



CITY OF SOUTH PERTH

LONG-TERM FINANCIAL PLAN 2024/25 TO 2033/34



City of
South Perth





Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koorra Nidja Djining Noonakoort kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjul kura kura.

We acknowledge and pay our respects to the traditional custodians of this land, the Whadjuk people of the Noongar nation and their Elders past and present.



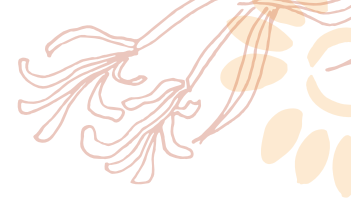
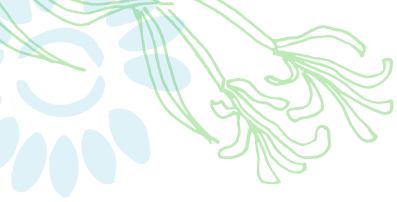


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1 Introduction

The City of South Perth's Long-Term Financial Plan (LTFP) is a planning tool developed to map a path that ensures the financial sustainability of the City into the future. It details the financial projections for the period 2024/25 to 2033/34.

The LTFP is based on a number of objectives and assumptions that are outlined in this document. Strategies, priorities, issues and risks are all dynamic influences in relation to any financial planning and as such the LTFP is continually reviewed and adjusted to reflect material changes.

The City completed a minor review of its Strategic Community Plan in 2024 which provides the overarching guidelines for the development of the LTFP, whilst taking account of the current economic and social drivers facing the City.

This plan is set against economic uncertainty and will continue to be reviewed against the prevailing economic conditions and changing community demands placed upon the City. Consideration has been given to the economic drivers that will influence the future cost of providing infrastructure, facilities and services. The values disclosed (unless stated otherwise) in the plan represent estimated future prices and costs.

The LTFP represents a financial solution to addressing the demands for services and facilities by the community.

Council has considered the strategies and objectives that influence formation of the LTFP including -

- maintaining and improving service levels
- maintaining a fair and equitable rating structure (rate cost/increases)
- continuous improvement in financial position (KPI driven)
- strengthening results to ensure long term financial sustainability.
- utilising debt capacity (level of debt)
- building cash reserves for future commitments
- maintaining/increasing funding for asset maintenance and renewal (intergenerational cost)
- fees and charges being determined upon an equitable basis
- alternative revenue sources and reduced operating costs

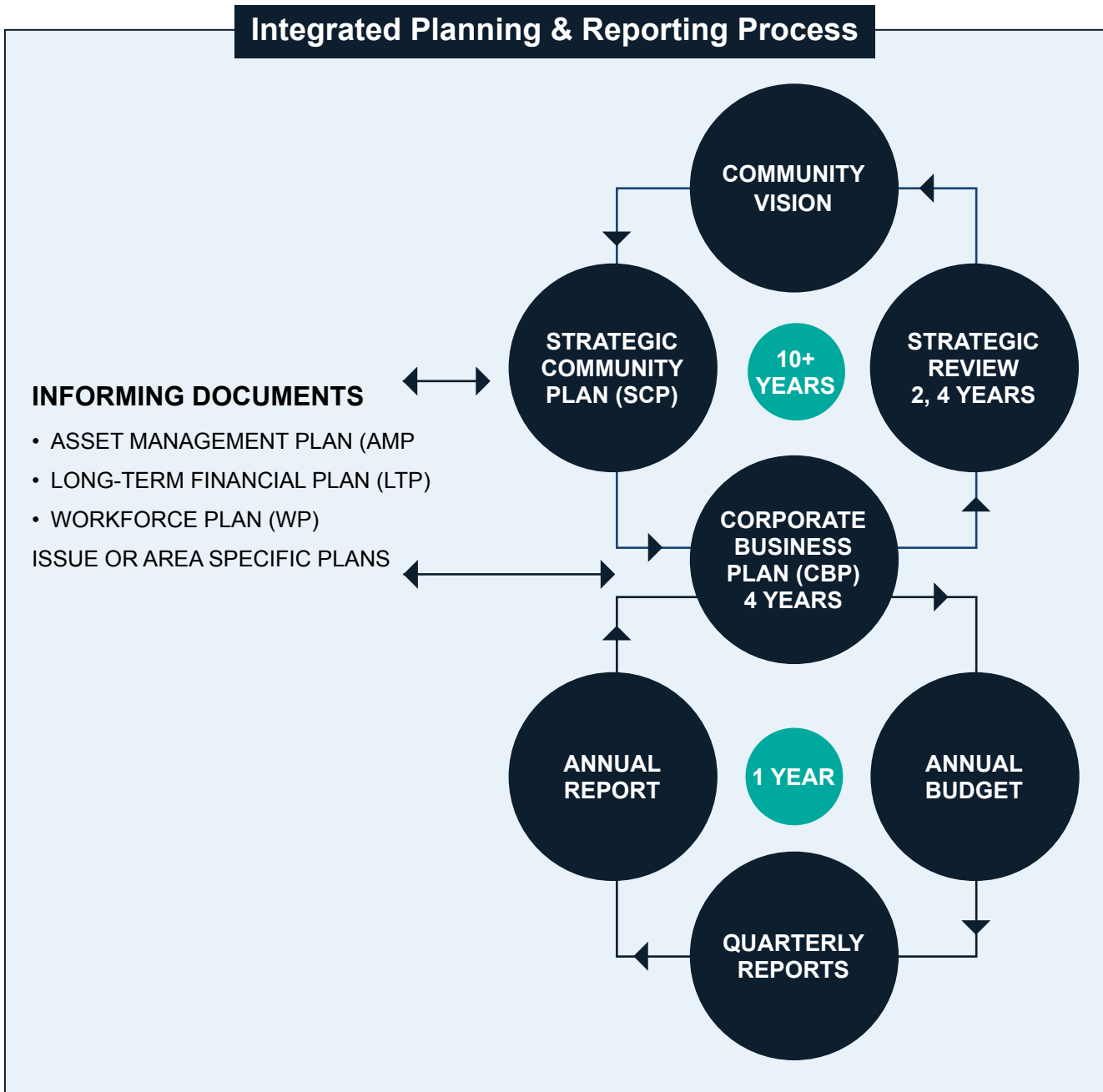
The following priorities have been established –

1. Long term financial sustainability
2. Asset maintenance and renewal (intergenerational cost)
3. Alternative revenue sources and reduced operating costs
4. Fair and equitable rating structure (rate cost/increases)
5. Cash reserves for future commitments
6. Service levels
7. Fees and charges are determined upon an equitable basis (user pays)
8. Financial position (KPI driven)
9. Use debt capacity (level of debt)

1.1 Integrated Planning Framework

Long Term Financial Planning is a key element of the Integrated Planning and Reporting Framework. It enables the City to set priorities, based on its resourcing capabilities, for the delivery of short, medium and long-term community priorities.

The LTFP is a ten-year rolling plan that informs the Corporate Business Plan and to activate Strategic Community Plan priorities. The Annual Budget is developed from these planning processes and is aligned with the organisational strategic objectives.





1.2 Key Financial Objectives

A key element of the financial strategy is to minimise the financial cost placed on ratepayers whilst also maintaining services and facilities so as to achieve zero deficit year on year.

The objective is to position the City to -

- Enable continuous improvement in the financial capacity and sustainability of the City through:
 - ❖ Strengthening results to ensure long term financial sustainability.
 - ❖ Prudent use of debt, as required
 - ❖ Accumulate funds to meet cash flow demands.
- The maintenance of a fair and equitable rating structure.
- Maintaining or improving service level standards.
- Maintenance and use of cash reserves for future commitments.
- Maintaining/increasing funding for asset maintenance and renewal.
- Fee's, charges and rates are determined upon an equitable basis.

1.3 Economic and Social Environment Indicators

Financial and social indicators are integral to predicting future values; these include the impact of the consumer price index, interest rates, employment levels, population growth and demographic trends. The LTFP analyses financial trends over a ten-year period on a range of assumptions and provides the City with information to assess resourcing requirements to achieve its strategic objectives and to assist the City to ensure long term financial sustainability.

1.3.1 Population

The City's forecasts for annual population growth are expected to rise marginally over the next ten years primarily through infill property developments.

1.3.2 Economic Indicators

The federal budget handed down in May 2024, forecast the following economic drivers.

FORWARD ESTIMATES					
FEDERAL GOVERNMENT					
Federal Budget 2024/25	2023/24	2024/25	2025/26	2026/27	2027/28
Real gross domestic product	1.75%	2.00%	2.25%	2.50%	2.75%
Consumer Price Index	3.50%	2.75%	2.75%	2.50%	2.50%
Wage price index	4.00%	3.25%	3.25%	3.50%	3.50%
Unemployment rate	4.00%	4.50%	4.50%	4.50%	4.25%
<i>2024/25 Federal Budget - Statement 2: Economic Outlook - Table 1: Domestic economy forecasts</i>					

The State budget of May 2024 provided the following key forecasts -

STATE GOVERNMENT					
State Budget 2024/25	2023/24	2024/25	2025/26	2026/27	2027/28
Gross State Product	1.75%	2.00%	2.00%	2.25%	2.25%
Consumer Price Index	4.00%	3.00%	2.50%	2.50%	2.50%
Wage Price Index	4.25%	3.75%	3.50%	3.00%	3.00%
Unemployment Rate	3.75%	4.00%	4.25%	4.50%	4.75%
Population	2.80%	1.80%	1.70%	1.70%	1.70%
<i>2024/25 Budget - Economic And Fiscal Outlook - Budget Paper No. 3 Table 1</i>					

The following indicators have been used in this plan.

Price Drivers and Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Economic Growth										
Gross domestic product	2.00%	2.25%	2.50%	2.75%	2.89%	2.74%	2.88%	2.74%	2.87%	2.73%
Gross State Product: Western Australia	2.00%	2.00%	2.25%	2.25%	2.36%	2.24%	2.36%	2.24%	2.35%	2.23%
Demographics										
Population Australia	1.20%	1.30%	1.39%	1.36%	1.33%	1.31%	1.28%	1.25%	1.22%	1.20%
Population WA	1.80%	1.70%	1.70%	1.70%	1.60%	1.57%	1.55%	1.52%	1.50%	1.47%
Population Perth metropolitan	1.76%	1.67%	1.67%	1.67%	1.57%	1.54%	1.52%	1.49%	1.47%	1.44%
Population City of South Perth	2.74%	0.07%	1.41%	0.94%	1.33%	1.07%	0.07%	0.07%	0.07%	0.06%
Price Indicators										
Consumer Price Index Australia	3.75%	3.50%	2.75%	2.50%	2.63%	2.49%	2.62%	2.49%	2.61%	2.48%
Wage Price Index Australia	3.25%	3.25%	3.50%	3.50%	2.69%	2.82%	2.68%	2.82%	2.67%	2.81%
Consumer Price Index Perth	3.95%	3.25%	2.75%	2.50%	2.63%	2.49%	2.62%	2.49%	2.61%	2.48%
Wage Price Index WA	3.75%	3.50%	3.00%	3.00%	2.69%	2.82%	2.68%	2.81%	2.67%	2.81%
General Insurance	7.50%	3.50%	2.75%	2.50%	3.28%	3.12%	3.27%	3.11%	3.26%	3.10%
Utility - Electricity	2.90%	3.95%	3.25%	2.75%	2.76%	2.62%	2.75%	2.61%	2.74%	2.61%
Utility - Street Lighting	4.80%	4.80%	4.80%	2.75%	2.89%	2.74%	2.88%	2.74%	2.87%	2.73%
Borrowing Rates										
WATC 12 month borrowing rate	3.99%	3.86%	3.7%	3.5%	3.3%	3.1%	2.9%	2.7%	2.5%	3.4%
WATC 10 year borrowing rate	4.49%	4.41%	4.3%	4.1%	4.0%	3.8%	3.7%	3.5%	3.4%	3.9%
Interest Rates on Deposits/Investments										
Cash management rate	4.35%	3.25%	3.10%	3.10%	3.15%	3.12%	3.12%	3.13%	3.12%	3.12%

1.4 Additions and Exclusions and Risks

Additions and Exclusions

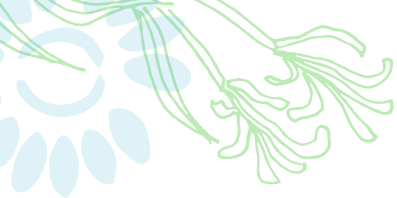
The operating outlays are consistent with current version of the Corporate Business Plan. At this stage there are no substantial operating demands arising from the Corporate Business Plan. Generally, outcomes are to be achieved from within the current funding levels within the budget.

No revenues or outlays on future underground power schemes are included in these estimates. These numbers would be included under service charges and material and contracts and are considered effort neutral. It should be noted that the City only has one underground power scheme (Kensington) that is yet to commence and it is likely that this will form part of the 2025/26 financial year budget.

Financial Risks

World economies are experiencing volatility, high inflation and the potential to fall into recession. As an exporter of raw materials, the Australian economy is exposed to the strength and weaknesses of our trading partners.

The high level of volatility in world economies now raises the risk levels of the financial outcomes exposed to material changes. Should inflation rates continue at the current high levels, the current year's budget may prove insufficient to meet the outcomes expected. Suppliers and contractors will continue to demand higher prices for materials and services with the risk flowing onto the 2025/26 budget and beyond.



2 Operating Results

2.1 Service Levels

It is assumed that existing service levels will be maintained for all operational areas in formulating these estimates. A key objective in the Corporate Business Plan is to review and adjust service levels in the longer term whilst continuing to achieve annual operating surpluses each year to fund the provision of infrastructure.

2.2 Operating Results

An operating surplus will provide funds for, expenditures on renewal, replacement, and the provision of new assets, enhancing the City's long-term financial sustainability.

Based on the current inputs and assumptions, the operating results remain in surplus and improve throughout the 10 year period.

The proposed redevelopment of the buildings and driving range (not altering any of the nine hole playing course) on Collier Park Golf Course is set to be completed by the end of the 2025/26 financial year. In this plan the financial impacts of the new contractual arrangements inclusive of revenue streams and capital repayments relating to the redevelopment are assumed to impact on the financial years 2026/27 onwards.

2.3 Key Financial Elements

2.3.1 Rate Revenue

Rates represent nearly two-thirds of the City's revenue base. The plan includes a 3.40% increase in 2024/25, this includes the minimum rate of \$1,210 for 2024/25 and then the estimates are based on rates increasing by the forecast Perth Consumer Price Index (CPI).

These estimates include additional revenue arising from projected property developments in the next five years. Those developments are estimated to generate an additional \$4.4m in the ten-year period.

2.3.2 Fees and Charges

Fees and charges represent less than 30% of the City's revenue base.

Beyond 2024/25, fees and charges assumptions are based on the CPI Perth indicators, statutory charges and projected increase in population. Discretionary fees and charges are increased by CPI to match estimated additional costs in service delivery.

2.3.3 Grants and Contributions

In developing these estimates, it is anticipated that using a combination of both CPI Australia and CPI Perth as an indicator to forecast Operating Grants and Contributions to be a reasonable estimate over the ten-year period.

The City will continue to pursue grant funding for strategic capital works from the State and Federal Government. Should these grants not be forthcoming, these projects may be at risk and not be funded from the City's resources. There may be some additional funding packages that will cause the reassessment of funding arrangements, as there will be an expectation, that the City will make a contribution from its own resources.

2.3.4 Interest Earnings

Forecast earnings on the City's investment portfolio are based on the 90-day Bank Bill index in line with the City's Investment Policy and Strategy. The current economic climate, has resulted in the Reserve Bank raising interest rates, however, it is assumed that interest rates are somewhere near their peak and are expected to decline over the next few years.

2.3.5 Employee costs

Wages escalation is based on an enterprise bargaining agreement in the short term and then adjusted CPI Perth per annum over the medium term and CPI Perth over the longer term to cover the period of this plan. Given the current market conditions, there is some risk that in the short to medium term, a higher than anticipated wage increase will be realised.

2.3.6 Material and Contracts

Various price drivers have been used to escalate materials and contracts on a case-by-case basis. Real increases are based on growth drivers expected over the 10-year period. However every effort will be made to constrain materials and contract costs so they do not increase by more than Perth CPI minus 1%.

2.3.7 Utilities (gas, electricity and water)

State Government Budget - tariffs will escalate by Consumer Price Index beyond 2024/25. Commercial and Street lighting tariffs should remain in line with State forecasts.

2.3.8 Insurance

CPI Perth Inflation rate is considered a reasonable estimate to forecast insurance expenses for the ten-year period.

2.3.9 Depreciation

Infrastructure, buildings and land are valued at Fair Value in the Statement of Financial position (Balance Sheet) of the City, plant, equipment and vehicles at cost. Depreciable assets have been depreciated on a straight-line method using current depreciation rates.

2.3.10 Interest Expense

Forecast borrowing (interest) costs are based on the forecast 10-year Western Australian Treasury Corporation Indicative Rates. The new borrowings in this version relate to the Collier Park Golf Course redevelopment work which does not change the course layout but rather involves the construction of a multistorey driving range, new function facility, office space, kitchen, clubhouse, pro shop and padel courts. The loan for this work is funded entirely from the golf course operating revenue and does not impact on resourcing required from rates revenue.



2.3.11 In summary funds generated from operations

Current estimates show a solid and steady increase in the funds being generated from operations.

Funds generated from operations improves in the out years due to:

- ✓ Property developments and increase in the valuation base resulting real growth in rate revenue.
- ✓ Additional revenue sources being developed.
- ✓ Reduced outlays arising from the disposal of Collier Park Village
- ✓ Materials and contract costs being managed to not increase by more than Perth CPI minus 1%, this includes cost optimisation measures.

2.4 Debt Management

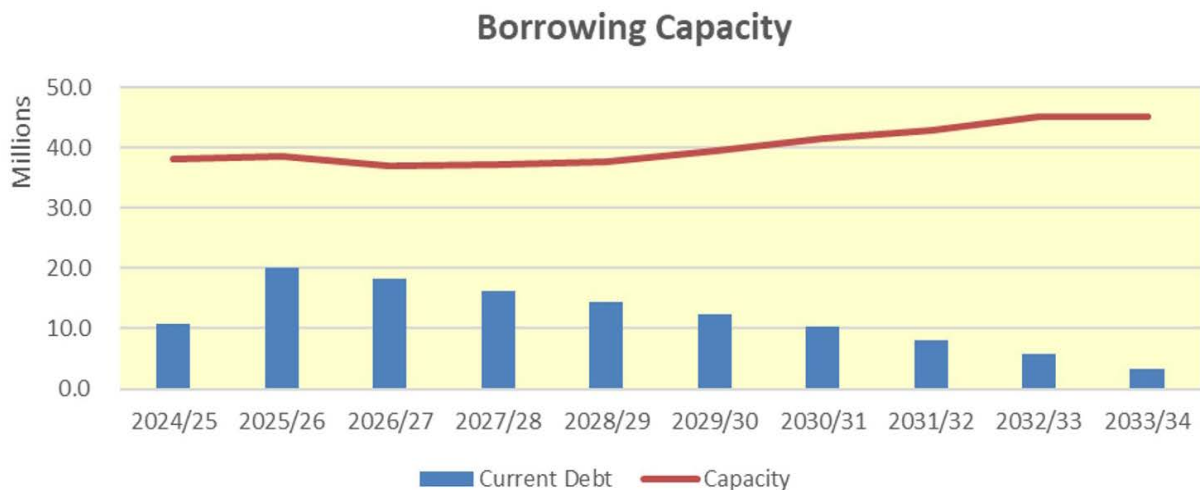
The use of long-term borrowings is influenced by the competing needs of building community assets, upgrading infrastructure, and investment decisions when insufficient funds may be available to meet the capital outlays from general revenues.

In the current model, there is a plan to borrow \$18.5m for upgrades at the Collier Park Golf Course as this activity enhances a profitable revenue producing asset. \$8m of the capital investment will be recovered from the operator.

Currently, the City has the following debt retiring as follows-

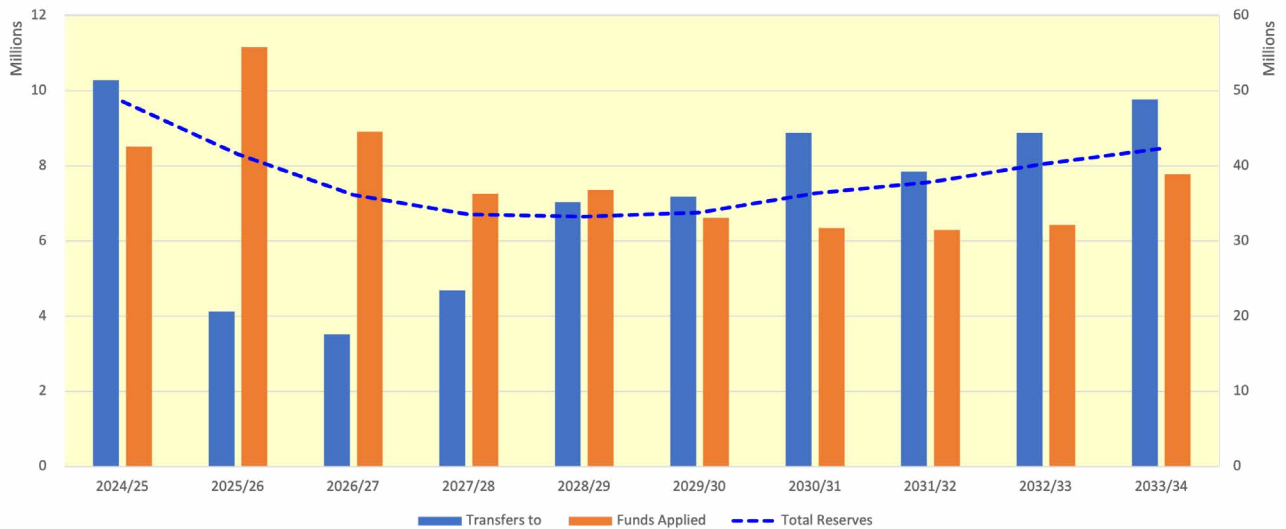
Purpose	Amount (original)	Raised	Retiring
Collier Park Golf Course	\$4.7m	2011	2026
Underground Power Collier	\$5.2m	2022	2026
Underground Power Manning	\$5.3m	2022	2026
South Perth Bowling Club	\$0.7m	2013	2028
Municipal Works (Manning Hub)	\$5.0m	2016	2036

The graph below shows the City’s utilised borrowing capacity vs available borrowing capacity.



2.5 Cash Reserves

Cash Reserves hold funds restricted for the purpose for which the reserves have been established. The cash reserves of the City were utilised for a number of major projects in past years, therefore in order to provide funding options for capital works in the future the City intends to increase reserve balances over the longer term, whilst being mindful that reserves should be used for community benefit and not just utilised for cash hoarding. This is evident in graph below illustrating short to medium term utilisation with longer term reserve growth.



Employee Entitlement Reserve

Purpose - This reserve was established to fund the City's leave liability and is maintained by an annual contribution to ensure the City employees leave entitlements are cash backed.

Community Facilities Reserve

Purpose - This reserve was established to accumulate funds including specific allocations from strategic land sales for significant discretionary community facility projects in future years; alleviating the impacts of intergenerational equity in funding facilities.

Public Art Reserve

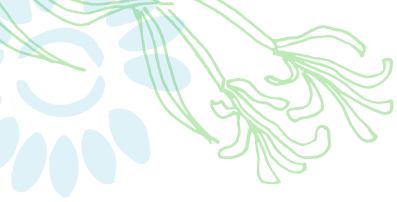
Purpose - This reserve was created to quarantine contributions obtained under the Public Art (Percent for Art) policy and to support the creation of public art pieces within City precincts.

Parking Facility Reserve

Purpose - This reserve is used to quarantine funds contributed by developers in lieu of providing parking facilities. Funds are used to provide parking facilities and associated infrastructure within the district as needs arise.

Riverwall Reserve

Purpose - This reserve was established to quarantine monies to be used to attract matching funding from state government with a view towards sharing financial responsibility for maintaining the River Walls.



Waste Management Reserve

Purpose – This reserve was established to provide for investment in new waste management initiatives as well as was capital requirements it is funded by an annual allocation equal to the operating surplus/(deficit) from the waste operations.

Underground Power Reserve

Purpose – This reserve was established to accumulate funding to support the City’s contribution to the undergrounding of existing overhead electrical cables within specified precincts in the City.

Changeroom and Sport Lighting Facilities Reserve

Purpose – The reserve was established to quarantine grants and City funds received for the upgrade of and enhancement of changeroom amenities and sports lighting to provide facilities that will increase female participation in sports.

Financial Sustainability Investment Reserve Fund

Purpose – This reserve holds the balance of the Collier Park Residents Offset Reserve following the disposal of Collier Park Village and it now accumulates funds from strategic investment activities including specific allocations from strategic land sale and utilisation activities for strategic investment activities. This reserve advanced \$6,072,060 in 2022/23 as a loan to the municipal fund for the purpose of funding the South Perth/Hurlingham Underground Power project, repayments are received in quarterly instalments of \$416,800 over 4 years with interest at the WATC rate as at the day the funds were advanced less the government guarantee.

Collier Park Golf Course Reserve

Purpose – This reserve quarantine funds to fund future capital expenditure at the Golf Course. The reserve is funded by an amount equal to 50% of the annual net profit of the Collier Park Golf Course.

Asset Replacement Reserve

Purpose – This reserve was established to provide funds for the replacement of City assets other than Community Facilities and is funded by specific transfers as approved by Council.

3 Financial Statements

The following Financial Statements have been prepared for the ten years covered in this plan. These estimates have been prepared on the basis of the assumptions shown previously in this document.

3.1 Statement of Comprehensive Income

Identifies the cost of goods and services provided, and the extent to which costs are recovered from revenues.

Identifies the inputs by nature/type of the revenue or expense. Descriptions are defined by Regulation under the Local Government Act WA 1995.

The Statement of Comprehensive Income is prepared on an accrual basis. This process recognises income as it is earned and expenses as they are incurred. In addition, it makes adjustments for unearned income, credit sales, pre-payments, accrued expenses and non-cash provisions (i.e., depreciation and leave entitlements). This method provides a more accurate reflection of the transactions which actually occurred during the accounting period and is a better reflection of the actual business activities undertaken by the City. Depreciation, which is an expense charged in the Statement of Comprehensive Income, reflects the value of capital assets consumed during the accounting period. (Refer to 3.3, page 14).

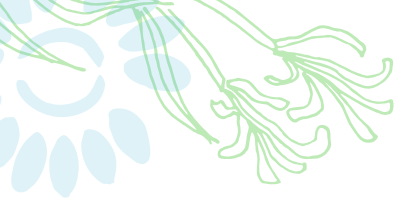
3.2 Statement of Financial Activity (Rate Setting Statement)

This statement summarises the operating, capital, debt and reserves transactions. It utilises the same reporting procedures required formulating the City's Annual Budget under the Local Government Act WA 1995. The plan identifies the funds necessary to balance the budget in each financial year through the collection of Rates. (Refer to 4.3, page 18).

3.3 Statement of Comprehensive Income (Indexed values)

City of South Perth										Indexed values
Statement of Comprehensive Income										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General rate revenue	46,065,448	47,891,777	50,016,759	51,987,895	54,214,950	56,328,732	58,167,060	59,986,415	61,935,889	63,865,090
Operating grants/subsidies/contributions	1,907,400	2,033,300	2,138,850	2,240,000	2,351,600	2,463,150	2,586,210	2,709,180	2,844,850	2,980,390
Fees and Charges	20,339,186	20,701,230	21,728,202	22,514,086	23,065,124	23,598,281	24,162,234	24,709,628	25,298,906	25,870,611
Interest earnings	4,878,124	4,561,279	4,715,369	4,585,759	4,535,649	4,483,819	4,496,809	4,479,149	4,477,369	4,462,239
Other Revenue	473,429	488,440	501,870	514,420	528,040	541,320	555,620	569,550	584,550	599,180
Operating Revenue	73,663,587	75,676,026	79,101,050	81,842,160	84,695,363	87,415,302	89,967,933	92,453,922	95,141,564	97,777,510
Expenses										
Employee costs	(28,834,033)	(30,216,830)	(31,439,690)	(32,691,800)	(33,619,400)	(34,602,570)	(35,521,770)	(36,508,890)	(37,478,160)	(38,518,950)
Material and Contracts	(26,268,902)	(26,485,997)	(27,310,700)	(28,049,131)	(28,892,350)	(29,714,580)	(30,473,540)	(31,227,560)	(32,001,499)	(32,820,841)
Utilities (gas elect water)	(1,817,700)	(1,877,210)	(1,929,190)	(1,977,770)	(2,032,280)	(2,085,470)	(2,142,780)	(2,198,760)	(2,259,050)	(2,317,920)
Depreciation	(14,130,786)	(14,385,931)	(14,648,433)	(14,918,549)	(15,196,540)	(15,482,677)	(15,777,239)	(16,080,521)	(16,392,829)	(16,714,474)
Insurance	(649,485)	(672,210)	(690,710)	(708,000)	(731,230)	(754,020)	(778,700)	(802,900)	(829,110)	(854,830)
Interest	(366,731)	(192,146)	(838,446)	(756,630)	(673,730)	(588,230)	(499,263)	(406,415)	(309,501)	(208,339)
Other expenses	(1,032,736)	(1,204,170)	(1,070,950)	(1,245,140)	(1,104,030)	(1,287,180)	(1,138,700)	(1,331,300)	(1,175,100)	(1,377,590)
Operating Expenses	(73,100,373)	(75,034,494)	(77,928,119)	(80,347,020)	(82,249,560)	(84,514,727)	(86,331,992)	(88,556,346)	(90,445,249)	(92,812,944)
Profit(Loss) - normal operations	563,214	641,532	1,172,931	1,495,140	2,445,803	2,900,575	3,635,941	3,897,576	4,696,315	4,964,566
Other										
Non-operating grants/contributions	7,493,633	2,319,600	3,344,300	3,361,600	2,071,000	2,655,500	2,013,900	2,791,700	1,907,300	1,274,600
Profit on asset disposals	166,744	175,080	182,080	189,370	194,460	199,950	205,310	211,090	216,740	222,820
Other	7,660,377	2,494,680	3,526,380	3,550,970	2,265,460	2,855,450	2,219,210	3,002,790	2,124,040	1,497,420
Income Statement Profit/(Loss)	8,223,591	3,136,212	4,699,311	5,046,110	4,711,263	5,756,025	5,855,151	6,900,366	6,820,355	6,461,986

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating surplus ratio	1.01%	1.11%	1.76%	2.11%	3.20%	3.64%	4.39%	4.57%	5.31%	5.46%
Rates as a % revenue(excl Service charges)	62.53%	63.29%	63.23%	63.52%	64.01%	64.44%	64.65%	64.88%	65.10%	65.32%
Rate Increase (Manual)	3.40%	3.25%	2.75%	2.50%	2.63%	2.49%	2.62%	2.49%	2.61%	2.48%
F&C as a % revenue(excl service charges)	27.61%	27.36%	27.47%	27.51%	27.23%	27.00%	26.86%	26.73%	26.59%	26.46%
Own Source Revenue Coverage Ratio	98.39%	98.38%	98.99%	99.31%	100.35%	100.75%	101.45%	101.58%	102.29%	102.38%



4 Capital Outlays

The Capital Works Program aims to meet infrastructure service requirements of the community. Renewal or upgrade of existing infrastructure and the creation of new assets have been included in developing this plan.

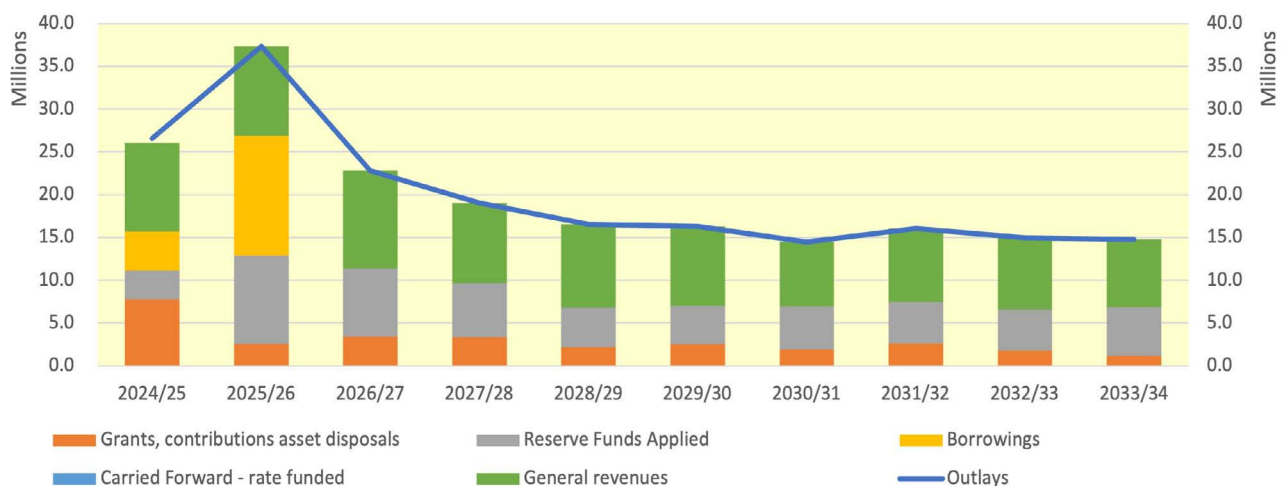
Although this plan is balanced, it provides for a capital works program over the ten-year period, which draws on a number of funding sources which includes grants, reserves and borrowings and is not entirely funded from the City’s net operating results.

To achieve some of these works there is a reliance on the continuation of the current level of State and Federal government grants, with any additional works being subject to successful grant applications. Failure to secure these funds could place the achievement of those capital works at risk.

4.1 Asset Management

Asset management is the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. The City records information about the location, acquisition, condition, useful life and construction characteristics of its asset base along with current levels of service in an asset register.

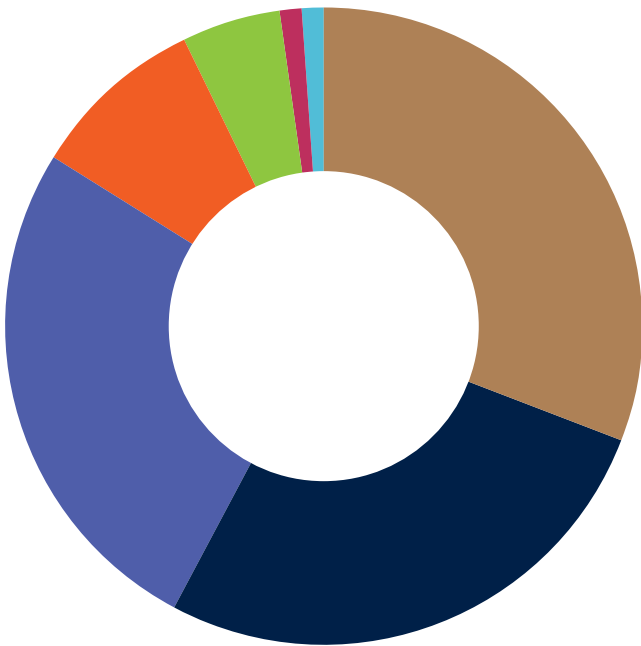
As part of our integrated planning framework the City is updating asset management plans for each of our major asset classes, including, but not limited to roads, buildings, drainage, paths and parks infrastructure. The plans are integrated with the asset register and include demand forecasting, influenced by population and demographic trends, risk management strategies, asset values, depreciation rates, depreciated values, capital expenditure projections for new assets or renewal, or upgrades to assets. Asset management plans document considerations of alternative service delivery solutions, to manage funding gaps and information on ‘whole of life’ costing.



4.2 Schedule of Capital Outlays (index values)

SUMMARY	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
OUTLAYS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	11,048,070	19,070,400	5,966,700	4,646,700	4,555,200	4,569,000	5,773,900	5,490,900	5,797,200	5,831,600
Information Technology	293,000	167,500	–	124,400	338,900	405,600	80,600	–	179,700	434,700
Plant and Equipment	2,446,000	2,164,900	1,663,400	1,774,200	2,042,100	1,456,500	1,350,000	2,066,800	1,613,300	1,252,300
Road Infrastructure	4,145,000	9,220,100	6,631,200	4,928,800	5,948,200	6,194,800	5,765,400	6,531,400	6,138,900	6,329,300
Drainage Infrastructure	760,000	466,000	223,900	230,600	237,900	245,000	252,700	260,200	268,400	276,400
Pathways/Cycleways	792,000	1,293,300	2,337,900	1,068,200	1,073,000	891,700	902,900	831,500	763,500	815,300
Recreation/Parks Infrastructure	6,849,780	6,453,900	7,598,300	8,836,000	5,030,800	5,893,300	3,709,800	5,378,400	4,893,100	4,743,100
Public Artworks	–	53,700	55,200	–	58,000	–	61,000	–	64,200	–
Other Infrastructure	270,000	295,600	899,500	169,600	232,200	119,000	244,200	125,100	128,400	410,500
Total	26,603,850	39,185,400	25,376,100	21,778,500	19,516,300	19,774,900	18,140,500	20,684,300	19,846,700	20,093,200
FUNDING SCHEDULE	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Capital Outlays	26,603,850	39,185,400	25,376,100	21,778,500	19,516,300	19,774,900	18,140,500	20,684,300	19,846,700	20,093,200
Funding from										
Grants/Contributions	7,493,633	2,319,600	3,344,300	3,361,600	2,071,000	2,655,500	2,013,900	2,791,700	1,907,300	1,274,600
Trade-in	274,870	440,280	431,990	471,880	546,380	390,830	361,080	603,460	467,830	326,600
Grants, contributions asset disposals	7,768,503	2,759,880	3,776,290	3,833,480	2,617,380	3,046,330	2,374,980	3,395,160	2,375,130	1,601,200
Council's Resources										
Reserve Funds Applied	3,364,500	11,169,590	8,913,790	7,265,330	5,461,940	5,515,150	6,352,580	6,304,320	6,432,210	7,779,240
Borrowings	4,550,000	13,950,000	–	–	–	–	–	–	–	–
Rates	10,920,847	11,305,930	12,686,020	10,679,690	11,436,980	11,213,420	9,412,940	10,984,820	11,039,360	10,712,760
Council's Resources	18,835,347	36,425,520	21,599,810	17,945,020	16,898,920	16,728,570	15,765,520	17,289,140	17,471,570	18,492,000
Total funds	26,603,850	39,185,400	25,376,100	21,778,500	19,516,300	19,774,900	18,140,500	20,684,300	19,846,700	20,093,200
Net position - Outlays LESS Funding	–	–	–	–	–	–	–	–	–	–

Capital Outlays 2024/25 to 2033/34



LAND & BUILDINGS	31%
ROAD INFRASTRUCTURE	27%
RECREATION/PARKS INFRASTRUCTURE	26%
PLANT & EQUIPMENT	9%
PATHWAYS/CYCLEWAYS	5%
OTHER INFRASTRUCTURE	1%
DRAINAGE INFRASTRUCTURE	1%

Funding Capital Outlays 2024/25 to 2033/34



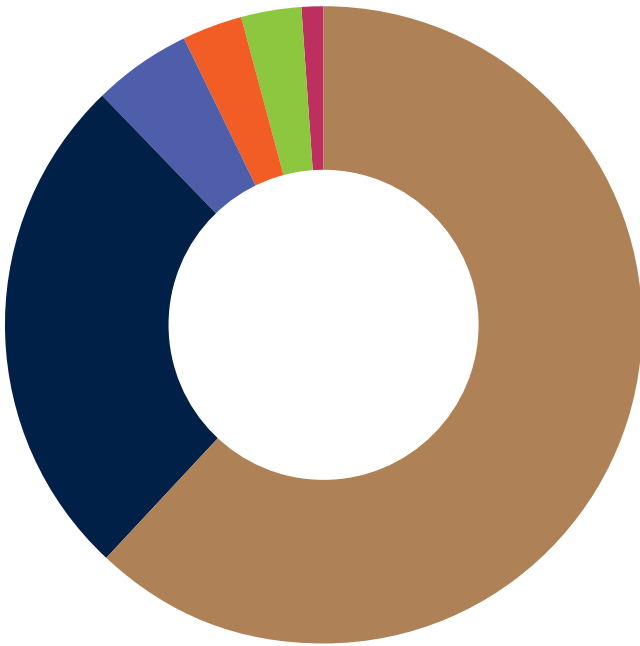
GENERAL REVENUES	48%
RESERVE FUNDS APPLIED	30%
GRANTS, CONTRIBUTIONS ASSETS DISPOSALS	14%
BORROWINGS	8%

4.3 Statement of Financial Activity (Indexed values)

City of South Perth Statement of Financial Activity	Indexed values									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating revenue/expenditure										
Operating Revenue	73,663,587	75,676,026	79,101,050	81,842,160	84,695,363	87,415,302	89,967,933	92,453,922	95,141,564	97,777,510
Operating Expenses	(73,100,373)	(75,034,494)	(77,928,119)	(80,347,020)	(82,249,560)	(84,514,727)	(86,331,992)	(88,556,346)	(90,445,249)	(92,812,944)
Profit(Loss) - normal operations	563,214	641,532	1,172,931	1,495,140	2,445,803	2,900,575	3,635,941	3,897,576	4,696,315	4,964,566
Non Cash items										
Write back Depreciation	14,130,786	14,385,931	14,648,433	14,918,549	15,196,540	15,482,677	15,777,239	16,080,521	16,392,829	16,714,474
ADD Non Cash Assets/Liabilities	14,130,786	14,385,931	14,648,433	14,918,549	15,196,540	15,482,677	15,777,239	16,080,521	16,392,829	16,714,474
	14,694,000	15,027,463	15,821,364	16,413,689	17,642,343	18,383,252	19,413,180	19,978,097	21,089,144	21,679,040
Capital Transactions										
Non-operating grants/contributions	7,493,633	2,319,600	3,344,300	3,361,600	2,071,000	2,655,500	2,013,900	2,791,700	1,907,300	1,274,600
Proceeds from assets sales	274,870	440,280	431,990	471,880	546,380	390,830	361,080	603,460	467,830	326,600
Property, plant & equipment	(11,341,070)	(19,237,900)	(5,966,700)	(4,771,100)	(4,894,100)	(4,974,600)	(5,854,500)	(5,490,900)	(5,976,900)	(6,266,300)
Infrastructure	(15,262,780)	(19,947,500)	(19,409,400)	(17,007,400)	(14,622,200)	(14,800,300)	(12,286,000)	(15,193,400)	(13,869,800)	(13,826,900)
Net Capital	(18,835,347)	(36,425,520)	(21,599,810)	(17,945,020)	(16,898,920)	(16,728,570)	(15,765,520)	(17,289,140)	(17,471,570)	(18,492,000)
Reserve/Trust Transactions										
Transfers (to) Reserves	(10,283,092)	(4,126,332)	(3,513,316)	(4,691,932)	(7,037,717)	(7,176,776)	(8,882,022)	(7,850,252)	(8,882,414)	(9,775,149)
Transfers from Reserves	8,511,691	11,169,590	8,913,790	7,265,330	7,361,940	6,615,150	6,352,580	6,304,320	6,432,210	7,779,240
Net Transfers (to)/From Reserves	(1,771,401)	7,043,258	5,400,474	2,573,398	324,223	(561,626)	(2,529,442)	(1,545,932)	(2,450,204)	(1,995,909)
Debt Management										
Proceeds from New Debentures	4,550,000	13,950,000	-	-	-	-	-	-	-	-
Repayment of Advances	-	-	789,340	841,910	897,980	957,790	1,021,580	1,089,620	1,162,190	1,239,590
Underground power	3,871,385	3,871,385	1,506,160	-	-	-	-	-	-	-
Repayment of Debentures	(3,374,601)	(3,522,334)	(1,975,823)	(1,931,562)	(1,974,340)	(2,053,083)	(2,139,798)	(2,232,645)	(2,329,560)	(2,430,721)
Proceeds from Self Supporting Loans	53,513	55,748	58,295	47,585	8,714	2,237	-	-	-	-
Movement in Grant Obligations	(5,500,000)	-	-	-	-	-	-	-	-	-
Net Debt	(399,703)	14,354,799	377,972	(1,042,067)	(1,067,646)	(1,093,056)	(1,118,218)	(1,143,025)	(1,167,370)	(1,191,131)
1 July Surplus/(Deficit)	6,312,451	-	-	-	-	-	-	-	-	-
LESS 30 June Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-
Net movement Surplus/(Deficit)	6,312,451	-	-	-	-	-	-	-	-	-
Budget (Deficit)/Surplus	-	-	-	-	-	-	-	-	-	-

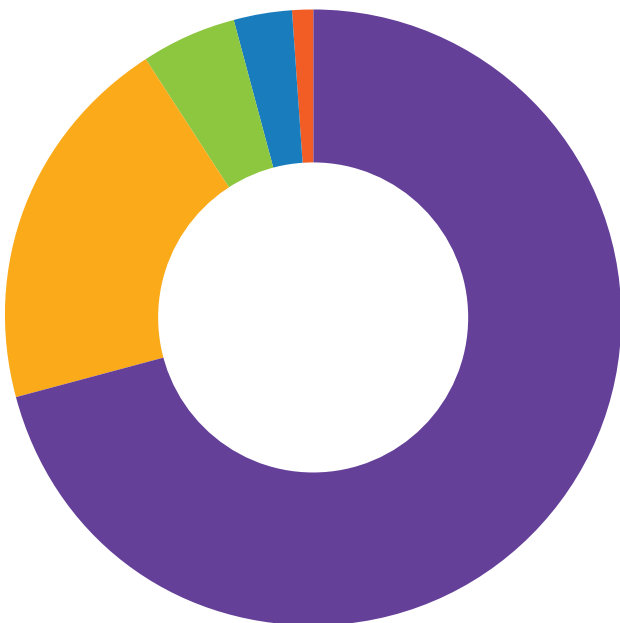


Source of Funds



RATE REVENUE	62%
FEES & CHARGES	26%
OTHER REVENUES	5%
OPERATING GRANTS	3%
CAPITAL GRANTS/CONTRIBUTIONS	3%
PROCEEDS FROM SALES OF ASSETS	1%

Application of Funds

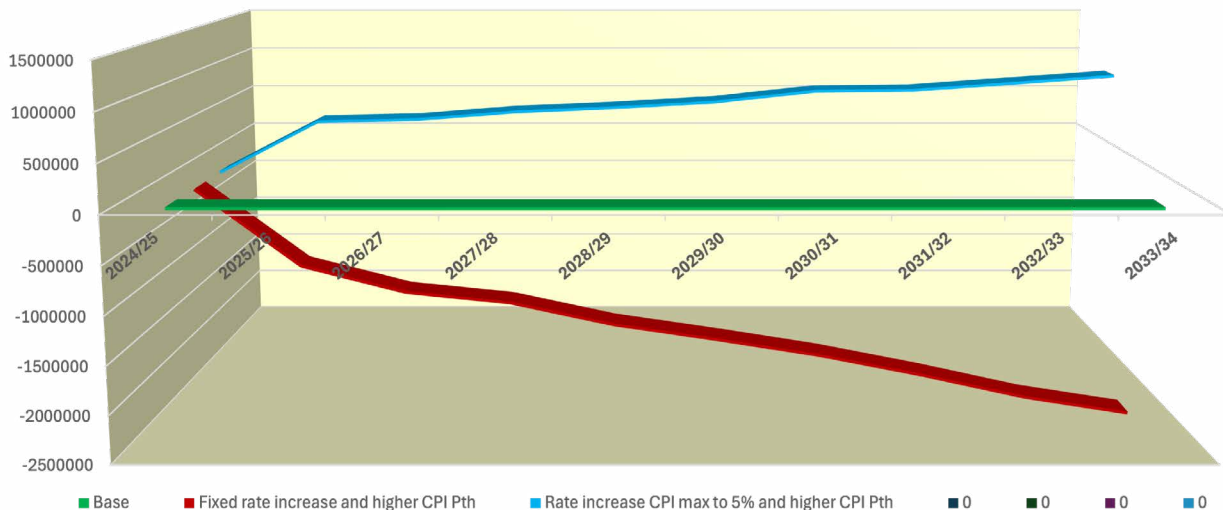


OPERATIONS/MAINTENANCE	71%
OUTLAYS ASSET RENEWAL	20%
OUTLAYS NEW ASSETS	5%
DEBT SERVICE COSTS	3%
TRANSFER TO RESERVES	1%

5 Sensitivity Analysis

Analysis of the plan outcomes have been modelled for changes to key price drivers such as CPI estimates, employee cost increments, interest rates, annual rate increases, etc. The following graph shows the impact of beneficial and negative changes compared to the current plan. The results are reflected in the overall impact on the surplus or deficit for each financial year.

Consumer Price Index – CPI increases have been used based on the forecasts in the Federal Budget and the State Budget which is in the target range of 2% to 3% (2.5% applied).



The above analysis is based on the prediction that the CPI will take until 2026/27 for the index to reach the desired 2%-3% range.

The sensitivity analysis shows that the plan is materially sensitive to movements in inflation (CPI) and has a negative impact on the forecasts.

The current volatility in inflation and interest rates means the impact of price and interest drivers is far greater when interest rates are increased, and CPI is understated. These potential rapid upward movements create a financial risk to the City and the projects in this plan.

Material financial risk exists with uncertainty on the economic environment post COVID-19, and the reliance on the funding from State and Federal governments to facilitate the outlays in the capital works program. With the difficult financial position of this time for these levels of government, the likelihood of these bodies reducing grants is high. This will facilitate a complete review of the size and scope of the capital works program proposed to be undertaken in this plan. As discussed in the previous section, additional risks are forthcoming with price and construction costs rising above the provisions outlaid in this plan.

6 Conclusion

These estimates are set against economic uncertainty and will be continually reviewed to reflect the prevailing economic conditions and changing community demands. Consideration has been given to the economic drivers that will influence the future cost of providing infrastructure, facilities and services for the period 2024/25 to 2033/34. The values disclosed in this plan represent estimated future prices and costs (unless otherwise stated).

This plan is sensitive to price movements and interest rates. The current high inflation and interest rates means the impact of price and interest drivers is far greater on upward movements, as opposed to reductions. These potential rapid upward movements create a financial risk to the City and the projects in this plan

A revised long-term financial plan will be developed in conjunction with the Corporate Business Plan and the 2025/26 annual budget.



USEFUL CONTACTS

Civic Centre

9474 0777

Cnr Sandgate St & South Tce,
South Perth WA 6151

Fax 9474 2425

enquiries@southperth.wa.gov.au
southperth.wa.gov.au

Animal Care Facility

9474 0777

199 Thelma St, Como

Collier Park Golf Course

9484 1666

Hayman Rd, Como
collierparkgolf.com.au

Collier Park Village

9313 0200

16 Morrison St, Como

Ferry Tram

Windsor Park, South Perth

Graffiti Hotline 1800 007 774

George Burnett Leisure Centre

9474 0855

Manning Rd, Karawara
leisurecentre@southperth.wa.gov.au

South Perth Library

9474 0800

Cnr Sandgate St & South Tce, South Perth
southperthlib@southperth.wa.gov.au

Manning Library

9474 0822

2 Conochie Cres, Manning
manninglib@southperth.wa.gov.au

Old Mill

9367 5788

Melville Pl, South Perth
oldmill@southperth.wa.gov.au

South Perth Senior Citizens

9367 9880

53 Coode St, South Perth
spsc@bigpond.com

Manning Senior Citizens

9450 6273

3 Downey Dr (off Ley St), Manning
manning seniors@bigpond.com

Recycling Centre

9474 0970

Hayman Rd & Thelma St, Como
enquiries@southperth.wa.gov.au

9474 0777

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