



# LONG TERM FINANCIAL PLAN

2019-2020 to 2032-2033

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## 1. Executive Summary

- The LTFP covers 2019-20 to 2032-33 with a high level of accuracy for the first four years and estimates for the following ten years. The LTFP will be reviewed every two years.
- The LTFP is considered an informing document to the Strategic Community Plan and Corporate Business Plan.
- The underlying strategy of the LTFP is financial sustainability so as to ensure community assets and services can be maintained and provided by the council at a reasonable cost over the life of the LTFP. The Council remains financially sustainable during the life of the LTFP.
- There are ten objectives which form part of the strategy.
- A number of financial risks have been identified including a reliance on external funds for the completion of the capital program including grants (cash and land), developer contributions and loans. Approval times for capital projects appear to be a risk causing lengthy delays and possible cost increases.
- There are eleven assumptions forming the basis of the LTFP including maintaining rate increases at 2% whilst costs are to be kept at 1.5% to 2%.
- Population statistics demonstrate the City continues to grow at 2.5% to 3.5% per annum and remains a “growth” council. This is a positive impact on the City but requires additional funds to finance this growth. Cockburn’s Population is set to increase from 117,513 in 2019 to 152,733 in 2033
- The economic outlook for Australia and WA remains positive as resources investment picks up, GST issues have been favourably resolved and the Government maintains tight fiscal discipline.
- The LTFP has operating income of \$2.713B and will spend \$2.645B in operating expenditure. The City will outlay \$875m on new capital projects and loan repayments. There is an alignment with Strategies, Asset Management and Revitalisation Plans within the LTFP.
- Cockburn currently employs 508 full time equivalent staff. Over the life of the Workforce Plan the City plans to employ an additional 43 staff to ensure it meets its service delivery targets.

## 2. Introduction

The City of Cockburn's Long Term Financial Plan (LTFP) details what is proposed over the next fourteen years as a means of ensuring the City's financial sustainability. The LTFP is aligned to other core planning documents including the Strategic Community Plan (SCP) and the Corporate Business Plan (CBP). Information contained in other strategic plans including the Asset Management Plan (AMP) and Workforce Plan (WP) have informed the LTFP which in turn will be the basis for preparation of the City's Annual Budgets. In addition the City has 38 strategies which have been adopted by Council and include funding requirements which have been (where known) included in the LTFP.

The LTFP covers the period 2019-20 to 2032-33. There is a high level of accuracy and detail in the first four years of the LTFP but this is underpinned by a number of assumptions. The remaining ten years of the LTFP are shown as an overview with reasonable estimates only. The City undertakes a broad review of its SCP and CBP every two years and a full review is planned every four years. This LTFP will be reviewed in conjunction with SCP and CBP review. As Annual Budgets are developed from the LTFP there may be some annual variations between both which will be explained in the Annual Budget.

*Table 1 - snapshot of the City of Cockburn at 2019/20*

<b>Key Statistics</b>	
Area (sq km)	148
Population (est)	117,513
Number of Electors*	69,472
Number of properties	49,675
Total Rates Levied	\$107.68M
Total Revenue	\$157.07M
Number of Employees (FTE)	508

\*As at last LG election 2017

The LTFP is a 14-year rolling plan that informs the CBP in the activation of SCP priorities. From these planning processes, annual budgets that are aligned with strategic objectives can be developed. Fourteen rather than ten years has been chosen so as to plan for the rollout of Council adopted Community, Sport and Recreational Facilities Plan and the District Traffic Study Plan.

### **3. Strategy underpinning the LTFP**

The strategy underpinning the LTFP is financial sustainability that is there are no large increases in rates and charges in the maintenance of the assets and delivery of services under the control of the City. Local Governments manage a large range and inventory of assets. The infrastructure assets are the essential foundation for community service delivery, so it's critically important that assets and cash are allocated using long term financial planning. Managing \$1.5B of long-lived assets, such as road, parks and buildings, as local governments do, demands long term financial planning. Numerous reports into local government

sustainability have demonstrated that short term financial planning will not be sufficient to meet the aspirations of the community.

The City of Cockburn's financial objectives are:

1. Maintain the existing range and level of service provision whilst developing the capacity to grow and add new services;
2. Maintain a strong cash position, ensuring Council remains financially sustainable in the short, medium and long term;
3. Achieve operating surpluses and balanced budgets;
4. Maintain debt/borrowing levels within prudent guidelines;
5. Continue to pursue grant funding for strategic capital projects from the State and Commonwealth Governments;
6. Provide for rate increases that enable appropriate capital works (asset renewal, growth/expansion & upgrade) and asset maintenance;
7. Ensure value for money is a key objective in all council expenditure;
8. Use of cash reserves to achieve inter-generational equity, smooth out year on year rate increase and reduce reliance on debt;
9. Improving trends in the key financial ratios; and
10. Maximise revenue from fees and charges through full cost recovery or market pricing where appropriate.

#### **4 Financial risk assessments in the LTFP**

The Asset Management Plans identify assets that are critical to the City's operations and outline risk management strategies for these. The major risks associated with long term financial planning relate to:

- delays in approvals for major projects;
- the viability of a project if it relies on land acquisition which may be affected by land price movements; and
- funding of projects.

A number of new building projects are included in the LTFP. The projects will require external approvals and are being funded through a mix of municipal funds, developer contributions, grants from either the State or Commonwealth government or debt funding. The risk associated with these is therefore low.

The City has an extensive road (new and renewal) program which includes substantial external funding. If that funding is reduced or is not made available to the City, then the timing of the works will be reviewed. There will be native vegetation clearing required for a number of road projects planned. Given the lead time required, the risk of delays in obtaining clearing permits from the Department of Environment (Federal level) is a medium risk. This relates to the risk of obtaining the clearing permits but also the conditions attached to the permit in the form of clearing offsets.

Interest rates on borrowings and on investments are predicted to be relatively constant over the life of the LTFP. If adverse changes in rates occur this may impact on the City's revenues and future project costs. The risk is considered low.

The City's risk framework is explained in more detail in Council policy Risk Management. Financial risks are dealt with in detail through this policy, with risk management strategy articulated in the City's Risk Register.

## **5. Assumptions underpinning the LTFP**

This section highlights the broader parameters used in modelling the LTFP. The assumptions are as follows:

1. Rates in 2019-20, being the first year of this LTFP are based on a an increase of 1.90% over 2018-19 whilst for the remaining years of the LTFP base rate revenue has been estimated to increase by also by 2.0% per annum and growth of properties is estimated at 1.5% to 2.0% per annum over the life of the LTFP.
2. Non-statutory fee revenue has been estimated to increase by 2% (or to recover costs occurred in the provision of the service). The City looks to recover the full cost of providing a range of services including Waste Collection and Co-Safe services. Fees for the receipt of commercial waste vary as a result of competition and the movement in the value of the Landfill Levy (the State Government tax on the disposal of waste into the HWRP).
3. Statutory fees are set by legislation and are frequently not indexed on an annual basis. An estimated increase of 1.5% to 2.0% per annum has been allowed in the model.
4. Grants and subsidies have been budgeted with a conservative economic outlook at 1.5% to 2% per annum.
5. Based on projected average cash balances held during the year and using current Term Deposit interest rates. Interest rates of 2.7% have been factored into the LTFP.
6. Salary costs are forecast to increase by 2.0% as a result of low inflation data. The provision of new staff is also in the forecast of 0.5% per annum.
7. General utility costs - an estimate of 2.5% has been allowed for in 2019-20 and based on estimates sourced from State Government.
8. Materials and Contracts have been forecast to increase by 2.0% to 2.5% over the life of the LTFP.
9. Insurance costs have been increased by 2.5% per annum in the LTFP as a result of more built and contributed assets, higher payroll costs and higher public liability claims impacting on premiums paid by the City.
10. Other expenditure which is primarily costs associated with the State Government's Landfill Levy has been forecast to rise by 3% in 2020-21. Cost increases beyond that date have been contained to 2% per annum.

- Fuel for the fleet has been kept to 3% pa. This cost is mitigated by the plan to transition the fleet to EV cars and trucks over the next 5 to 7 years.
11. Depreciation has been estimated to increase by 3% per annum due to the City's strong asset building program in addition to the contributed assets received by the City from land developers. These assets include roads, paths, drains, parks and buildings.

A sensitivity analysis has been prepared to coincide with the above assumptions to indicate the impact in the movement of the above assumptions on the bottom line of the LTFP and the provision of services and capital programs.

## 6. Demographic analysis of the Local Government municipality

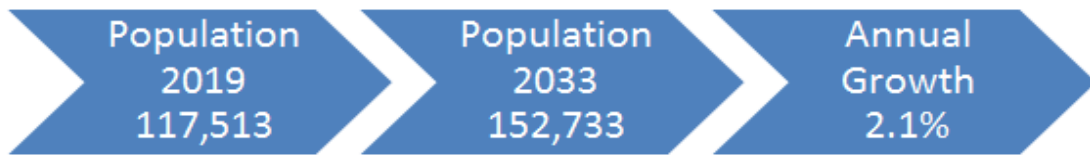
Over the past 10 years the City of Cockburn has sustained a significant growth rate of more than 3% per annum (ABS 3218.0). As an interesting comparison of official ABS data, the 2006 estimated resident population of 78,768 has grown to 117,513 as of 2019, which is the most current ABS data for population growth in Australia. The City of Cockburn's own forecasts at the time of writing this document has the 2018 estimated residential population exceeding more than 112,000. It is interesting to compare growth rates using the official ABS data for the period 2006 to 2018 as follows:

*Table 2 – Population growth, SWG & Growth Councils (GC)*

	2006	2018	2006-2018	
	# persons	# persons	% increase	# persons
<b>Wanneroo (GC)</b>	115,136	203,679	76.90%	88,543
<b>Rockingham (GC &amp; SWG)</b>	89,629	133,389	48.82%	43,760
<b>Cockburn (GC&amp;SWG)</b>	78,768	112,165	42.40%	33,397
<b>Swan (CG)</b>	96,212	143,374	49.02%	47,162
<b>Gosnells (GC)</b>	94,685	123,325	30.25%	28,640
<b>Stirling (C)</b>	183,897	220,249	19.77%	36,352
<b>Melville (SWG)</b>	97,597	101,940	4.45%	4,343
<b>Joondalup (C)</b>	157,793	160,031	1.42%	2,238
<b>Perth Metropolitan Area</b>	1,507,949	2,020,138	33.97%	512,189
<b>Western Australia</b>	2,050,884	2,573,389	25.48%	522,505

Cockburn, with Wanneroo, Swan and Rockingham, are in a league of their own with growth exceeding 40% in this period.

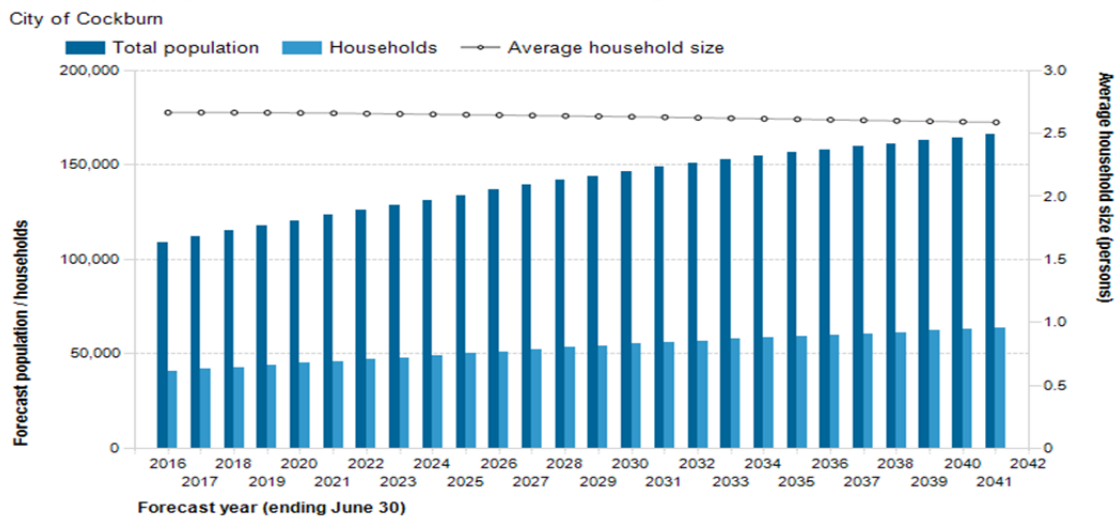
The coming fourteen year period will continue strong rates of growth, with the City's population forecast to grow as follows:



This will again be accounted for by new urban development in greenfield areas and revitalisation precincts. What it is interesting to note however is the likelihood of this coming decade to be the final decade that sees high rates of population growth resulting from greenfield residential development.

The message is for strong growth over the coming ten years, however it is apparent that after the next ten years the City will see the growth rate of new residents and new dwellings reduce. It is also interesting to note the similar reduction in household sizes, representative of increases in single and couple only households as the City enters its consolidation phase and traditional family suburbs continue to mature. We can see this in the following graph:

**Graph 1 – Forecast population and households**  
Forecast population, households and average household size



Population and household forecasts, 2016 to 2041, prepared by .id the population experts, December 2018.

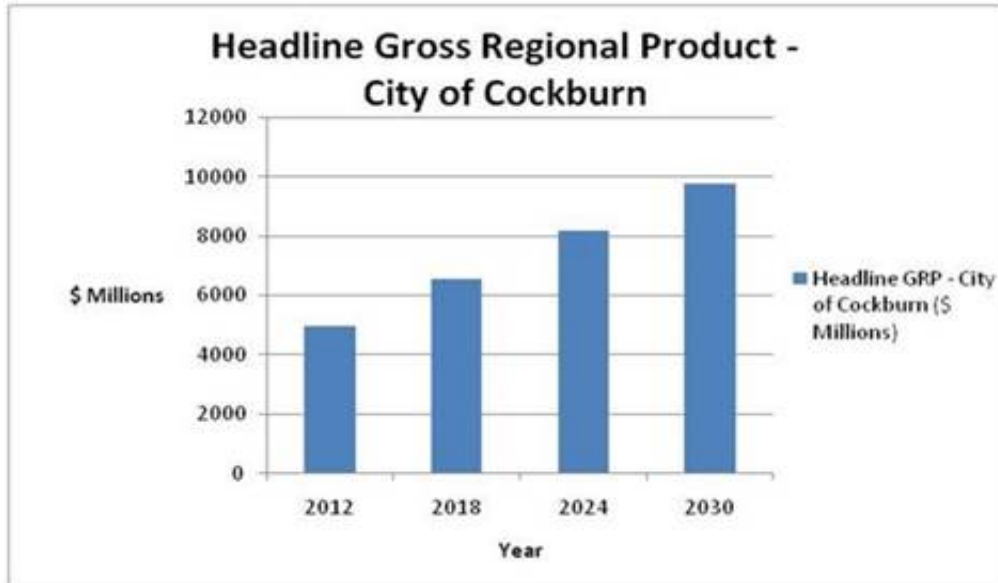


## 7. Economic Growth and Development Issues

The last ten years has seen rapid growth take place. The coming decade will be no different, with the significant population growth supported by significant development across residential, commercial and industrial sectors. This will place continued pressure on the City to maintain its infrastructure provision in order to support the extensive growth taking place. The following forecast of gross regional product highlights the economic growth in Cockburn over the twenty or so years which supports the LTFP:



Graph 2 – Gross Regional Product 2012 to 2030



### **Analysis of any City plans that affect future economic growth analysis of the impacts of population and demographic changes on economic growth**

Analysis of strategic employment and competitive advantage in the City shows that it is an important sub-region of Perth for five key strategic industries. These are:

- Other transport equipment manufacturing;
- Airport and associated industries using airport land;
- Tertiary education and training;
- Basic ferrous metal manufacturing; and
- Ship Building & defence support industries, engineering and Oil & gas industries.

These industries have a significant orientation to the domestic and international export market, whereby efficiencies in cost of production become a crucial measure of competitiveness. This is particularly evident in the local supply chain links which depend on movement between industrial clusters within the Kwinana Industrial Area, Australian Marine Complex, Cockburn Central, Bibra Lake and Jandakot Airport. This demands important consideration on how infrastructure (particularly road) can be improved to lift the efficiency of business. The LTFP recognises this and provides significant funding to advance such infrastructure priorities.

### **Identifying new industrial or business subdivisions or developments that will affect economic growth in the City of Cockburn**

The City is a growth area, in that it has substantial growth over the next twenty years in land development including rates revenue (both residential and industrial/commercial) to sustain and drive the delivery of the City's adopted strategies. It is estimated that the City will increase its residential property base by 13,000 new dwellings, increasing from the current 49,675 properties to more

than 65,000 properties by 2033. Industrial and commercial development will depend on the State of the economy with the primary industrial precincts infilling rapidly with more land being already required for the Australian Marine Complex. This will be facilitated through development of Latitude 32. Jandakot City is moving ahead with two to three new industrial sites annually, and stands as a strategic industrial location for the whole of Western Australia.

### **State economic factors**

- The next four years will see stability return to State Government finances reflecting:
- Reform to the distribution model of GST, providing a base 75% of GST funds returned to each state;
- Resurgence in iron prices and resultant royalties enabling WA to retain much of the royalty income of which 85% was previously lost to the distributive GST equalisation formula; and
- Tight fiscal management by the WA Government.

All of which means running an operating surplus in 2018/19 and over the four years of the State Budget outlook and an overall cash surplus in 2023/24.

### **State or Federal government policies that will impact the future**

For Cockburn, the biggest impact from the State Government is the continuing cost shifting and substantial increases in fees and charges.

## **8. Service delivery and service levels**

It is proposed that existing service levels will be maintained for all operational areas. However, a key objective in the Corporate Business Plan that directly impacts future service delivery is to try to improve existing service levels whilst continuing to achieve annual operating surpluses each year to fund the provision of infrastructure. Service levels will be reviewed from time to time, to ensure impact of rapid growth across the municipality is monitored and assessed.

## **9. Major planned initiatives**

The City has recently adopted a new Community, Sport and Recreation Facilities Plan. (see page 15 for website address). This plan running from 2018-19 to 2032-33 lists a range of community, sporting and recreational facilities to be constructed currently costed at approximately \$212m.

The City is also planning a number of other initiatives:

- Port Coogee Marina expansion;
- New Council and Administration Centre;
- Change of Streetlights to energy saving LED's and smart lighting technology;
- Capping of waste cells at Henderson Waste and Recovery Park;
- Transition of City motor vehicle and truck fleet to and EV fleet;

- Transition of HWRP to Materials Recovery Facility; and
- Leasing and re-development of Coogee Beach Caravan Park.

## 10. Revenue projections

### Rates and service charges

The 2019-20 Municipal budget has been based on a 1.90% rate increase. For the remaining years of the LTFP, base rate increases have been aligned at 2.0% per annum rather than the Consumer Price Index (CPI). The CPI index is based upon a range of goods and services that bear little relationship to the cost components that comprise the delivery of the City services. This will be reviewed each year.

There remains significant growth forecast within City of Cockburn in relation to the industrial and residential components across the municipality. A summary of commercial/industrial property growth would include Cockburn Coast, Cockburn Central (West and North), Jandakot City and Latitude 32. Residential growth is arising from two sources, new lots such as Calleya (as it expands east to Warton Road), Cockburn Coast and Port Coogee. The second source is the revitalisation suburbs of Hamilton Hill, Spearwood, Coolbellup and Coogee. As such, the forecast model has allowed for an increase of a further 1.5% to 2.0% per annum from growth of property values and numbers.

The LTFP assumes the continuation of the Port Coogee Specified Area Rate for Public Open Space maintenance. A further Specified Area Rate will also be introduced in 2016/17 to provide for the maintenance of the Port Coogee Water Ways. A third SAR has also been implemented for the Cockburn Coast precinct. All funds derived from these specified area rates are quarantined to a reserve and do not form part of the City's municipal fund. Funds are only expended to meet the aims of the SAR.

### User charges and fees

Fees and charges include services where the City has the discretion to levy its fee amount or where fees are statutory in nature and prescribed by the State Government and in a few cases, the Commonwealth Government.

The LTFP is based on fees increasing by 1.5% to 2% per annum. Fees from the Cockburn ARC have been designed to ensure the facility breaks even after depreciation.

### Grants (Commonwealth and State Governments)

The City currently receives approximately \$13.0M in operating grants, including the untied grant from the Grants Commission. The LTFP has allowed a cautious increase of 1.5% per annum for these grants which seldom increase at an equivalent rate to the cost of providing the subsidised services.

The City relies on grant income for delivering a range of services to the diverse community of the City. Cockburn has a large senior's population, from a wide socio-economic spectrum which places significant demands on the City in the delivery of services.

### Interest revenue

Interest on investments will average around \$5.0M per annum and comprises of interest earned from cash invested with financial institutions and interest charged to ratepayers for rates in arrears. Interest received is allocated between the municipal fund (available for general expenditure) and interest allocated to reserve funds and not available for general expenditure.

### Net gain on disposal of assets

Each year the City will dispose of plant including motor vehicles and trucks as part of its renewal program. The surplus made on these trade-ins is reflected in this category of income. The end outcome will see the funds quarantined into the Plant Replacement Reserve to ensure the City always has sufficient monies to fund its plant requirements and to fund the transition to an EV fleet.

## **11. Expenditure projections**

### Workforce costs

Salaries are the largest component of the City's operating budget, representing 37.6% of operating expenses or 36.2% of total operating revenue. The City enters into an Enterprise Agreement (EA) every three years which determines the level of salary increase to be given to staff. Enterprise Agreement 2016-19 will expire in August 2019. Future increases in the LTFP should be around 2% per annum.

In addition to the base wage increase assumptions, the City has to provide funding for annual increments in employee banding and the provision for increased staffing levels to cover expanded service requirements as provided for in the Workforce Plan. The Workforce Plan indicates forty three new staff is being proposed to be recruited over the first four years of the LTFP.

One of the service commitments listed for Leading and Listening Outcome is "to maintain a professional, well-trained and healthy workforce that is responsive to the community's needs." To do this we need to find, retain, engage and develop the people we need to achieve our corporate mission and strategic goals. The purpose of the Workforce Plan is to outline ways to meet this commitment.

The City has overarching strategies to support the achievement of its objectives under the Strategic Community Plan. The strategies drive the volume and diversity of services offered by the City and these combined with growth determine the Staffing Forecast.

As for superannuation, staff are entitled to 10.5% of their ordinary times earnings with a matching contribution of up to 4%.

### Materials and contracts

The broad assumption in materials and contracts is for an increase of 2%. The City has significant ongoing contracts for delivery of services such as waste management, Co-Safe and a range of maintenance contracts for parks, gardens, toilets and road materials. The City also engages contractors for

building maintenance and general services. All these contracts are priced in the tender at or near CPI levels as far as possible.

Material costs include items for maintenance of roads such as asphalt which are more governed by market forces based on availability. Also included are materials for consumable items for a range of services across the City. The City aims to drive these costs down at every opportunity.

#### Utilities

The City purchases power, gas and water from State Government utilities and telecom services from private sector providers totalling \$5.7m. Power is the single largest cost at \$4.62m of which comprises the provision of Western Power owned street lighting infrastructure which costs \$2.7m per annum.

Power costs are expected to rise by at least 2% to 3% annually. The City has an active solar photo voltaic program on all City-owned buildings to mitigate the cost of power. Gas is acquired from Alinta for Cockburn ARC and cooking purposes (seniors centre). Cockburn ARC uses geothermal power for the heating of the water in the pools at Cockburn ARC removing the need for gas for this activity. Gas will still be used during maintenance of the geothermal facility and when geothermal (supplied water) temperatures are not hot enough. The City is pursuing a solar PV solution for electricity consumption which will significantly reduce consumption of electricity from the grid and lower cash operating costs.

#### Insurance

Insurance expense of \$1.56m per annum and rising annually by 2% to 4% is acquired from a co-operative arrangement called Local Government Insurance Services. The City purchases a range of insurance including public liability, workers compensation, property, fleet, fidelity and professional indemnity. Increases are due to growth of assets, staff and general risks.

#### Depreciation

Depreciation estimates have been based on the projected capital spending contained within this LTFP document. Depreciation has been further increased by the indexing of the replacement cost of the City's fixed assets in order to recognise the impact of rising replacement costs in accordance with Accounting Standard requirements. Depreciation estimates may be influenced by future recognition and disposal of assets and how the City expends its capital works program.

#### Interest expense

The most significant borrowing has been for Cockburn ARC at Cockburn Central West. The City borrowed \$25m in 2016/17 and this will be repaid over ten years using the revenue derived from the developer contribution scheme. Interest will be incurred for other loans to complete the capital expenditure program associated with the DCA 13 – Community Infrastructure and for the New Council and Administration Centre. Both projects will not impact on rates.

### Other and extraordinary expenses

As noted above, Other Expenses encompasses a range of sundry expenditure items. For Cockburn, the largest three items is the State Government Landfill Levy, currently at \$70 per tonne of waste deposited at Henderson Waste and Recovery Park. The next significant item is fuel for the City's fleet at \$1.0m. This expenditure category also includes the grants and donations budget of \$1.45m.

## 12. Asset management

The City of Cockburn currently manages over \$1.5 billion of infrastructure assets delivering services to the City's residential and business communities. The continuous improvement of the City's asset management framework and planning process reflects Cockburn's growing maturity and emphasises the City's drive to deliver a sustainable future by managing assets and providing services in the most cost effect manner.

The Asset Management Plans (AMPs) act as informing strategies that assist the City in its yearly budgeting process and further strengthens the City's management of long term asset renewal planning and funding requirements.

### Asset Renewal – Capital expenditure (Non-Discretionary)

The City via the asset management planning process has revised the existing six Asset Management Plans (AMPs) for roads, footpaths, buildings, parks & environment, drainage and Plant and Fleet.

*Table 3 – Asset Management Plan Statistics*

<b>Asset Management Plan</b>	<b>Value of assets (replacement cost)</b>
Footpath Infrastructure Asset Management Plan - 627.08 Km of footpath	\$67.7m
Drainage Asset Management Plan - 18,449 drainage pits, 455Km of pipes and 15.5Km of fences	\$263.1m
Building Asset Management Plan - 132, civic, community and recreation building	\$313.1m
Parks & Environment Asset Management Plan - playgrounds, irrigation, fencing plus other park assets. 1,570.8Ha of parks (including active and passive), bushland and streetscapes. The parks have no valued attached to them which is in accordance with Council.	\$94.9m
Fleet and Plant Asset Management Plant - 463 pieces of light fleet, major fleet and minor plant	\$18.9m
Roads Asset Management Plan – 6.5m square meters of roads, 0.12m square meters of car parks and 1,448Km of kerbs	\$624.5m
Landfill assets at HWRP	\$37.0m
Marina and Coastal engineering assets	\$53.2m

All asset management plans can be located at [www.cockburn.wa.gov.au/AMP](http://www.cockburn.wa.gov.au/AMP)

Capital expenditure (Discretionary)

The City, as a growth municipality has an extensive program of new assets and asset upgrades across all classes of assets being community, civic and road infrastructure assets. The table below demonstrates major community infrastructure projects to be constructed.

*Table 4 – Key Projects 2019-20 – 2032-33 (all figure are \$M)*

Project	Year	Cost	Project	Year	Cost
Frankland Reserve Hammond Park	19/20	\$8.9m	Muster Sports Reserves and Facilities	29/30	\$3.0m
Beale Park Spearwood	19/20	\$9.4m	Lucius Park Spearwood	31/32	\$2.9m
Cockburn Coast Oval	20/21	\$1.5m	Aboriginal Cultural Centre	20/22	\$6.0m
Wally Hagan Recreation Centre Stage 1	21/21	\$15m	Treeby Community Centre	20/21	\$4.3m
Beeliar Club Room Facilities Beeliar	22/23	\$1.2m	Cockburn Coast Community Facilities	24/25	\$6.6m
Wally Hagan Recreation Centre Stage 2	22/23	\$15m	Hamilton Hill Community Centre	25/26	\$3.2m
Anning Park Tennis Jandakot	22/23	\$3.3m	Life Long Learning Centre	26/27	\$21m
Davilak Reserve Hamilton Hill	23/24	\$7.0m	Southwell community Centre	27/28	\$1.4m
Dixon Park Redevelopment	23/24	\$5.8m	Cockburn Youth Centre Upgrades	28/29	\$1.0m
Small Ball Sports – Location TBD	23/24	\$1.0m	Performing Arts Centre	30/32	\$22m
Cockburn Coast Oval Clubrooms & Land	25/26	\$11.9m	Harvest lakes Community Centre	32/33	\$1.0m
CCW Playing Fields	25/26	\$4.0m	New Council and Admin Centre	22/23	\$40m
Santich Park Upgrade	25/26	\$1.6m	Aubin Grove Community Centre Upgrade	31/32	\$0.75m
Coogee Golf Complex	27/29	\$8.2m	DTS Road Projects	19/33	\$158m
Treeby east Reserve and Clubrooms	27/28	\$3.5m			

Full Community, Sport and Recreation Plan, click [here](#).

Summarised Community, Sport and Recreation Plan, click [here](#).

Funding for the above assets will be derived from the municipal fund (including reserves), grants (state and commonwealth including gifts of land), developer contributions and loan funds. As part of the DCA 13 Scheme the City is required to construct a number of community assets within a ten year time frame, even though the contributions collected may take up to twenty years to recover from land development. The shortfall will need to be borrowed from WA Treasury Corporation (WATC). The interest on these borrowings has been included in the developer contribution scheme.

### 13. Workforce planning

The Workforce Plan staffing forecast costs are included in the Long Term Financial Plan (LTFP) with the proposed increases reviewed each financial year as part of the annual budget process taking into account an overall cap of \$0.5m. The financial impact of the workforce changes are detailed in Appendix 1.

The City requires a business case for new infrastructure but these do not always identify a human resources component. New infrastructure often demands an increased level of staffing due to its size or complexity. The new Cockburn ARC recreation centre was an example of this.

Each year a forecast of future staffing needs is considered. This lists proposed employee positions for the next ten years with information from this costed within the Long Term Financial Plan. Proposed positions for the first two years are formally agreed by the Senior Management Team (SMT) and endorsed by the Executive. These positions are then included in the following years budget preparation and before each one is advertised, a vacancy form is completed for final approval by line management. This allows the City some flexibility in case of changes to need or economic circumstances, both internal and external.

### 14. Performance measures

A number of statutory KPIs focusing on financial and asset management performance will be regulated and have been mandated by the Local Government (Financial Management) Regulations. Appendix 9 outlines the statutory KPIs which specify the performance targets that local governments are required to report on.

As noted from the table below the City meets the majority of the KPI apart from Asset Sustainability.

*Table 5 – City of Cockburn Statutory KPI's 2014-15 to 2017-18*

Ratio	Target	14/15	15/16	16/17	17/18
Current	>1.0	1.87	1.211	1.432	1.479
Operating	>0.0	-0.002	0.049	0.078	0.008



<b>Ratio</b>	<b>Target</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>
Surplus					
Own Source Rev	>0.4	0.89	1.003	0.971	0.957
Debt Service	>2.0	16.62	20.63	9.533	10.37
Asset Sustainability	>0.9	0.38	1.399	1.442	0.737
Asset Consumption	>0.5	0.71	0.714	0.689	0.691
Asset Renewal	>0.75	0.77	0.741	0.729	0.707
Financial Health Indicator	>70	68*	89	93	81

*\*This includes the write off of landscaping infrastructure assets required by accounting standards. Without this non-cash write-off the FHI would have been 88*

When compared with our neighbours in the South West Group of Councils and the Outer Metro Growth Councils, the City is on par or exceeds our reference group. Again the biggest weakness is the asset sustainability ratio. This will be addressed as the City focuses on meeting the Asset Management Plans. The Asset sustainability is low when compared with the DLGC target as Council has committed significant resources to building new assets. This ratio will improve in the near future as Council focuses on AMP's/revitalisation strategies and asset replacement programs. The ratios are designed for developed councils and do not factor in growth councils which are still constructing new assets.

*Table - Comparison of Financial Health Indicators 2015-16 to 2017-18*

	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>
<b>Cockburn SWG Growth</b>	81	93	89
<b>Kwinana SWG Growth</b>	61	62	60
<b>Rockingham SWG Growth</b>	67	67	67
<b>Fremantle SWG</b>	44	87	42
<b>Melville SWG</b>	98	98	98
<b>Swan Growth</b>	91	99	96
<b>Armadale Growth</b>	70	85	71
<b>Wanneroo Growth</b>	71	69	70
<b>Canning</b>	79	62	54

The above measure of the Financial Health Indicator (as published on the [www.mycouncil.wa.gov.au](http://www.mycouncil.wa.gov.au) website demonstrates the financial sustainability of the City when compared with other councils in Perth.

## **15. Targets and Reporting**

The LTFFP is the basis of all future annual budgets, although minor changes will occur each financial year depending on a range of issues facing the Council. For instance, the state of the economy, the growth impact on housing and commercial development, the availability of grant funds, the approval process for capital expenditure projects. Each issue will be explained as part of the report to the annual budget submitted to Council each June.

The Annual Budget and accompanying Annual Business Plan layout the City's service delivery objectives, program of works and performance measures. As noted above, the LTFFP is the basis of the budget and the annual business plan. Each subsequent annual budget and business plan is then amended to reflect the current economic environment. Whereas the LTFFP is the macro view, the annual budget and business plan is the micro view of Council's operations.

The City's Annual Report contains a comprehensive summary of the financial outcomes and organisation's performance in addition to review of the annual business plan.

All reports on financial matters are taken to the Council for their review and consideration. This is especially the case of comprehensive monthly financial reports whereas the Annual Financial Statements and the report on cash and non-cash investments is presented to the October Audit and Strategic Finance Committee.

## **16. Appendices**

1. Forecast income and expenditure Nature and Type statement
2. Statement of cashflows
3. Rate setting statement
4. Statement of financial position
5. Equity statement
6. Definition for Statutory KP's

1. Forecast income and expenditure Nature and Type statement

<b>Forecast Income &amp; Expenditure Statement by Nature &amp; Type</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>
<b>OPERATING REVENUE</b>														
Rates	107.5	111.5	115.6	119.9	124.4	129.0	133.7	138.7	143.8	149.1	154.6	160.4	166.3	172.5
Specified Area Rates	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8
Fees and Charges	29.6	30.2	30.8	33.6	34.3	35.0	35.7	36.4	37.1	37.9	38.6	39.4	40.2	41.0
Service Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Grants and Subsidies	12.4	12.5	12.6	12.7	12.9	13.0	13.1	13.2	13.4	13.5	13.6	13.8	13.9	14.1
Contributions, Donations and Reimbursements	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Interest Earnings	5.0	5.1	5.1	5.2	5.2	5.3	5.4	5.4	5.5	5.5	5.6	5.6	5.7	5.7
Total Operating Revenue	156.2	161.0	165.9	173.2	178.6	184.0	189.7	195.6	201.7	207.9	214.4	221.1	228.1	235.3
<b>OPERATING EXPENDITURE</b>														
Employee Cost	58.9	61.2	63.6	66.2	68.8	71.5	74.3	77.2	80.2	83.4	86.7	90.1	93.7	97.4
Materials and Contracts	43.1	41.9	43.1	44.4	45.8	47.1	48.6	50.0	51.5	53.1	54.7	56.3	58.0	59.7
Utilities	5.6	5.7	5.9	6.0	6.2	6.3	6.5	6.7	6.8	7.0	7.2	7.3	7.5	7.7
Interest Expenses	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Insurances	0.6	0.5	1.5	1.4	1.9	1.7	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8
Other Expenses	9.4	9.7	10.0	8.6	8.9	9.1	9.4	9.7	10.0	10.3	10.6	10.9	11.2	11.6
Depreciation on Non-Current Assets	32.2	33.3	34.5	35.7	36.9	38.2	39.6	41.0	42.4	43.9	45.4	47.0	48.6	50.3
Amortisation on Landfill Infrastructure	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.8	1.8	1.9
Total Operating	152.6	155.2	161.6	165.4	171.6	177.3	183.3	189.4	195.9	202.6	209.6	216.8	224.2	232.0

<b>Forecast Income &amp; Expenditure Statement by Nature &amp; Type</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>
Expenditure														
Operating Surplus/(Deficit)	3.7	5.7	4.3	7.9	7.0	6.7	6.5	6.2	5.8	5.3	4.9	4.4	3.9	3.3
Total Non-Operating Activities	20.6	30.9	34.4	28.1	16.6	15.1	15.1	15.6	16.1	16.1	15.1	15.1	15.1	15.7
<b>NET RESULT</b>	<b>24.2</b>	<b>36.6</b>	<b>38.7</b>	<b>36.0</b>	<b>23.5</b>	<b>21.8</b>	<b>21.6</b>	<b>21.8</b>	<b>21.9</b>	<b>21.4</b>	<b>20.0</b>	<b>19.5</b>	<b>19.0</b>	<b>19.0</b>
Changes on revaluation of non-current assets		5.0		5.0		5.0		5.0		5.0		5.0		5.0
Total Other Comprehensive Income	0.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>24.2</b>	<b>41.6</b>	<b>38.7</b>	<b>41.0</b>	<b>23.5</b>	<b>26.8</b>	<b>21.6</b>	<b>26.8</b>	<b>21.9</b>	<b>26.4</b>	<b>20.0</b>	<b>24.5</b>	<b>19.0</b>	<b>24.0</b>

## 2. Statement of cashflows

Statement of Cash Flows	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>														
Total Payments	119.2	120.7	125.8	128.3	133.3	137.7	142.2	147.0	151.9	157.1	162.5	168.0	173.8	179.7
Total Receipts	156.2	161.0	165.9	173.2	178.6	184.0	189.7	195.6	201.7	207.9	214.4	221.1	228.1	235.3
<b>NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	37.0	40.3	40.1	44.9	45.3	46.4	47.5	48.6	49.7	50.8	52.0	53.1	54.3	55.5
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>														
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	-37.1	-47.2	-50.8	-37.8	-71.5	-46.7	-88.0	-31.3	-57.0	-33.6	-33.1	-40.9	-42.4	-30.4
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>														
Net receipts/(refund) of bonds	0.0	25.0	0.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan Principal Repayment	-2.5	-2.5	-3.8	-3.8	-4.8	-4.8	-4.8	-2.3	-2.3	-2.3	-2.3	-2.3	-19.5	0.0
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	-2.5	22.5	-3.8	11.3	-4.8	-4.8	-4.8	-2.3	-2.3	-2.3	-2.3	-2.3	-19.5	0.0
Net Increase/(Decrease) In Cash during year	-2.5	15.6	-14.4	18.4	-31.0	-5.1	-45.3	15.0	-9.5	15.0	16.6	9.9	-7.6	25.2
Cash & Cash Equivalents at Beginning of Reporting Period	149.8	147.3	162.9	148.5	166.8	135.9	130.8	85.5	100.5	91.0	106.0	122.6	132.5	125.0
<b>CASH &amp; CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	147.3	162.9	148.5	166.8	135.9	130.8	85.5	100.5	91.0	106.0	122.6	132.5	125.0	150.1

### 3. Rate Setting Statement

Rate Setting Statement	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
<b>Operating Revenue</b>														
Specified Area Rates	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8
Fees & Charges	29.6	30.2	30.8	33.6	34.3	35.0	35.7	36.4	37.1	37.9	38.6	39.4	40.2	41.0
Service Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Grants & Subsidies	12.4	12.5	12.6	12.7	12.9	13.0	13.1	13.2	13.4	13.5	13.6	13.8	13.9	14.1
Contributions, Donations, Reimbursements	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Interest Earnings	5.0	5.1	5.1	5.2	5.2	5.3	5.4	5.4	5.5	5.5	5.6	5.6	5.7	5.7
Total Operating Revenue	48.7	49.5	50.3	53.3	54.2	55.1	56.0	56.9	57.9	58.8	59.8	60.8	61.8	62.8
<b>Operating Expenditure</b>														
Employee Costs	58.9	61.2	63.6	66.2	68.8	71.5	74.3	77.2	80.2	83.4	86.7	90.1	93.7	97.4
Materials and Contracts	43.1	41.9	43.1	44.4	45.8	47.1	48.6	50.0	51.5	53.1	54.7	56.3	58.0	59.7
Utilities	5.6	5.7	5.9	6.0	6.2	6.3	6.5	6.7	6.8	7.0	7.2	7.3	7.5	7.7
Interest Expenses	0.6	0.5	1.5	1.4	1.9	1.7	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8
Insurances	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Other Expenses	9.4	9.7	10.0	8.6	8.9	9.1	9.4	9.7	10.0	10.3	10.6	10.9	11.2	11.6
Depreciation on Non-Current Assets	32.2	33.3	34.5	35.7	36.9	38.2	39.6	41.0	42.4	43.9	45.4	47.0	48.6	50.3
Amortisation on Non-Current Assets	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.8	1.8	1.9

<b>Rate Setting Statement</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>
Total Operating Expenditure	152.6	155.2	161.6	165.4	171.6	177.3	183.3	189.4	195.9	202.6	209.6	216.8	224.2	232.0
<b>Change in Net Assets Resulting from Operations before Rates</b>	-103.9	-105.8	-111.3	-112.0	-117.4	-122.2	-127.3	-132.5	-138.1	-143.8	-149.8	-156.0	-162.4	-169.1
<b>Adjustments for Cash Budget Requirements:</b>														
Depreciation on Non-Current Assets	32.2	33.3	34.5	35.7	36.9	38.2	39.6	41.0	42.4	43.9	45.4	47.0	48.6	50.3
Amortisation on Non-Current Assets	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.8	1.8	1.9
	33.4	34.6	35.8	37.0	38.3	39.7	41.0	42.5	44.0	45.5	47.1	48.7	50.5	52.2
<b>Capital Expenditure and Revenue</b>														
Purchase of Land	1.5	0.0	0.0	0.0	27.6	0.0	27.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of Buildings	11.5	40.4	46.1	16.9	7.6	23.6	23.2	11.9	13.8	8.2	6.7	14.5	16.0	4.5
Purchase of Plant and Machinery	5.8	5.6	4.8	3.9	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Purchase of Furniture and Equipment	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Purchase of Computer Equipment	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Construction of Roads Infrastructure	37.4	25.5	33.8	36.7	38.4	23.8	38.2	20.5	44.8	27.0	27.0	27.0	27.0	27.0
Proceeds on Sale of Assets	-9.3	-4.2	-10.3	-2.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5
Contributions/Grants for the development of Assets	-5.6	-15.4	-19.4	-13.1	-1.6	-0.1	-0.1	-0.6	-1.1	-1.1	-0.1	-0.1	-0.1	-0.7
Net Movement in Gifted Assets	0.0	0.0	0.0	0.0	-12.4	0.0	-27.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Developer Contribution Plans - Cash	-5.0	-5.5	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

<b>Rate Setting Statement</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>
New Loans	0.0	-25.0	0.0	-15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of Loans	2.5	2.5	3.8	3.8	4.8	4.8	4.8	2.3	2.3	2.3	2.3	2.3	19.5	0.0
Transfers from Reserves (Restricted Assets)	-18.4	-24.4	-21.3	-18.8	-11.3	-14.3	-6.3	-11.3	-6.3	-6.3	-17.8	-17.8	-17.8	-17.8
Transfers to Reserves (Restricted Assets)	24.6	24.5	19.0	16.6	16.6	16.7	16.7	16.9	16.9	17.1	17.3	17.3	17.3	17.3
	45.8	24.8	52.2	24.4	69.2	53.9	75.9	39.2	69.9	46.7	34.9	42.7	61.4	29.9
NET	-116.2	-96.0	-127.8	-99.4	-148.3	-136.5	-162.2	-129.2	-164.0	-145.0	-137.6	-149.9	-173.4	-146.8
Amount required from Rates	-107.5	-111.5	-115.7	-119.9	-124.4	-129.0	-133.8	-138.6	-143.8	-149.1	-154.7	-160.3	-166.3	-172.4



#### 4. Statement of financial position

Statement of Financial Position	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
<b>CURRENT ASSETS</b>														
Cash and Cash Equivalents	147.3	162.9	148.5	166.8	135.9	130.8	85.5	100.5	91.0	106.0	122.6	132.5	125.0	150.1
Total Current Assets	155.6	171.4	157.1	175.7	144.9	140.0	94.8	110.1	100.7	115.9	132.7	142.8	135.4	160.8
Property, Plant and Equipment	357.2	392.6	432.5	441.9	470.5	487.0	530.0	534.0	539.3	538.6	535.8	540.3	545.8	539.2
Infrastructure	789.7	798.9	812.0	834.9	852.2	856.8	867.0	863.4	878.1	873.8	879.9	884.9	908.4	891.7
Rehabilitation Assets	13.5	17.3	16.0	19.7	18.3	21.9	20.4	23.9	22.3	25.6	23.9	27.2	25.4	28.5
Total Non-Current Assets	1,162.7	1,211.0	1,262.8	1,298.8	1,343.3	1,368.1	1,419.8	1,423.7	1,442.2	1,440.6	1,442.3	1,455.1	1,482.2	1,462.1
<b>TOTAL ASSETS</b>	<b>1,318.3</b>	<b>1,382.4</b>	<b>1,419.9</b>	<b>1,474.5</b>	<b>1,488.2</b>	<b>1,508.0</b>	<b>1,514.6</b>	<b>1,533.8</b>	<b>1,542.9</b>	<b>1,556.5</b>	<b>1,575.0</b>	<b>1,597.9</b>	<b>1,617.7</b>	<b>1,622.9</b>
<b>CURRENT LIABILITIES</b>														
Borrowings	2.5	2.5	3.8	3.8	4.8	4.8	4.8	2.3	2.3	2.3	2.3	2.3	19.5	0.0
Provisions	6.7	6.9	7.1	7.3	7.5	7.7	8.0	8.2	8.5	8.7	9.0	9.2	9.5	9.8
Total Current Liabilities	19.9	20.1	21.6	21.8	23.0	23.2	23.5	21.2	21.4	21.7	22.0	22.2	39.8	20.5
Borrowings	12.5	35.0	30.0	41.3	35.5	30.8	26.0	26.3	24.0	21.8	19.5	17.3	0.0	0.0
Provisions	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5
Total Non-Current Liabilities	33.0	55.5	50.5	61.8	56.0	51.3	46.5	46.8	44.5	42.3	40.0	37.8	20.5	20.5
<b>TOTAL LIABILITIES</b>	<b>52.9</b>	<b>75.6</b>	<b>72.1</b>	<b>83.5</b>	<b>79.0</b>	<b>74.5</b>	<b>70.0</b>	<b>68.0</b>	<b>66.0</b>	<b>64.0</b>	<b>62.0</b>	<b>60.0</b>	<b>60.3</b>	<b>41.1</b>
<b>NET ASSETS</b>	<b>1,265.3</b>	<b>1,306.8</b>	<b>1,347.8</b>	<b>1,390.9</b>	<b>1,409.1</b>	<b>1,433.5</b>	<b>1,444.7</b>	<b>1,465.8</b>	<b>1,477.0</b>	<b>1,492.5</b>	<b>1,513.0</b>	<b>1,537.9</b>	<b>1,557.4</b>	<b>1,581.9</b>
<b>TOTAL EQUITY</b>	<b>1,265.3</b>	<b>1,306.8</b>	<b>1,347.8</b>	<b>1,390.9</b>	<b>1,409.1</b>	<b>1,433.5</b>	<b>1,444.7</b>	<b>1,465.8</b>	<b>1,477.0</b>	<b>1,492.5</b>	<b>1,513.0</b>	<b>1,537.9</b>	<b>1,557.4</b>	<b>1,581.9</b>

5. Equity Statement

<b>Equity Statement</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>
Retained Surplus	616.2	652.8	691.5	727.5	751.0	772.9	794.4	816.2	838.0	859.4	879.4	898.9	917.8	936.9
Reserves	125.8	125.7	128.0	130.1	124.8	122.3	111.9	106.3	95.6	84.7	85.2	85.7	86.2	86.7
Revaluation Surplus	523.3	528.3	528.3	533.3	533.3	538.3	538.3	543.3	543.3	548.3	548.3	553.3	553.3	558.3
Total Equity	1,265. 3	1,306 .8	1,347. 8	1,390. 9	1,409 .1	1,433. 5	1,444. 7	1,465 .8	1,477. 0	1,492. 5	1,513 .0	1,537. 9	1,557. 4	1,581 .9

6. Definition for Statutory KP's

	<b>Ratio</b>	<b>What it measures</b>	<b>Target standards basic level</b>
1	Current Ratio	A measure of a local government's liquidity and its ability to meet its short term financial obligations from unrestricted current assets	Ratio is equal to an expression of 1:1 or greater (e.g. 100% or 1.0).
2	Operating Surplus Ratio	An indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding	Ratio is between 0% and 15%.
3	Own Source Revenue Coverage Ratio	An indicator of a local government's ability to cover its costs through its own revenue efforts.	Ratio is between 40% and 60% (or 0.4 and 0.6).
4	Debt Service Cover Ratio	An indicator of a local government's ability to generate sufficient cash to cover its debt payments.	Ratio is greater than or equal to 2.
5	Asset Sustainability Ratio	An indicator of the extent to which assets managed by a local government are being renewed or replaced as they reach the end of their useful lives	Ratio data can be calculated and ratio is 90% or greater.
6	Asset Consumption Ratio	This ratio highlights the aged condition of a local government's physical assets	Ratio data can be identified and ratio is 50% or greater
7	Asset Renewal Funding Ratio	Indicates whether the local government has the financial capacity to fund asset renewal at existing revenue and service levels	Ratio data can be identified and the ratio is between 75% and 95%.

## Definitions of terms

Term	Definition
Annual Budget	A statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.
Asset Management Plans	Plans that guide the acquisition, use and disposal of assets to maximise service delivery while managing risks and costs over the life of the asset.
Corporate Business Plan	A local government's internal business planning tool that translates council priorities into operations within the resources available. The Corporate Business Plan details the services, operations and projects a local government will deliver over a defined period.
Equity statement	Equity is the net worth of a local government measured as the difference between the total assets and total liabilities as reported in the statement of financial position. The equity statement details equity by its various classes (retained surpluses, cash-backed reserves and revaluation reserves) and reconciles the opening and closing balances of each class of the local government's equity over the reporting period. It also provides a summary of changes in composition of the local government's equity and the causes of those changes.
Financial capital	Refers to the funding capacity of the local government as disclosed in the statement of financial position. This is usually the net difference between current assets and current liabilities.
Forecast income statement	A statement that includes revenue and expenditure projections over the 10 year life of the plan.
Infrastructure	Infrastructure assets are physical assets intended to serve the community over a long time frame and maintained indefinitely by the continuing replacement and refurbishment of its components so that service level standards are met. This includes the major asset classes such as roads, drains, bridges, footpaths, sewerage assets and public buildings.
Inter-generational equity	Achieving a fair and ethical balance of costs and benefits between present and future generations. In the local government context this refers to the expenditure on long-lived assets and infrastructure and the revenue strategies required to pay for them.
Integrated Planning and Reporting	A framework for establishing community priorities and linking these to different areas of a local government's functions.

Rate setting statement	A statement that details budgeted expenditure and revenue and shows how much rate revenue is required to cover the budget deficit. It can be in a format that includes rates as an income type based on assumptions used in developing the Long Term Financial Plan to show the extent to which planned services and assets can be funded.
Scenario modelling	Preparation of forecasts or estimates in the Long Term Financial Plan on optimistic, conservative and worst-case scenarios to understand the impact of variations in factors or assumptions.
Sensitivity analysis	Determines those factors or assumptions that if varied have greater impacts on the Long Term Financial Plan.
Statement of cash flows	A statement that shows how changes in a local government's expenses and income affect cash and cash equivalents; and breaks the analysis down to operating, investing and financing activities.
Statement of financial position	A statement that reports the value of a local government's current and non-current assets, current and non-current liabilities and equity as at a particular date, usually the end of a financial reporting period.
Strategic Community Plan	The strategy and planning document that reflects the longer term (10+ years) community vision, aspirations and objectives.
Workforce Planning	A continuous process (not a one-off activity) of shaping the workforce to ensure that it is capable of delivering organisational objectives now and in the future.

Objective	Measure	Target
1. Maintain the existing range and level of service provision whilst developing the capacity to grow and add new services	<ol style="list-style-type: none"> <li>1. Meets the targets set by the Annual Business Plan</li> <li>2. Customer Satisfaction surveys of <b>customers</b> of multiple service units</li> <li>3. Community Perceptions survey asks more 'generally' .. about</li> </ol>	

Objective	Measure	Target
	<p>maintenance of parks, roads, satisfaction with events, youth services, family services, libraries, waste</p>	
<p>2. Maintain a strong cash position, ensuring Council remains financially sustainable in the short, medium and long term</p>	<ol style="list-style-type: none"> <li>1. Meet the Current Ratio as provided by the DLGC – a measure of the Councils liquidity to meet its short term financial obligations.</li> <li>2. Meet targets contained in Reserves Forecasts</li> </ol>	<ol style="list-style-type: none"> <li>1. Current Ratio is equal to 1.0 or greater</li> <li>2. Forecasts in the LTFP are satisfied annually</li> </ol>
<p>3. Achieve operating surpluses</p>	<ol style="list-style-type: none"> <li>1. Having a surplus of funds after deducting all operating expenditure from operating revenue</li> <li>2. An indicator to which revenue raised covers operating and capital expenditures</li> </ol>	<ol style="list-style-type: none"> <li>1. Funding all income based reserve transfers.</li> <li>2. Ratio is between 0% and 15%</li> <li>3. Meets the revenue and expenditure targets outlined in the Annual Business Plan</li> </ol>
<p>4. Maintain debt/borrowing levels within prudent guidelines</p>	<ol style="list-style-type: none"> <li>1. An indicator of Council's ability to generate sufficient cash to cover its debt payments.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ratio is greater than or equal to 2.</li> <li>2. In line or better than the average of other metro growth councils</li> </ol>
<p>5. Continue to pursue grant funding for strategic capital projects from the State and Commonwealth</p>	<ol style="list-style-type: none"> <li>1. Source and apply for capital grants to fund Council's Capital program as outlined in LTFP.</li> </ol>	

Objective	Measure	Target
Governments		
6. Provide for rate increases that enable appropriate capital works (asset renewal, growth/expansion & upgrade) and asset maintenance	1. Indicates Council has the financial capacity to fund asset renewal at existing revenue and service levels.	<ol style="list-style-type: none"> <li>1. Rate increases within the LTFFP's forecast</li> <li>2. Asset renewal ratio should be between 0.75 to 0.95</li> </ol>
7. Ensure value for money is a key objective in all council expenditure	1. All cash expenditure for operating and capital expenditure (apart from payroll and statutory charges) is subject to competitive market testing.	1. What is the target
8. Provide a remuneration structure that will ensure Council attracts and retains high quality staff to provide services	1. Feedback from exit interview data and annual salary comparisons (with other Councils)	<ol style="list-style-type: none"> <li>1. Exit interview data. Prevalence of salary and wage levels being an issue in the employee survey</li> <li>2. Number of job offer rejections due to salary</li> <li>3. Council is at the desired quartile when compared with basket of (sampled) councils</li> </ol>
9. Use of cash reserves to achieve inter-generational equity, smooth out year on year rate increase and reduce reliance	1. What is the measure for this objective	1. What is the target for this measure

Objective	Measure	Target
on debt		
10.Planning for the optimal funding of asset renewals and maintenance as determined within asset management plans	1. A measure to the extent to which assets managed by Council are being renewed or replaced as they reach the end of the useful life.	1. Ratio to be 0.9 or greater.
11.Improving trends in the key financial ratios	1. The seven statutory KPI's plus the Financial Health Indicator	1All measures remain or improve year on year 2. Comparison with other metro growth Councils.
12.Maximise revenue from fees and charges through full cost recovery or market pricing where appropriate	1. Own source revenue coverage ratio – ability to cover its costs through its own revenue efforts.	1. Ratio is between 40% and 60%