



City of Cockburn

Long-Term Financial Plan 2028-2037



Cockburn, the best place to be

www.cockburn.wa.gov.au



Table of contents

Acknowledgement of country	3
Executive summary	3
Introduction	4
Integrated Planning and Reporting Framework	5
Long-Term Financial Plan Context	6
1.1 Key Challenges and Considerations.....	6
1.1.1 Maintaining and Funding Assets	6
1.1.2 Financial Sustainability and Ratepayer Affordability	7
1.1.3 External Cost Pressures	7
1.1.4 Community Growth, Services and Workforce	7
2.1 Operating Performance	
2.1.1 Operating Revenue	8
2.1.2 Operating Expenditure	8
3.1 Financial Planning Basis	9
3.1.1 Key Financial Assumptions.....	9
4.1 Asset Management Planning	10
5.1 Capital Program.....	11
5.1.1 Capital Program	11
5.1.2 Major Capital Projects	12
5.1.3 Spend Type	12
5.1.4 Spend By Asset Class	13
5.1.5 Capital Program Funding.....	14
6.1 Reserves	15
7.1 Borrowings	16
8.1 Measure of Financial Sustainability	16
8.1.1 Asset Sustainability Ratio	17
8.1.2 Operating Surplus Ratio	17
8.1.3 Own Source Revenue Coverage Ratio	17
8.1.4 Summary	18
9.1 Risk Management.....	18
10.1 Sensitivity Review.....	19
11.1 Conclusion.....	19
Annexures.....	
Annexure 1 – Statement of Financial Activity	21

Annexure 2 – Capital Program	23
Annexure 3 – Reserves.....	24

Acknowledgement of country

The City of Cockburn acknowledges the Nyungar people of Beeliar Boodjar. Long ago, now and in the future they care for Country.

We acknowledge a continuing connection to Land, Waters and Culture and pay our respects to Elders, past and present.

Executive summary

The Long-Term Financial Plan 2027/28 to 2036/37 provides the City with a financially sustainable roadmap to deliver community services, maintain and renew infrastructure, and support future growth. As a key component of the City's Integrated Planning and Reporting Framework, the Plan aligns the City's strategic priorities with its long-term financial capacity.

The Plan has been developed in a period of ongoing economic uncertainty and increasing cost pressures. In response, the City has adopted a prudent financial strategy that balances affordability for ratepayers with the need to invest in essential infrastructure, maintain service levels, and plan for future asset renewal. Based on the assumptions adopted, the City is forecast to maintain a positive operating position, strengthen financial capacity over time, and preserve strong reserve balances to support future priorities.

Over the ten-year period, the Plan includes approximately \$918 million in capital investment, funded through a mix of municipal funds, reserves, external contributions and limited strategic borrowings. This investment will support asset renewal, delivery of major community infrastructure, and provision of services to support a growing population. In addition, the City's asset base is expected to grow substantially through gifted assets associated with development activity, further expanding the infrastructure and services available to the community.

Although long-term financial planning is inherently uncertain, the Plan indicates that the City is well positioned to respond to future challenges, accommodate growth, and sustainably deliver infrastructure and services. Recognising that change is constant, the Plan is intended to be a living document that will evolve over its term. Regular reviews and updates will ensure it remains aligned with community expectations, Council priorities, and prevailing economic conditions.

Introduction

The City of Cockburn Long-Term Financial Plan (LTFP) 2027/28 to 2036/37 provides a ten-year financial roadmap to support the delivery of the City's Strategic Community Plan, Corporate Business Plan, and long-term community outcomes. As a key component of the Integrated Planning and Reporting Framework, the LTFP aligns the City's strategic objectives with a financially sustainable funding strategy.

The Plan has been informed by a comprehensive review of the previous LTFP, incorporating lessons learned, updated financial projections, Council priorities, and changing economic conditions. This process ensures the City maintains a realistic and evidence-based understanding of its long-term financial capacity, service obligations, infrastructure requirements, and strategic investment priorities.

The LTFP provides a strategic framework for responsible decision-making by forecasting operating performance, capital expenditure, cash flow, reserves and borrowings over a ten-year period. While it is not a fixed budget, it helps the City assess future opportunities and challenges, maintain financial sustainability, and support the equitable allocation of resources between current and future generations.

The City continues to apply the financial principles that have guided previous long-term planning and remain critical to achieving financial sustainability. These principles include:

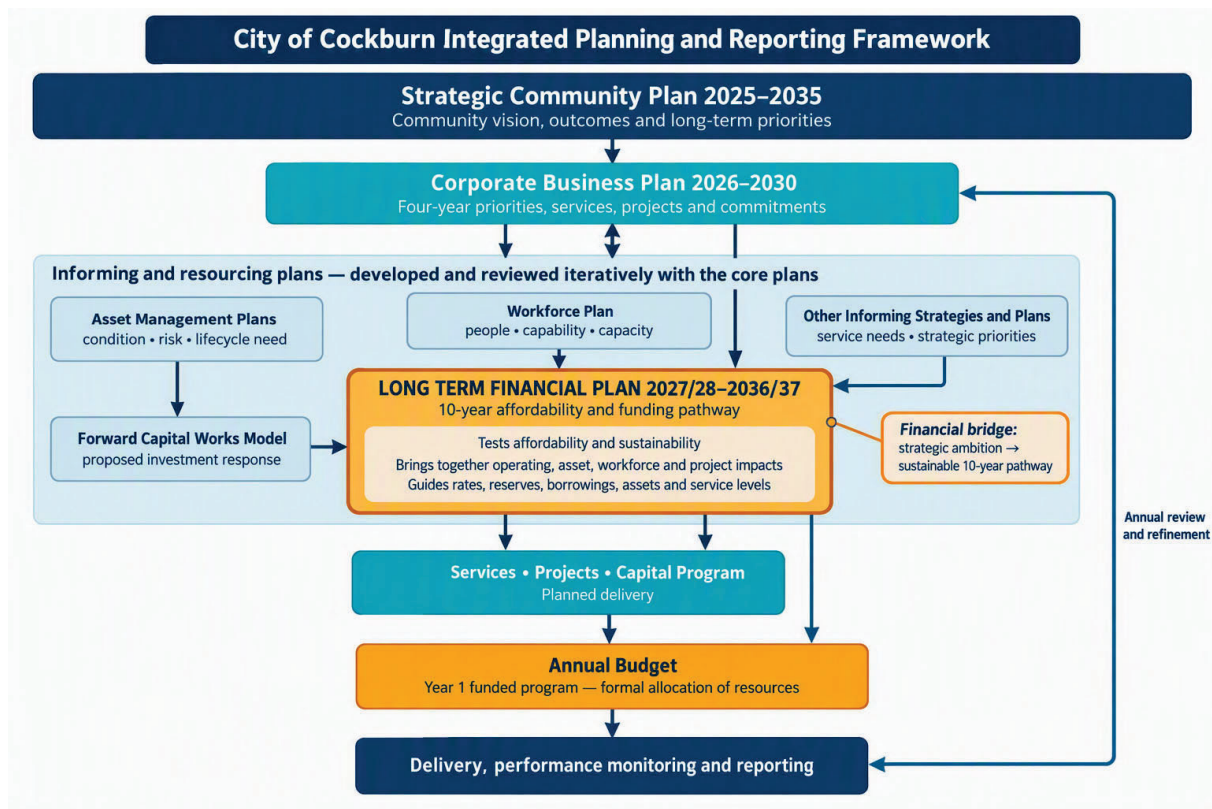
- Planning for balanced budgets, operating surpluses and strong cash reserves.
- Applying a disciplined and prudent approach to debt funding.
- Pursuing government grant funding for strategic capital projects.
- Setting rates at levels that support sustainable asset management, including the renewal, replacement, upgrade, and expansion of assets.
- Maintaining agreed service levels while providing capacity for new and expanded services to meet population growth and community expectations.
- Ensuring value for money across all programs and services.
- Optimising revenue from fees and charges through appropriate cost recovery and market-based pricing.
- Using financial reserves to support intergenerational equity, smooth future rate impacts and minimise reliance on debt.

Together, these principles underpin the assumptions, forecasts and financial strategies contained in this Plan and provide the foundation for the City's long-term financial sustainability. Recognising that change is constant, these principles will continue to guide the City's financial decision-making as the Plan is reviewed and refined over time in response to changing circumstances and priorities.

Integrated Planning and Reporting Framework

The City of Cockburn's Integrated Planning and Reporting Framework (IPRF) links the community's long-term aspirations with Council's strategic priorities and the resources required to deliver them.

At the centre of the framework is the Strategic Community Plan, which defines the City's long-term vision and desired outcomes. The Corporate Business Plan translates these outcomes into medium-term priorities, projects and services. Supporting plans, including the Long-Term Financial Plan, Asset Management Plans and Workforce Plan, ensure these priorities are aligned within the City's financial capacity, asset requirements and workforce capability.



The Long-Term Financial Plan is a key component of the framework, providing a ten-year outlook of the resources required to maintain services, renew and manage infrastructure, deliver strategic projects, and support future growth.

The LTFP brings together the financial implications of the City's asset, workforce and service planning to assess affordability, sustainability, and long-term financial capacity. As a strategic roadmap, it informs decision-making by identifying future funding requirements, risks, opportunities, and trade-offs. It is not a commitment to fund every initiative identified over the planning period.

The Annual Budget represents the first year of the LTFP, translating long-term planning into annual service delivery and resource allocation. Together, the City's strategic, financial, asset and workforce plans support the sustainable and financially responsible delivery of community priorities.

Long-Term Financial Planning Context

The Long-Term Financial Plan 2027/28–2036/37 (LTFP) provides a ten-year financial outlook that translates the priorities of the Strategic Community Plan into an affordable and sustainable program of services, assets and infrastructure. It guides the City's approach to rates, operating expenditure, capital investment, borrowings and reserves, while supporting future growth and changing community needs.

The LTFP is based on the best information available at the time of preparation. Recognising that economic conditions, service requirements, and priorities will continue to evolve, the Plan will be reviewed and updated through the annual budget process and future iterations of the LTFP.

1.1 Key Challenges and Considerations

1.1.1 Maintaining and Funding Assets

The City's long-term financial sustainability depends on balancing investment in new infrastructure with the renewal of existing assets. Over the life of the Plan, the City expects to receive approximately \$254 million in gifted assets, while 52.3% of capital expenditure is allocated to new and upgraded assets. This associated operating, maintenance and renewal costs have been incorporated into the Long-Term Financial Plan.

The City seeks to cash-back depreciation through asset management reserves, helping to fund future asset replacement costs and support intergenerational equity.

Asset renewal expenditure is forecast to remain below depreciation over the Plan, with the Asset Sustainability Ratio ranging from 62.5% to 85.9%, reflecting the City's current growth phase and focus on expanding infrastructure.

As the asset base grows, maintaining an appropriate balance between new investment,

asset renewal and future replacement funding remains critical. The preferred financial strategy, including annual rate increases of CPI plus 1% and growth in the rating base, provides capacity to fund these increasing lifecycle costs and support long-term financial sustainability.

1.1.2 Financial Sustainability and Ratepayer Affordability

A key objective of the LTFP is to strengthen the City's operating position while balancing affordability for ratepayers with the funding required to maintain services, support growth and manage an expanding asset base.

The preferred financial strategy applies annual rate increases of CPI plus 1% together with growth in the rating base, providing a sustainable revenue source to meet increasing operating and lifecycle costs while maintaining adequate reserves for future asset renewal and replacement.

Under this approach, the City is forecast to return to an operating surplus of \$1.56 million in 2027/28, increasing to \$30.14 million by 2036/37. These improving operating outcomes strengthen the City's capacity to fund future operating, capital and asset lifecycle requirements while supporting long-term financial sustainability.

1.1.3 External Cost Pressures

The LTFP has been prepared in an environment of continuing economic and geopolitical uncertainty. Inflation, labour costs, utilities, construction costs, fuel-price volatility, interest rates, supply-chain pressures, and global conflicts may affect future financial outcomes.

Prudent escalation assumptions have been applied using the most current information available. These assumptions will continue to be monitored and adjusted where economic conditions change.

1.1.4 Community Growth, Services and Workforce

The City's population is estimated to reach approximately 142,559 residents in 2027. Over the forecast period, the population is expected to increase by around 21,630 residents, or 15.2%, while the number of dwellings is projected to increase by approximately 11,139, or 20.8%, from an estimated 53,624 dwellings.

This continued population and housing growth will increase demand for City services, community facilities and infrastructure. While growth will expand the City's revenue base, it will also create additional workforce, operating, maintenance and asset renewal requirements.

The LTFP provides for measured organisational growth to meet changing community needs while recognising opportunities to improve productivity and service delivery through

technology, automation and artificial intelligence. The City will continue to evaluate and adopt technology-enabled solutions where they support workforce effectiveness, service outcomes, and the sustainable delivery of services to a growing community.

2.1 Operating Performance

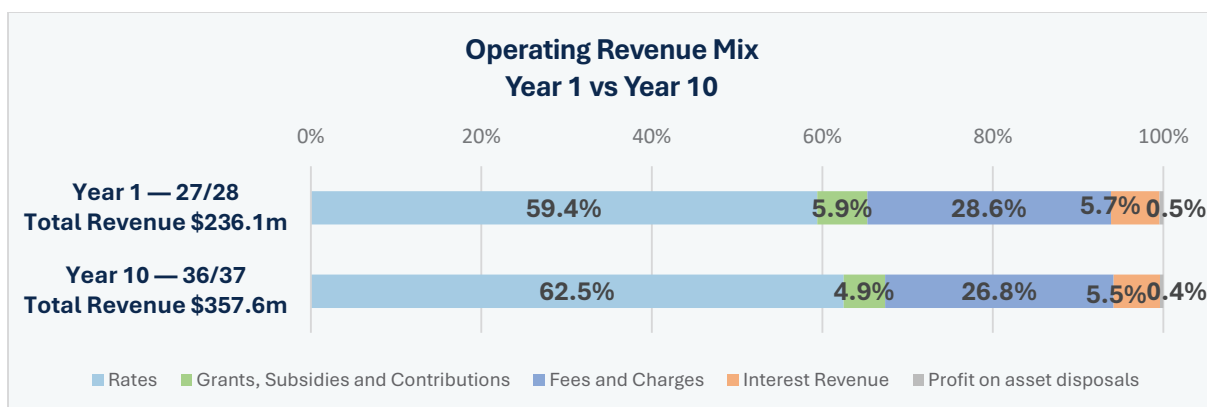
Operating performance measures the City's ability to generate sufficient revenue to fund ongoing service delivery and asset maintenance. A sustainable operating position enables the City to meet these costs while maintaining reserves and supporting future asset renewal and capital investment.

2.1.1 Operating Revenue

Operating revenue forecasts have been developed using detailed modelling and planning assumptions aligned with the Long-Term Financial Plan. Major revenue sources, including rates, fees and charges, interest earnings, grants and contributions, have been projected based on expected growth, indexation, and service demand. To improve transparency, the Waste Service Charge has been separately reported within Fees and Charges rather than Rates.

Total operating revenue is forecast to increase from \$236.1 million in 2027/28 to \$357.6 million in 2036/37, driven by population growth, an expanding rate base, inflation, and increased service demand.

The data used in the following graphs is drawn from the detailed Statement of Financial Performance in **Annexure 1**.

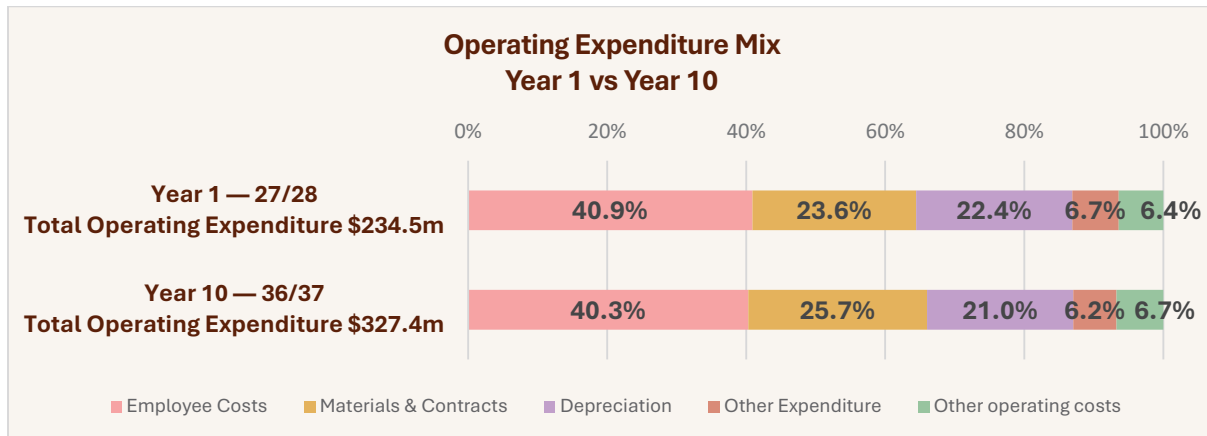


2.1.2 Operating Expenditure

Operating expenditure forecasts are based on detailed modelling and the assumptions outlined in the LTFP. Expenditure growth reflects expected increasing employee costs, contracted services, utilities, insurance, amortisation and depreciation associated with a growing asset base and service demands.

Operating expenditure is forecast to increase from \$234.5 million in 2027/28 to \$327.4 million in 2036/37, supporting ongoing service delivery, infrastructure maintenance, and community growth in a financially sustainable manner.

The data presented in this section is derived from the detailed financial projections in **Annexure 1**.



3.1 Financial Planning Basis

The Long-Term Financial Plan has been developed on a financially sustainable basis that balances service delivery, community growth, and asset renewal. It incorporates prudent financial management, realistic growth assumptions, and disciplined infrastructure investment.

The Plan is designed to progressively strengthen the City's financial position, increasing its capacity to fund asset renewal, maintain reserves and respond to future challenges and opportunities. The key financial assumptions underpinning the LTFP are outlined below.

3.1.1 Key Financial Assumptions

Area	Assumption Applied	What this means for long-term financial planning
CPI	3.3% in 2027/28; 3.0% in 2028/29; 2.5% p.a. thereafter	Reflects current cost pressures in the early years before transitioning toward longer-term inflation expectations.
Rates Strategy	CPI + 1.0% p.a. from 2027/28 to 2036/37	Supports gradual improvement in the operating position and increases capacity to fund future asset renewal while maintaining a predictable rates pathway.
Waste Services Charges	CPI	Separating the Waste Service Charge from the Rates and applying CPI improves the transparency of waste modelling by clearly matching waste costs to charge revenue.
Organic Rates Growth	1.5% p.a.	Reflects additional revenue from new development, subdivisions, property improvements and growth in the rating base.
Fees and Charges	Generally, CPI	Fees and charges increase in line with inflation unless specific modelling, demand forecasts or approved business cases support an alternative increase.

Area	Assumption Applied	What this means for long-term financial planning
Operating Grants	CPI	Existing operating grant streams are assumed to continue and generally increase in line with inflation, subject to future government funding decisions.
Materials and Contracts	CPI less 2.5% in 2027/28; generally, CPI thereafter	Reflects an initial expenditure efficiency, with subsequent expenditure generally indexed by CPI unless specific modelling supports an alternative forecast.
Employee Costs	CPI plus organisational growth provision	Salary and wage increases are assumed to broadly align with CPI, with controlled growth to respond to service demand and organisational requirements.
Workforce Growth	0.75% p.a.	Provides additional organisational capacity to respond to community growth, increased service demand and operational requirements.
Technology and Productivity	0.25% p.a.	Provides capacity for automation, artificial intelligence and other technology-enabled initiatives intended to improve productivity and service efficiency.
Utilities	3.3% p.a. in 2027/28 and 2028/29; 4.0% p.a. thereafter	Provides a prudent allowance for utility cost escalation above general inflation over the longer term.
Street Lighting	5.9% p.a.	Reflects the higher anticipated escalation in electricity-related street-lighting costs.
Interest Earnings	Follows CPI/Interest rate movement plus margin	Follows CPI and includes a 1% Margin
Insurance	6.00% p.a.	Recognises that insurance costs are expected to increase above general inflation and provides a consistent allowance for this cost pressure over the planning period.
Other Expenses	3.30% in 2027/28; 3.00% in 2028/29; 2.75% in 2029/30; 2.50% p.a. thereafter	Other operating expenses are generally escalated in line with CPI unless specific modelling or known expenditure requirements support a different forecast.
Fuel	8% reduction from the 2026/27 Adopted Budget provision	Assumes fuel prices moderate from the elevated allowance incorporated in the 2026/27 budget, with the adjusted cost base carried forward.
Capital Expenditure	Escalated using adopted inflation assumptions	Future capital expenditure is indexed where asset plans, capital programs or replacement programs are expressed in current-dollar values.
Depreciation	Generally CPI for existing assets, plus additional depreciation for new and upgraded assets	Reflects renewal of the existing asset base and additional depreciation as new and upgraded assets are brought into service.
Amortisation	Based on Henderson Waste Recovery Park Landfill Rehabilitation modelling	Based on Henderson Waste Recovery Park modelling and available landfill airspace.

For the first two years of the LTFP, CPI assumptions are based on the Local Government Cost Index (LGCI) forecasts published in WALGA's June Economic Forecast, providing a sector-specific basis for expected movements in the cost of delivering local government services. Beyond this period, inflation is assumed to moderate and return to within the Reserve Bank of Australia's target range, providing a prudent long-term basis for escalating relevant operating revenues and expenditure across the remaining years.

4.1 Asset management planning

The City of Cockburn manages infrastructure assets valued at more than \$2.2 billion. These assets support residents, businesses and the broader Cockburn community.

To ensure sustainable management of its infrastructure, property, and plant assets, the City has developed a Strategic Asset Management Planning Framework (SAMPF), which is being used to guide collection and interpretation of detailed asset data at operational and strategic levels.

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

1. Road Asset Management Plan 2024-2028
2. Footpath Asset Management Plan 2024-2028
3. Drainage Asset Management Plan 2024-2028
4. Parks & Environment Asset Management Plan 2024-2028
5. Buildings Asset Management Plan 2024-2028
6. Cockburn ARC Asset Management Plan 2024-2028
7. Fleet & Plant Asset Management Plan 2024-2028
8. Marina Asset Management Plan 2024-2028
9. Coastal Infrastructure Asset Management Plan 2024-2028
10. Bridges Asset Management Plan 2024-2028

The City's Asset Management Plans (AMPs) cover the four-year period from 2024/25 to 2027/28 and have recently been updated to incorporate the latest asset condition data and lifecycle assessments. Comprehensive condition surveys have been completed for key asset classes, providing enhanced information to support the updated Buildings, Roads and Active Reserves and Community (ARC) Asset Management Plans.

The Long-Term Financial Plan has been developed using the renewal and replacement forecasts contained within these Asset Management Plans. The capital works program incorporates these forecasts through program-based allocations, ensuring that future asset renewal investment is informed by the City's identified asset condition, lifecycle requirements and long-term service delivery objectives.

This approach strengthens the alignment between asset management planning and long-term financial planning, supporting informed decision-making regarding future funding requirements, infrastructure renewal priorities and the long-term sustainability of the City's asset portfolio.

5.1 CAPITAL PROGRAM

5.1.1 Capital Program

The City is investing approximately \$918 million in capital infrastructure over the life of the Plan to renew existing assets, deliver strategic projects and support future growth. The program is informed by Council-endorsed strategic plans, asset management plans and the Forward Capital Works Program. In addition, the City expects to receive approximately \$254 million in gifted assets from developer-funded infrastructure and subdivision activity,

bringing the total forecast infrastructure investment and asset growth to approximately \$1.17 billion over the planning period.

5.1.2 Major Capital Projects

The projects listed below represent some of the City's most significant planned capital investments over the life of the Long-Term Financial Plan. Delivery will be subject to ongoing planning, funding availability and Council approval.

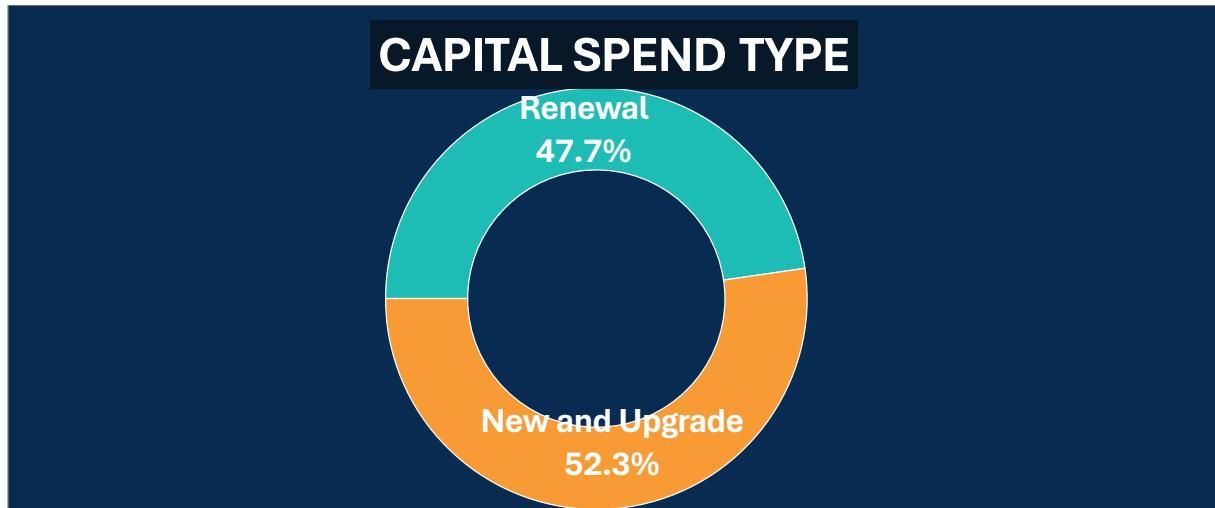
Major Project	Estimated Cost (\$M)
Wally Hagan Recreation Centre	60.00
Civic Administration Facility	59.60
Beeliar Drive Extension Phase 1 (Stock Road to Hamilton Road, including bridge)	26.11
Beeliar Drive Extension Phase 2 (Hamilton Road to Cockburn Road)	26.11
Coolbellup Community Facilities Upgrade (Len Packham Clubrooms and Coolbellup Community Hub)	25.25
Jandakot Road Upgrade (Skotsch Road to Warton Road)	18.35
Success Regional Sport Reserve upgrade building	14.92
Port Coogee Community Space	11.66
Hamilton Hill Community Centre	9.40
Total of Major Projects Listed	251.4

These projects represent some of the City's most significant planned investments and are expected to deliver community, economic, and operational benefits. Collectively, they will enhance recreational opportunities, strengthen community infrastructure, improve transport connectivity and support efficient service delivery across the municipality. While these projects account for approximately \$251.4 million of the capital program, the broader \$918 million capital works portfolio also includes significant investment in roads, drainage, parks, buildings, sporting facilities, fleet, information technology, waste infrastructure and asset renewal programs. These investments are essential to maintaining service levels and supporting sustainable long-term growth.

5.1.3 Spend Type

The capital program is categorised into Renewal and New and Upgrade investments. Renewal expenditure covers the replacement and refurbishment of existing assets, while New and Upgrade expenditure relates to new assets and enhancements to existing infrastructure. Where projects include both renewal and upgrade elements, costs have

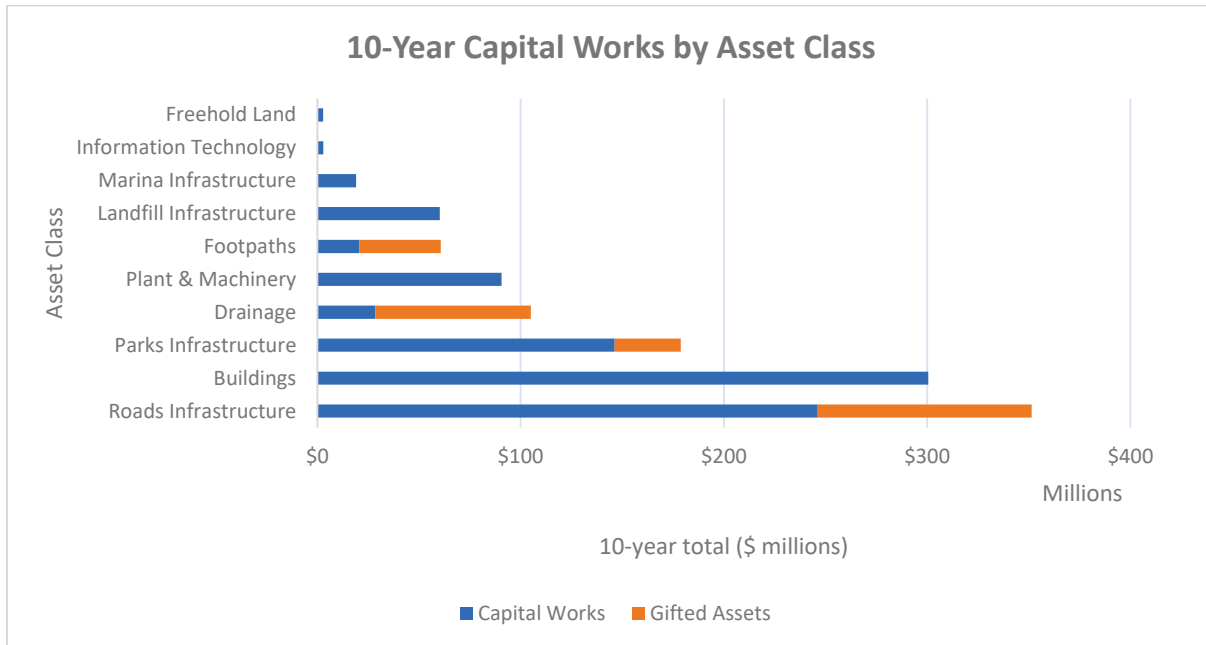
been allocated between the relevant categories. The graph below includes City-funded capital works only and excludes gifted assets..



5.1.4 Spend by Asset Class

The graph and table below provide an overview of the City's planned capital investment over the next 10 years, together with forecast gifted assets. The investment is presented by asset class and demonstrates the scale and distribution of funding across the City's programs.

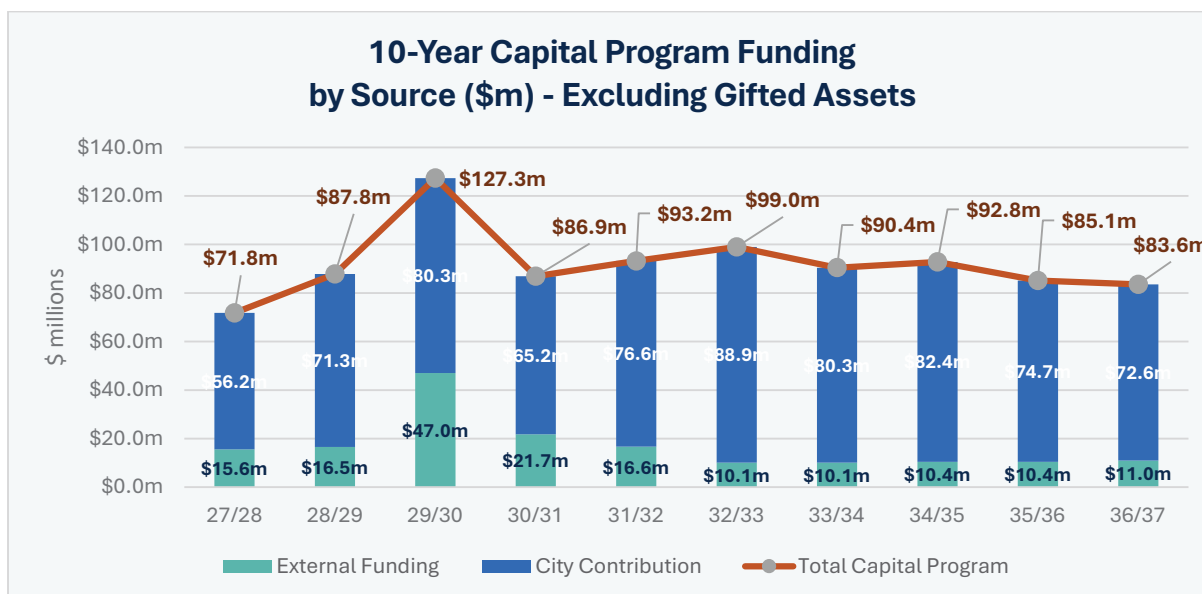
Total Capital Works — 10-Year LTFP			
10-year capital works by asset class, with gifted assets shown as a separate component.			
Asset Class	Capital Works	Gifted Assets	Total Capital
Roads Infrastructure	\$246,160,445	\$105,251,470	\$351,411,915
Buildings	\$300,603,312	-	\$300,603,312
Parks Infrastructure	\$146,277,678	\$32,460,526	\$178,738,204
Drainage	\$28,482,877	\$76,563,875	\$105,046,752
Plant & Machinery	\$90,610,621	-	\$90,610,621
Footpaths	\$20,670,432	\$39,986,252	\$60,656,684
Landfill Infrastructure	\$60,219,303	-	\$60,219,303
Marina Infrastructure	\$19,064,701	-	\$19,064,701
Information Technology	\$2,911,937	-	\$2,911,937
Freehold Land	\$2,844,089	-	\$2,844,089
Total	\$917,845,396	\$254,262,122	\$1,172,107,518



5.1.5 Capital Program – Funding

The Long-Term Financial Plan includes a \$918 million capital program over the ten-year planning period, supporting asset renewal, upgrades, growth infrastructure and strategic projects across the City. The program is funded through a mix of municipal funds, reserves, borrowings, grants and developer contributions, providing a balanced funding approach that supports the delivery of infrastructure while maintaining sustainability.

The graph below summarises the annual funding profile of the capital program, highlighting the mix of internal and external funding sources over the life of the Plan. Further details of the capital program and funding sources are provided in Annexure 2 – Capital Program.



6.1 Reserves

Reserves play a critical role in maintaining the City's long-term financial sustainability by funding the portion of the Capital Works Program not covered by grants, contributions or other external sources, while also supporting the renewal and replacement of community assets as they reach the end of their useful lives. To meet these funding needs, the City manages 22 reserves, of which 14 are restricted by Council and 8 are restricted by legislation or agreement. The Council Restricted Reserves are allocated to specific purposes determined by Council, including asset management, infrastructure renewal and long-term financial sustainability.

A significant proportion of the City's reserves are held within Council Restricted Reserves, which are predominantly established to support future asset renewal and replacement in accordance with the City's Asset Management Plans (AMPs). Maintaining adequate reserve balances is essential to ensure that future renewal requirements can be funded without placing undue pressure on rates, borrowings or service levels.

As the City continues to invest in new and upgraded infrastructure, careful consideration must be given to the impact these projects have on reserves. While investment in growth and improved community facilities remains important, excessive drawdowns from renewal-focused reserves may reduce the City's capacity to fund future asset renewal obligations when they fall due. The Long-Term Financial Plan therefore seeks to balance investment in new infrastructure with the ongoing renewal needs of the City's existing asset base.

The following table and accompanying graphs illustrate the projected movements in both reserve categories over the life of the Long-Term Financial Plan. Overall reserve balances are forecast to increase by approximately \$11.7 million over the Plan, although balances decline during the middle years as reserves are used to fund the capital program.

Reserve Balance Outlook — 10-Year LTFP

Asset Management Reserves and Other Reserves are shown separately across the 10-year LTFP.

Financial Year	Council Restricted (\$m)	Legislation or Agreement Restricted (\$m)	Total Reserves (\$m)	10-Year Change (\$m)	Lowest Balance (\$m)
27/28	\$233.4m	\$39.5m	\$272.9m	\$11.7m	\$224.2m
28/29	\$228.3m	\$40.4m	\$268.7m		
29/30	\$216.9m	\$26.5m	\$243.4m		
30/31	\$220.6m	\$23.4m	\$244.0m		
31/32	\$215.9m	\$18.1m	\$234.0m		
32/33	\$204.7m	\$19.5m	\$224.2m		
33/34	\$206.2m	\$20.9m	\$227.1m		
34/35	\$211.8m	\$22.3m	\$234.1m		
35/36	\$230.5m	\$23.8m	\$254.2m		
36/37	\$259.4m	\$25.2m	\$284.7m		

7.1 Borrowings

Two new borrowings through the Western Australian Treasury Corporation (WATC) are forecast over the life of the Plan. A \$5.45 million loan is proposed in 2029/30 to support the Port Coogee Marina Expansion, followed by a \$5.0 million loan in 2030/31 for the Wally Hagan Centre Redevelopment. Both loans are assumed to have a term of 10 years with an indicative interest rate of 5.88%, plus the applicable WATC guarantee fee of 0.58%, resulting in an effective borrowing cost of 6.46%.

Planned borrowings are focused on major income-generating assets expected to deliver long-term revenue benefits to the City. Revenue from the Port Coogee Marina Expansion and Wally Hagan Centre Redevelopment is expected to contribute to operating costs and debt servicing, enabling the delivery of strategic infrastructure while minimising impacts on ratepayers and preserving reserves for future priorities.

8.1 Measures of Financial Sustainability

A key objective of the LTFP is to maintain the City's long-term financial sustainability while continuing to provide the infrastructure, facilities and services required by the community. This includes ensuring the City's can fund future asset renewal, replace ageing infrastructure at the appropriate time, and meet evolving community needs.

Monitoring key financial sustainability measures helps assess the City's financial capacity and supports informed decision-making to maintain long-term service delivery and asset stewardship.

To assess its long-term financial position, the City has adopted three key financial sustainability indicators:

- Asset Sustainability Ratio – measures the extent to which asset renewal

expenditure is meeting the required level of asset consumption.

- Operating Surplus Ratio – measures the City's ability to generate sufficient operating revenue to fund ongoing operations.
- Own Source Revenue Coverage Ratio – measures the City's capacity to fund operations from its own recurring revenue sources.

Local Government Financial Ratios — 10-Year LTFP											
Ratio	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	WA Benchmark
Asset Sustainability Ratio	81.8%	73.1%	68.4%	62.5%	64.3%	66.7%	66.6%	85.9%	79.0%	70.5%	90%–110%
Operating Surplus Ratio	0.7%	1.1%	1.4%	2.7%	3.3%	4.4%	5.1%	6.5%	7.4%	8.9%	1%–15%
Own Source Revenue Coverage Ratio	94.1%	94.2%	94.4%	94.5%	94.6%	94.7%	94.9%	94.9%	95.0%	95.1%	>90%

These indicators provide an important measure of the City's financial health and long-term viability.

8.1.1 Asset Sustainability Ratio

The Asset Sustainability Ratio remains below the WA benchmark range of 90% to 110% across the planning period, ranging from 62.5% to 85.9%. This reflects the significant capital investment and competing funding priorities within the City's long-term capital program. While renewal expenditure continues throughout the 10-year period, the ratio indicates that asset renewal funding is below the ideal long-term level and will require ongoing monitoring to ensure the City's asset base remains sustainable.

8.1.2 Operating Surplus Ratio

The Operating Surplus Ratio remains positive throughout, increasing from 0.7% in 2027/28 to 8.9% in 2036/37. While the ratio is below the benchmark range in 2027-28, it improves steadily and remains within the benchmark range for the remainder of the Plan. This trend indicates that the City is progressively generating sufficient operating revenues to fund operating expenditure and contribute towards future capital renewal requirements.

8.1.3 Own Source Revenue Coverage Ratio

The Own Source Revenue Coverage Ratio remains consistently strong throughout the planning period at approximately 94% to 95%, significantly exceeding the WA advanced benchmark of 90%. This demonstrates the City's strong financial independence and ability to fund operations and services from its own recurring revenue sources, reducing reliance on external funding and providing long-term financial resilience.

8.1.4 Summary

Collectively, the indicators demonstrate that the City maintains a strong operating position and a high level of financial self-sufficiency over the 10-year planning period. While the Asset Sustainability Ratio remains below the desired benchmark, the City's planned renewal expenditure is aligned with its Asset Management Plans (AMPs) and reflects the identified renewal needs of its asset portfolio. Renewal requirements will continue to be monitored and refined as asset condition data, priorities and Asset Management Plans are updated, helping to support the long-term sustainability of the City's infrastructure and services.

9.1 Financial Risk Management

The Long-Term Financial Plan relies on assumptions about future economic conditions, population and development growth, revenue, operating costs, capital expenditure and funding needs. As these assumptions span ten years, actual results may differ from forecasts.

The City manages this uncertainty through regular financial monitoring, annual budget reviews, asset management planning and updates to the Long-Term Financial Plan. Key financial risks are considered when assessing the affordability and timing of services, infrastructure investment, reserve utilisation and borrowings.

The following table summarises the key financial risks that may affect the Plan and the measures available to manage these risks.

Financial risk	Potential impact	Management / mitigation
Inflation and cost escalation	Higher construction, materials, utilities and service costs may increase operating and capital expenditure.	Financial assumptions are reviewed annually, with operating and capital impacts updated in annual budget and LTFP updates.
Employee costs	Employee costs may exceed forecasts due to higher wage outcomes from renewed industrial agreements, workforce growth or changing service needs.	Employee cost assumptions are reviewed through the annual budget and workforce planning processes and incorporated into annual budget and LTFP updates.
Interest rates and borrowing costs	Changes in interest rates may affect investment earnings and the cost of existing or proposed borrowings.	Borrowing requirements and interest-rate assumptions are reviewed annually, with the timing and level of new debt considered against the City's overall financial capacity.
Rates and Growth revenue	Lower than forecast development activity or rating base growth may reduce rates revenue and affect the City's capacity to fund planned services and infrastructure	Rates and growth assumptions are reviewed annually through the budget and LTFP processes to reflect current development forecasts, valuation movements and changes in the rating base.
Fees, charges and other revenue	Demand for services or changes in economic conditions may result in fees and charges being lower than forecast.	Revenue performance is monitored through regular financial reporting and assumptions are updated through the annual budget and LTFP review.
Grants and external funding	Changes to government grants, contributions or other external funding may affect the City's ability to deliver planned projects.	Operating and capital grants are reviewed against confirmed and anticipated funding, with project timing, scope and alternative funding options adjusted where necessary. Reviewed as part of annual budget and LTFP updates.

Financial risk	Potential impact	Management / mitigation
Capital project costs and timing	Cost escalation, project delays or changes in scope may increase expenditure or alter the timing of reserve and borrowing requirements.	The capital program is reviewed annually and project forecasts are updated as planning, design and cost estimates become more certain.
Asset renewal requirements	Asset renewal needs may exceed the level or timing currently provided for in the LTFP, placing pressure on future funding.	Asset Management Plans and condition information are used to inform the capital program, with renewal requirements reviewed as asset information improves.
Reserve sustainability	Higher-than-forecast expenditure or lower revenue may increase reliance on reserves and reduce balances available for future priorities.	Reserve balances and planned transfers are monitored over the ten-year period and reviewed as part of annual budget and LTFP updates.
Economic and legislative change	Changes in economic conditions, legislation, government policy or regulatory requirements may affect City revenues, expenditure or service delivery.	Emerging changes are monitored and their financial implications incorporated into the annual budget and LTFP reviews.

The LTFP is based on the best information available at the time of preparation and will be reviewed annually to reflect actual financial performance, changing assumptions, emerging priorities, and revised project delivery plans.

This process enables the City to respond to emerging financial pressures while maintaining long-term financial sustainability and responsible service delivery.

10.1 Sensitivity Review

As part of the Long-Term Financial Plan review, several key assumptions were subject to sensitivity analysis to assess their impact on the City's long-term financial sustainability. The most significant variable tested was the Consumer Price Index (CPI), as it influences a number of major revenue and expenditure assumptions, including rates revenue growth, employee costs, and materials and contract expenditure.

A range of CPI scenarios were modelled to understand the potential effects of varying inflationary conditions on the City's projected financial position over the life of the Plan. The results were presented to Elected Members and informed the assumptions adopted in the Long-Term Financial Plan.

11.1 Conclusion

The Long-Term Financial Plan has been developed using the best available information at the time of preparation and reflects a strategic, long-term approach to financial sustainability. The Plan seeks to balance the City's responsibility to deliver services and infrastructure to a growing community, while maintaining prudent financial management practices, preserving strong reserve balances, and ensuring adequate funding is available for the renewal and replacement of existing assets.

Through careful planning and modelling, the City has sought to provide a financially sustainable pathway that supports community expectations, responds to future challenges, and maintains the financial capacity to invest in the infrastructure and services required by future generations. The Plan demonstrates the City's commitment to responsible stewardship of public resources and the long-term financial viability of the organisation.

The Long-Term Financial Plan is not a static document. It is intended to remain flexible and responsive to changing economic conditions, legislative requirements, service demands, community priorities, and Council decisions. As part of the City's integrated planning framework, the Plan will be reviewed annually to ensure that assumptions, forecasts, and strategic priorities remain relevant and continue to support informed decision-making and sustainable outcomes for the City and its community.

Annexure 1 – Statement of Financial Activity

STATEMENT OF FINANCIAL ACTIVITY										
	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
OPERATING ACTIVITIES	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
Revenue from Operating Activities										
Rates	139.48	147.55	155.65	163.77	172.33	181.35	190.86	200.88	211.44	222.56
Special Area Rates	0.74	0.77	0.79	0.81	0.83	0.85	0.87	0.89	0.91	0.94
Grants, Subsidies and Contributions	13.84	14.25	14.64	15.01	15.38	15.76	16.15	16.56	16.97	17.39
Fees and Charges	67.48	69.12	73.69	75.86	79.82	84.87	87.97	90.41	93.08	95.81
Service Charges	-	-	-	-	-	-	-	-	-	-
Interest Revenue	13.43	13.22	13.88	14.57	15.30	16.07	16.87	17.71	18.60	19.53
Profit on Asset Disposal	1.08	1.12	1.15	1.18	1.21	1.24	1.27	1.30	1.33	1.36
Operating Revenues	236.06	246.02	259.79	271.19	284.87	300.14	314.00	327.75	342.33	357.59
Expenditure from Operating Activities										
Employee Costs	(95.88)	(99.48)	(103.50)	(106.93)	(111.53)	(116.31)	(120.08)	(123.94)	(127.91)	(131.99)
Materials & Contracts	(55.28)	(57.68)	(61.81)	(63.70)	(67.91)	(71.56)	(76.21)	(78.06)	(82.02)	(84.16)
Utility Charges	(7.31)	(7.72)	(8.14)	(8.56)	(9.12)	(9.73)	(10.23)	(10.73)	(11.35)	(11.95)
Depreciation	(52.61)	(54.61)	(57.50)	(59.10)	(60.67)	(62.50)	(64.11)	(65.77)	(67.20)	(68.89)
Amortisation	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)	(4.14)
Finance Costs	(0.71)	(0.72)	(1.39)	(1.34)	(1.30)	(1.25)	(1.20)	(1.14)	(1.08)	(1.02)
Insurance	(2.90)	(3.07)	(3.26)	(3.45)	(3.67)	(3.90)	(4.14)	(4.38)	(4.65)	(4.92)
Other Expenditure	(15.67)	(16.00)	(16.52)	(17.03)	(17.58)	(18.15)	(18.70)	(19.24)	(19.80)	(20.37)
Operating Expenses	(234.49)	(243.41)	(256.25)	(264.25)	(275.91)	(287.54)	(298.80)	(307.41)	(318.16)	(327.44)
Net Operating Result	1.56	2.61	3.54	6.95	8.96	12.60	15.20	20.35	24.17	30.14
Non Cash amounts excluded	55.66	57.63	60.49	62.06	63.60	65.40	66.98	68.61	70.01	71.66
Amount Attributable to Operating Activities	57.23	60.24	64.03	69.00	72.56	78.00	82.18	88.95	94.18	101.81
INVESTING ACTIVITIES										
Inflows from Investing Activities										
Capital Grants, subsidies and contributions	34.81	39.64	56.10	42.53	35.90	36.99	37.88	38.88	39.57	40.80
Proceeds from disposal of assets	1.75	1.87	2.14	2.10	1.72	2.08	2.19	1.61	1.95	2.60
	36.56	41.51	58.23	44.63	37.63	39.07	40.07	40.49	41.51	43.40
Outflows from investing Activities										
Land	-	-	(2.84)	-	-	-	-	-	-	-
Building Infrastructure Capital Expenditure	(19.53)	(26.16)	(56.97)	(23.45)	(18.35)	(42.73)	(42.78)	(36.41)	(22.50)	(11.72)
Roads Infrastructure Capital Expenditure	(34.39)	(41.86)	(47.83)	(60.66)	(67.99)	(49.31)	(51.13)	(54.94)	(55.52)	(53.50)
Open Space Infrastructure Capital Expenditure	(27.69)	(17.45)	(27.17)	(15.79)	(12.02)	(12.42)	(12.71)	(19.19)	(16.79)	(17.52)
Plant & Equipment Capital Expenditure	(8.72)	(7.49)	(10.54)	(8.73)	(6.74)	(12.09)	(8.86)	(7.53)	(9.01)	(10.90)
Port Coogee Marina Capital Expenditure	(0.86)	(6.16)	(1.32)	(1.70)	(1.65)	(1.40)	(1.44)	(1.47)	(1.51)	(1.55)
Waste Management Capital Expenditure	(2.12)	(11.07)	(3.83)	(0.50)	(11.20)	(6.62)	-	(0.38)	(7.61)	(16.89)
Information Technology	(0.26)	(0.27)	(0.27)	(0.28)	(0.29)	(0.29)	(0.30)	(0.31)	(0.32)	(0.32)
	(93.57)	(110.45)	(150.77)	(111.11)	(118.24)	(124.86)	(117.22)	(120.23)	(113.25)	(112.40)
Non Cash Amounts Excluded										
Amount Attributable to Investing Activities	(57.01)	(68.93)	(92.54)	(66.48)	(80.61)	(85.79)	(77.15)	(79.74)	(71.74)	(69.00)
FINANCING ACTIVITIES										
Inflows from Financing Activities										
Proceeds of Borrowings	-	5.45	5.00	-	-	-	-	-	-	-
Transfer from Reserve Accounts	60.94	66.38	91.91	69.40	83.54	88.73	80.09	82.70	74.71	71.98
	60.94	71.83	96.91	69.40	83.54	88.73	80.09	82.70	74.71	71.98
Outflows from Financing Activities										
Repayment of Borrowings	-	-	(0.79)	(0.84)	(0.89)	(0.94)	(1.00)	(1.06)	(1.12)	(1.19)

Payments for principal portion of Lease Liabilities	(0.95)	(0.98)	(1.01)	(1.04)	(1.06)	(1.09)	(1.11)	(1.14)	(1.17)	(1.20)
Transfer to Reserve Accounts	(60.50)	(62.15)	(66.60)	(70.04)	(74.53)	(78.91)	(83.01)	(89.71)	(94.85)	(102.40)
	(61.46)	(63.14)	(68.40)	(71.92)	(75.48)	(80.94)	(85.12)	(91.91)	(97.15)	(104.79)
Amount Attributable to Financing Activities	(0.52)	8.69	28.51	(2.52)	8.06	7.79	(5.03)	(9.21)	(22.43)	(32.81)
MOVEMENT IN SURPLUS OR DEFICIT										
Surplus or Deficit at the start of the financial year	0.30	-	-	-	-	-	-	-	-	-
Amount attributable to Operating Activities	57.23	60.24	64.03	69.00	72.56	78.00	82.18	88.95	94.18	101.81
Amount attributable to Investing Activities	(57.01)	(68.93)	(92.54)	(66.48)	(80.61)	(85.79)	(77.15)	(79.74)	(71.74)	(69.00)
Amount attributable to Financing Activities	(0.52)	8.69	28.51	(2.52)	8.06	7.79	(5.03)	(9.21)	(22.43)	(32.81)
Surplus or Deficit at the End of the financial year	-	-	-	-	-	-	-	-	-	-

Annexure 2 – Capital Program

ASSET CLASS	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
FOOTPATHS	1,086,134	1,042,772	990,994	2,239,293	2,295,275	2,352,657	2,411,473	2,682,978	2,750,052	2,818,804
ROADS	12,074,190	18,849,264	24,164,252	34,712,690	38,996,733	21,810,773	22,687,009	25,448,792	25,164,899	22,251,845
PARKS HARD	25,146,393	14,749,114	24,311,745	12,774,859	8,829,727	9,053,113	9,143,429	15,537,412	13,048,705	13,683,181
BUILDINGS	19,529,207	26,161,198	56,966,535	23,450,109	18,352,493	42,729,726	42,782,223	36,409,795	22,501,494	11,720,533
DRAINAGE	1,976,512	2,035,808	2,091,792	2,493,985	4,842,682	2,614,506	2,803,510	3,000,329	3,205,237	3,418,515
MARINA & COASTAL	862,683	6,162,305	1,321,651	1,698,634	1,648,929	1,402,214	1,437,270	1,473,201	1,510,031	1,547,782
LANDFILL	2,117,650	11,065,496	3,826,374	504,261	11,198,806	6,622,371	-	383,443	7,607,007	16,893,895
LAND	-	-	2,844,089	-	-	-	-	-	-	-
PLANT & MACHINERY	8,723,685	7,490,490	10,538,927	8,729,326	6,742,256	12,085,091	8,863,528	7,532,792	9,007,964	10,896,562
INFORMATION TECHNOLOGY	258,250	265,998	273,312	280,145	287,149	294,328	301,686	309,228	316,959	324,883
TOTAL CAPITAL SPEND	71,774,705	87,822,443	127,329,672	86,883,303	93,194,050	98,964,779	90,430,127	92,777,969	85,112,349	83,555,999
SPEND TYPE										
NEW & UPGRADE	28,989,398	48,166,721	88,278,270	50,243,734	54,459,244	57,574,011	48,041,399	36,606,559	32,339,301	35,295,166
RENEWAL	42,785,306	39,655,722	39,051,402	36,639,569	38,734,806	41,390,768	42,388,728	56,171,410	52,773,048	48,260,833

Annexure 3 – Reserves

			2027/28	2036/37	
			Opening	Closing	MOVEMENT
	RESERVE	RESERVE PURPOSE	\$	\$	\$
RESTRICTED BY COUNCIL	Building Infrastructure	Provides funding for asset renewal and upgrade requirements of the City's building assets as determined by Asset Management Plans. This Reserve will also provide funding for new community and recreation facilities, driven by the City's integrated planning approach aiming for intergenerational equity.	91,038,601	13,676,215	- 77,362,386
	Open Space Infrastructure	Provides funding for new, renewal and upgrade of the City's open space infrastructure and equipment (parks, reserves, coastal, natural areas), as determined through asset management planning and the City's integrated planning approach.	10,752,324	81,858,746	71,106,422
	Technology	Provides funding for the City's Information, Communication and Technology assets and projects.	4,137,560	9,525,623	5,388,063
	Commercial Landfill	Provides funds management for capital and other costs associated with the development, management and rehabilitation of a commercial landfill site.	37,339,025	25,102,527	- 12,236,498
	Roads Infrastructure	Provides funding for asset renewal and upgrade requirements of the City's roads infrastructure assets (roads, drainage, paths), as determined by the City's asset management planning. Will also provide matching funding for delivery of new roads infrastructure identified through the City's integrated planning approach.	36,145,678	60,714,230	24,568,552
	Risk	Provides funding to mitigate annual budgetary impacts from unforeseen risks and events, including the City's performance-based insurances	1,933,891	1,933,891	-
	Project Contingency	Provides contingency funding for the City's project delivery program.	8,470,152	8,470,152	-
	Climate Changes Mitigation	Provides funding for the City to mitigate the impact of climate change on its services and asset delivery, including renewable energy and carbon offset projects.	2,892,608	2,892,608	-

			2027/28	2036/37	
			Opening	Closing	MOVEMENT
	RESERVE	RESERVE PURPOSE	\$	\$	\$
	Land Management	Enables the financial planning and funding of the City's land management and development strategies, including the purchase, development, leasing and disposal of land.	14,368,604	33,542,872	19,174,268
	Plant & Equipment	Provides funding for the capital management of the City's fleet of plant and vehicles, as well as major capital equipment requirements.	6,468,457	1,898,338	- 4,570,119
	Port Coogee Marina	Provides funding for the management of the commercial marina business including the replacement of marina related infrastructure assets and equipment.	3,516,036	1,834,125	- 1,681,911
	Waste Management	Provides funding for future capital requirements relating to the City's waste management services.	13,026,864	17,373,387	4,346,523
	Naval Base Shacks	Provides funding for the development & refurbishment of the Naval Base shacks site.	1,528,049	601,594	- 926,455
	Aged & Disability Asset Replacement	This Reserve is fully funded from the operating government grants received by the services and has no budgetary impact on Municipal funds.	417,682	417,682	-
	Subtotal		232,035,531	259,841,992	27,806,461
RESTRICTED BY LEGISLATION OR AGREEMENT	Port Coogee Waterways WEMP	Management of funds raised through the specified area rate (SAR) for the Port Coogee development for the purpose of specialised maintenance requirements within the development.	524,973	524,973	-
	Port Coogee Waterways SAR	Management of funds raised through the specified area rate (SAR) for the Port Coogee development on land directly adjacent to the waterways for the purpose of maintaining the waterways surrounding the marina and associated infrastructure.	862,601	2,376,808	1,514,207
	Port Coogee Special Maintenance SAR	Management of funds raised through the specified area rate (SAR) for the Port Coogee development for the purpose of specialised maintenance requirements within the development.	2,359,078	4,565,010	2,205,932

			2027/28	2036/37	
			Opening	Closing	MOVEMENT
	RESERVE	RESERVE PURPOSE	\$	\$	\$
	Cockburn Coast SAR	Management of funds raised through the specified area rate (SAR) levied within the Cockburn Coast Development for the purpose of ensuring parks and public areas (including custom street lighting) are maintained at the higher standards adopted at handover from the Developer.	223,381	584,237	360,856
	POS Cash in Lieu	Quarantines and manages POS cash in lieu contributions received by the City under section 20C of the Town Planning Development Act.	6,577,472	6,577,472	-
	Developer Contribution Plans	Provides for the management of contributions and costs with respect to Development Contribution Areas as established by and in accordance with Town Planning Scheme 3.	23,178,487	2,598,109	- 20,580,378
	Restricted Funds	This Reserve is used to quarantine and manage funds received for restricted purposes across financial years.	6,879,292	6,879,292	-
	Naval Base Shack Removal	Provides funding for the removal of the Naval Base shacks.	1,124,234	1,124,234	-
	Subtotal		41,729,518	25,230,136	- 16,499,382
	TOTAL RESERVE BALANCE		273,765,049	285,072,127	11,307,078



City of Cockburn

Whadjuk Boodjar
9 Coleville Crescent, Spearwood WA 6163
PO Box 1215, Bibra Lake DC WA 6965

Telephone: 08 9411 3444

Email: customer@cockburn.wa.gov.au

[City of Cockburn website: www.cockburn.wa.gov.au](http://www.cockburn.wa.gov.au)