



City of Cockburn

# Long Term Financial Plan

## 2024-2034



**Cockburn**, the best place to be

[www.cockburn.wa.gov.au](http://www.cockburn.wa.gov.au)

June 2024

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## Acknowledgement of Country

The Mayor, Councillors and staff of the City of Cockburn acknowledge the Whadjuk Nyungar people of Beeljar Boodjar as the traditional custodians of this land. We pay our respect to Elders, past and present.

# What is a Long Term Financial Plan

The Long Term Financial Plan (LTFP) serves as a financial roadmap for the City of Cockburn over the next ten years. It complements the Strategic Community Plan and Corporate Business Plan, providing a long-term lens through which the City's financial health and sustainability can be assessed.

The LTFP ensures our financial decisions align with the community's long-term vision, as outlined in the Strategic Community Plan. It helps us:

- **Prioritise Investments:** We can strategically allocate the City's resources towards projects that deliver on the community's priorities for the future.
- **Manage Risks Proactively:** By forecasting future income and expenses, we can identify potential financial challenges and develop strategies to mitigate them.
- **Promote Sustainability:** The LTFP ensures our financial practices and position remain sustainable, allowing us to deliver essential services into the future, without overly burdening future generations.
- **Maintain Transparency:** The LTFP fosters open communication with the community regarding our financial well-being and future financial health.

## Key Features of the LTFP:

This plan provides a comprehensive overview of our long-term financial strategy.

Here's what you can expect:

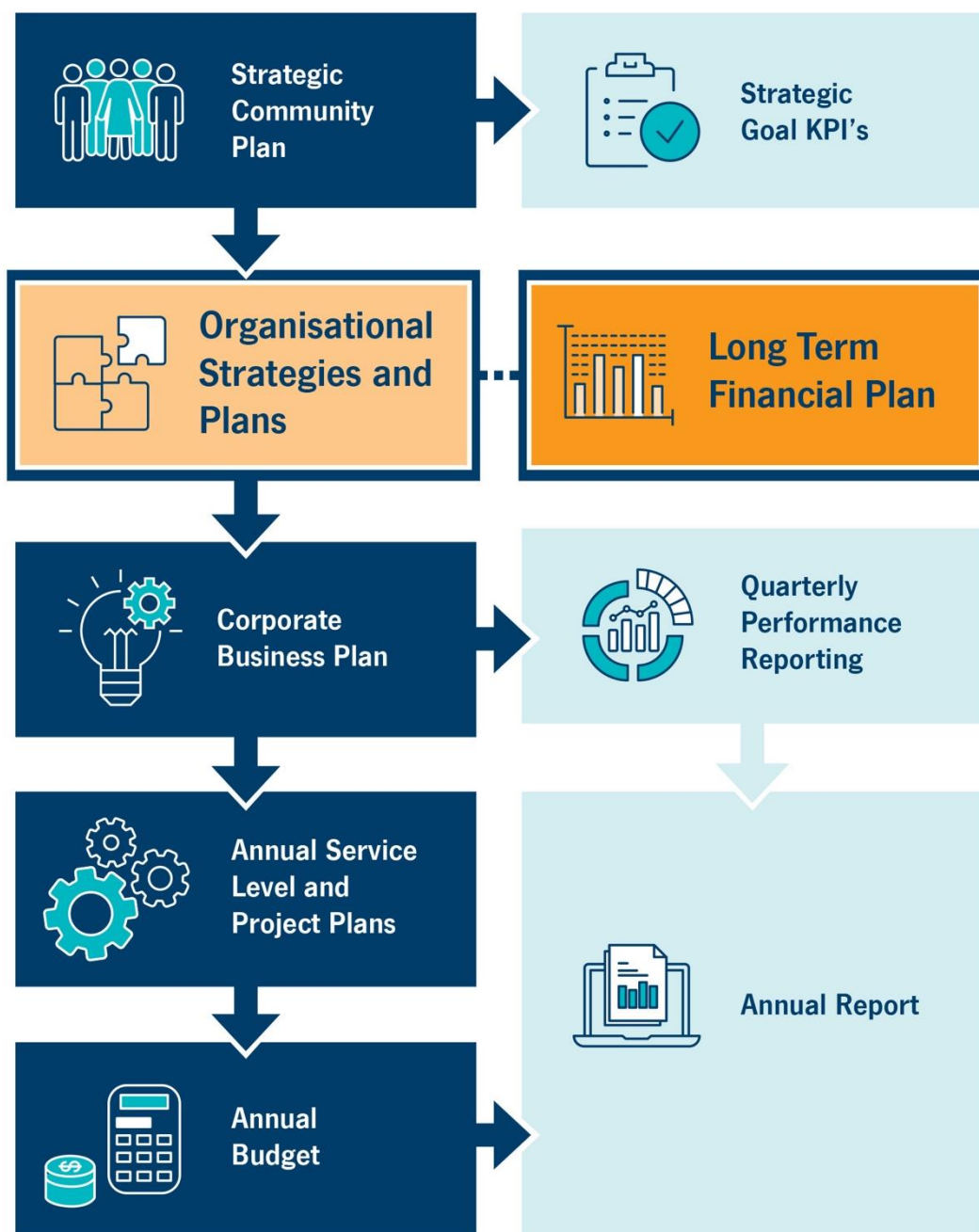
- **Ten-Year Horizon:** The LTFP takes a long-term view, extending ten years into the future, allowing for strategic financial planning.
- **Aligned with Strategic Goals:** The LTFP provides the funding mechanism for long-term goals outlined in the Strategic Community Plan, ensuring financial decisions and settings support delivery of the community's vision.
- **Financial Projections:** Using evidence-based assumptions, we will forecast future income streams, including rates, grants, and fees, alongside anticipated expenses for essential services and infrastructure projects.
- **Asset Management Strategy:** A key priority for the LTFP is funding the maintaining and upgrading of our existing infrastructure assets to ensure their long-term viability.
- **Program Based Capital Program Funding:** Funding for the delivery of community infrastructure assets in the LTFP will be managed at a program level, based on strategic planning outcomes, external funding opportunities, prioritised asset management needs, and financial affordability.
- **Risk Management Framework:** We will identify potential financial risks and develop strategies to mitigate them, promoting long-term financial stability.

## The LTFP: Working Together for a Strong Financial Future

The Long-Term Financial Plan is a crucial tool for ensuring the City of Cockburn remains financially healthy and delivers essential services for our community for years to come.

# Integrated Planning and Reporting Framework

Our Local Government operates within an Integrated Planning and Reporting Framework (IPRF). This framework, mandated by the Western Australian Government, ensures a structured and transparent approach to planning and decision-making. The IPRF connects the long-term vision of our Strategic Community Plan with our current plans and strategies. It guides how we identify community needs, set strategic objectives, allocate resources, and ultimately measure our success in achieving those goals. Through the IPRF, we strive to deliver effective services, manage finances responsibly, and remain accountable to the community we serve. The following diagram illustrates the City's Integrated Planning and Reporting Framework and shows the associated strategies and plans within the framework.



# Our Strategy on a Page

This page presents the vision for Cockburn, highlighting our driving purpose. It also outlines our strategic objectives and outcomes as detailed in our Strategic Community Plan.

**Vision** Cockburn, the best place to be

**Purpose** Support our communities to thrive by providing inclusive and sustainable services which reflect their aspirations

## Our Outcomes



## Our Strategic Outcomes

1A. Increased investment, economic growth and local employment	2A. Protection and enhancement of our natural areas	3A. Accessible and inclusive community, recreation and cultural services and facilities that enrich our community	4A. An attractive, socially connected and diverse built environment	5A. Best practice governance, partnerships and value for money
1B. Thriving local commercial centres, local businesses and tourism industry	2B. Sustainable resource management including waste, water and energy	3B. A safe and healthy community that is socially connected	4B. Cockburn Central as the capital of the South Metro Region	5B. High quality and effective community engagement and customer service experiences
1C. A city that is 'easy to do business with'	2C. Address Climate Change	3C. Aboriginal and Torres Strait Islander cultures and heritage are recognised and celebrated	4C. An integrated, accessible and improved transport network	5C. Employer of choice focusing on equity, innovation and technology

# Introduction

The overall objective of long-term financial planning within a local government context is to ensure financial sustainability through proper planning and forecasting. Effective long-term financial planning enables Council to fund the strategic priorities as set out in the Strategic Community Plan and deliver services to the community in line with their expectations.

Previous versions of the City of Cockburn's (the City) Long Term Financial Plan (LTFP) have articulated guiding principles and objectives, providing a high-level roadmap to achieving financial sustainability. These guiding principles and objectives (listed below) remain relevant:

- Planning for balanced budgets with operating surpluses and strong cash positions,
- Disciplined and prudent use of debt funding
- Pursuing government grant funding for strategic capital projects
- Setting property rates at levels that do not erode asset management funding requirements (renewal, replacement, upgrade, and expansion)
- Sustaining desired levels of service, building in capacity to fund new or expanded service delivery in line with growth drivers
- Making value for money a key consideration across all program and service expenditure
- Optimising revenue from fees and charges through full cost recovery or market pricing where appropriate to do so, and
- Using financial reserves to leverage inter-generational equity, moderate year on year rate increases and reduce reliance on debt.

Previous versions of the City's LTFP were inaccurate. Inaccuracies were partly caused by unseen impacts such as the COVID pandemic. Inaccuracies also resulted from overcommitment to delivery of key strategic capital projects. Especially projects subject to business case planning and scope and funding variability.

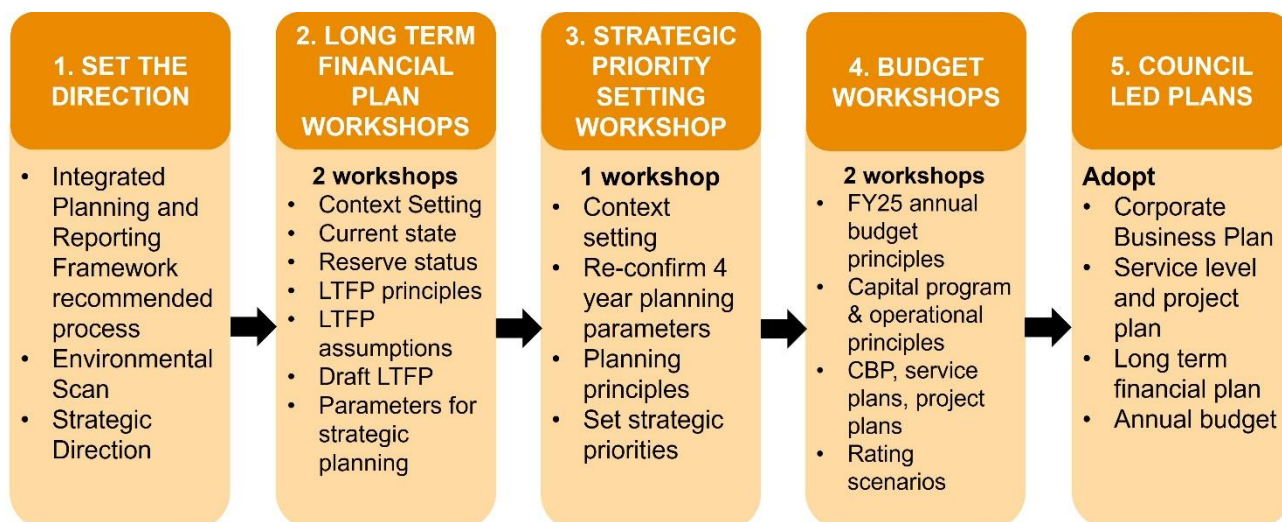
In preparing the LTFP 2024 - 2034, the City has taken the learnings from previous experience and made key adjustments:

- Capital funding and delivery allocations each year are now program based, rather than by individual project
- The LTFP will be subject to an annual review to recalibrate financial settings and assumptions, ensuring forecasts and projections are based on the latest available information
- A new framework has been developed that rationalises and simplifies the City's use of financial reserves in better supporting financial sustainability.

# Long Term Financial Plan Development

The development of the LTFP followed a Council led business planning process, including two elected member workshops where key issues and challenges were discussed. The process followed is represented below:

## Financial Plan Development Process



Key considerations included settling upon appropriate assumptions, considering a new management methodology for the City’s financial reserves, assessing the City’s funding capacity (both operating and capital) and prioritising major capital projects, with some of the related discussion points highlighted in the table below:

Consideration	Description
<b>Overall purpose guiding assumptions</b>	<ul style="list-style-type: none"> <li>Maintain the City’s posture as a low rating Council.</li> <li>Returning the net operating result to a surplus over first 3-4 years of the plan.</li> <li>Year one of LTFP is informed by FY25 budget.</li> </ul>
<b>Consider financial reserves management strategy and principles</b>	<ul style="list-style-type: none"> <li>Pooling similar purpose reserves.</li> <li>Establish financial plan for each reserve.</li> <li>Reserve savings guided by Asset Management Plans and Council priorities.</li> <li>Capital program fully funded from reserves.</li> </ul>
<b>Assess funding capacity</b>	<ul style="list-style-type: none"> <li>Capital program affordability over next 4 years.</li> <li>Fund service level change &amp; growth in operating budget.</li> <li>Mutually exclusive objectives (without assumption changes).</li> </ul>
<b>Major Capital Project Prioritisation</b>	<ul style="list-style-type: none"> <li>Consider merits of key projects in current pipeline</li> <li>Prioritise project delivery over next 4 years based on affordability.</li> </ul>

A number of internal and external risks and challenges were also discussed, including proposed mitigations:

<b>Risks/Challenges</b>	<b>Mitigation Strategy</b>
Addressing backlog of capital projects promised to the community	Prioritising existing projects and commitments
Accurately forecasting the capital delivery program	Consolidated program based on priority, capacity and affordability.
Maintaining or expanding service levels to meet growth and community expectations	Fund essential services and growth, safeguarding compliance.
Ensuring asset renewal spending keeps pace with AMP needs.	Establish financial plans for reserves to cover AMP needs and guide savings
Exiting the Henderson landfill business without adversely impacting ratepayers.	Quarantine full cost of cell capping and post closure within reserves
CPI remains above long-term average and RBA target band	Factor forecasts into both revenue and expenditure within LTFP
Resource constrained construction sector hindering project delivery	Adopt realistic capital delivery programs
Supply disruptions and delays	Better forward planning of capital and operating budgets
Low unemployment forcing competition for skilled labour	Corporate approach for learning & development (allocate up to 1% of employee costs)
Households face entrenched cost of living pressures	Deliver value for money services (including many free services and activities)
Cockburn ratepayers are price sensitive and expect low rates increases matched by sound financial management	Rate increases generally forecast at no more than CPI
Keeping pace with strong population growth demands	Fund essential services and growth, safeguarding compliance.

The LTFP 2024 – 2034 has incorporated these mitigation strategies, however, several key issues warrant further explanation and are discussed in the next section.



# Key Challenges and Opportunities

Preparation of the LTFP 2024 – 2034 identified key issues and challenges. This chapter provides further explanation of the key issues and challenges and their impact on the City's financial sustainability including:

Challenges:

- Operating deficit (budget repair imperative)
- Cost of living crisis
- The future of waste management
- Interest on investments

Opportunities:

- Program Based Capital Program Funding
- Gold standard for City's Financial Reserve
- Organisation Review

## Operating Deficit (budget repair imperative)

A local government's operating result is a crucial indicator of its financial health. This result is calculated by comparing the revenue generated from its day-to-day operations with the expenses incurred in running those operations. If expenses exceed revenue, the local government has an operating deficit, and if revenue exceeds expenses, it has an operating surplus.

It's important to note that this calculation specifically focuses on operating income and expenses, excluding non-operating or capital-related items including capital grants, asset sales, and changes in asset values. While these factors are included in the broader net result calculation found in the Statement of Comprehensive Income, they are not considered when assessing the operating result, as they are not directly related to the local government's ongoing operations.

The City had maintained an operating surplus in its budget and actual result until 2023-24 when the City adopted an Annual Budget with an operating deficit. The 2023-24 deficit was caused by the following factors:

- Inflationary impacts on the value of the City's fixed assets and infrastructure led to significant uplift in the value of depreciation included in operating expenditure
- Reduced rates income in 2020–21 and 2021–22 due to rates freeze during the COVID pandemic
- Average rates percentage increases below average local government cost index average increase over the past four years
- Increases in employment expenditure due to workforce growth and the City's negotiation of a generous enterprise agreement to retain and attract talent in a competitive and tight labour market
- High inflation has also flowed through to the City's maintenance and service contracts, outpacing rates increases.

It is important to acknowledge and understand these factors when assessing the efficacy of the LTFP in achieving financial sustainability.

In preparing the 2023-24 annual budget, the City limited the impact of these factors on the operating result. The adopted budget contained an operating deficit of \$4.7M, largely reflective of the increase in depreciation expense.

The City could limit the deficit to depreciation impacts only due to the strength of the City's prior operating position. There was an overall deterioration of \$9.0m in the City's budgeted operating result, this was partly buffered by the previous year's budgeted operating surplus of \$4.3M.

It is important for the City to quickly address its budget operating deficit before it becomes structurally ingrained. The longer an operating deficit exists, the greater the risk of potential equity loss, deterioration in the condition of the City's community infrastructure, and reduction in service levels.

The City has made a commitment to budget repair. Budget repair will be achieved via an organisational review program, including service reviews across the City over the next three years. The LTFP has been prepared on the assumption of achieving budget repair. Annual savings targets have been included as assumptions.

Returning to an operating surplus is a critical aspect of the LTFP. An operating surplus helps ensure that future generations of ratepayers won't be burdened with excessive costs or debt to maintain desired service levels.

## Cost of living crisis

The current cost of living crisis is widespread and sustained. This has been exacerbated by persistently high inflation, elevated interest rates and the high cost and demand for housing. All sectors of government bear some responsibility to provide relief to households and federal and state budgets include relief measures.

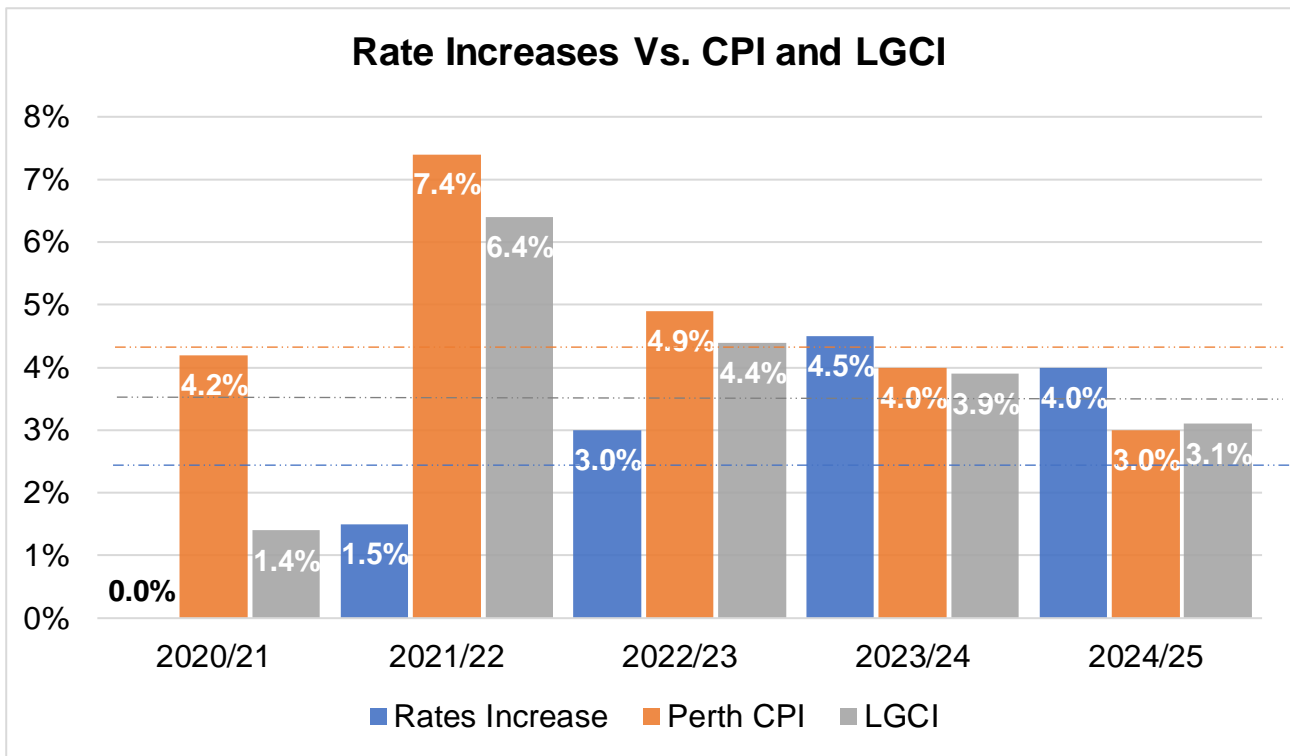
Since the COVID pandemic the City's budget has included measures to assist affordability for ratepayers. The City introduced interest free payment plans for rates and Council has kept annual rates increases low when compared to Perth CPI and the Local Government Cost Index<sup>1</sup> (LGCI).

The figure overleaf shows the City's average rates increase of 2.70% (blue dashed line) for the past five years (inclusive of the proposed 2024-25 increase), compared to Perth CPI (4.70% (orange dashed line) and the LGCI (3.84% (grey dashed line)) over the same period.

The City's rates revenue increases have not kept pace with underlying inflation. The continuing cost of living crisis restricts Council's opportunity to make up the shortfall in the near term.

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<sup>1</sup> The LGCI is a dedicated index that more accurately represents cost changes for local government



## The Future of Waste Management

The City is planning significant changes to delivery of the Cockburn Waste Recovery Park service. The Cockburn Waste Recovery Park service is delivered in line with the Waste Strategy 2020 – 2030 which aims to achieve zero waste to land fill. Currently the Cockburn Waste Recovery Park Service benefits the operating budget in two ways:

1. The City is disposing its domestic waste stream (red top bin) at zero net cost at the Cockburn Resource Recovery Park (CRRP).
2. The City achieves a revenue stream from accepting commercial waste at the CRRP.

The City is implementing the Waste Strategy in line with the Business Plan adopted by council in March 2022. Achieving zero waste to landfill will have structural impacts on the budget due to:

- Transition of the domestic waste stream (red top bin) to a Waste to Energy (W2E) provider will incur a commercial disposal costs once the supply contract commences.
- Funding for development of a new waste transfer station.
- Loss of revenue from accepting commercial waste at the Cockburn Waste Recovery Park.
- Post closure management fees of the CRRP.

A review of the Waste Strategy and Business Plan is scheduled for the second half of 2024 to help identify solutions. The annual review of the LTFP will incorporate findings of these reviews.

## Interest on Investments

The City has a significant term deposit portfolio with a strong monetary base provided by financial reserves (~\$200M). The revenue stream generated by the reserves helps supplement the City's rating revenue. Interest rates volatile during and post COVID has impacted the City's revenue streams. The near zero cash rate adopted by the Reserve Bank of Australia (RBA) during the COVID pandemic slashed millions from the City's revenue budget. Post Covid the RBA rapidly increased interest rates to tackle inflation, restoring the City's interest revenue.

Reduction in the City's financial reserves can also erode interest revenue over time. There is currently a strong reliance on interest earnings to support the City's budgeted operating position, providing a significant challenge to reliable long term financial planning. This risk has been partly mitigated in the short term through a longer duration investment strategy, and in the longer term through sustaining and increasing financial reserve holdings.

## Program Based Capital Program Funding

The City had previously over committed to the delivery of key strategic capital projects. Attempting to include projects in the budget before thoroughly developing business cases and securing funding has hindered the City's financial planning.

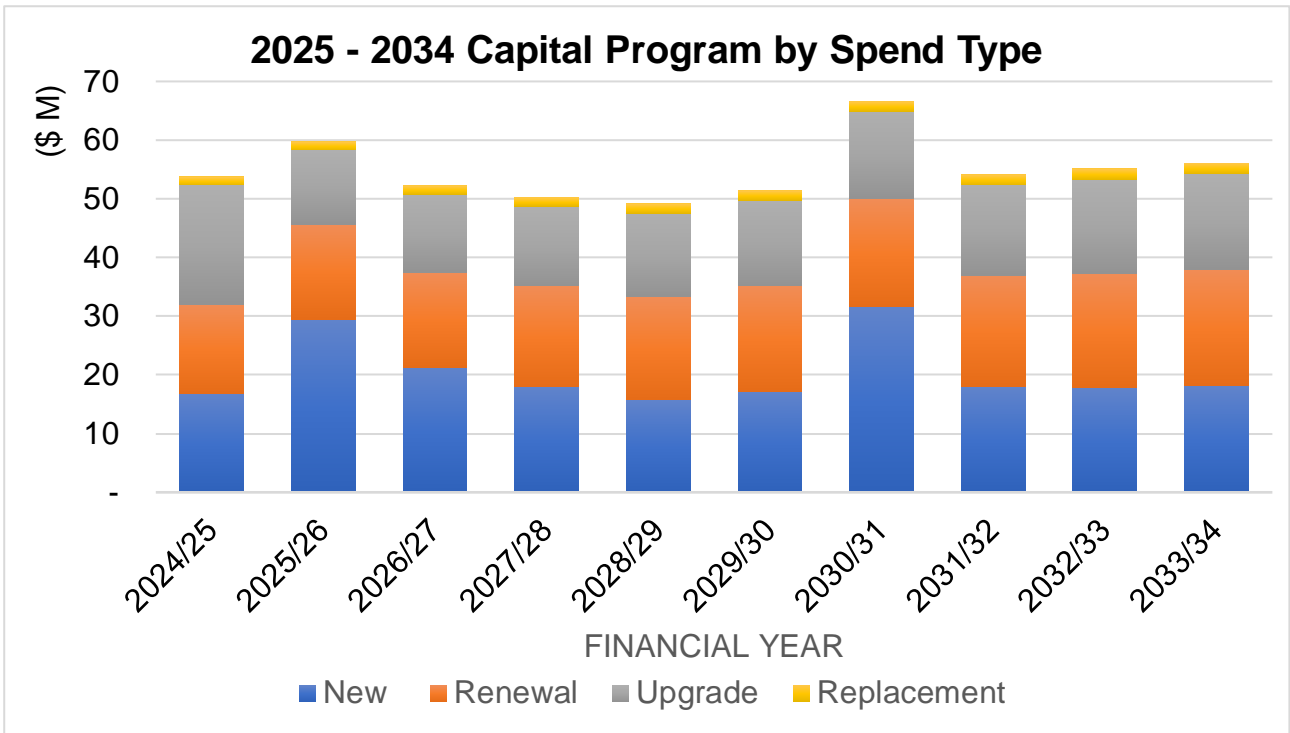
The City is applying an innovative approach for the LTFP 2024- 2034. Capital program allocations are program based, rather than by individual project. Program based allocations allows the City to provide long term funding in a measured and considered manner. Ensuring projects with approved business cases have access to a reliable funding source at the appropriate time.

To support this new approach to capital funding, the City's financial reserves have been rationalised to align with the following program-based capital streams:

- Building Infrastructure
- Roads Infrastructure
- Open Space Infrastructure
- Plant & Equipment
- Technology
- Waste Management
- Port Coogee Marina

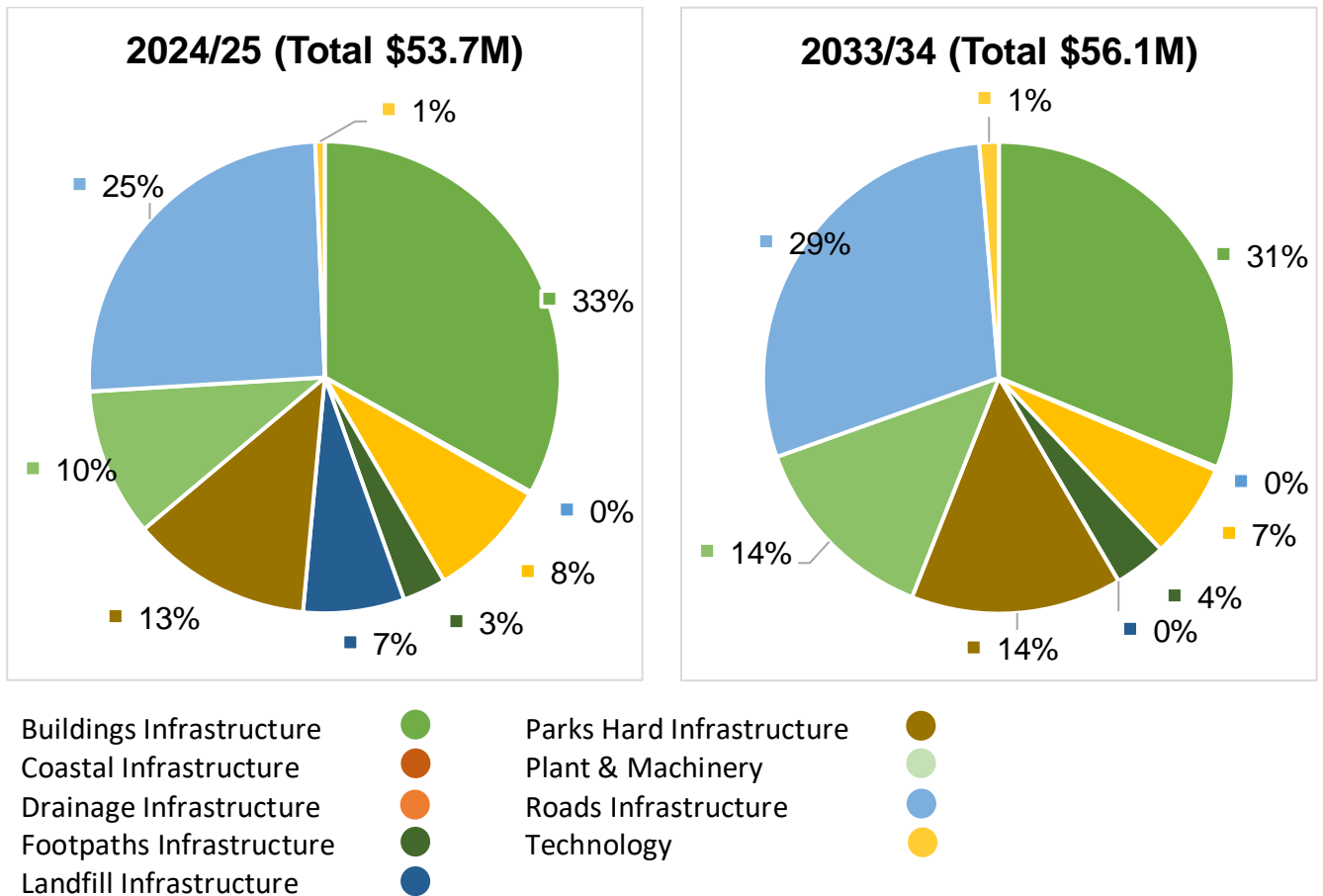
The LTFP 2024-2034 has prioritised the allocation of capital spending against each capital program. The prioritisation is based on the average needs identified in the City's existing asset management plans. The remaining allocations are for projected new asset spending, determined by factors such as available program funding, estimated external funding based on historical and current data, and the overall capacity to deliver projects.

The following charts demonstrate the results of the prioritisation and the capital spend:



The program-based capital allocations made within the LTFP are detailed in the Statement of Financial Activity (page 18), totalling \$591 million over the ten years. The first and last years of the LTFP are represented below:

#### Program-Based Capital Allocations



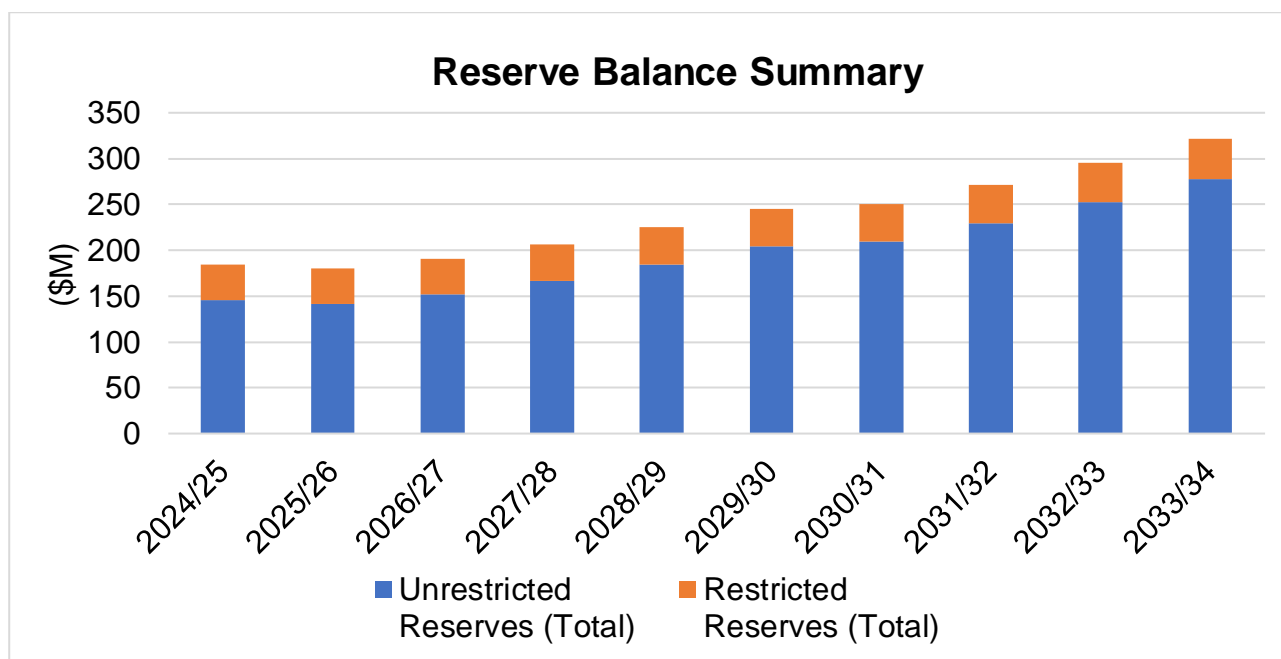
Providing annual funding for the capital program via program-based reserves ensures the timing of individual project delivery has less impact on the City's year to year budgeted financial result. Earmarked and planned funding not utilised remains reserved until the future need arises. An annual review of the LTFP will ensure related assumptions are regularly updated.

The City has an extensive developer contribution plans (DCP) framework for both community and civil infrastructure asset delivery. The DCPs provide partial project funding determined by the each DCPs parameters. A municipal contribution is required for each project. This municipal funding and cost requirements are incorporated into the LTFP as they arise and will be subject to annual review, where this varies materially from the program-based allocations.

### Gold standard for City's Financial Reserves

The City's 2023-24 budget included a total 34 reserve accounts, considered too many for effective financial management and transparency of funding commitments (e.g., some projects had funding committed against multiple reserves, adding unnecessary complexity). Legislative constraints make it difficult for Council to repurpose reserved funds, outside of the budget setting process. The City undertook a review of its reserves with the aim of simplifying and improving the management approach. Reserve accounts were rationalised down to a total of 22, noting the following outcomes:

- Similar purpose reserves consolidated into broader purpose reserves.
- Financial plans to be established for each reserve, guiding disciplined usage and capturing funding commitments.
- Annual reviews of the LTFP will also require review of each reserve's financial plan.
- Budget development principle established to provide all net municipal funding for the capital program via reserve accounts.



The improved approach aims to provide greater clarity around the City's funding capacity and improve financial agility and decision making. The chart on the previous page summarises the movement in the City's reserves over the life of the LTFFP

A detailed schedule showing each of the reserves in the new structure is included under the Financial Statements section (page 19).

## Organisation Review

Despite the significant challenges to financial sustainability, clear foresight and understanding of the problems assists the City to develop mitigation strategies.

Under new leadership, the City has embarked upon an organisational review with a three-year plan of key improvement areas. This plan aims to better align the budget with service delivery, operational projects, and capital programs.

The organisational review will assist the City to develop new strategies to improve its financial position. These strategies will focus on optimising resource allocation, service delivery, and project management.

## Asset management planning

The City of Cockburn manages over \$2 billion worth of infrastructure assets. These assets serve both residential and business communities within the City. To ensure sustainable management of its infrastructure, property, and plant assets, the City has developed a Strategic Asset Management Planning Framework (SAMPF). This framework reflects the City's increasing expertise in governance and planning.

Under the SAMPF, the City has currently developed eight Asset Management Plans (AMPs):

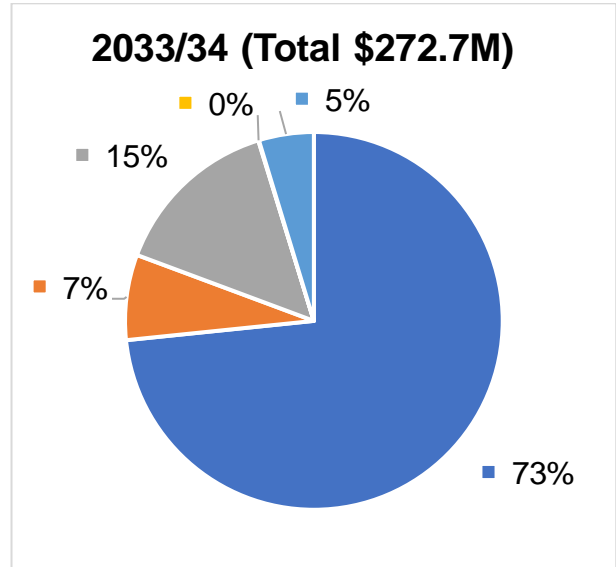
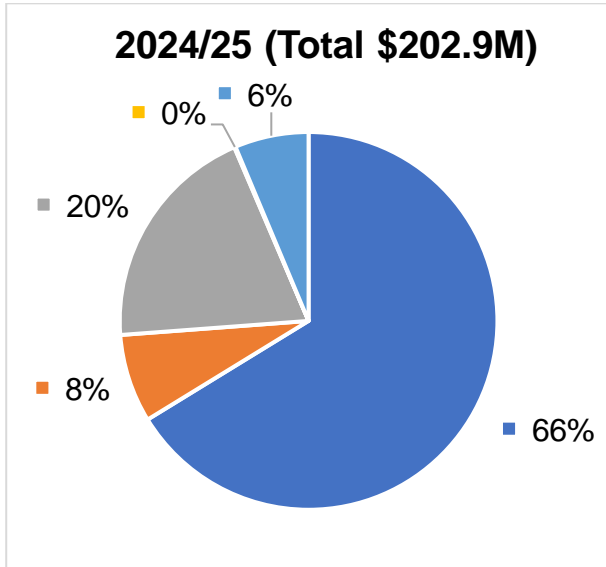
1. Road Asset Management Plan 2020-2024
2. Footpath Asset Management Plan 2020-2024
3. Drainage Asset Management Plan 2020-2024
4. Parks & Environment Asset Management Plan 2020-2024
5. Buildings Asset Management Plan 2020-2024
6. Cockburn ARC Asset Management Plan 2020-2024
7. Fleet & Plant Asset Management Plan 2020-2024
8. Marina & Coastal Infrastructure Asset Management Plan 2020-2024

The AMPs cover the four years 2020/21 to 2023/24 and are due to be updated. Asset condition surveys are currently underway to inform the next versions of AMPs (due in 2025). The LTFFP has taken data from the existing AMPs to apportion funding for asset renewal and replacement (included in program-based capital program allocations). The annual review of the LTFFP 2024 – 2034 will incorporate updated data from the AMP reviews.

# Operating Projections

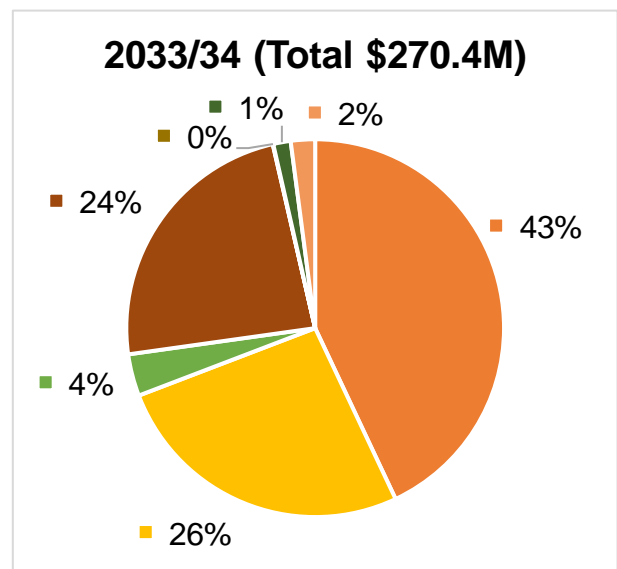
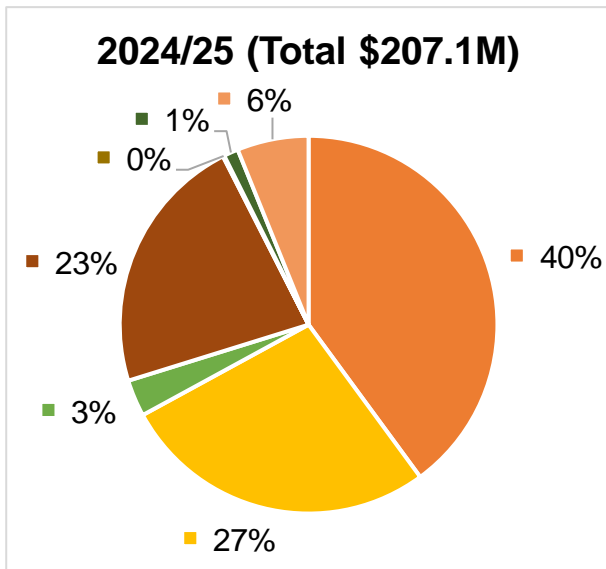
The following graphs shows the forecast percentage compositions for operating revenue and expenditure, both at year one and year ten of the LTFP. The financial amounts across all years are included in the Statement of Financial Activity on page 18.

## Operating Income



- Rates ●
- Fees and Charges ●
- Interest Revenue ●
- Service Charges ●
- Grants Subsidies and contributions ●

## Operating Expenditure



- Employee Costs ●
- Finance costs ●
- Utility Charge ●
- Depreciation and Amotisation ●
- Materials and Contracts ●
- Insurance ●



# Assumptions

The City's LTFP is predicated on several underlying assumptions, forecasts, and estimates. Council is not bound by these assumptions, as these purely act as a guide to formulating the forward years of the LTFP. The first four years of the LTFP is considered a more accurate prediction for the City's financial performance and aligns with the period of the Corporate Business Plan. Given the ongoing annual review of the LTFP, assumptions will be recalibrated each year to maintain the plan's accuracy and credibility.

The following key assumptions have been risk assessed:

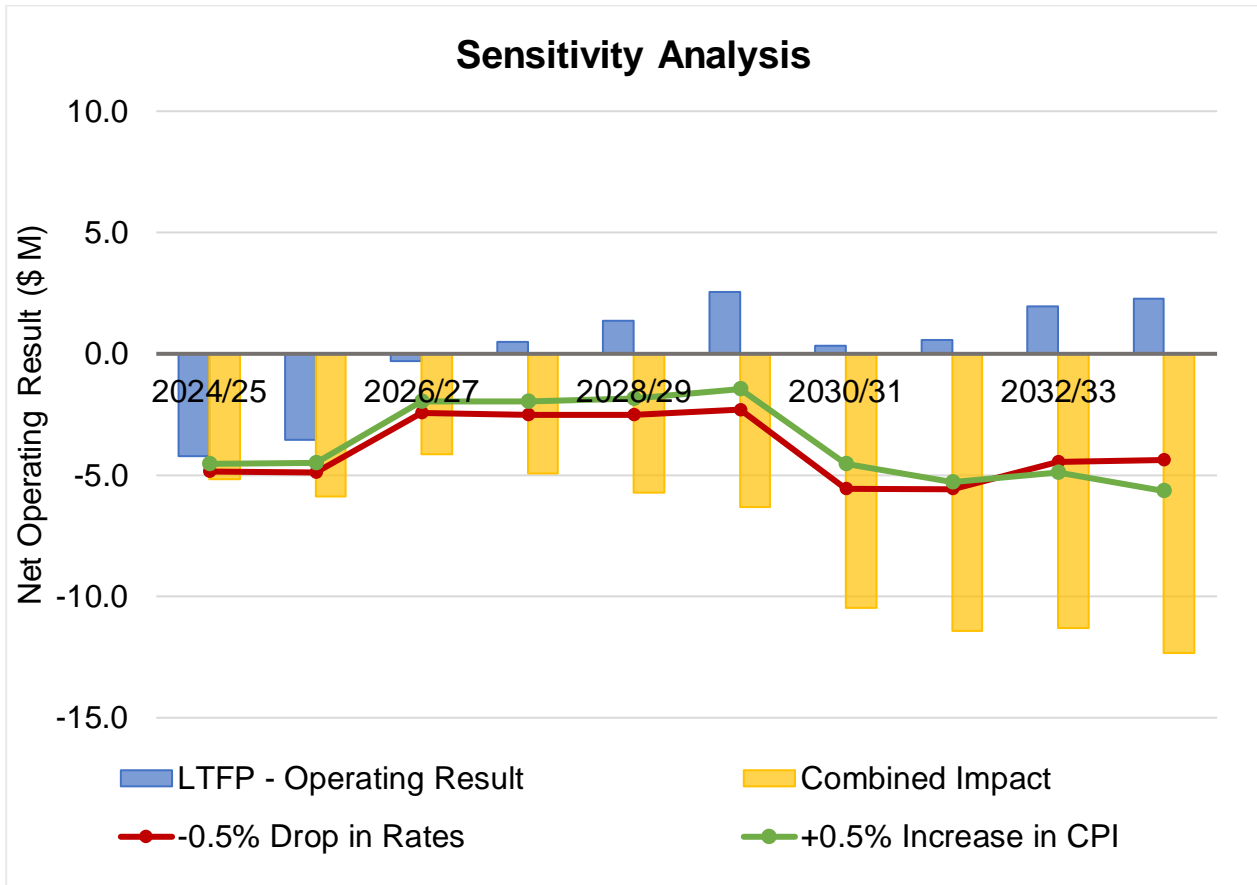
<b>Assumptions</b>	<b>Assumption Risks</b>
<b>Property Rates</b>	Rates increases have been modelled based on Council's low rates strategy. These are either aligned to or slightly higher than CPI during the life of the LTFP, reflecting the current comparatively low base amounts. Any future decision to increase below published CPI will put pressure on the operating result and risk the financial strategy of returning the budget to an operating surplus.
<b>Fees &amp; Charges</b>	Fees and charges increase have been aligned with CPI, except where individual service areas warrant market or growth-related adjustments (e.g. CRRP landfill fees, Cockburn ARC Port Coogee Marina). Material changes to these fee sources can have a major impact on the operating result (especially the landfill).
<b>Operating Grants &amp; Subsidies</b>	These have been modelled on existing and historical data, plus CPI growth. The City has little control over this revenue, with the federal Financial Assistance Grants (FAG) a major source of this revenue.
<b>Interest on Investments</b>	Interest revenue has been set at a level commensurate with current and locked in interest rates on the City's term deposits (up to 3 years). The LTFP shows the rate steadily falling as the cash rate is expected to return closer to long term averages. However, strong cash balances driven by the City's holding of financial reserves is expected to moderate any revenue loss.
<b>Salaries &amp; Wages</b>	Employee costs have been modelled with CPI increases plus moderate growth. Increases in compulsory superannuation have also been factored. As the City's largest source of expenditure, any variation to the assumptions can have material impact on the operating result.
<b>Materials &amp; Contracts</b>	Increases in material and contract costs have been linked to CPI, plus any known or forecast service level adjustments (e.g. waste). Budget repair targets have also been included in the assumptions for the first three years.
<b>Depreciation</b>	Depreciation has been modelled at between 3.5% - 4% across the LTFP. This allows for CPI and asset growth, but limited revaluation growth. This will need to be closely reviewed each year, given its contribution to the current operating deficit.

A detailed schedule of assumptions used in the LTFP is included on page 19.

# Scenario Sensitivity Modelling

Sensitivity modelling within the context of the LTFP is highly subjective, with numerous scenarios able to be developed. The most material impacts on the City's financial results are from variations in the rates revenue (largest source of revenue) and the rate of CPI used in the modelling (impacting two largest expenditure sources - employee and contract costs).

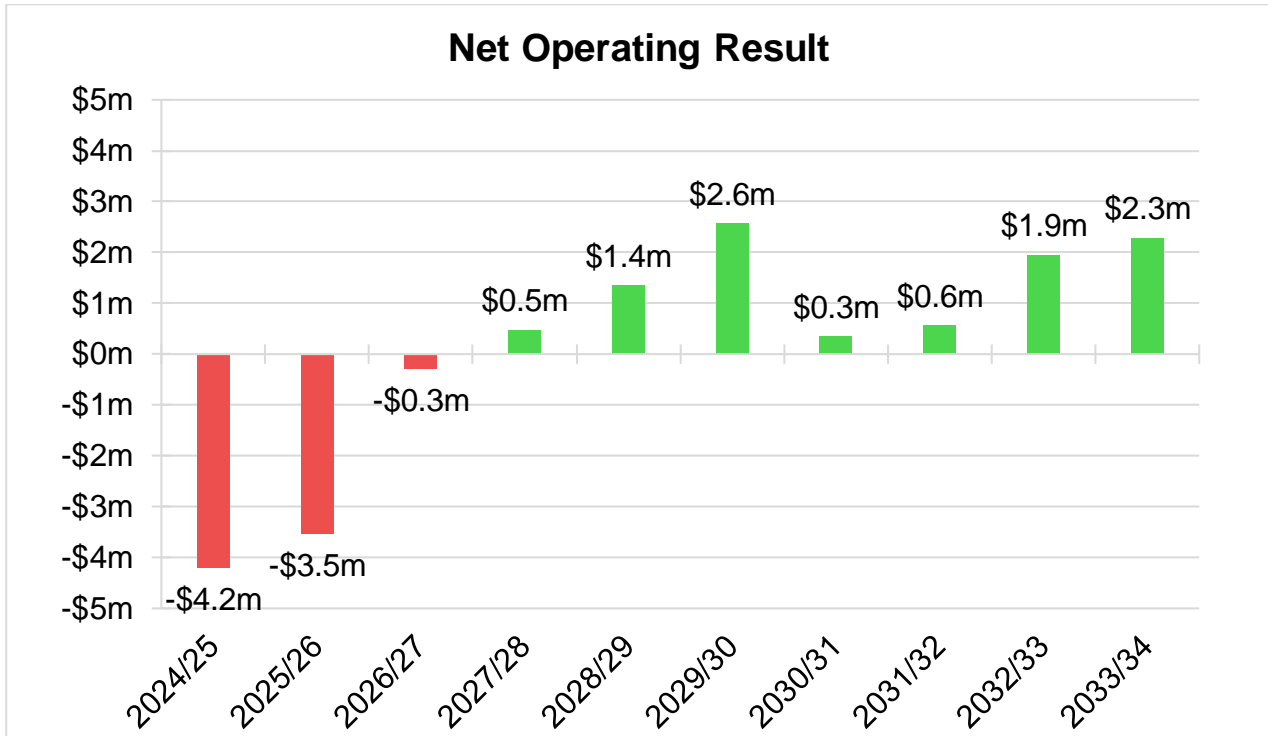
The following chart shows the impacts from a 0.5% drop in rates revenue, a 0.5% increase in CPI, and the combined impact of both.



The financial data supporting this chart is shown on page 20.

# Financial Sustainability

The following chart illustrates the planned improvement in the City's operating result during the life of the LTFP and returning an operating surplus within 3-4 years (as detailed in the Statement of Financial Activity on page 18):



The net operating result returning to surplus is subject to the City achieving several budget repair measures related to the service reviews and the overarching three-year plan linked to the Organisation Review.

# Financial Statements and Supporting Schedules

## Statement of Financial Activity

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>OPERATING ACTIVITIES</b>	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
<b>Revenue from Operating Activities</b>										
General Rates	131.51	139.00	146.05	152.71	159.68	166.97	174.59	181.68	189.05	196.73
Part-Year Rates	2.29	1.82	1.91	1.99	2.08	2.17	2.26	2.35	2.44	2.53
Special Area Rates	0.62	0.64	0.66	0.68	0.70	0.72	0.74	0.75	0.77	0.79
Grants, Subsidies and Contributions	15.34	15.76	16.20	16.69	17.19	17.70	18.23	18.78	19.34	19.92
Fees and Charges	40.09	42.02	43.46	44.89	41.05	42.35	35.62	36.93	38.30	39.72
Service Charges	0.22	0.21	0.20	0.19	0.18	0.17	0.16	0.15	0.15	0.14
Interest Revenue	12.84	12.82	12.51	11.58	10.55	10.98	11.41	11.87	12.34	12.83
<b>Operating Revenues</b>	<b>202.90</b>	<b>212.27</b>	<b>220.99</b>	<b>228.73</b>	<b>231.42</b>	<b>241.05</b>	<b>243.01</b>	<b>252.51</b>	<b>262.39</b>	<b>272.66</b>
<b>Expenditure from Operating Activities</b>										
Employee Costs	-82.70	-87.08	-90.29	-93.97	-96.41	-100.32	-103.29	-107.46	-111.78	-116.25
Materials & Contracts	-56.18	-57.50	-57.46	-58.43	-58.84	-60.59	-64.90	-67.18	-68.41	-70.82
Utility Charges	-6.52	-6.82	-7.12	-7.45	-7.78	-8.14	-8.50	-8.89	-9.29	-9.71
Depreciation	-43.04	-44.55	-46.11	-47.72	-49.63	-51.61	-53.68	-55.83	-58.06	-60.38
Amortisation	-3.15	-3.18	-3.21	-3.25	-3.28	-3.31	-3.34	-3.38	-3.41	-3.44
Finance Costs	-0.26	-0.16	-0.11	-0.11	-0.11	-0.11	-0.12	-0.12	-0.12	-0.13
Insurance	-2.57	-2.72	-2.86	-3.00	-3.15	-3.31	-3.48	-3.65	-3.83	-4.03
Other Expenditure	-12.68	-13.79	-14.12	-14.33	-10.86	-11.08	-5.36	-5.44	-5.53	-5.61
<b>Operating Expenses</b>	<b>-207.10</b>	<b>-215.80</b>	<b>-221.28</b>	<b>-228.25</b>	<b>-230.07</b>	<b>-238.48</b>	<b>-242.67</b>	<b>-251.94</b>	<b>-260.44</b>	<b>-270.38</b>
<b>Net Operating Result</b>	<b>-4.20</b>	<b>-3.53</b>	<b>-0.29</b>	<b>0.48</b>	<b>1.35</b>	<b>2.56</b>	<b>0.35</b>	<b>0.57</b>	<b>1.95</b>	<b>2.28</b>
Non Cash amounts excluded	46.60	47.73	47.73	49.32	50.97	52.91	54.92	57.02	59.20	61.47
Profit/(Loss) on Asset Disposal	-0.41									
<b>Amount Attributable to Operating Activities</b>	<b>41.99</b>	<b>44.20</b>	<b>49.03</b>	<b>51.44</b>	<b>54.26</b>	<b>57.49</b>	<b>57.37</b>	<b>59.77</b>	<b>63.42</b>	<b>66.11</b>
<b>INVESTING ACTIVITIES</b>										
<b>Inflows from Investing Activities</b>										
Capital Grants, subsidies & contributions	11.60	12.50	11.50	12.00	12.00	12.50	12.50	13.00	13.50	14.00
Proceeds from disposal of assets	1.07	1.45	1.45	1.45	1.45	1.45	1.49	1.52	1.56	1.60
	12.67	13.95	12.95	13.45	13.45	13.95	13.99	14.52	15.06	15.60
<b>Outflows from investing Activities</b>										
Building Infrastructure	-17.77	-13.50	-14.00	-14.50	-15.00	-15.50	-16.00	-16.50	-17.00	-17.50
Roads Infrastructure	-19.66	-18.00	-18.50	-19.00	-19.50	-20.00	-20.50	-21.00	-21.50	-22.00
Open Space Infrastructure	-6.66	-6.25	-6.50	-6.75	-7.00	-7.25	-7.50	-7.75	-8.00	-8.25
Plant & Equipment	-5.46	-6.05	-6.25	-6.45	-6.60	-6.80	-7.00	-7.20	-7.40	-7.60
Port Coogee Marina	-0.10	-1.50	-1.50	0.00	0.00	-0.30	0.00	0.00	-0.50	0.00
Waste Management	-3.73	-13.94	-5.00	-3.00	-0.50	-1.00	-15.00	-1.00	0.00	0.00
Information Technology	-0.35	-0.50	-0.50	-0.55	-0.55	-0.55	-0.60	-0.65	-0.70	-0.75
	-53.73	-59.74	-52.25	-50.25	-49.15	-51.40	-66.60	-54.10	-55.10	-56.10
Non Cash Amounts Excluded										
<b>Amount Attributable to Investing Activities</b>	<b>-41.06</b>	<b>-31.98</b>	<b>-45.79</b>	<b>-39.30</b>	<b>-36.80</b>	<b>-35.70</b>	<b>-37.45</b>	<b>-52.61</b>	<b>-39.58</b>	<b>-40.04</b>
<b>FINANCING ACTIVITIES</b>										
<b>Inflows from Financing Activities</b>										
Transfer from Reserve - Operating	2.71	1.13	0.73	1.39	0.89	1.14	0.95	1.45	1.26	1.56
Transfer from Reserve - Capital	42.61	48.29	39.30	36.80	35.70	37.45	52.61	39.58	40.04	40.50
	45.33	49.42	40.03	38.19	36.59	38.60	53.56	41.03	41.30	42.07
<b>Outflows from Financing Activities</b>										
Repayment of Borrowings	-2.50	-2.50								
Transfer to Reserve Accounts	-44.46	-45.87	-50.41	-53.44	-55.52	-59.11	-58.85	-61.74	-65.28	-67.83
	-46.96	-48.37	-50.41	-53.44	-55.52	-59.11	-58.85	-61.74	-65.28	-67.83
<b>Amount Attributable to Financing Activities</b>	<b>-1.63</b>	<b>1.05</b>	<b>-10.37</b>	<b>-15.25</b>	<b>-18.93</b>	<b>-20.52</b>	<b>-5.29</b>	<b>-20.71</b>	<b>-23.99</b>	<b>-25.76</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>										
<b>Surplus or Deficit at the start of the financial year</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
Amount attributable to Operating Activities	41.99	44.20	49.03	51.44	54.26	57.49	57.37	59.77	63.42	66.11
Amount attributable to Investing Activities	-41.06	-45.79	-39.30	-36.80	-35.70	-37.45	-52.61	-39.58	-40.04	-40.50
Amount attributable to Financing Activities	-1.63	1.05	-10.37	-15.25	-18.93	-20.52	-5.29	-20.71	-23.99	-25.76
<b>Surplus or Deficit at the end of the financial year</b>	<b>0.30</b>	<b>0.46</b>	<b>0.35</b>	<b>0.39</b>	<b>0.62</b>	<b>0.52</b>	<b>0.47</b>	<b>0.48</b>	<b>0.39</b>	<b>0.84</b>

## Financial Reserves

	Opening Bal	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
<b>UNRESTRICTED RESERVES</b>											
BUILDING INFRASTRUCTURE	74.97	71.89	73.89	76.69	80.59	83.99	88.49	92.49	98.59	104.79	112.09
OPEN SPACE INFRASTRUCTURE	2.85	3.64	4.39	5.89	7.14	9.14	11.39	13.89	17.14	21.14	24.89
TECHNOLOGY	4.94	4.74	4.74	4.74	4.69	4.89	5.09	5.34	5.69	6.24	6.99
COMMERCIAL LANDFILL	23.98	24.15	14.21	17.71	21.21	24.71	27.21	14.71	13.71	13.71	13.71
ROADS INFRASTRUCTURE	12.51	11.99	14.49	19.69	26.29	31.89	38.39	44.39	51.29	59.09	67.29
RISK	2.19	2.19	2.44	2.69	2.94	3.24	3.54	3.84	4.14	4.64	5.14
PROJECT CONTINGENCY	8.17	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62
CLIMATE CHANGES MITIGATION	1.31	1.55	1.75	1.85	1.85	2.10	2.35	2.70	2.95	3.45	4.15
LAND MANAGEMENT	1.72	2.11	2.49	2.88	3.26	3.64	4.03	4.41	4.80	5.18	5.56
PLANT & EQUIPMENT	10.00	8.75	8.15	7.85	7.35	7.20	7.35	7.33	7.66	7.82	7.82
PORT COOGEE MARINA	2.02	2.53	1.58	0.63	1.18	1.73	2.03	2.63	3.28	3.48	4.18
WASTE MANAGEMENT	0.28	2.28	3.78	0.78	-0.22	1.78	4.28	6.78	9.28	12.03	14.78
PORT COOGEE WATERWAYS WEMP	0.80	0.80	0.50	0.50	0.20	0.20	0.20	0.20	0.20	0.20	0.20
NAVAL BASE SHACKS	1.44	1.49	1.69	1.89	2.09	2.29	2.49	2.69	2.89	3.09	3.29
<b>TOTAL - UNRESTRICTED RESERVES</b>	<b>147.19</b>	<b>145.73</b>	<b>141.72</b>	<b>151.40</b>	<b>166.19</b>	<b>184.42</b>	<b>204.45</b>	<b>209.02</b>	<b>229.23</b>	<b>252.47</b>	<b>277.71</b>
<b>RESTRICTED RESERVES</b>											
PORT COOGEE WATERWAYS SAR	0.42	0.53	0.65	0.78	0.91	1.05	1.19	1.35	1.51	1.68	1.85
PORT COOGEE SPECIAL MAINTENANCE SAR	2.02	2.20	2.15	2.33	2.28	2.46	2.41	2.59	2.55	2.74	2.71
COCKBURN COAST SAR	0.16	0.20	0.24	0.27	0.31	0.34	0.38	0.41	0.45	0.48	0.51
POS CASH IN LIEU	9.22	9.22	9.22	9.22	9.22	9.22	9.22	9.22	9.22	9.22	9.22
DEVELOPER CONTRIBUTION PLANS	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35
RESTRICTED FUNDS	2.52	2.79	3.14	3.49	3.84	4.19	4.54	4.89	5.24	5.59	5.94
<b>TOTAL - RESTRICTED RESERVES</b>	<b>37.68</b>	<b>38.28</b>	<b>38.74</b>	<b>39.43</b>	<b>39.90</b>	<b>40.60</b>	<b>41.09</b>	<b>41.81</b>	<b>42.31</b>	<b>43.05</b>	<b>43.58</b>
<b>TOTAL - ALL RESERVES</b>	<b>184.88</b>	<b>184.01</b>	<b>180.46</b>	<b>190.84</b>	<b>206.09</b>	<b>225.02</b>	<b>245.54</b>	<b>250.83</b>	<b>271.54</b>	<b>295.52</b>	<b>321.29</b>

	Opening Bal	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
TOTAL - UNRESTRICTED RESERVES	147.19	145.73	141.72	151.40	166.19	184.42	204.45	209.02	229.23	252.47	277.71
TOTAL - RESTRICTED RESERVES	37.68	38.28	38.74	39.43	39.90	40.60	41.09	41.81	42.31	43.05	43.58
<b>TOTAL - ALL RESERVES</b>	<b>184.88</b>	<b>184.01</b>	<b>180.46</b>	<b>190.84</b>	<b>206.09</b>	<b>225.02</b>	<b>245.54</b>	<b>250.83</b>	<b>271.54</b>	<b>295.52</b>	<b>321.29</b>

## Table of key assumptions used in compiling the LTFP:

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>ASSUMPTIONS</b>	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Consumer Price Index (CPI)	4.00%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Residential Rates	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Commercial Rates	5.50%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Industrial Rates	5.50%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%
Growth	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Interest Earnings	5.00%	4.80%	4.50%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Financial Assistance Grants	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Operating Grants - Other	4.00%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees & Charges	4.00%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contributions, Donations & Reimbursements	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salaries & Wages	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials & Contracts	4.00%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utilities	6.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Insurance	7.00%	6.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Depreciation	4.00%	3.50%	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortisation	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Expenses	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

## Sensitivity Tables

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
<b>Net Operating Result</b>	<b>-4.20</b>	<b>-3.53</b>	<b>-0.29</b>	<b>0.48</b>	<b>1.35</b>	<b>2.56</b>	<b>0.35</b>	<b>0.57</b>	<b>1.95</b>	<b>2.28</b>
<b>Net Operating Result (-0.5% Drop In Rate Increase)</b>	<b>-4.84</b>	<b>-4.91</b>	<b>-2.44</b>	<b>-2.51</b>	<b>-2.53</b>	<b>-2.30</b>	<b>-5.57</b>	<b>-5.58</b>	<b>-4.45</b>	<b>-4.38</b>
<b>Net Operating Result (+0.5% Increase CPI)</b>	<b>-4.52</b>	<b>-4.51</b>	<b>-1.97</b>	<b>-1.94</b>	<b>-1.83</b>	<b>-1.45</b>	<b>-4.55</b>	<b>-5.27</b>	<b>-4.89</b>	<b>-5.66</b>
<b>Net Operating Result - (Combined Impact)</b>	<b>-5.16</b>	<b>-5.89</b>	<b>-4.12</b>	<b>-4.93</b>	<b>-5.72</b>	<b>-6.31</b>	<b>-10.46</b>	<b>-11.42</b>	<b>-11.29</b>	<b>-12.32</b>

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
<b>IMPACT OPERATING RESULT -0.5% Drop in Rate</b>	<b>-0.64</b>	<b>-1.38</b>	<b>-2.15</b>	<b>-2.98</b>	<b>-3.89</b>	<b>-4.86</b>	<b>-5.91</b>	<b>-6.15</b>	<b>-6.40</b>	<b>-6.66</b>
<b>IMPACT OPERATING RESULT +0.5% Increase in CPI</b>	<b>-0.32</b>	<b>-0.98</b>	<b>-1.68</b>	<b>-2.42</b>	<b>-3.18</b>	<b>-4.02</b>	<b>-4.90</b>	<b>-5.84</b>	<b>-6.83</b>	<b>-7.94</b>
<b>COMBINED IMPACT</b>	<b>-0.96</b>	<b>-2.36</b>	<b>-3.83</b>	<b>-5.40</b>	<b>-7.07</b>	<b>-8.88</b>	<b>-10.81</b>	<b>-11.99</b>	<b>-13.23</b>	<b>-14.60</b>