFP indicated that this was unaffordable. The CWP has subsequently been updated and reviewed at Budget Workshops	Capital Expenditure Municipal Funded.	$m	($14.2)	($9.1)	**$5.1**		↑	↑	↓	↑	Improved cashflow for 2014-15 that helps the City with Balanced Books/Operating Surplus/Debt Coverage. Less expenditure on Replacement has a negative impact on Asset Sustainability Ratio.
2	**Baseline (Draft Budget 2014-15)**	Revised SFP now includes the draft budgets (as presented at various budget workshops)	All lines		n/a	n/a	**n/a**						
3	**Tamala Park Proceeds**	Updated forecasts received from Mindarie Regional Council in December 2013, are now incorporated into the Draft SFP. The MRC has forecast dividends of $388m, of which the City would receive 1/6th ($64.7m)	Disposal Proceeds	$m	$52.3	$66.0	**$13.7**		↑	↑		↑	Higher proceeds improves cashflow and most ratios.
4	**Profits on Disposal**	Previous SFP showed large profits on disposal for one-off asset sales (e.g. Tamala Park). This was artificially improving the Operating Surplus Ratio. Model now assumes that the sales will not generate an accounting profit. (this has no impact on cashflow)	Profit on Disposal	$m	$63.0	$1.0	**($62.0)**			↓			The change does not affect cashflow, only the Operating Surplus Ratio.
5	**Depreciation CPI**	Previous SFP had no escalation for the depreciation on existing assets. Depreciation is now escalated. However Depreciation projections are uncertain due to revaluations.	Depreciation	$m	($420.3)	($482.2)	**($61.9)**			↓			No impact on cashflow, but a higher operating expense reduces the Operating Surplus.
6	**Workforce Plan**	Previous SFP had higher costs of Workforce Plan.		$m	($34.7)	($13.9)	**$20.9**		↑	↑		↑	Lower costs estimated than previous plan improves cashflow and most ratios.
7	**Rates % Increases (2022-23, 2023-24 & 2024-25)**	Rate % Increases amended so as to generate sufficient surpluses to achieve minimum Asset Sustainability Ratio for later years of plan. The values amended are i) for 2022-23 & 2023-24 increased from 3.5% to 4.5% ii) 2024-25 increased from 3.5% to 4.0%	Rates Income	%	as described in the "Reason for change" section			↓	↑	↑	↑	↑	The change improves cashflow and affects all ratios. Whilst the Rates % Increase is higher than previous version, it is still within the maximum.
8	**Rates Increases 2015-16 to 2020-21**	Previous plan had a 5% increase every year. This has now been changed to show a 5% increase every second year, and a 4% increase every other year.	Rates Income					↑	↓	↓	↓	↓	
9	**State & Federal Budgets**	Several changes as a result of recent budgets: * Street Lighting Tariff Increase 36.8% 2015-16 * Financial Assistance Grants Indexation paused for 3 years * Superannuation Guarantee increases delayed until 2018-19							↓	↓	↓	↓	
10	**Employment Costs**	Previous plan had a 4% increase each year for Salary Costs. This has been reduced to 3% each year from 2015-16 to 2024-25, and then 3.5% thereafter							↑	↑	↑	↑	
11	**Arts Facility Financing**	Previous plan had an assumption of grant funding of $30m. This has now been removed and assumed that the City will finance it using reserves and short-term borrowings paid back by Tamala Proceeds			$30.0		**($30.0)**			↓		↓	
12	**Major Projects**	See Attachment 3 for details		$m	($256.3)	($294.4)	**($38.1)**		↓	↓		↓	Increase to Capital Expenditure would reduce cashflow and most ratios. Note that the vast majority of the change relates to Percy Doyle Master Plan.

MAJOR PROJECT ASSUMPTIONS AND CHANGES SINCE SFMC 02 DECEMBER 2013

	Major Project	**Reason for Change**		**Year of Completion**				**Capital $m** #1				**Other Comments**
		Source / Details	Elected Members - When was it last reviewed and/or When is the Next Review ?	Adopted 20 Nov 12	SFMC 02 Dec 13	Current Proposed	Diff (Now vs Prev)	Adopted 20 Nov 12	SFMC 02 Dec 13	Current Proposed	Diff (Now vs Prev)	
1	**Joondalup Performing Arts & Culture Facility/Jinan Gardens**	Now includes $2m for Jinan Gardens	Council 15 April 2014.	2016-17	2018-19	**2018-19**		($51.0)	($92.0)	**($94.2)**	($2.2)	
2	**CBD Office Development**	Update of project costs based on proposed budget	Budget Workshop 16 April 14 & 12 May 14	Included to 2012-13	2017-18	**2017-18**		($0.2)	($0.5)	**($0.6)**	($0.1)	
3	**Cafes / Kiosks / Restaurants**	Update of project costs based on proposed budget	Budget Workshop 16 April 14 & 12 May 14	Included to 2012-13	2016-17	**2016-17**		($0.2)	($0.2)	**($0.3)**	($0.1)	
4	**Ocean Reef Marina Business Case & Structure Plan**	Update of project costs based on proposed budget	Budget Workshop 16 April 14 & 12 May 14	2015-16	2015-16	**2015-16**		($2.0)	($2.0)	**($3.1)**	($1.1)	
5	**Penistone Park - Facility Redevelopment**	SFP presented to SFMC (02.12.13) had the wrong year for the project, this has now been corrected. Scope of project has increased significantly.	Council 17 February 2014	Not included	2016-17	**2015-16**	- 1 year	Not included	($2.2)	**($3.8)**	($1.6)	
6	**Redevelopment Arena Joondalup**	No change to the Previous SFP		Not included	2015-16	**2015-16**		Not included	($4.0)	**($4.0)**	$0.0	
7	**Synthetic Hockey Project**	CSRFF grant has confirmed no funding for Clubroom. Propose to reduce costs of project by $0.5m	Council Report 20 May 2014	2017-18	2015-16	**2015-16**		($5.0)	($7.0)	**($6.5)**	$0.5	Previous SFP assumed financing of $2.9m from 3rd parties, now confirmed $1.8m. Shortfall of $1.1m.
8	**Greenwood Community Centre (Calectasia hall / GSGH)**	No Change		2019-20	2019-20	**2019-20**		($5.0)	($5.0)	**($5.0)**	$0.0	
9	**Edgewater Quarry**	Updated assumptions based on revised Commercial Analysis. Timescales to be moved out 2 years so as to be more realistic.	Strategy 01 April 2014 & Elected Members weekend 18.05.14	2016-17	2017-18	**2021-22**	+2 years	($32.7)	($32.7)	**($26.2)**	$6.5	Option included in SFP continues to be Option1a, Full Development with rental of Commercial/Retail area.
10	**Percy Doyle Master-Plan**	Master Plan to be delayed 10 years so that City can concentrate on other major projects.	Strategy 01 April 2014 & Elected Members weekend 18.05.14 & Budget Workshop 21 May 2014	2022-23	2022-23	**2030-31**	+9 years	($45.0)	($45.0)	**($69.3)**	($24.3)	Previous SFP included notional estimate. Now replaced with the latest project costs (Option C $99.4). Escalation increases costs further.
11	**Percy Doyle Master Plan - Refurbishment Works**	Additional costs will be required to keep facilities in working order until Master Plan is completed in 18 years.	Proposed as part of current proposed SFP.	Not included	Not included	**2016-17 2020-21**	New	$0.0	$0.0	**($6.4)**	$0.0	Desktop review of each building has been completed, with estimated costs of $6.4m required to keep facilities in reasonable condition.
12	**Hawker Park Clubrooms**	Unsuccessful CSRFF application. Try again for 2016-17	Strategic Weekend 18.05.14	2014-15	2014-15	**2016-17**	+2 years	($1.5)	($2.7)	**($2.9)**	($0.2)	
13	**Clubroom Redevelopment - Chichester Park**	Recommend advance by 3 years		2023-24	2023-24	**2020-21**	-3 years	($1.5)	($1.8)	**($4.4)**	($2.6)	
14	**Grove Child Care / Dorchester Hall / Warwick Hall**	No Change. Structure Plan will be required, but both parties are keen to progress so project is still assumed to be completed within 5 years.		2017-18	2017-18	**2017-18**		($4.3)	($4.3)	**($4.3)**	$0.0	
15	**Whitfords Library and Senior Citizens Centre**	Advance by 1 year	Strategic Weekend 18.05.14	2023-24	2023-24	**2022-23**	- 1 year	($12.1)	($12.1)	**($12.1)**	$0.0	
16	**Multi Storey Car Park (1)**	Previous SFP based on Business Case estimate. Detailed estimates now available from QS based on detailed specification.	Will be presented to Council as part of Tender Recommendation in June.	2014-15	2014-15	**2015-16**	+1 month	($17.5)	($18.4)	**($20.5)**	($2.1)	The $20.5m is a pre-tender estimate. The final outcome presented in June will be different based on tenders received.
17	**Multi Storey Car Park (2)**	It is recommended that the second MSCP would not be required until 2022-23. By 2019-20 the profitability of the first MSCP will still be reviewed.	Strategic Weekend 18.05.14	2019-20	2019-20	**2022-23**	+3 years	($17.5)	($21.4)	**($25.8)**	($4.4)	No location or detailed costings available. Have assumed same costs (before escalation) as MSCP(1).
18	**Joondalup Administration Building - refurbishment**	No change		2017-18	2017-18	**2017-18**		($5.0)	($5.0)	**($5.0)**	$0.0	
	TOTAL							**($200.5)**	**($256.3)**	**($294.4)**	**($31.7)**	**Majority of the Change relates to updated assumptions for Percy Doyle Master plan.**

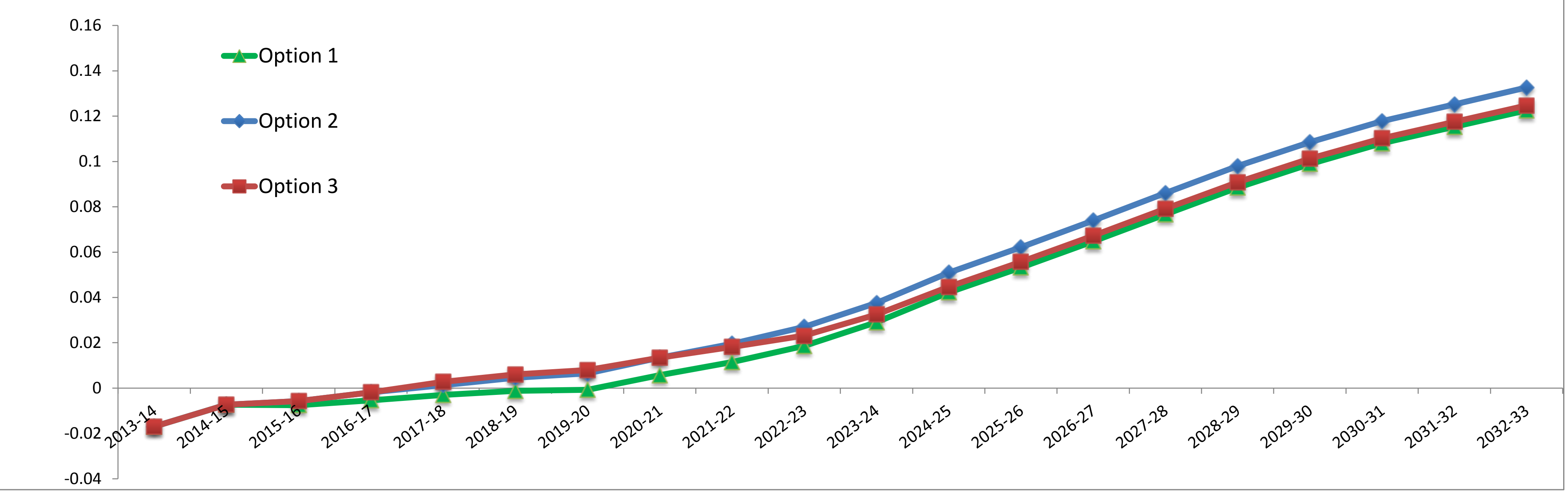
#1 Capital Costs including escalation.

OPTIONS SUMMARY

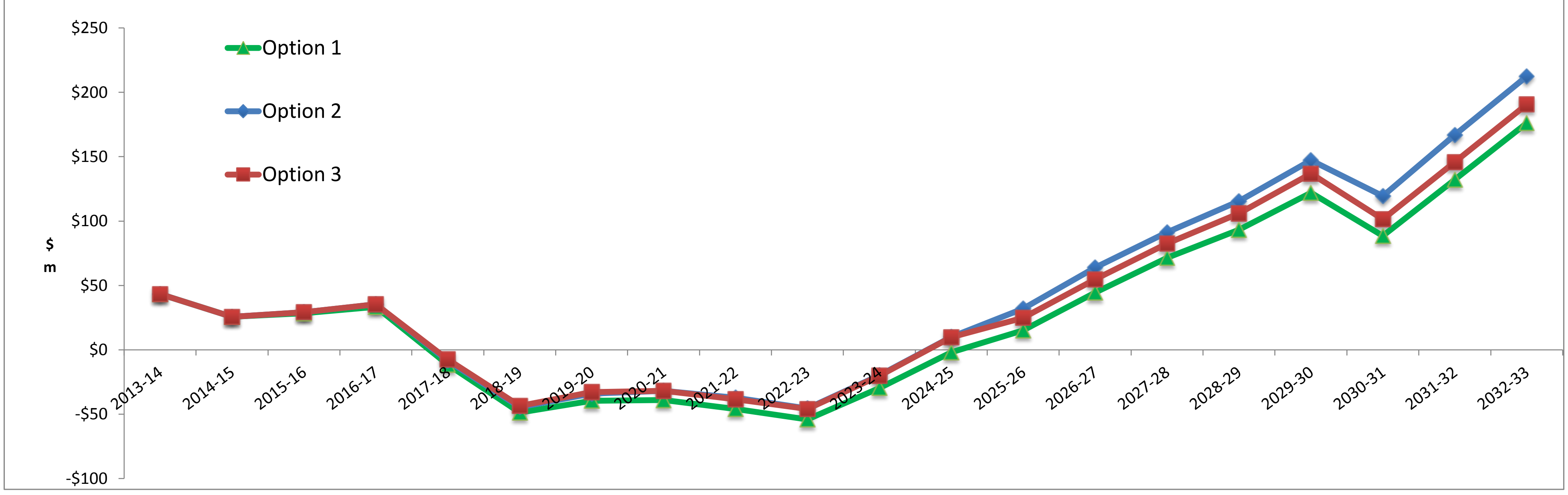
1) OPTION DEFINITION

Option 1	**Base Option**	4% Rate Increase 2015-16, 2016-17, 2018-19, then 5% Rate Increase in next 3 years., and then followed b
Option 2	**Rate Increase 2015-16 5%**	Rate Increase 2015-16 5%, all other assumptions as per Option 1
Option 3	**Rate Increases next 6 years spread more evenly**	5% 2015-16, 4% 2016-17, 5% 2017-18, 4% 2018-19, 5% 2019-20, 4% 2020-21

Operating Surplus Ratio % 5 Year Average



3) Cash Held less less Borrowings Owing



4) OVERALL SUMMARY

	Criteria	Measure	Option 1 Base Option		Option 2 Rate Increase 2015-16 5%		Option 3 Rate Increases next 6 years spread more evenly	
1	Balanced Books:	Number of Years within Tolerance	20	✓	20	✓	20	✓
2	Cash Held less Borrowings Owing:	Lowest Value during the 20 years	($54.1)	✓	($45.6)	✓	($45.9)	✓
3	Total Cash	Yr 20 (2032-2033)	$190.5	✓	$225.1	✓	$204.2	✓
4	Borrowings	20 Year Total ($m)	$121.8	✓	$110.7	✓	$111.4	✓
5	Debt Service Coverage Ratio	Number of Years within Tolerance	17	✓	17	✓	17	✓
6	Rates % Increase:	Average Increase Years 1 to 10	4.6%	✓	4.7%	✓	4.5%	✓
7	Operating Surplus Ratio:	What Year does SFP first achieve target ?	2023-24	✗	2022-23	✗	2022-23	✗
8	Operating Surplus Ratio:	Number of Years within Tolerance	10	✗	11	✗	11	✗
9	Operating Surplus Ratio:	Average Performance Years 1 to 10	0.7%	✗	1.3%	✗	1.2%	✗
10	Asset Sustainability Ratio	Number of Years within Tolerance	8	✗	8	✗	8	✗
11	Overall Key Ratios	% Within Tolerance	74	✗	75	✗	75	✗
	Overall Assessment			✗		○		✓

Tick = Good or Acceptable / Cross = Not Good / Circle = Neutral, improvement required