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City of **Perth**

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# Minutes

Special Council Meeting  
16 July 2024

Approved for release  
Michelle Reynolds  
Chief Executive Officer  
19 July 2024

**Minutes to be confirmed at the next Ordinary Council Meeting**

These minutes are hereby certified as confirmed.

Presiding member's signature \_\_\_\_\_

Date \_\_\_\_\_

## Information

This information is provided on matters which may affect members of the public. If you have any queries on procedural matters, please contact a member of the City's Governance team via [governance@cityofperth.wa.gov.au](mailto:governance@cityofperth.wa.gov.au).

## Question Time for the Public

An opportunity is available at Special Council Meetings for members of the public to ask questions specific to items on the agenda. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible to allow the City time to prepare a response.

The Presiding Person may nominate a member of staff to answer the question and may also determine that any complex question requiring research be answered in writing. No debate or discussion can take place on any question or answer.

To ask a question, please complete the Public Question Time form available on the City's website [www.perth.wa.gov.au/council/council-meetings](http://www.perth.wa.gov.au/council/council-meetings).

## Disclaimer

Members of the public should note that in any discussion during a meeting regarding any item, a statement or indication of approval by any council member, committee member or officer of the City is not intended to be, and should not be taken as, notice of approval from the City. No action should be taken on any item discussed at a meeting of a Committee prior to written advice on the Committee or Council's resolution being received.

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## 1. Declaration of Opening

The Presiding Member declared the Special Council Meeting for the City of Perth open at 5:00pm.

## 2. Acknowledgement of Country/Prayer

The Presiding Member gave an Acknowledgement of Country:

*I respectfully acknowledge the Traditional Owners of the land on which we meet, the Whadjuk Nyoongar people of Western Australia, and pay my respects to Elders past and present. It is a privilege to be standing on Whadjuk Nyoongar country.*

The Chief Executive Officer recited a prayer:

*Almighty God, under whose providence we hold responsibility for this City grant us wisdom to understand its present needs, foresight to anticipate its future growth, and grace to serve our fellow citizens with integrity and selfless devotion. And to Thee, be all blessing and glory forever. Amen.*

## 3. Attendance

### Members in Attendance

Lord Mayor	Basil Zempilas (Presiding Member)
Deputy Lord Mayor	Clyde Bevan
Councillors	Raj Doshi
	Liam Gobbert
	Viktor Ko
	Bruce Reynolds

### Officers in Attendance

Chief Executive Officer	Michelle Reynolds
General Manager Infrastructure and Operations	Allan Mason
General Manager Community Development	Kylie Johnson
A/General Manager Commercial Services	Michael Gunson
General Manager Planning and Economic Development	Dale Page
General Manager Corporate Services	Wendy Attenborough
Executive Director Governance and Strategy	Peta Mabbs
Chief Financial Officer	Michael Kent
Alliance Manager Council Governance and Policy	Charlie Clarke
Council Governance and Policy Coordinator/Minute Taker	Ebony Mackey

### Public Gallery

There were approximately 2 members of the public in the gallery.

### 3.1 Apologies

Councillor Brent Fleeton.

### 3.2 Leave of Absence

Councillor David Goncalves (9 July 2024 to 16 July 2024, inclusive).

Councillor Catherine Lezer (7 June 2024 to 19 July 2024, inclusive).

## 4. Disclosures of Interests

Nil.

## 5. Public Participation

### 5.1 Public Questions

Nil.

### 5.2 Deputations

Nil.

## 6. Reports

### 6.1 Long Term Financial Plan 2024/25 - 2033/34

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 6.1A – LTFP Narrative 2024/25 to 2033-34 Attachment 6.1B – LTFP Financial Schedules 2024-25 to 2033-34

#### Purpose

To seek Council's endorsement of the Long-Term Financial Plan 2024/25 - 2033/34.

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#### Recommendation

That Council:

1. ADOPTS the Long-Term Financial Plan (LTFP) 2024/25 - 2033/34 as detailed in **Attachment A** and **Attachment B**.
  2. NOTES that minor typographical amendments, that do not affect the materiality of the document, may also be made to improve the presentation and / or make corrections.
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## Background

1. The Long-Term Financial Plan (LTFP) is a rolling ten-year financial blueprint for the City and is used to ensure proper alignment between community aspirations, Council's strategic intent and organisational financial capacity.
2. The LTFP guides the City's approach to achieving best value outcomes when delivering services, projects and infrastructure to the community in a responsible, considered and affordable way.
3. The LTFP supports this objective by projecting the City's financial position forward over a ten-year time horizon using a series of realistic, conservative financial assumptions.
4. This financial modelling provides the City with reliable, robust information to assess the City's capacity to maintain overall financial sustainability into the long term and, most importantly, to ensure that the City has in place the necessary funding arrangements to support proposed capital replacement programs and new capital projects.
5. The LTFP is a critical informing document that allows Council to understand the financial impacts of decisions it makes in relation to operating and capital expenditures - and the funding mix.
6. Adopting this plan demonstrates Council's commitment to managing its operations in a financially responsible and sustainable manner.

## Discussion

7. The attached Long-Term Financial Plan (LTFP) presents a \$3.03 Billion financial blueprint for the City for the 2024/25 to 2033/34 period.
8. With its continuing focus on making the City more financially sustainable into the future, this plan continues to drive structural reform of the City's finances.
9. Fundamental principles underpinning the development of this plan include:
  - a. Critical review of operational expenditures to ensure value for money.
  - b. Engaging with our community in meaningful ways to understand their priorities.
  - c. Emphasising community priorities at a neighbourhood level.
  - d. Better matching staffing with agreed service levels.
  - e. Adjusting the scale of the capital program to better align to organisational delivery capacity.
10. Combining these approaches with an agile, service-based resource allocation model, means that the City can deliver quality, targeted services that offer a value for money proposition to its ratepayers whilst ensuring that the capital city is efficiently run and that service levels are responsive to the community's needs.
11. The Long-Term Financial Plan is designed to be a dynamic, evolving financial model - incorporating new initiatives or priorities and responding to changing economic conditions as they arise.
12. This most recent iteration of the ten-year Financial Plan has been developed at a time when the national economy is impacted by inflationary pressures that are proving challenging, increasing interest rates and low levels of unemployment. However, the WA economy is performing better than other states and is demonstrating greater resilience.

13. Perth continues to be the best performed capital City in the recovery post Covid. Activity levels within the office market are at post Covid highs. A new wave of CBD investment is underway. Population growth continues to outperform the rest of WA.
14. Whilst the State is in an economic recovery phase, it is being impacted by adverse supply chain and labour market impacts. These impacts and the current and anticipated economic impacts of other global conflicts and uncertainties have been responsibly and conservatively considered in modelling the plan.
15. The Long-Term Financial model reflects the content of the Corporate Business Plan and is informed by a suite of topic specific strategies and informing plans including asset management plans and a workforce plan.
16. The Plan is a high-level strategic document that is used to assist in planning for the future and aligning our community aspirations, strategic intent, and organisational capacity.
17. It is necessarily based on a number of financial assumptions relating to the:
  - a. quantum of and anticipated movements in both revenues and expenditures
  - b. anticipated timeframes for cash flows into and out of the organisation
  - c. expectations of the continuation of (at least), existing funding initiatives by both commonwealth and state governments.
18. Included in the financial assumptions are anticipated movements in both the consumer price index, wages growth and interest rates as they relate to investment returns and borrowing costs across the ten-year horizon of the plan. Unanticipated changes in any of these parameters - or indeed in government policy directions are likely to have an impact on the financial modelling.
19. Indicative funding or cost estimates included in this plan may relate to broad proposals that:
  - a. have been approved by Council and are in progress.
  - b. have been considered by Council but have yet to be given final formal approval to proceed.
  - c. have only been considered by Council at a strategic or conceptual level.
  - d. are operational in nature and based on the continued delivery of existing services.
  - e. are operational in nature and relate to the maintenance of City assets in accordance with management plans and maintenance plans.
20. Adoption of the Plan by Council does not constitute an irrevocable commitment to any specific project or service referenced in the plan, nor to its timing.
21. Similarly, it does not preclude the possible subsequent inclusion of further service or capital initiatives in future years if the financial modelling and strategic direction of Council indicate that it aligns with that strategic direction and could be supported without adversely impacting on the City's financial sustainability.
22. The plan is regularly reviewed, and where such changes occur and the impact is significant, the financial modelling is adjusted to reflect these changes. This iterative approach is an essential aspect of the Integrated Planning and Reporting Framework and reflects responsible business practice.
23. The Plan is presented in two parts - **Attachment 6.1A** which is the narrative that provides analysis and interpretation of the financial model, and **Attachment 6.1B**, which contains the detailed financial schedules.
24. Headline expenditure data from the Long-Term Financial Plan 2024/25 - 2033/34 is shown below.

**Table 1:**

Expenditure Type	Amount \$M
Core Service Delivery	1,674.14
Programs - Events & Sponsorship	119.80
Discretionary Operating Projects	91.86
Parking Levy	195.54
WACA & PCH Capital Contribution	27.75
Asset Renewal & Community Infrastructure	566.51
Financing Activities - Reserve Transfers	342.51
Financing Costs - Loan Repayments & Lease Principal Payment, Interest	11.45
Closing Balance (Surplus)	5.68
<b>Total Expenditure Allocation</b>	<b>3,035.24</b>

25. The LTFP presents a balanced funding model incorporating a responsible mix of funding sources over the ten-year period to support the proposed expenditure program as indicated below:

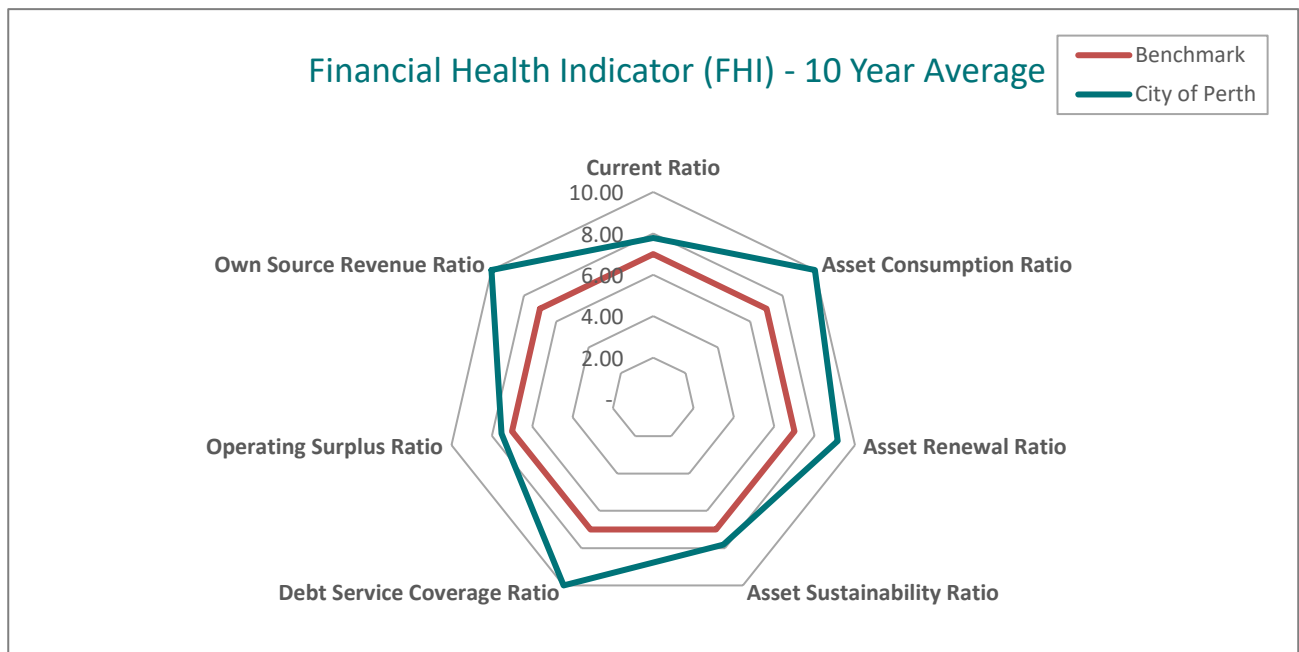
**Table 2:**

Funding Source	Amount \$ M
Rates	1,305.23
Parking Operations	821.47
Fees & Charges	159.39
Grant Funds	70.68
Interest Revenues	110.85
Other Revenues	177.78
Financing Activities - Cash Reserves	368.84
Financing Activities - Borrowings	10.00
Opening Balance	11.00
<b>Total Funding</b>	<b>3,035.24</b>

26. The major changes in this update of the Long-Term Financial Plan are detailed below:
- a. Aligning the first year of the LTFP and the proposed 2024/25 Budget.
  - b. Adjusting the model's indexing parameters to reflect contemporary economic conditions.
  - c. Incorporating agreed project and service allocations presented at Elected Member budget forums over the last six months into the first year (and ongoing where appropriate).
  - d. Ensuring that the City continues to meet its ongoing asset renewal responsibilities.
  - e. Incorporating updated City Deal project information and other external funding opportunities.
  - f. Incorporating priorities emerging from Elected Member Engagement Sessions and Notices of Motion.
  - g. Acknowledging recent community input through neighbourhood forums.

27. The LTFP funding model acknowledges that other opportunities may arise through extra-ordinary grants from other levels of government or non-government sources or from asset rationalisations. These have not yet been incorporated into the model due to their uncertainty, however, the financial model can readily be adapted to respond to such opportunities should they arise.
28. The LTFP also references the financial ratios against industry benchmarks across each of the plan's ten years to identify periods of financial challenge. Whilst a specific indicator may not be met in a specific year, the LTFP presents a responsible and realistic plan to ensure that trends and average ratios across the life of the plan meet or exceed preferred industry benchmarks.
29. Modelling the financial ratios and the Financial Health Indicator (FHI) scores for each of the years covered by the LTFP provides valuable insight to help inform future Council resource allocation decisions and to proactively address potential future financial challenges.

### Financial Health Indicator - 10 Year Analysis



Ratio Names	Benchmark	City of Perth
Current Ratio	7.00	7.78
Asset Consumption Ratio	7.00	10.00
Asset Renewal Ratio	7.00	9.14
Asset Sustainability Ratio	7.00	7.37
Debt Service Coverage Ratio	7.00	10.00
Operating Surplus Ratio	7.00	7.28
Own Source Revenue Ratio	7.00	10.00
<b>Calculated Financial Health Indicator (FHI)</b>	<b>70</b>	<b>86</b>
<i>A FHI of greater than 70 is required to indicate sound financial management</i>		

30. Analysis and interpretation of the ten-year financial model and commentary on the major financial elements is presented in the LTFP 2024/25 - 2033/34 Narrative - **Attachment 6.1A**.

## Stakeholder Engagement

31. Preparation of the Plan is informed by the outputs of various community consultation exercises including, but not limited to, the Strategic Community Plan, Corporate Business Plan and community budget workshops. It also incorporates inputs from internally generated documents including Asset Management Plans and the Workforce Plan.

## Decision Implications

32. Council’s endorsement of the Long-Term Financial Plan 2024/25 - 2033/34 will mean that the plan is embedded into the City’s operations and updated regularly to reflect changing economic conditions and emerging trends

## Strategic, Legislative and Policy Implications

Strategy	
<b>Strategic Pillar (Objective)</b>	Sustainable
<b>Related Documents (Issue Specific Strategies and Plans):</b>	Strategic Community Plan Corporate Business Plan Annual Budget 2024/25 The LTFP exerts a persuasive influence on the budget for the first year of the plan (2024/25 in this case).
Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	<a href="#">Section 5.56 (1) and (2) of the Local Government Act 1995</a> This section of the Act prescribes the requirement to prepare a plan for the future of the district and to ensure that such plans are in accordance with any regulations made about planning for the future of the district.
<b>Authority of Council/CEO:</b>	Council adoption of the LTFP is considered best practice in terms of transparently disclosing how the City aligns community aspirations and the City’s strategic intent with its financial and resource capacity.
<b>Policy:</b>	CP 2.3 Strategic Financial Planning & Budgeting CP 2.4 Cash Backed Reserves CP 2.5 Use of Debt as a Funding Option

## Financial Implications

33. The LTFP should reflect a prudent, sustainable financial blueprint for the future that provides the necessary funding to sustain the delivery of the services and projects that our community wants.
34. It should also be sufficiently agile in its design and modelling that it can flex to accommodate changing community priorities or economic circumstances and emerging future opportunities.
35. The Long-Term Financial Plan 2024/25 - 2033/34 as presented, achieves that outcome.

## Further Information

36. Nil

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### Council Resolution (SCM-24/07-001)

**Mover:** Deputy Lord Mayor Clyde Bevan

**Seconded:** Councillor Bruce Reynolds

That Council:

1. ADOPTS the Long-Term Financial Plan (LTFP) 2024/25 - 2033/34 as detailed in **Attachment A** and **Attachment B**.
2. NOTES that minor typographical amendments, that do not affect the materiality of the document, may also be made to improve the presentation and / or make corrections.

**CARRIED BY ABSOLUTE MAJORITY (6/0)**

**For :** Lord Mayor Basil Zempilas; Deputy Lord Mayor Clyde Bevan; Councillors Raj Doshi, Liam Gobbert, Viktor Ko, and Bruce Reynolds

**Against :** Nil

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## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### About this Document

The City of Perth's Long-Term Financial Plan is a high-level strategy that ensures we have the vision and planning in place to sustainably meet the needs of our community now and into the future.

It is an important strategic document that assists us align our community aspirations, strategic intent, and organisational capacity from 2024/25 until 2033/34.

This Plan projects our financial position over the coming decade using a series of realistic and conservative financial assumptions. This financial modelling provides the City with reliable and robust information to assess our ability to maintain overall financial sustainability into the long term and, most importantly, to ensure that we have in place the necessary funding arrangements to support proposed capital projects, service delivery and other discretionary initiatives.

The purpose of the Plan is to demonstrate the City's financial approach to managing its operations in a responsible, transparent and sustainable manner for the benefit of our residents, ratepayers and stakeholders.

Any assumptions in relation to either the financial modelling parameters, projects or service proposals are prepared based on the best available information and knowledge at hand at the time of preparation.

The ten-year Long-Term Financial Plan is consistent with all the requirements of the Department of Local Government's guidelines on the development of long-term financial management plans.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### 1.0 Introduction

The City of Perth's Long-Term Financial Plan is a high-level strategy that ensures we have the vision and planning in place to sustainably meet the needs of our community now and into the future. It aligns our community aspirations, strategic intent, and organisational capacity from 2024/25 until 2033/34.

This 10 Year Financial Plan showcases our vision for the growth and development of our great city, while demonstrating our ability to underpin this with robust financial management.

This Plan presents a \$3.03 billion financial blueprint for the City for the 2024/25 to 2033/34 period.

The City of Perth is now responsible for a multi-billion dollar business with a net worth of around \$1.5 billion. Over the next decade, this Plan supports a \$567 million dollar capital works program and expenditure of around \$2.5 billion on its key programs and services.

The result of delivering this Plan will be a legacy of quality community infrastructure and social capital for the benefit and enjoyment of our community. This is achieved as the result of a critical review of operational expenditure focused on making the City more financially sustainable into the future.

Over the coming decade, we will see this Plan support:

- The delivery of City of Perth initiatives under the Perth City Deal
- Future growth of the City in line with its Local Planning Strategy
- Contemporary infrastructure and places that complement the City's unique neighbourhood precincts.
- Continued delivery of services and programs to activate the City and deliver on the evolving needs on its local community.

This Plan is underpinned by the following financial principles:

- Financial sustainability
- Financial accountability
- Responsible stewardship
- Alignment with strategic aspirations

Our City is in the midst of a positive and exciting evolution towards excellence. This Plan is foundational to the City's future direction, representing planning that is accountable, transparent and aligned with our vision.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

### 2.0 Our City

#### 2.1 Aspirations



The City's ability to properly plan for our short and long-term financial future is essential to our success in delivering our vision.

This Long-Term Financial Plan was firmly guided by our desire for a City that is *liveable, sustainable and prosperous*.

By developing a clear and strong linkage to these aspirational pillars and reflecting them in how we respond to our community's needs, we can focus on creating meaningful differences in our neighbourhoods and for Perth itself as one of the most liveable cities in the world.

This approach reflects our foundational aspiration of being a well governed city.

#### Liveable

We have an aspiration for our city to be socially cohesive, inclusive, activated and safe. By striving to achieve this, we ensure that residents and visitors enjoy positive experiences that reflect on Perth as one of the world's most liveable, welcoming and respected cities. Initiatives to achieve this include:

- Engaging with our community in meaningful ways to understand their priorities.
- Placing an emphasis on community priorities at a neighbourhood level.
- An increased commitment to appropriate asset renewal and new or upgraded community infrastructure as part of the City's stewardship responsibilities.

#### Sustainable

Maintaining a responsible and healthy balance between the city's natural environment, social and economic systems is a key platform of how the city does business. From local neighbourhoods to the city as a whole, we make decisions and act to nurture, build capacity and sustain our communities. Initiatives to achieve this include:

- Better matching staffing with agreed service levels and scaling back the capital program to levels more aligned to organisational delivery capacity.
- Structural reform of the City's finances that restored previously burgeoning operating expenses back to sustainable levels.
- Expenditure focus is being shifted from discretionary projects back to core service.

#### Prosperous

Our aspiration for Perth is to be a successful, flourishing city that provides opportunities, sustains its economy, and efficiently and effectively delivers services, projects and experiences to our community. Achieving prosperity for our city and our communities is a foundation principle for our decision making.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

### Well Governed

Our aspiration is for the City to be a high performing organisation. This includes the use of an agile, service-based resource allocation model delivering quality, targeted services that offer a value for money proposition to our residents, ratepayers, businesses, and visitors. The City will collaborate effectively with our key partners to ensure that our City is efficiently run and that service levels are responsive to our community's needs.

### 2.2 Our City - Snapshot

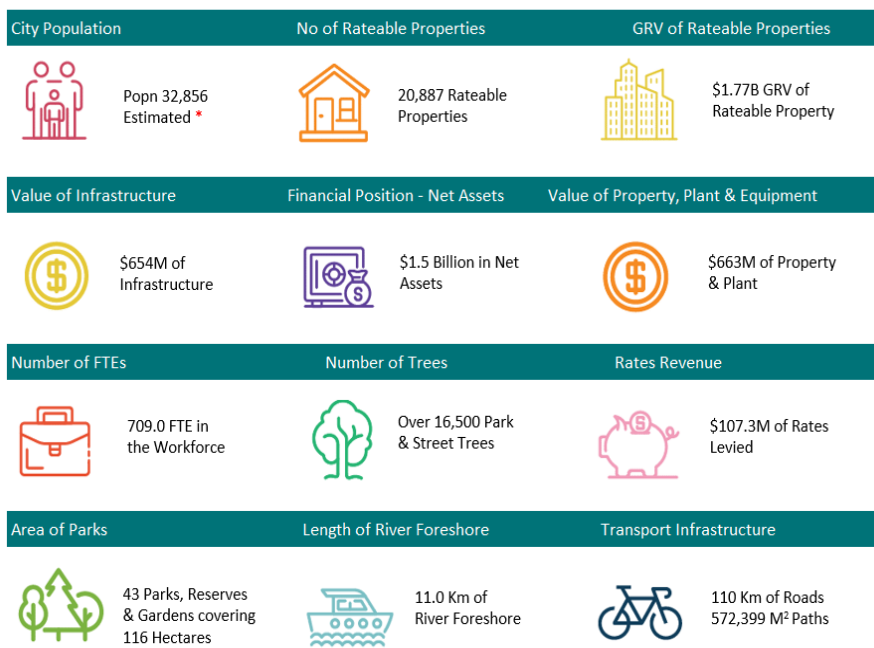
In 2024 the City is home to some 32,856 residents, has about 12,777 businesses, is the workplace of 228,975 workers and a destination for more than 200,000 visitors.

To adequately plan, the City must understand its current state and anticipated future population growth, economic fluctuations, environmental trends and social and community needs in the future.

The 10 Year Financial Plan has considered the City's anticipated population growth - particularly in the later years of the Plan. This growth will impact community needs, servicing costs, infrastructure needs and revenue from rates.

### Figure 1 - Key Statistics

As at June 2024



Source for population & business data, : Economy ID June 23



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

During the life of the Long-Term Financial Plan, an updated Strategic Community Plan, Economic Development Strategy, Sustainability Strategy (including an Energy Transition Plan), and an updated Local Planning Scheme will continue to shape community demand for services, projects and infrastructure provided by the City - and the resources needed to support them. The plan will continue to evolve and adapt to those changes.

### 3.0 Ten Year Financial Plan Snapshot

This 10 Year Financial Plan has been developed at a time when our State is in a very challenging economic environment with persistent inflation outside the desired target range, and a tight labour market. It is being impacted by supply chain issues and the impacts of other global events including conflicts in the Ukraine and Middle East. These impacts and anticipated future economic conditions have been carefully considered and responsibly and conservatively considered in modelling the plan.

**Expenditure profile over the ten-year period in broad terms is:**

Expenditure Type	Amount \$M
Core Service Delivery	1,674.14
Programs - Events & Sponsorship	119.80
Discretionary Operating Projects	91.86
Parking Levy	195.54
WACA & PCH Capital Contribution	27.75
Asset Renewal & Community Infrastructure	566.51
Financing Activities - Reserve Transfers	342.51
Financing Costs - Loan Repayments & Lease Principal Payments, Interest	11.45
Closing Balance (Surplus)	5.68
<b>Total Expenditure Allocation</b>	<b>3,035.24</b>

The Long-Term Financial Plan presents a balanced funding model incorporating a responsible mix of funding sources over the ten-year period.

**Funding sources over the ten-year period in broad terms are:**

Funding Source	Amount \$ M
Rates	1,305.23
Parking Operations	821.47
Fees & Charges	159.39
Grant Funds – Operating	34.28
Grant Funds – Capital	36.39
Interest Revenue	110.85
Rental & Hire Income	59.74
Fines	80.80
Other Revenues	37.24
Financing Activities - Cash Reserves & Borrowings	378.84
Opening Balance	11.00
<b>Total Funding</b>	<b>3,035.24</b>



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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The Long-Term Financial Plan 2024/25 - 2033/34 incorporates initiatives associated with the Perth City Deal funding arrangement. The funding model also acknowledges that other opportunities may arise through extra-ordinary grants from other levels of government or non-government sources or from City's asset rationalisations arising from the property portfolio review.

These are currently not incorporated into the model due to their uncertainty, but the financial model can readily be adapted to respond to such opportunities should they arise.

The Long-Term Plan also references our financial ratios against industry benchmarks across each of the plan's ten years to identify periods of financial challenge. Whilst a specific indicator may not be met in a specific year, the Long-Term Financial Plan presents a responsible and realistic plan to ensure that trends and average ratios across the life of the plan meet or exceed preferred industry benchmarks.

### 3.1 Our Services

The City has carefully considered the resource and funding requirements necessary to deliver ongoing services and programs, statutory and governance activities, asset network renewal expenditures and opportunities for major discretionary capital expenditure initiatives.

Over the life of the plan, the range and scope of our services may be re-evaluated, or service levels re-assessed in the light of changing circumstances to ensure that there is alignment between community expectations, financial and organisational capacity and agreed service levels.

The City provides an extensive range of external facing services to our community including:

- Strategic leadership
- Economic development
- Community capacity building
- Community support services
- Cultural development
- Events and activation
- Library services
- Customer service
- Community safety and amenity
- Public health
- City planning
- Development approvals
- Transport and urban design
- Infrastructure asset strategy and design
- Infrastructure maintenance
- Park maintenance
- Waste and cleaning
- Parking management
- Project delivery
- Marketing and communications
- Advocacy



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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These services are supported and empowered by internal facing services including:

- Financial management
- ICT services
- Human resource management
- Governance
- Audit and risk management
- Corporate planning and performance reporting
- Information and records management
- Property management services

### 4.0 Service Based Resource Allocation Approach

The City uses a service-based resource allocation model designed to emphasise agile and flexible assignment of employee, financial and equipment resources around services rather than organisational structure. Services prioritised through community feedback and agreed community outcomes and service levels determine the allocation of resources each year rather than a traditional incremental increase to the existing service unit budgets.

### 5.0 Long Term Financial Plan Modelling

#### 5.1 Context for the Long-Term Financial Plan

This Plan is a significant informing document for the City's integrated planning framework as it provides information regarding the resourcing requirements and financial capacity of our local government to achieve its stated objectives and priorities.

This financial modelling provides the City with reliable, robust information to assess our capacity to maintain overall financial sustainability into the long term and, most importantly, to ensure that we have in place the necessary funding arrangements to support proposed capital replacement programs and new capital projects.

The City's Long-Term Financial Plan is consistent with all the requirements of the Department of Local Government's guidelines on the development of long-term financial management plans.

#### 5.2 Assumptions & Modelling Parameters

As with any long-term financial model, it is important to understand any qualifications and/or limitations that may relate to the outputs of the model.

The Plan is expected to influence the City's Annual Budget each year - but it is recognised that the Plan is a dynamic and evolving document that responds to changing strategic priorities, service level expectations and economic conditions.

In regularly reviewing the plan, where such changes occur, and the impact is significant; the financial modelling will be adjusted to reflect these changes. This iterative approach is an essential aspect of the Integrated Planning and Reporting Framework and reflects responsible business practice.

It is for this reason that the plan is regularly reviewed and updated to reflect current economic conditions to ensure that the future financial impacts of funding decisions is fully understood.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### 5.2.1 Qualifications & Limitations

The Plan is a high-level strategic document that is used to assist in planning for the future and aligning our community aspirations, strategic intent and organisational capacity.

It is necessarily based on financial assumptions relating to the:

- quantum of and anticipated movements in both revenues and expenditures
- anticipated timeframes for cash flows into and out of the organisation
- expectations of the continuation of (at least), existing funding initiatives by both commonwealth and state governments.

Included in the financial assumptions are anticipated movements in both the consumer price index, wages growth and interest rates as they relate to investment returns and borrowing costs across the ten-year horizon of the plan. Unanticipated changes in any of these parameters - or indeed in government policy directions, are likely to have an impact on financial modelling.

Indicative funding or cost estimates included in this plan may relate to broad proposals that:

- have been approved by Council and are in progress.
- have been considered by Council but have yet to be given final approval to proceed.
- have only been considered by Council at a strategic or conceptual level.
- are operational in nature and based on the continued delivery of existing services.
- are operational in nature and relate to the maintenance of City assets in accordance with management plans and maintenance plans.

Adoption of the Plan by Council does not constitute an irrevocable commitment to any specific project or service referenced in the plan, nor to its timing.

Similarly, it does not preclude the possible subsequent inclusion of further service or capital initiatives in future years if the financial modelling and strategic direction of Council indicate that it aligns with that strategic direction and could be supported without adversely impacting on the City's financial sustainability.

There are also several future iconic project ideas that are currently still at pre-project definition status and are not, yet, included in the plan. These include master plans for Forest Place, the CBD Core between the cultural precinct and EQ, a multi-function sport and recreation centre and a riverfront masterplan.

Similarly, there are several property expenditure and property disposal proposals that are in their feasibility / investigation phases that may require or release funding that are currently not included in the plan. The cash flows resulting from the potential property disposals are expected to be significant and should have a noteworthy positive impact on this plan.

Once the quantum and timing of the resulting cash flows can be confidently measured and determined with certainty, the Long-Term Financial Plan will be updated to reflect those cashflows.

The plan is designed to be dynamically modified to reflect such changes in future iterations of the plan.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### 5.2.2 Significant One-Off Considerations Impacting the Plan

The City has two significant financial commitments in the first two years of the plan - a \$4.0M contribution to the re-development of the Perth Concert Hall in 2024/25 and a \$25.0M contribution to the WACA Aquatic Facility spread over the 2024/25 and 2025/26 years. These initiatives are supported by funds currently quarantined in cash backed reserves.

### 5.2.3 Excluded Reserve Fund Transactions

Cash backed reserves have been created and funded in support of anticipated future initiatives regarding event activation, parking facilities, sponsorships, community facility and neighbourhood and heritage initiatives. These will only be drawn down in the appropriate year when there is a firm costed proposal - at which time the transfer from the reserve and the offsetting expenditure item will be introduced into the plan.

## 5.3 Long Term Financial Plan

The narrative and analysis provided in Sections 5 & 6 of this document are intended to facilitate a shared understanding of the financial schedules underpinning the 2024/25 - 2033/34 Long Term Financial Plan.

### 5.3.1 LTFP Financial Schedules

The published version of the Long-Term Financial Plan is presented as six summarised Financial Statements:

- Statement of Financial Activity (FS1)
- Income Statement (FS2)
- Cash Flow Statement (FS3)
- Rate Setting Statement (FS4)
- Statement of Financial Position (FS5)
- Statement of Changes in Equity (FS6)

An explanation of the purpose of each of these statements is provided below. Each statement provided in the plan is accompanied by a table explaining each major line item on the statements.

#### **FS1 - 10 Year Statement of Financial Activity**

This financial statement is a high-level summarised statement that aggregates the estimates of both operating and non-operating revenues and expenditures as well as incorporating loan proceeds, transfers to or from cash-backed reserves, repayments of loan principal, capital expenditure items and movements in accrual funding that are expected to occur over the 10-year period covered by the plan. It provides a single consolidated view of all aspects of the Long-Term Financial Plan.

#### **FS2 - Income Statement**

This financial statement includes estimates of all revenues and expenditure that is included in the operating (normal day-to-day) activities of the City. This also includes non-cash items such as depreciation and interest payments on loans. It excludes repayments of loan principal, proceeds from loan borrowings and capital expenditure items - those are all reflected in the aggregated Financial Summary FS1. It also allows for estimated (book entry) movements in the value of the City's non-current assets. Information from the Income Statement is used to calculate the Operating Surplus Ratio which is one of the statutory measures of financial sustainability.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### **FS3 - Cash Flow Statement**

This financial statement demonstrates the projected impact on the overall cash position of the City of the planned financial transactions. It is derived from the Operating Position which is then adjusted for the impact of the non-cash transactions and non-operating items.

### **FS4 - Rate Setting Statement**

This is another statutory financial statement. It includes estimates of all operating and non-operating revenues and expenditures as well as repayments of loan principal, proceeds from loan borrowings, capital expenditure items and transfers to or from cash backed reserves. It does, however, exclude all non-cash items. The purpose of the statement is to demonstrate the calculation of the amount of Rates revenue expected to be raised to fund the Budget each year.

### **FS5 - Statement of Financial Position**

This financial statement demonstrates the impact of the proposals in the Long-Term Financial Plan on the assets and liabilities of the City and, therefore, shows any improvement or decline in the City's financial position.

### **FS6 - Statement of Changes in Equity**

This financial statement demonstrates the cumulative impact on the City's Net Equity from the proposals in the Long-Term Financial Plan. It also contains a reconciliation back to the Opening Position - which is a critical component in the development of the Rate Setting Statement.

The primary Financial Schedules are supplemented by a series of Supporting Schedules (SS1 to SS6) which provide further details of the 10 Year Long Term Financial Plan.

### **5.3.2 LTFP Supporting Schedules**

There are numerous supporting schedules which provide financial inputs for the Long-Term Financial Plan model. A number of these schedules contributing to this plan are simply supporting worksheets that are intended for internal use and are not published in this document.

Supporting Schedules (SS1 to SS6) are included in this document and provide details of major financial parameters and assumptions that have been used to produce the 10 Year Long Term Financial Plan:

- Key Performance Indicators Calculations (SS1)
- Funding Assumptions - Reserves (SS2)
- Funding Assumptions - Loan Borrowings (SS3)
- Capital Expenditure & Capital Revenues (SS4)
- Explanatory Notes for Financial Statements (SS5)
- Financial Health Indicator (FHI) Scores (SS6)

The remaining worksheets hold the calculations used to derive the model and as such are not published.

### **5.3.3 Key Financial Indicators**

Projected Key Financial Indicators required by the Department of Local Government Advisory Standard have been calculated from the data in the Long-Term Financial Plan Financial Statements. An additional Indicator for Annual Rates % Increase has been included although not required by the Advisory Standard.



City of Perth Long Term Financial Plan 2024/25 - 2033/34

The Key Financial Indicators calculated are:

- Operating Surplus Ratio
- Own Source Revenue Ratio
- Debt Service Ratio
- Gross Debt to Operating Revenue Ratio
- Current Ratio
- Asset Consumption Ratio
- Asset Sustainability Ratio
- Asset Renewal Funding Ratio

Explanations and commentary on the Key Financial Indicators are provided at Section 6.3 of this plan. The calculations of the Key Indicators are provided in Supporting Schedule SS1. That schedule also indicates the source of the calculations by providing the line reference to the Financial Statements. Each indicator is compared to a local government industry benchmark to help inform future financial decisions.

There is no one indicator, or single financial year, that can be used to judge the financial sustainability of the City. Spikes in indicators can occur for a variety of reasons. However, indicative financial ratio calculations can help Councils identify potential future financial challenges.

In the Key Performance Indicator Schedule (SS1):

<span style="color: teal;">●</span>	Indicates that the projected indicator exceeds the target.
<span style="color: yellow;">●</span>	Indicates that the projected indicator is an intermediate achievement but is still under the target.
<span style="color: red;">●</span>	Indicates that the projected indicator does not meet the target.

5.3.4 Loan Borrowings

The use of borrowings to support the funding of long-life capital projects where appropriate is an important part of a balanced local government funding package. Introducing borrowings into the funding mix helps to smooth the spikes in rating from year to year - addressing the challenge of inter-generational equity. This means that those who will benefit from the use of the newly created asset in future years help to pay for the asset through paying rates to service the loan repayments each year.

With local governments able to borrow at fixed interest rates and interest rates still relatively low, the opportunity to embrace borrowings as part of the funding package cannot be overlooked in formulating the Long-Term Financial Plan. In doing so, it is important to ensure that the City’s Debt Service Ratios remain within acceptable benchmarks (as this will be assessed before WA Treasury Corporation accepts our loan applications).

It is also important that the City ensures that its planned financial model meets its own debt covenants, such as ensuring that its Gross Debt to Operating Revenue sits below the threshold of 40% across all ten years covered by the plan.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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New borrowings have been included in the City's 2024/25 - 2033/34 Long Term Financial Plan to support the overall funding package with the City's current loan profile showing that all existing borrowings were cleared in July 2023.

The Long-Term Financial Plan includes \$10M worth of loan borrowings over the ten-year life of the plan.

Analysis of the City's borrowings profile and commentary on financial ratios relating to the use of debt is provided at Section 6.3 of this document.

### 5.3.5 Reserve Funds

Cash backed Reserve Funds are also a vital part of the Long-Term Financial Plan funding package. Funds accumulated in cash backed reserves can be used to smooth fluctuations in rates needing to be raised during years when larger capital programs are being delivered.

The City currently has 18 active Cash Reserves after six inactive reserves were closed as part of the 2023/24 budget process. These reserves are classified as:

- Strategic Reserves
- Asset Acquisition & Renewal Reserves
- Parking Related Reserves
- Waste Management Reserves
- Tactical Reserves

The 2024/25 - 2033/34 Long Term Financial Plan makes extensive, but responsible, use of previously accumulated cash reserves. Analysis and commentary on the use of Cash Reserves is provided at Section 6.2 of this document.

## 6.0 LTFP Analysis & Commentary

### 6.1 Overall Commentary

The Long-Term Financial Plan represents a financial commitment of around \$3.03 billion over the next ten years. These funds are applied towards delivering a program of relevant services to our community whilst maintaining and renewing our infrastructure and creating new community facilities that leave a legacy for our community.

The Long-Term Financial Plan has been presented using a balanced budget philosophy. That is, whatever is proposed to be expended is fully funded by the funding options included in the plan. The financial modelling in the earlier years of the plan is necessarily more certain than the later years - but adequate flexibility has been allowed in the later years of the plan to cope with new or emerging community priorities or project opportunities.

In addition to continuing to deliver the comprehensive range of customer focused services and maintaining and renewing our community infrastructure, the City is embarking on an ambitious program to create and enhance major community infrastructure and new community facilities. These transactions have been modelled into the ten-year Long Term Financial Plan to ensure that the new community facilities can be funded in a sustainable manner without unreasonable impost on ratepayers.



City of Perth Long Term Financial Plan 2024/25 - 2033/34

The Long-Term Financial Plan presents the optimum financial model to meet the City’s financial needs over the next ten years in a way that respects and works towards achieving the Key Financial Indicators that have been set as benchmarks for local government to aspire to.

Where an indicator may not be attained in any given year, the plan presents a responsible strategy to move the City towards the preferred industry benchmark.

The Long-Term Financial Plan is, therefore, a sustainable financial blueprint for the City’s future.

Chart 1 - 10 Year Funding Mix by Source

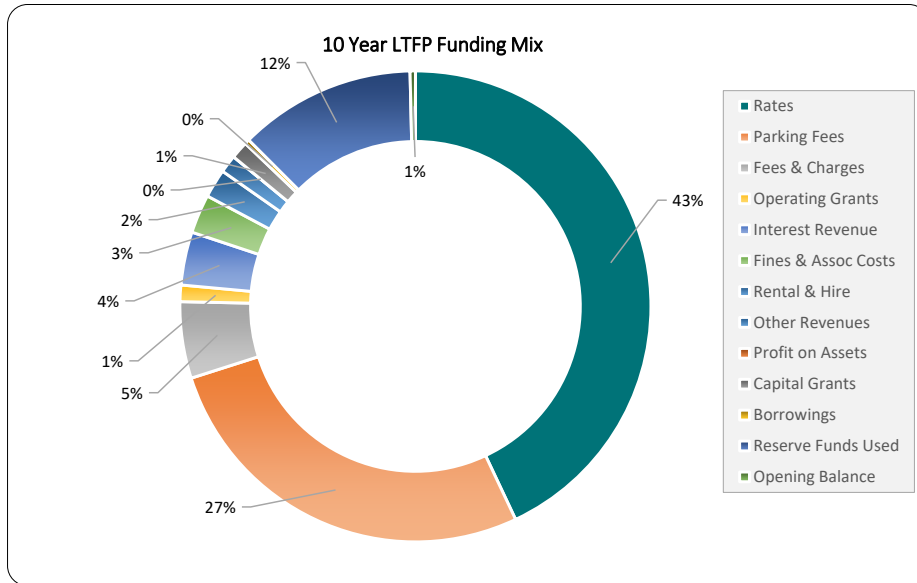


Chart 1 (above) indicates the respective contributions of the various funding sources to the total funding mix over the ten-year period covered by the plan.

The major elements of the funding model are Rates (43%), Fees & Charges (5%), Parking Revenues (27%), Interest Revenue (5%), Property Leasing (1%) Reserves (12%), Fines (3%), Grants (3%), Other Revenues (1%) and Opening Balance.

Over the life of the plan, funds will be applied towards meeting the costs of operational service delivery (premised on the agreed range and scope of services and agreed service levels) as well as expenditure on infrastructure renewals, new community asset creation and debt servicing.

The uses of those funds are shown in Chart 2 titled 10 Year Fund Use by Type.

The proposed expenditure program reflects approximately 68% of funds being applied to operational expenditure, 11% on infrastructure maintenance and renewals and 8% for new asset creation. A further 1% is used for debt servicing.

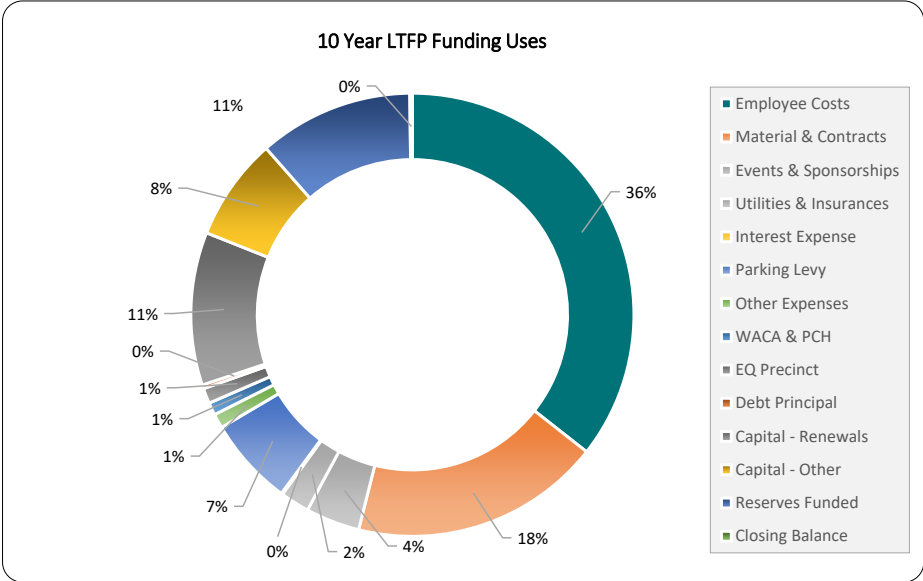


City of Perth Long Term Financial Plan 2024/25 - 2033/34

Some 11% of available funds are used for creation of Reserve Funds to support future capital expenditures and the remaining 1% relates to the WACA Aquatic Facility and Perth Concert Hall capital contributions.

Fund uses described in Chart 2 (below) as Reserves Created reflect the transfer of funds to cash backed reserves, largely relate to providing funding for the Parking Bay Levy payable each year, in advance, to the state government and funding for future capital opportunities that may be presented to future Councils.

Chart 2 - 10 Year Funding Use by Type



Non-cash operating expenditure items such as depreciation and amortisation have been excluded from the graph above. Book gains such as revaluation increases relating to infrastructure assets, land and buildings or book losses relating to disposal of assets or relinquishment of assets to state government are also not included in the LTFP model.

Over the life of the plan, the City aims to draw down Cash Backed Reserves to support certain major initiatives across the years, but astute stewardship of the reserves should see the interest on those invested funds sustaining the reserves by being close to matching the amounts drawn down.

The plan also uses borrowings of \$10.0M in total to supplement the City’s other funding sources.

The projected Opening Balance each year of the plan averages around 2.1% of Operating Revenues and the Closing Balance represents, on average, around 1.9% of Operating Revenues (in line with the targets in Policy CP 2.3 - Strategic Financial Planning and Budgeting).

The ten-year Long-Term Financial Plan model reflects a responsible, balanced, and sustainable financial strategy for the City. The plan will be subject to ongoing monitoring, review and updating in future years.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

### 6.2 Commentary on Reserve Funds

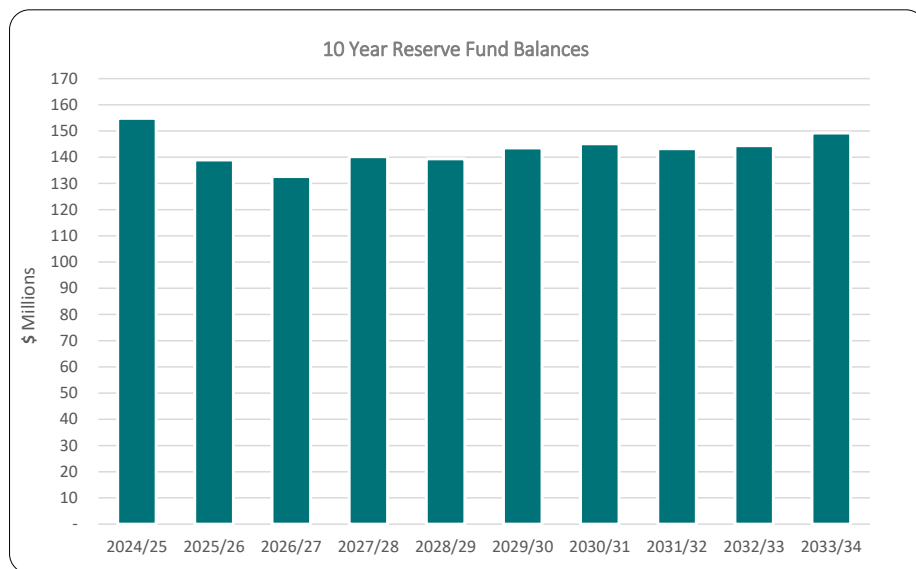
Reserve funds are strategic in nature and, informed by future cash requirements identified in the Long-Term Financial Plan, are generally accumulated to provide funding for identified future major community infrastructure projects.

Discretionary reserves may also be funded from municipal funds to provide for future replacements of items including plant and equipment, technology, or reticulation systems.

Over the life of the plan the City's draw-down of Cash Backed Reserves will be to the maximum extent possible sustained by reinvesting interest earned back into Reserves in proportion to the average balance of each Reserve.

The composition and balances of the City's Reserve Funds is shown in Charts 3 & 4 below.

**Chart 3 - Projected Reserve Fund Balances**



There is also an intention in future to further draw-down of Reserves for initiatives such as

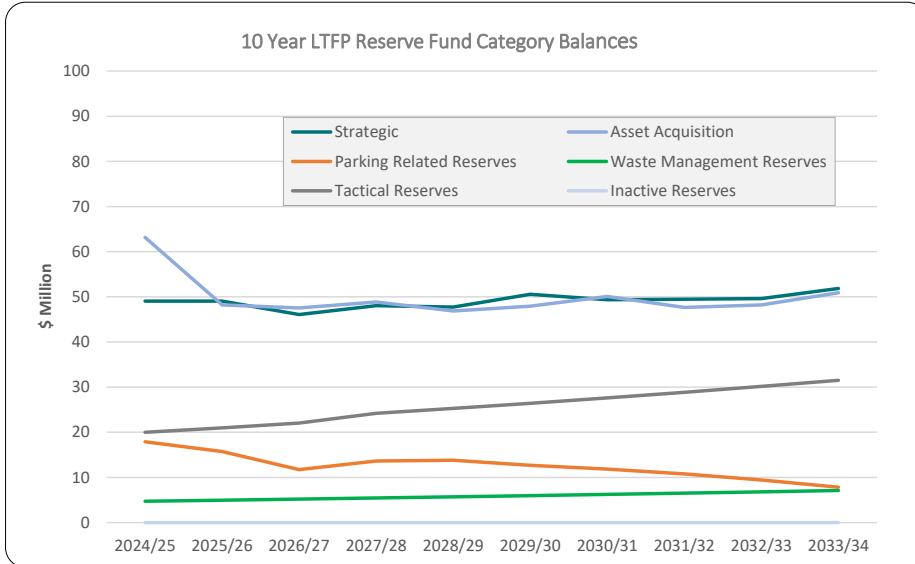
- Heritage grants
- Parking technology replacement
- Sustainability initiatives
- Asset replacement at Elizabeth Quay
- Technology upgrades
- Bi-centennial Project
- City building renewals

The timing of these projects is still uncertain. Whilst funding is available in cash backed reserves, those transactions are currently not included in the LTFP until they can be definitively time-lined.



City of Perth Long Term Financial Plan 2024/25 - 2033/34

Chart 4 - Projected Reserve Fund Categories 10 Year Trend



The City currently maintains eighteen cash backed Reserves. Six inactive minor reserves were closed in 2023/24 and one further reserve, the Perth Concert Hall Reserve will close when the \$4.0M capital contribution to the PCH redevelopment is paid.

The strategic accumulation and use of cash-backed Reserves is an important financial management approach to deliver a sustainable and responsible financial model.

Reserve funds play an important role in ‘smoothing’ cash demands across financial years and in doing so, help to address the challenges of inter-generational equity.

Interest revenues earned on Reserve funds are invested back into each reserve in proportion to its balance relative to the total Reserve fund balance.

Reserves maintained by the City are classified as:

- Strategic Purpose Reserves
- Asset Acquisition & Renewal Reserves
- Parking Related Reserves
- Waste Management Reserves
- Tactical Reserves
- Inactive Reserves



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### Strategic Purpose Reserves

#### **Enterprise & Initiative Reserve**

This reserve was established to fund future strategic projects or initiatives that introduce or improve efficiencies and effectiveness in the City's operations.

#### **Technology Upgrade Reserve**

This reserve was established to provide funding to enhance the City's core technology systems to facilitate service-based resource allocation models and transparent reporting of financial performance. It also plays a role in supporting the renewal of technology devices.

#### **Strategic Property Reserve**

The purpose of this reserve is to support the funding of strategic land or commercial building acquisitions that may be used to generate future lease rental income streams to subsidise the City's rates and parking revenue streams, or to meet the City's operational storage needs.

#### **Sustainable & Resilient City Reserve**

This reserve is established to support initiatives that enhance the City's energy resilience, drive residential population growth, or build the night-time economy with the intention of strengthening and diversifying ongoing revenue streams.

#### **Community Infrastructure Reserve**

This reserve is established to provide funding to support community infrastructure capital initiatives arising from the Social Needs Analysis 2022.

### Asset Enhancement & Renewal Reserves

#### **Asset Enhancement Reserve**

The purpose of this reserve is to provide funds for the enhancement, replacement, refurbishment of the City's assets and the acquisition new assets or capital works. This reserve may also be applied to fund projects that may not necessarily be controlled by the City, but which may be carried out for the ultimate benefit of the City.

#### **Major Infrastructure Reserve**

This reserve is established to provide funding flexibility to allow the accelerated delivery of large multi-year infrastructure projects where delivery synergies and cost savings can be gained through aggregation of project stages. The reserve is to be used for identified projects only.

#### **Provisional Capital Program Reserve**

This reserve was established to match delivery capacity with the proposed Capital Program. As projects are completed, this reserve may be accessed to fund Capital programs expected to occur later in the year.

#### **Council House Refurbishment Reserve**

This reserve was established to fund future refurbishment of Council House to optimise the use of the available floor space and encourage more effective and efficient working arrangements



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### **Bi-Centennial Project Reserve**

This reserve was established to accumulate funding to support delivery of an iconic project to celebrate the Western Australian Bi-Centennial celebration.

### **Elizabeth Quay Asset Renewal Reserve**

It is proposed that this reserve will be created and used from the date of the handover of public realm assets at Elizabeth Quay. This reserve will be established to accumulate funding to support future renewal of public realm infrastructure assets in the Elizabeth Quay precinct.

## Parking Related Reserves

### **Parking Levy Reserve**

This reserve was established to set aside funds to meet payment of the State Government's Parking Levy.

### **Parking Facilities Development Reserve**

This reserve was established to enable the development of parking facilities within the City and to fund the acquisition of parking management equipment.

## Waste Management Reserve

### **Refuse Disposal & Treatment Reserve**

The purpose of this reserve is to allow for the development, construction and purchase of facilities and plant for the treatment, transportation, and disposal of non-industrial refuse. It is also utilised to assist with the phasing in of significant increases in standard rubbish service charges when alternative waste stream processes are introduced.

## Tactical Reserves

### **Heritage Incentive Reserve**

This reserve was established to fund heritage incentives to benefit properties on the City of Perth's heritage register.

### **Employee Entitlements Reserve**

This reserve was established to fund the non-current portion of employee entitlements for Long Service Leave and the non-current portion for Annual Leave entitlements.

### **Neighbourhood Initiatives Reserve**

This reserve was established to support Neighbourhood Place Plans through providing funding to support minor discretionary projects initiated by the six city neighbourhoods.

### **Sponsorship Reserve**

This reserve is used to effectively manage the cashflow implications of sponsorships spanning multiple financial years.

### **Major Events Activation Reserve**

This reserve is used to allow the City to leverage activations associated with third party run major national or international sporting events.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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### Inactive Reserves

The City actively curates its cash-backed reserves and has identified the reserves detailed below as being inactive and no longer required by the City. Accordingly, the minimal residual balances in those reserves was returned to the municipal fund through the budget process and the reserves were formally closed.

A seventh cash backed reserve, (Perth Concert Hall Reserve) will also be closed as soon as the City's \$4.0M contribution towards the redevelopment of the concert hall is called upon.

The affected cash-backed reserves are as follows:

#### **Concert Hall Reserve**

This reserve will cease to exist after the City makes its \$4.0M capital contribution to the redevelopment of the Perth Concert Hall in 2023/24. Any residual balance will be returned to the City of Perth Municipal Fund in 2023/24.

#### **David Jones Bridge Reserve**

This reserve was established to fund major repairs, renovations or replacement of the pedestrian bridge over Murray Street Mall between David Jones and Forrest Chase. This reserve is inactive and was extinguished in 2023/24 budget process.

#### **Art Acquisition Reserve**

This Reserve was established to fund future additions to the art collection of the City. Such acquisitions now budgeted separately when appropriate, so the reserve is redundant and was extinguished in 2023/24 budget process.

#### **Organisational Reform Reserve**

This reserve was established to fund the anticipated costs of the City of Perth Inquiry and to provide funding towards corporate recovery, organisational development, and capacity building. As the reserve's purpose has concluded, it was extinguished in 2023/24 budget process.

#### **Public Art Reserve**

This reserve was established to provide financial capacity to support the commission of new and enduring public art identified in the City's Public Art Strategy and to fund associated renewal costs. As public art commissions are now included in project budgets, the reserve is redundant and was extinguished in 2023/24 budget process.

#### **Bonus Plot Ratio Reserve**

This reserve was established to hold contributions in respect of Bonus Plot Ratio entitlements pending expenditure on streetscape improvements and / or public art. This reserve is inactive and was extinguished in 2023/24 budget process with funds transferred to the Community Infrastructure Reserve.

#### **Funding Appropriations / Use of Reserves**

The requirement for each Reserve and associated target values are reviewed and adjusted as appropriate each year during the Long-Term Financial Plan and Annual Budget cycle by the Chief Financial Officer and transfers to or from reserves recommended to Council for consideration and formal approval.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

The required transfers to / from reserves are managed in line with the objective of attaining the target values set within the Long-Term Financial Plan (LTFP). Consideration of the potential transfers to or from reserves will be undertaken in the context of current economic conditions, Council’s strategic priorities and projected budget position at year end.

### 6.3 Commentary on Loan Borrowings

The Long-Term Financial Plan uses a responsible funding mix to support investment in asset renewals and new community infrastructure. Proposed borrowings of \$10M over the life of the plan are detailed in Schedule SS3 - Borrowings.

The City has the capacity to use a greater proportion of borrowings in its funding mix should Council choose to support future capital projects funded in this way.

**Chart 5 - 10 Year Projected Loan Balances Outstanding**



### Debt Service Ratio

This indicator shows how much of the City’s annual surplus (before interest and depreciation) is being applied to service debt obligations. It demonstrates that the City has sufficient operating surplus to service repayments of principal and interest on borrowings. The industry benchmark for the Debt Service Ratio is 5.0 times coverage for the basic standard and 20.0 times coverage for advanced.

**Table 1 - Projected Debt Service Ratio**

24/25	25/26	26/26	27/28	28/29	29/30	30/31	31/32	32/33	33/34
●	●	●	●	●	●	●	●	●	●
335.8	386.7	428.5	62.9	34.5	37.2	37.3	37.7	38.1	37.9



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

The ten-year average for the Debt Service Ratio is 143.6 which comfortably exceeds the industry benchmark of 5.0 times. The City betters the advanced standard of 20.0 times very comfortably in all years covered by the plan, indicating that future borrowing is a legitimate funding option if required.

### Gross Debt to Operating Revenue Ratio

This indicator shows the relationship between outstanding debt and the annual operating revenue (less operating and capital grants). The preferred benchmark for the ratio is less than 20%.

**Table 2 - Projected Gross Debt to Operating Revenue Ratio**

24/25	25/26	26/26	27/28	28/29	29/30	30/31	31/32	32/33	33/34
●	●	●	●	●	●	●	●	●	●
0.0%	0.0%	0.0%	4.0%	3.5%	3.1%	2.7%	2.3%	1.8%	1.4%

The ten-year average for this ratio is 1.9% which is comfortably within the upper bound of 20%. The City comfortably meets the standard of less than 20% in all ten years covered by the plan.

### 6.4 Commentary on the Financial Statements

The financial statements contained within the Long-Term Financial Plan 2024/25 - 2033/34 present a responsible and sustainable financial blueprint for the City's future. These statements indicate a steady improvement in the City's financial position over the life of the plan with the annual net funding requirement before Reserves & Borrowings reaching a positive contribution by year ten of the plan. This shows a positively correlated relationship between revenues and expenses and a well-balanced mix of funding options. The plan also demonstrates consistent progression towards equaling or bettering industry benchmarks for all key financial indicators.

The overall Long-Term Financial Plan Statement of Financial Activity (FS1) reflects a single integrated view of the Long-Term Financial Plan. It demonstrates a well-considered strategy that results in the City moving from its challenging post Covid 19 position to a sound and sustainable operating result across the ten years covered by this plan - out to 2033/34. The Closing Position remains within the City's Strategic Financial Planning and Budgeting policy targets and preferred industry benchmarks of approximately 1% to 3% of Operating Revenue over all ten years of the life of the plan. It averages a very sound \$5.4M or 2.1% of Operating Revenue over the life of the plan.

The Operating Surplus Ratio is calculated on an adjusted basis to remove the distortion of two significant contributions for the WACA Aquatic Facility (\$25.0M) and the Perth Concert Hall Redevelopment (\$4.0M). Removing the distorting impact of these abnormal costs, the ratio is positive in all years and consistently within the industry benchmark range. This demonstrates the successful efforts of City leadership over the last four - five years to reign in operating expenditures and bring them back with financially sustainable parameters.

The Long-Term Financial Plan is relatively defined and robust in the first half of the plan - but is necessarily less rigid in the later years, so additional funding allocations have been provided to allow for new or emerging projects that arise during the later years of the plan. These future opportunity funding allocations are included in the Long-Term Financial Plan Summary.

Because of this responsible financial modelling approach, the Long-Term Financial Plan sees the City move to a sustainable financial position over the ten-year life of the plan without unreasonable impost on the City's ratepayers.



## City of Perth Long Term Financial Plan 2024/25 - 2033/34

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The Income Statement (FS2) focuses on revenues and operating expenses only and reflects a minimal negative operating result in the 2024/25 year, due to the previously noted abnormal expenses - but this is offset by responsibly planned use of cash reserves.

All items shown on the Income Statement reflect growth in line with agreed financial indexing parameters, with the exception of grants for the acquisition of assets which are modelled on realistic expectations for external contributions towards specifically identified major capital initiatives. The results reflected in this financial statement are considered realistically modelled and are sustainable into the future.

The Cash Flow Statement (FS3) indicates sound cash flows from operating activities over the life of the plan. Projected cash generated from operations each year provides cash flows that support the financing and investing activities in conjunction with contribution from previously accumulated cash reserves.

Over the life of the plan, net municipal cash held remains very consistent - with an average balance of around \$34.0M. Over the life of the plan, Reserve cash reduces by around \$5.6M (net) over the ten years of the plan, following the drawdown of the \$29M City Deal capital contributions from the earlier accumulation of reserve funds (as planned). Should the City take the opportunity to rationalise some of its land holdings, the funds released would be quarantined back into Reserves until re-deployed in future to support future community infrastructure expenditure.

The Rate Setting Statement (FS4) demonstrates the calculation of the amount required to be raised from rates each year (after considering the contribution from all other funding sources excluding rates) - and confirms that the proposed rates increase is both appropriate and sustainable over the life of the plan.

The Long-Term Financial Plan endeavours to keep rate increases (excluding interim rates from growth and GRV revaluations) to within a self-imposed parameter of no more than CPI each year. The rate setting model used in this preparing the financial plan represents an average annual rate increase of 2.6% excluding interims and rates growth. This is the level required to ensure that the balance between the City's operational expenditure, and its operational revenue generating capacity is maintained at a sustainable level - as reflected in the Operating Surplus Ratio. For eight of the ten years covered by the plan, this is achieved. One of the ten years are outside the target range, but it is considered that the slightly out of range increases reflect a business reality in those years.

The Statement of Financial Position (FS5) demonstrates the cumulative impact of the financial modelling in this plan on the City's assets and liabilities. The Long-Term Financial Plan shows a modest positive trend in the Net Asset Position each year off the plan. The Current Ratio calculated from the Balance Sheet exceeds the preferred industry benchmarks in all years covered by the plan. The City acknowledges that it would be preferable to have a greater buffer between the industry benchmark and its calculated ratio in some years, but its ratios arguably reflect a tightly controlled and responsible financial model that tries to mitigate the financial imposts on the City of Perth community.

The Opening Position shown on the Long-Term Financial Plan Summary is reconciled to the Net Asset Position calculated in accordance with Department of Local Government guidelines using data from the Balance Sheet. This reconciliation is shown in the Statement of Changes in Equity (FS6).



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6.5 Commentary on Discretionary Project Allocations

Proposed capital initiatives are identified across the life of the plan. These proposals will not proceed until after feasibility and Council priority is determined, consultation is undertaken, detailed design and costings are developed, and procurement processes are initiated.

It is however, considered prudent to provide indicative funding allocations in the plan to support these initiatives should Council determine that they will proceed.

Major initiatives under consideration are shown below with the indicative funding allocation for the program and the year(s) proposed for delivery.

<p><b>Lighting &amp; Electrical Upgrades</b> Enhancements to street lighting and public realm lighting in precincts across the city. Safety and amenity have been identified as an important community priority.</p>									<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;">\$ 50M</div>	
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	
<p><b>Major Streets &amp; Laneway Refresh Program</b> Enhancements including footpath widening, new lighting, additional trees, public art and street furniture at Hampden Road, Adelaide Terrace, James Street &amp; Hay Street West. Pavement, lighting, murals, and street furniture in selected laneways.</p>									<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;">\$ 7M</div>	
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	
<p><b>Urban Forest Initiative</b> The Urban Forest program is an ongoing commitment to optimise tree canopy cover and enhance the liveability, landscape character, biodiversity, and climate resilience of our City by greening our urban environment.</p>									<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;">\$ 6M</div>	
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	
<p><b>Two Way Streets Program</b> The final stage of the program to convert Hay St East &amp; West, Murray St West and Hill St to two-way streets is important to enable the City's preferred transport strategy and remove the congestion of buses from the CBD.</p>									<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;">\$ 49M</div>	
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	
<p><b>Thomas Street Widening &amp; Upgrade</b> Widening of Thomas Street between Kings Park Rd and Hay St including new bike lanes on the eastern side.</p>									<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;">\$ 14M</div>	
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	









































































## 6.2 Adoption of the Annual Budget 2024/25

<b>Responsible Officer</b>	Michael Kent – Chief Financial Officer
<b>Voting Requirements</b>	Absolute Majority
<b>Attachments</b>	Attachment 6.2A – Budget 2024-25 Attachment 6.2B – Fees and Charges Schedule 2024-25

### Purpose

This report is for Council to consider the adoption of the Annual Budget 2024/25 and the Schedule of Fees & Charges 2024/25.

### Recommendation

That Council:

1. ADOPTS the City of Perth 2024/25 Statutory Annual Budget as detailed in **Attachment A** inclusive of the following:
  - a. Statement of Comprehensive Income
  - b. Statement of Cash Flows
  - c. Statement of Financial Activity
  - d. Statement of Financial Position
  - e. Notes to and forming part of the Statutory Budget
  - f. Capital Expenditure Program
  - g. Transfers to and from Cash Backed Reserves
  
2. ADOPTS the following Rates in the Dollar of GRV, based upon the predominant purpose for which the rated land is held, for 2024/25:
 

a. Commercial Category	6.82044 cents in the dollar
b. Hotel Category	7.10355 cents in the dollar
c. Retail Category	6.83073 cents in the dollar
d. Office Category	5.71373 cents in the dollar
e. Residential	6.07405 cents in the dollar
f. Vacant Land	11.32540 cents in the dollar
  
3. ADOPTS the following minimum rate payments to be imposed in accordance with Section 6.35 of the *Local Government Act 1995* in respect of any rateable land within the city for 2024/25:
 

a. Commercial Category	\$ 825.00
b. Hotel Category	\$ 795.00
c. Retail	\$ 785.00
d. Office Category	\$ 825.00
e. Residential	\$ 785.00

- 
- |    |             |            |
|----|-------------|------------|
| f. | Vacant Land | \$1,025.00 |
|----|-------------|------------|
4. APPROVES the provision for rates to be paid by either one, two or four instalments.
  5. ADOPTS the following due dates for the payment of rates by instalments:
    - a. Instalment 1 04 September 2024
    - b. Instalment 2 13 November 2024
    - c. Instalment 3 15 January 2025
    - d. Instalment 4 19 March 2025
  6. ADOPTS an instalment charge of \$35 and an interest rate of 5.5% applicable to rate and service charge instalment arrangements, imposed in accordance with section 6.45(3) of the *Local Government Act 1995*.
  7. ADOPTS an interest rate of 7.00% applicable to overdue rate and service charge instalments , imposed in accordance with section 6.51 of the *Local Government Act 1995* and regulation 19A of the *Local Government (Financial Management) Regulations 1996* .
  8. APPROVES the Heritage Rate Concession Scheme (Council Policy 2.11 refers), in accordance with Section 6.47 of the *Local Government Act 1995*, for the 2024/25 financial year.
  9. APPROVES the proposed transfers to and from Cash-Backed Reserves detailed in the Statutory Annual Budget 2024/25 at Note 13.
  10. ADOPTS the Schedule of Fees & Charges 2024/25 as detailed in **Attachment B**.
  11. NOTES that no public submissions were received following the advertising of the proposed differential rates for 2024/25.
  12. NOTES that minor typographical amendments, that do not affect the materiality of the document, may also be made to improve presentation, or make corrections.
  13. REQUESTS the Chief Executive Officer to submit a copy of the Annual Budget 2024/25 to the Department of Local Government, Sport and Cultural Industries within 30 days of its adoption by Council.
  14. ADOPTS the following thresholds for the reporting of material financial variances in the monthly financial reports:
    - a. Operating Items - Greater than 10% and a value greater than \$20,000
    - b. Capital Items - Greater than 10% or a value greater than \$50,000

(notwithstanding that the Administration may choose to provide comment on items below those thresholds if deemed appropriate).
-

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## Background

1. Preparing the Annual Budget is a statutory requirement under Section 6.2 of the *Local Government Act 1995* (the Act). More broadly, Division 6 of the Act provides guidance on financial management matters related to budgeting. Regulations 22 - 33 of the *Local Government (Financial Management) Regulations 1996* prescribe the form and content of the statutory Annual Budget.
2. The Annual Budget plays an important role in operationalising the strategic financial management approach detailed in the Long-Term Financial Plan, which exerts persuasive influence on the content of the City's Annual Budget.
3. This budget ensures that the City has in place the necessary funding arrangements to support delivery of agreed services and programs, proposed capital renewal programs and new capital projects. The City of Perth Annual Budget 2024/25 is consistent with all relevant legislative requirements.

## Discussion

4. This Budget presents a \$299.5 Million financial blueprint for the City for the 2024/25 year.
5. It has been developed over a six-month period between December 2023 and June 2024 and has included a series of structured workshops involving Council, City management and representatives of the six neighbourhoods that the City comprises. It is designed to reflect a City that is liveable, sustainable and prosperous.
6. Council has worked hard to deliver a prudent and responsible budget for 2024/25 whilst ensuring that the Administration delivers the range and level of services expected by its community.
7. The centrepiece of the 2024/25 Annual Budget is a very modest rate yield increase, believed to be one of the lowest announced to date of all metropolitan local governments.
8. The rating model for the 2024/25 year was developed by applying the principles and guidelines detailed in the City's Rating Methodology Statement which was independently reviewed and assessed against best practice rating principles in May 2021.
9. The Gross Rental Value (GRV) for all properties in the city, supplied by Landgate Valuation Services, is a critical variable used in calculating rates as it determines the respective contributions of each property owner to the overall rate yield.
10. The City uses a Differential Rating Model consisting of six differential rate categories in setting its rates. That is, it may apply a different rate in the dollar for each different property category. This can help to distribute responsibility for contributing to the rates yield more equitably.
11. The six differential rate categories, used in conjunction with the City's bespoke rates modelling approach, allowed iterative modelling of each property within the City to ensure that the 2024/25 rates model distributed the rating obligations equitably and fairly.
12. Eight different modelling scenarios were run and evaluated before settling upon the optimal rating model for 2024/25.
13. The 2024/25 proposed differential rating model was submitted for independent economic assessment in April 2024 prior to publicly advertising the proposed differential rates.
14. The City is anticipating a rate yield of \$107.3M in 2024/25 after allowing for concessions. The increase in rates yield, based on a like for like annual comparison, is 2.95%.

15. The differential rating model and the statement of objects and reasons for each differential rate category was advertised in accordance with statutory requirements for 21 days. The City did not receive any public submissions on the proposed rates in the dollar.
16. A detailed analysis of the City’s Rating model for this year is provided at Section 6.2 of the 2024/25 Annual Budget document.
17. Minimum rates for each category have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the local government services and facilities.
18. The City uses a tiered approach to setting minimum rates - \$785 for properties in the Retail and Residential property categories, \$795 for the Hotel and Short Stay category, and \$825 for Commercial and Office properties. Vacant Land has a \$1,025 minimum rate.
19. The modest rates increase result has been achieved through prudent financial management emphasising value for money, (excluding abnormal expenses).
20. The 2024/25 Annual Budget makes a substantial financial commitment to renewal of community infrastructure, demonstrating Council’s acknowledgement of its asset stewardship responsibilities. It has also been informed by valuable inputs from neighbourhood groups so that expenditures are directed towards responding to the identified neighbourhood priorities.
21. The 2024/25 Budget is presented in a summarised view in Table 1, demonstrating the calculation of the required Rates Yield.

**Table 1:**

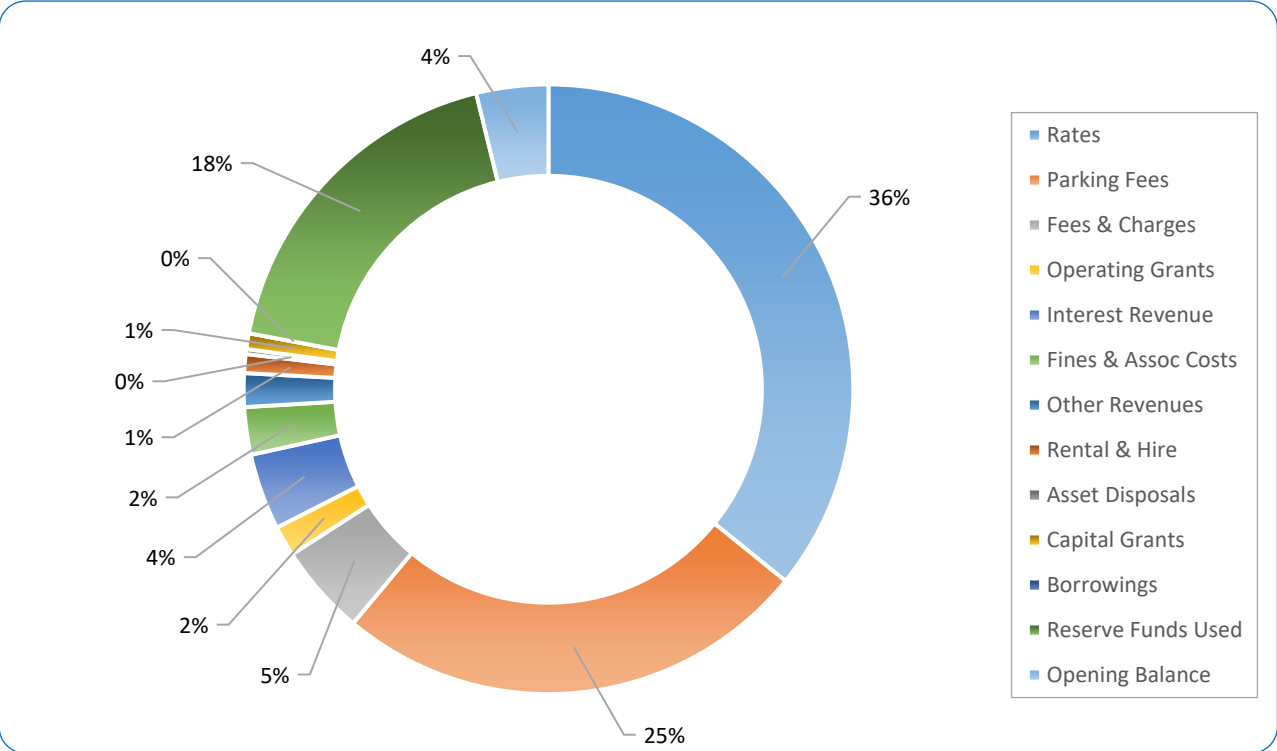
Funding Required	\$ Millions
Core Service Delivery (Excluding Non-Cash Items)	\$ 159.32 M
Programs - Sponsorship & Events	\$ 12.85 M
Discretionary Operating Projects	\$ 12.36 M
<b>Sub Total - Operating Expenses</b>	<b>\$ 184.53 M</b>
WACA Aquatic Facility Contribution	\$ 12.50M
Perth Concert Hall Contribution	\$ 4.00 M
<b>Sub Total - Capital Contributions</b>	<b>\$ 16.50 M</b>
Asset Renewal	\$ 39.23 M
Other Capital Projects	\$ 17.81 M
<b>Sub Total - Capital Expense</b>	<b>\$ 57.04 M</b>
Loan & Lease Principal Repayments	\$ 0.29 M
Reserve Funds Created	\$ 34.92 M
Budget Closing Position	\$ 6.20 M
<b>Total - Financing Activities</b>	<b>\$ 41.01 M</b>
<b>Total Funding Required</b>	<b>\$ 299.48 M</b>

**Table 2:**

<b>Funding Sources</b>	<b>\$ Millions</b>
Fees & Charges	\$ 14.44 M
Parking Revenues	\$ 75.62 M
Rental & Hire Fees	\$ 5.33 M
Grants - Operating	\$ 4.82 M
Interest Revenues	\$ 12.11 M
Other Revenues	\$ 10.54 M
<b>Sub Total - Operating Funds excluding Rates</b>	<b>\$ 122.86 M</b>
Grants for Capital Projects	\$ 2.51 M
Asset Disposal Proceeds	\$ 0.78 M
Reserve Funds Used	\$ 54.64 M
Opening Position	\$ 11.41 M
<b>Sub Total - Financing Activities</b>	<b>\$ 69.33 M</b>
<b>Total Funding Available - Excluding Rates</b>	<b>\$ 192.19M</b>
<b>Amount Required to be Raised from Rates</b>	<b>\$ 107.29 M</b>
<b>Total Funding Provided</b>	<b>\$ 299.48 M</b>

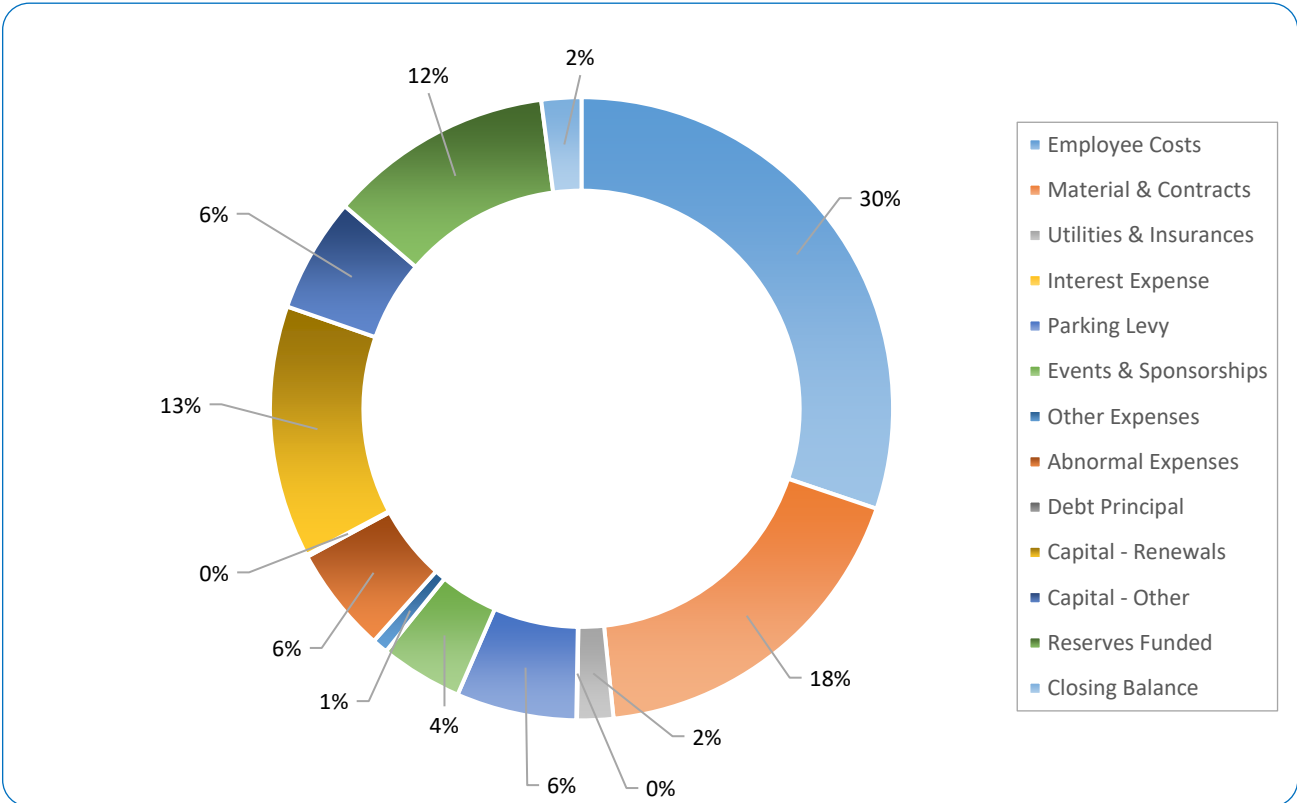
22. The Annual Budget does not propose any new loan borrowings in 2024/25.
23. The 2024/25 Budget makes use of some existing Cash Backed Reserves to support current year projects and initiatives and transfers some funds back to Cash Backed Reserves to support proposed future projects and initiatives.
24. Details of the proposed Reserve fund transfers and their purposes are detailed in the Statutory Annual Budget at Note 13.
25. The 2024/25 Budget also references the City's budgeted financial ratios against industry benchmarks.
26. The City has in place, through its Long-Term Financial Plan, a responsible and realistic plan to ensure that trends and average ratios over the longer-term meet or exceed preferred industry benchmarks.
27. This budget reflects a balanced and sustainable response to the challenging economic climate in which it was developed.
28. It will play an essential role in guiding the organisation as it continues to position the City's finances for a sustainable future.
29. Chart 1 below demonstrates the budget funding mix by funding source and shows the relative contributions from each source.

Chart 1 - 2024/25 Funding Mix by Source



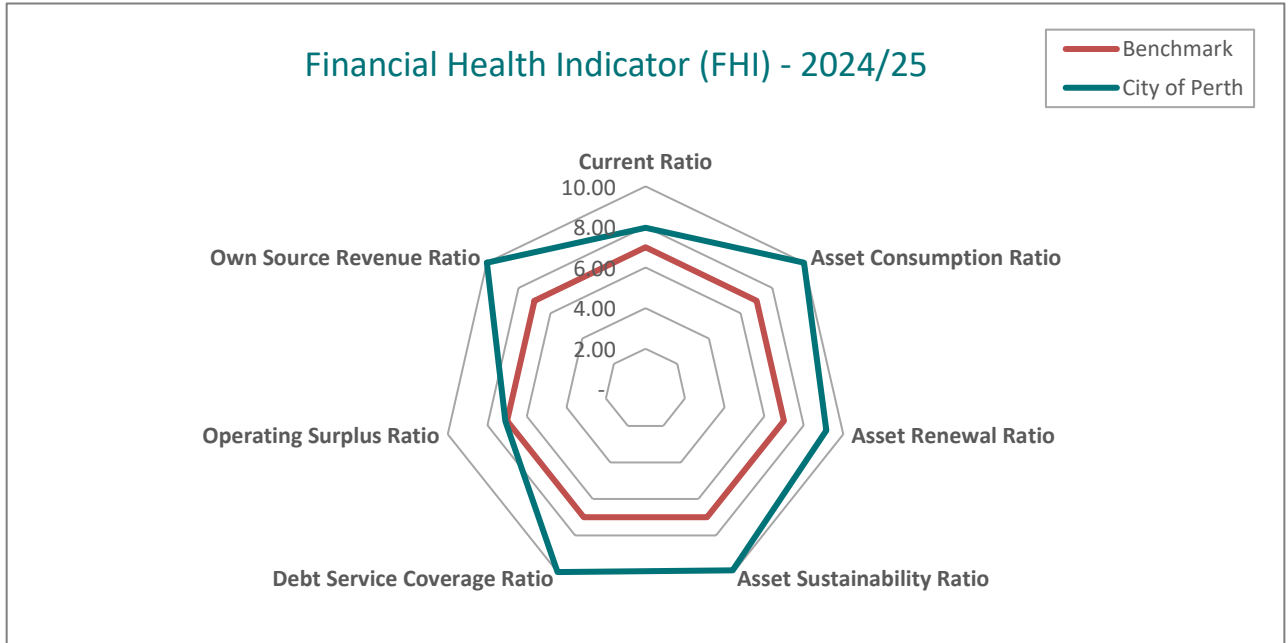
30. Chart 2 below demonstrates the proposed use of the budget funds by type of use and reflects the relative proportions for each fund use.

Chart 2 - 2024/25 Fund Uses by Type



- 31. The health of a local government’s finances is measured by its Financial Health Indicator (FHI) score which is calculated using the seven statutory local government financial ratios. A score greater than 70 is required to indicate sound financial management.
- 32. The 2024/25 Annual Budget demonstrates the effectiveness of the City’s financial management with a score of 88 calculated using the budget financial statements.

**Chart 3 - Financial Health Indicator**



Ratio Names	Benchmark	City of Perth
Current Ratio	7.00	7.96
Asset Consumption Ratio	7.00	10.00
Asset Renewal Ratio	7.00	9.14
Asset Sustainability Ratio	7.00	9.90
Debt Service Coverage Ratio	7.00	10.00
Operating Surplus Ratio	7.00	7.09
Own Source Revenue Ratio	7.00	10.00
<b>Calculated Financial Health Indicator</b>	<b>70</b>	<b>88</b>

*A FHI of greater than 70 is required to indicate sound financial management*

- 33. The Annual Budget document is supplemented by the Schedule of Fees & Charges for 2024/25 (**Attachment B**).
- 34. Full detail of the City’s 2024/25 Annual Budget including all statutory disclosures and supporting information is contained in the attachments to this report.

## Stakeholder Engagement

35. Preparation of the Annual Budget has been persuasively influenced by the Long-Term Financial Plan 2024/25 - 2033/34 to be formally adopted by Council on 16 July 2024. It is informed by the outputs of various community consultation exercises undertaken over the last year, including the Community Budget Workshop. It also incorporates inputs from Elected Member Engagement Sessions, the City’s Workforce Plan, Asset Management Plans and other internally focussed strategies and plans.

## Decision Implications

36. Council’s adoption of the Statutory Annual Budget will meet its obligations under Section 6.2 and Division 6 more generally of the *Local Government Act 1995* plus Regulations 22 - 33A of the *Local Government (Financial Management) Regulations 1996*. A copy of the adopted Budget must then be lodged with the Department of Local Government, Sport and Cultural Industries within 30 days.

## Strategic, Legislative and Policy Implications

Strategy	
<b>Strategic Pillar (Objective)</b>	Well Governed
<b>Related Documents (Issue Specific Strategies and Plans):</b>	Long Term Financial Plan Budget Methodology Rating Methodology Corporate Allocations Methodology The methodology statements provide a sound rationale for the process and clear, consistent advice on the steps involved in producing a best practice budget.
Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	Section 6.2 of the <i>Local Government Act 1995</i> Regulation 22 - 33 (inclusive) of the <i>Local Government (Financial Management) Regulations 1996</i> This legislation prescribes the requirement to prepare and adopt a budget for the municipal (general) fund, in the manner prescribed, by no later than 31 August each year.
<b>Authority of Council/CEO:</b>	Section 6.2 of the <i>Local Government Act 1995</i> requires Council to adopt the budget by absolute majority.
<b>Policy:</b>	CP 2.3 Strategic Financial Planning & Budgeting CP 2.4 Cash Backed Reserves CP 2.5 Use of Debt as a Funding Option These policies are all highly influential in guiding the development of the Annual Budget.

## Financial Implications

37. The financial implications of Council's adoption of the 2024/25 Annual Budget are presented in **Attachment A** to this report. They result in a (projected) budget surplus of \$6,196,316 - if all budget assumptions are fully realised.
38. This represents around 2.7% of Operating Revenues which is within the target band of 1% to 3% suggested in Council Policy 2.3 Strategic Financial Planning & Budgeting.

## Further Information

Nil.

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## Council Resolution (SCM-24/07-002)

**Mover:** Lord Mayor Basil Zempilas

**Seconded:** Councillor Liam Gobbert

That Council:

1. ADOPTS the City of Perth 2024/25 Statutory Annual Budget as detailed in **Attachment A** inclusive of the following:
  - a. Statement of Comprehensive Income
  - b. Statement of Cash Flows
  - c. Statement of Financial Activity
  - d. Statement of Financial Position
  - e. Notes to and forming part of the Statutory Budget
  - f. Capital Expenditure Program
  - g. Transfers to and from Cash Backed Reserves
2. ADOPTS the following Rates in the Dollar of GRV, based upon the predominant purpose for which the rated land is held, for 2024/25:

a. Commercial Category	6.82044 cents in the dollar
b. Hotel Category	7.10355 cents in the dollar
c. Retail Category	6.83073 cents in the dollar
d. Office Category	5.71373 cents in the dollar
e. Residential	6.07405 cents in the dollar
f. Vacant Land	11.32540 cents in the dollar
3. ADOPTS the following minimum rate payments to be imposed in accordance with Section 6.35 of the *Local Government Act 1995* in respect of any rateable land within the city for 2024/25:

a. Commercial Category	\$ 825.00
b. Hotel Category	\$ 795.00

- 
- |                    |            |
|--------------------|------------|
| c. Retail          | \$ 785.00  |
| d. Office Category | \$ 825.00  |
| e. Residential     | \$ 785.00  |
| f. Vacant Land     | \$1,025.00 |
4. APPROVES the provision for rates to be paid by either one, two or four instalments.
  5. ADOPTS the following due dates for the payment of rates by instalments:
    - a. Instalment 1 04 September 2024
    - b. Instalment 2 13 November 2024
    - c. Instalment 3 15 January 2025
    - d. Instalment 4 19 March 2025
  6. ADOPTS an instalment charge of \$35 and an interest rate of 5.5% applicable to rate and service charge instalment arrangements, imposed in accordance with section 6.45(3) of the *Local Government Act 1995*.
  7. ADOPTS an interest rate of 7.00% applicable to overdue rate and service charge instalments , imposed in accordance with section 6.51 of the *Local Government Act 1995* and regulation 19A of the *Local Government (Financial Management) Regulations 1996* .
  8. APPROVES the Heritage Rate Concession Scheme (Council Policy 2.11 refers), in accordance with Section 6.47 of the *Local Government Act 1995*, for the 2024/25 financial year.
  9. APPROVES the proposed transfers to and from Cash-Backed Reserves detailed in the Statutory Annual Budget 2024/25 at Note 13.
  10. ADOPTS the Schedule of Fees & Charges 2024/25 as detailed in **Attachment B**.
  11. NOTES that no public submissions were received following the advertising of the proposed differential rates for 2024/25.
  12. NOTES that minor typographical amendments, that do not affect the materiality of the document, may also be made to improve presentation, or make corrections.
  13. REQUESTS the Chief Executive Officer to submit a copy of the Annual Budget 2024/25 to the Department of Local Government, Sport and Cultural Industries within 30 days of its adoption by Council.
  14. ADOPTS the following thresholds for the reporting of material financial variances in the monthly financial reports:
    - a. Operating Items - Greater than 10% and a value greater than \$20,000
    - b. Capital Items - Greater than 10% or a value greater than \$50,000(notwithstanding that the Administration may choose to provide comment on items below those thresholds if deemed appropriate)

**.CARRIED BY ABSOLUTE MAJORITY (6/0)**

**For :** Lord Mayor Basil Zempilas; Deputy Lord Mayor Clyde Bevan; Councillors Raj Doshi, Liam Gobbert, Viktor Ko, and Bruce Reynolds

**Against :** Nil





































































































































































































### 6.3 Adoption of the Corporate Business Plan 2024/25-2027/28

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 6.3A – Draft Corporate Business Plan 2024/25-2027/28

#### Purpose

For Council to consider the Corporate Business Plan 2024/25-2027/28.

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#### Recommendation

That Council ADOPTS the Corporate Business Plan 2024/25-2027/28 contained in **Attachment A**, noting that:

1. The Corporate Business Plan attached to this report may be formatted (including structurally) and graphically designed following adoption before it is made publicly available; and
  2. Minor typographical amendments, that do not affect the materiality of the document, may also be made to improve the presentation and/or make corrections.
-

## Background

1. Section 5.56(1) of the *Local Government Act 1995* (the Act) requires a local government to plan for the future of its district.
2. The *Local Government Administration Regulations 1996* (the Regulations) require a local government to prepare two documents to address 5.56(1):
  - a. A ten-year strategic community plan that identifies the vision, aspirations and objectives of the community in the district (regulation 19C).
  - b. A four-year corporate business plan that sets out how the local government will respond to the vision, aspirations and objectives identified in the strategic community plan (regulation 19DA).
3. A minor review of the Strategic Community Plan 2022-2032 (SCP) was completed in 2023/24. Council adopted the Strategic Community Plan 2022-2032 (Revised 2024) at its Ordinary Meeting on 30 April 2024 (Council Resolution OCM-24/04-012).
4. The Corporate Business Plan (CBP) must be reviewed annually (regulation 19DA(4)). Council adopted the current Corporate Business Plan 2023/24-2026/27 at its Special Meeting on 17 July 2023 (Council Resolution SCM-23/07-003) and a review for the 2024/25 financial year has been completed.

## Discussion

5. The CBP has been developed to align with the strategic pillars and goals identified in the SCP. It also considers community priorities and the priorities of each of the City's six neighbourhoods.
6. The CBP guides business planning and operations by integrating various matters, including asset management, workforce planning, financial sustainability and issue-specific strategies.
7. The revised CBP identifies the core services and focus for the next four years and key deliverables for the 2024/25 financial year, aligned to the City's comprehensive annual budget process.
8. If adopted by Council, progress against the CBP deliverables will be reported to Council following the end of each quarter.
9. The CBP is presented in draft format and is subject to graphic design, publication and related minor amendments.

## Consultation

10. Community engagement was undertaken to develop the Strategic Community Plan 2022-2032, which guided the development of the CBP.
11. The CBP is also informed by the development of the annual budget, which includes community and Elected Member workshops.

## Decision Implications

12. If Council adopts the Corporate Business Plan 2024/25-2027/28, the City will meet the requirements of the Act and Regulations.
13. If Council does not adopt the Corporate Business Plan 2024/25-2027/28, the City risks failing to comply with the Act and Regulations.

## Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	Strategic Community Plan 2022-2032 (Revised 2024) – Identifies the vision and objectives of the community to guide the preparation of the Corporate Business Plan. Corporate Business Plan 2023/24-2026/27 – Will be replaced by the Corporate Business Plan 2024/25-2027/28.

Legislation, Delegation of Authority and Policy	
Legislation:	<i>Local Government Act 1995</i> s 5.56 requires a local government to plan for the future of the district. <i>Local Government (Administration) Regulations 1996</i> reg 19DA requires a local government to prepare a Corporate Business Plan to address s 5.56.
Authority of Council/CEO:	<i>Local Government (Administration) Regulations 1996</i> reg 19DA(6) requires that a Corporate Business Plan be considered by the Council and adopted by absolute majority.
Policy:	Nil.

## Financial Implications

- The financial implications of the CBP are considered and set out in the Annual Budget 2024/25 and the Long-Term Financial Plan 2024/25-2033/34.

## Further Information

Nil.

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## Council Resolution (SCM-24/07-003)

**Mover:** Deputy Lord Mayor Clyde Bevan

**Seconded:** Councillor Raj Doshi

That Council ADOPTS the Corporate Business Plan 2024/25-2027/28 contained in **Attachment A**, noting that:

1. The Corporate Business Plan attached to this report may be formatted (including structurally) and graphically designed following adoption before it is made publicly available; and
2. Minor typographical amendments, that do not affect the materiality of the document, may also be made to improve the presentation and/or make corrections.

**CARRIED BY ABSOLUTE MAJORITY (6/0)**

**For :** Lord Mayor Basil Zempilas; Deputy Lord Mayor Clyde Bevan; Councillors Raj Doshi, Liam Gobbert, Viktor Ko, and Bruce Reynolds

**Against :** Nil

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## 7. Closure

There being no further business, the Presiding Member declared the meeting closed at 5:20pm.