



CITY OF SOUTH PERTH

LONG-TERM FINANCIAL PLAN 2025/26 TO 2034/35



City of
South Perth





Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora 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 2025/26 to 2034/35.

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

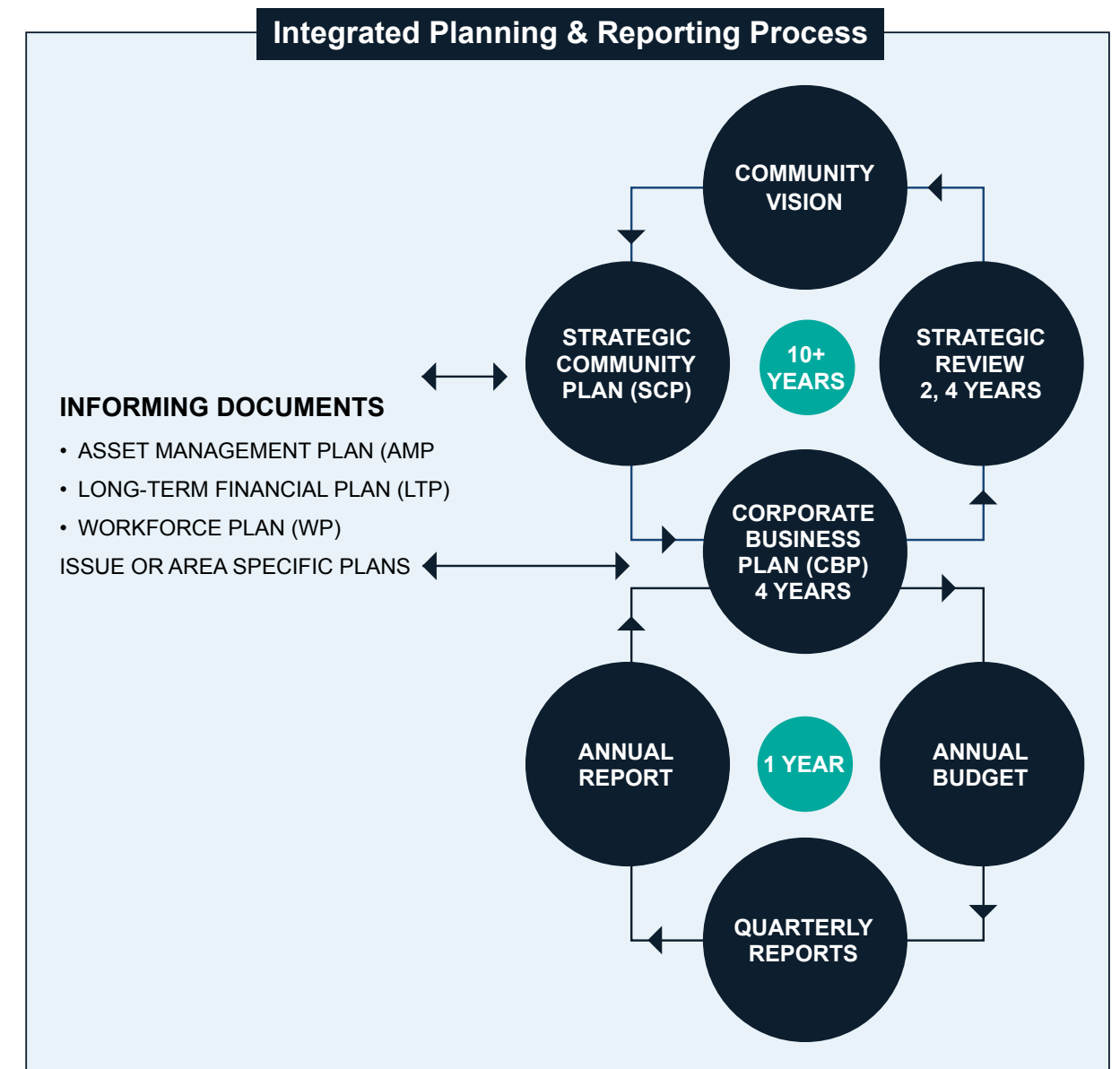
The following priorities have been established -

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 2025, forecast the following economic drivers.

FORWARD ESTIMATES					
FEDERAL GOVERNMENT					
Federal Budget 2025/26	2024/25	2025/26	2026/27	2027/28	2028/29
Real gross domestic product	1.50%	2.25%	2.25%	2.75%	2.75%
Consumer Price Index	2.50%	3.00%	2.50%	2.50%	2.50%
Wage price index	3.00%	3.25%	3.25%	3.50%	3.75%
Unemployment rate	4.25%	4.25%	4.25%	4.25%	4.29%
2025/26 Federal Budget - Statement 1: Budget Overview					

2025-26 Western Australian State Budget will be handed down on Thursday, 19 June 2025. This date marks the official announcement of the budget, which will outline the government's financial plans for that fiscal year.

The mid-year financial projections as at December 2024 provided the following key forecasts -

STATE GOVERNMENT					
Mid-year Financial Projections					
Statement 2025/26	2024/25	2025/26	2026/27	2027/28	2028/29
Gross State Product	2.25%	2.50%	2.50%	2.00%	2.00%
Consumer Price Index	3.25%	2.75%	2.50%	2.50%	2.50%
Wage Price Index	3.75%	3.50%	3.00%	3.00%	3.00%
Unemployment Rate	4.00%	4.25%	4.50%	4.75%	4.75%
Population	1.90%	1.80%	1.80%	1.70%	1.70%
2024/25 Government Mid-year Financial Projections Statement - Chapter 1 - Table 1 Key Assumptions					

The following indicators have been used in this plan.

Price Drivers and Assumptions	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Economic Growth										
Gross domestic product	2.3%	2.3%	2.8%	2.8%	2.9%	2.7%	2.9%	2.7%	2.9%	2.7%
Gross State Product: Western Australia	2.5%	2.5%	2.0%	3.5%	3.7%	3.5%	3.7%	3.5%	3.7%	3.5%
Demographics										
Population Australia	1.6%	1.5%	1.5%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%
Population WA	1.8%	1.8%	1.7%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	1.4%
Population Perth metropolitan	1.8%	1.8%	1.7%	1.7%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%
Population City of South Perth	0.6%	1.4%	0.9%	1.3%	1.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Price Indicators										
Consumer Price Index Australia	3.0%	2.5%	2.5%	2.5%	2.6%	2.5%	2.6%	2.5%	2.6%	2.5%
Wage Price Index Australia	3.3%	3.3%	3.5%	3.8%	2.7%	2.8%	2.7%	2.8%	2.7%	2.8%
Consumer Price Index Perth	2.8%	2.5%	2.5%	2.5%	2.6%	2.5%	2.6%	2.5%	2.6%	2.5%
Wage Price Index WA	3.5%	3.0%	3.0%	3.0%	2.7%	2.8%	2.7%	2.8%	2.7%	2.8%
General Insurance	2.5%	6.0%	4.0%	2.5%	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%
Utility - Electricity	2.9%	2.8%	2.5%	2.5%	2.8%	2.6%	2.7%	2.6%	2.7%	2.6%
Utility - Street Lighting	4.8%	4.8%	4.8%	2.8%	2.9%	2.7%	2.9%	2.7%	2.9%	2.7%
Borrowing Rates										
WATC 12 month borrowing rate	4.0%	3.9%	3.7%	3.5%	3.3%	3.1%	2.9%	2.7%	2.5%	3.4%
WATC 10 year borrowing rate	4.5%	4.4%	4.3%	4.1%	4.0%	3.8%	3.7%	3.5%	3.4%	3.9%
Interest Rates on Deposits/Investments										
Cash management rate	3.9%	3.3%	3.1%	3.1%	3.2%	3.1%	3.1%	3.1%	3.1%	3.1%

1.4 Additions and Exclusions and Risks

Additions and Exclusions

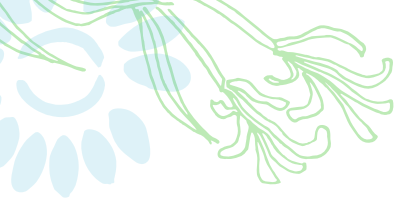
The operating outlays are consistent with current version of the Corporate Business Plan. At this stage there are no substantial operating demands arising from the Corporate Business Plan. Generally, outcomes are to be achieved from within the current funding levels within the budget.

Financial Risks

Global trade tensions, protectionism and increasing tariffs along with wars in the Ukraine and Isreal are creating uncertainty for businesses and households, potentially impacting global growth. These factors fuel significant uncertainty surrounding inflation, interest rates and supply chains worldwide including Australia.

As an open economy, Australia, particularly Western Australia's export sector, may be significantly affected by a slowing global economy. There is considerable uncertainty caused by the United States' approach to tariffs, targeting particular sectors and commodities, and this acts as a disincentive for business to invest. The impact of ongoing trade tensions on global economic growth could result in commodity prices falling faster than forecast, impacting State and Federal budget bottom-lines.

The high level of volatility in world economies now raises the risk levels of the financial outcomes exposed to material changes. Should inflation, interest rates and supply chains uncertainty continue, the current year's budget may prove insufficient to meet the outcomes expected. Suppliers and contractors may continue to demand higher prices for materials and services with the risk flowing onto the 2026/27 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 2026/27 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 2025/26 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 2.8% increase in 2025/26, this includes the minimum rate of \$1,244 for 2025/26 and then the forward 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.

2.3.2 Fees and Charges

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

Beyond 2025/26, 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 on Council's investment portfolio are based on the 90-day Bank Bill index in line with the Council's Investment Policy and Strategy. With the current economic climate, which has resulted with the intervention by the Reserve Bank, interest returns 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 an 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 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)

Contestable site charges are based on the existing agreements in place.

State Government Budget - tariffs will escalate by Consumer Price Index beyond 2025/26. 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

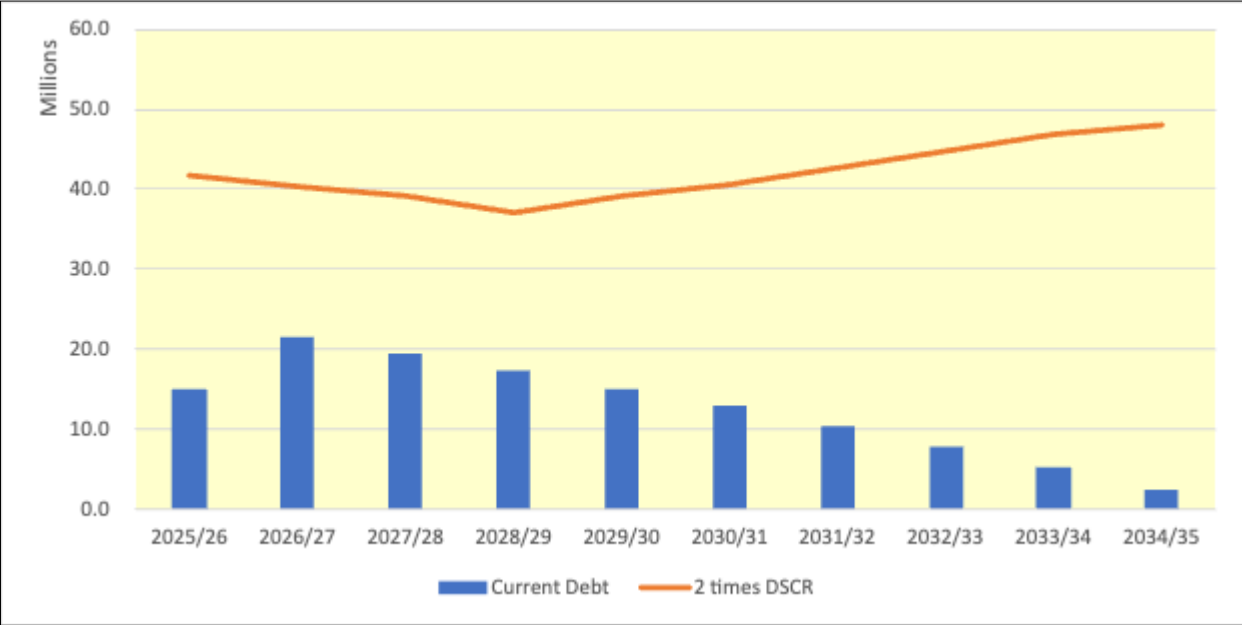
The use of long-term borrowings is influenced by the competing needs of building community assets, upgrading infrastructure, and investment decisions when insufficient funds may be available to meet the capital outlays from general revenues.

In the current model, there is a plan to borrow \$20.7m for upgrades at the Collier Park Golf Course as this activity enhances a profitable revenue producing asset. \$8.5m of the capital investment will be recovered from the operator.

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

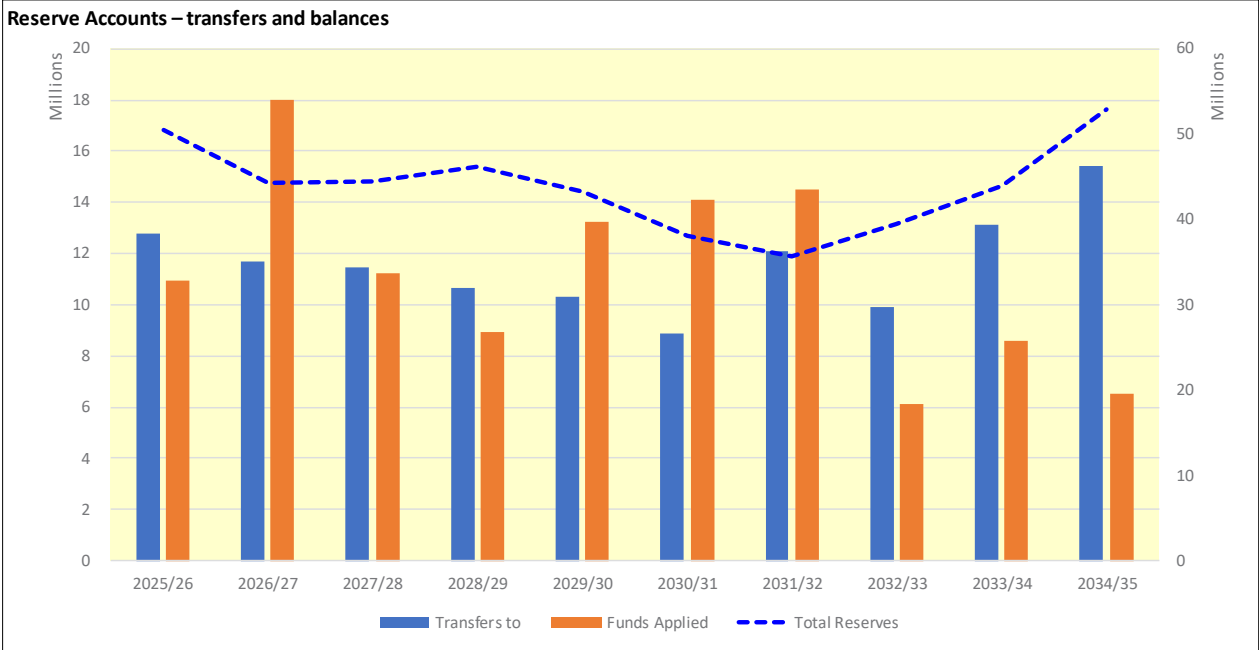
Purpose	Amount (original)	Raised	Retiring
Collier Park Golf Course	\$4.7m	2011	2026
Underground Power Collier	\$5.2m	2022	2026
Underground Power Manning	\$5.3m	2022	2026
South Perth Bowling Club	\$0.7m	2013	2028
Municipal Works (Manning Hub)	\$5.0m	2016	2036

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

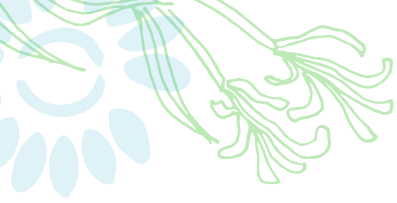
Purpose - This reserve was established to fund the City's leave liability and is maintained by an annual contribution to ensure the City employees leave entitlements are cash backed.

Community Facilities Reserve

Purpose - This reserve was established to accumulate funds including specific allocations from major strategic land sales for significant discretionary community facility projects in future years; alleviating the impacts of intergenerational equity in funding facilities. This reserve will also advance \$7,215,841.50 in 2025/26 as a loan to the municipal fund for the purpose of funding the Kensington Underground Power project, repayments will be received in quarterly instalments of \$639,601 over 3 years with interest at the WATC rate as at the day the funds were advanced less the government guarantee.

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 Rate (Refer to 4.3, page 22).

3.3 Statement of Comprehensive Income (Indexed values)

City of South Perth Statement of Comprehensive Income										Indexed values
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General rate revenue	47,742,872	49,590,923	51,535,972	53,668,183	55,820,518	57,561,192	59,427,147	61,272,940	63,251,117	65,207,733
Operating grants/subsidies/contributions	2,068,700	2,128,520	2,229,760	2,336,070	2,453,370	2,570,590	2,699,910	2,829,130	2,971,640	3,114,000
* Service Charges	10,027,989	-	-	-	-	-	-	-	-	-
Fees and Charges	21,445,010	21,565,449	22,703,234	23,735,332	24,256,907	24,747,703	25,277,872	25,789,859	26,342,971	26,876,872
Interest earnings	4,333,538	4,673,248	4,469,001	4,605,347	4,573,635	4,572,066	4,734,510	4,920,430	5,034,560	5,335,270
Other Revenue	539,000	624,090	639,650	655,600	672,970	689,900	708,140	725,910	745,070	763,750
Operating Revenue	86,157,109	78,582,230	81,577,617	85,000,532	87,777,400	90,141,451	92,847,579	95,538,269	98,345,358	101,297,625
Expenses										
Employee costs	(29,648,151)	(30,630,160)	(32,111,800)	(33,412,590)	(34,354,710)	(35,314,930)	(36,258,720)	(37,271,390)	(38,266,640)	(39,334,440)
* Material and Contracts	(37,846,043)	(27,550,860)	(28,228,760)	(28,952,510)	(29,831,200)	(30,549,460)	(31,291,450)	(32,017,780)	(32,851,540)	(33,585,490)
Utilities (gas elect water)	(2,096,000)	(2,140,310)	(2,194,180)	(2,249,410)	(2,311,380)	(2,371,880)	(2,437,070)	(2,500,720)	(2,569,280)	(2,636,200)
Depreciation	(14,296,224)	(14,515,150)	(14,780,234)	(15,052,954)	(15,333,567)	(15,622,344)	(15,919,561)	(16,225,512)	(16,540,498)	(16,864,831)
Insurance	(724,500)	(767,220)	(797,910)	(817,870)	(844,710)	(871,030)	(899,530)	(927,500)	(957,790)	(987,490)
Interest	(231,401)	(450,587)	(794,927)	(892,720)	(802,949)	(710,242)	(613,720)	(512,951)	(407,731)	(297,861)
Other expenses	(1,312,344)	(1,370,140)	(1,387,230)	(1,402,330)	(1,421,110)	(1,436,960)	(1,456,690)	(1,473,320)	(1,494,010)	(1,511,440)
Operating Expenses	(86,154,663)	(77,424,427)	(80,295,041)	(82,780,384)	(84,899,626)	(86,876,846)	(88,876,741)	(90,929,173)	(93,087,489)	(95,217,752)
Profit(Loss) - normal operations	2,446	1,157,803	1,282,576	2,220,148	2,877,774	3,264,605	3,970,838	4,609,096	5,257,869	6,079,873
Other										
Non-operating grants/contributions	3,399,299	5,405,900	5,573,400	4,875,200	7,490,400	6,082,700	7,902,200	3,653,300	3,969,400	4,203,600
Profit on asset disposals	198,429	74,730	77,720	80,830	83,010	85,360	87,640	90,110	92,520	95,120
Other	3,597,728	5,480,630	5,651,120	4,956,030	7,573,410	6,168,060	7,989,840	3,743,410	4,061,920	4,298,720
Income Statement Profit/(Loss)	3,600,174	6,638,433	6,933,696	7,176,178	10,451,184	9,432,665	11,960,678	8,352,506	9,319,789	10,378,593

* Underground power

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Operating surplus ratio	0.2%	1.6%	1.7%	2.8%	3.5%	3.8%	4.5%	5.1%	5.6%	6.3%
Rates as a % revenue(excl Service charges)	63%	63%	63%	63%	64%	64%	64%	64%	64%	64%
Rate Increase (Manual)	2.8%	2.5%	2.5%	2.5%	2.6%	2.5%	2.6%	2.5%	2.6%	2.5%
F&C as a % revenue(excl service charges)	28%	27%	28%	28%	28%	27%	27%	27%	27%	27%
Own Source Revenue Coverage Ratio	98%	99%	99%	100%	101%	101%	102%	102%	103%	103%

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.

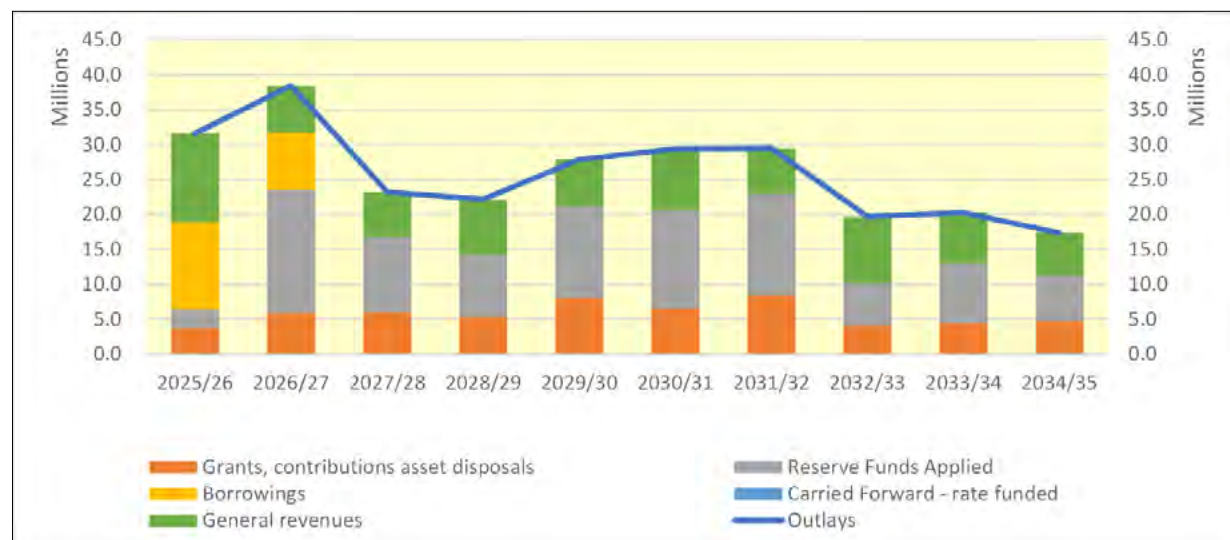
Although this plan is balanced, it provides for a capital works program over the ten-year period, which draws on a number of funding sources which includes grants, reserves and borrowings and is not entirely funded from the City's net operating results.

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.

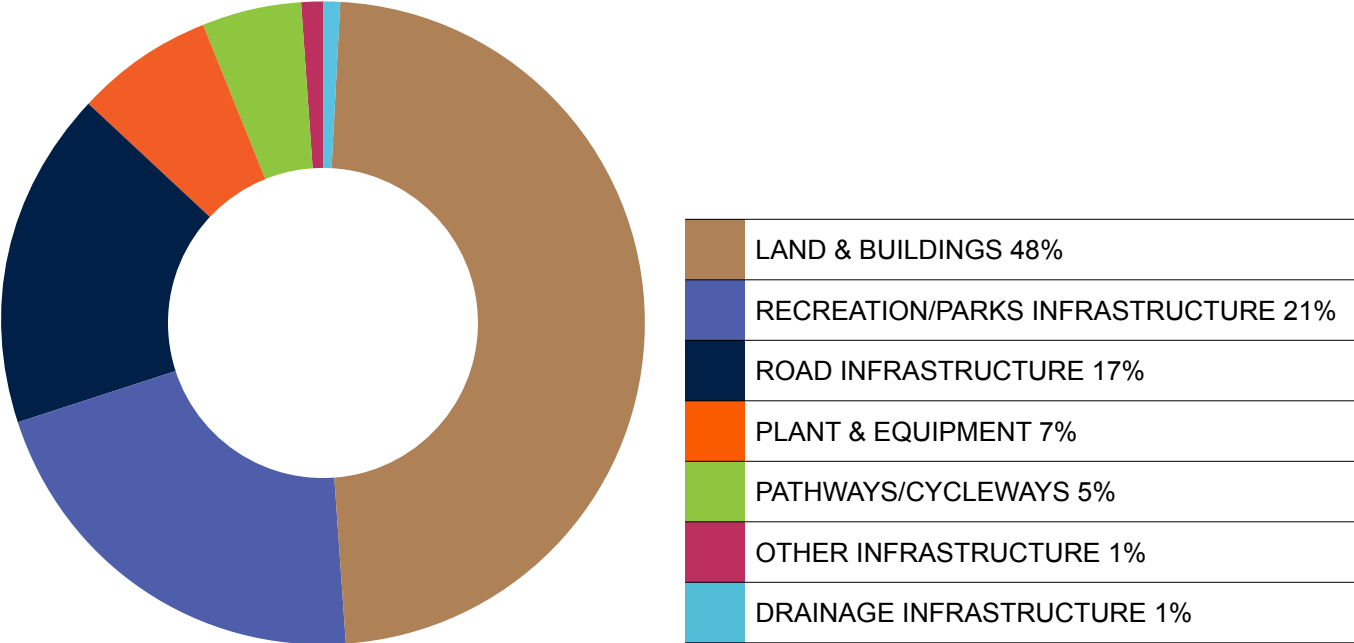
As part of our integrated planning framework the City is updating asset management plans for each of our major asset classes, including, but not limited to roads, buildings, drainage, paths and parks infrastructure. The plans are integrated with the asset register and include demand forecasting, influenced 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.



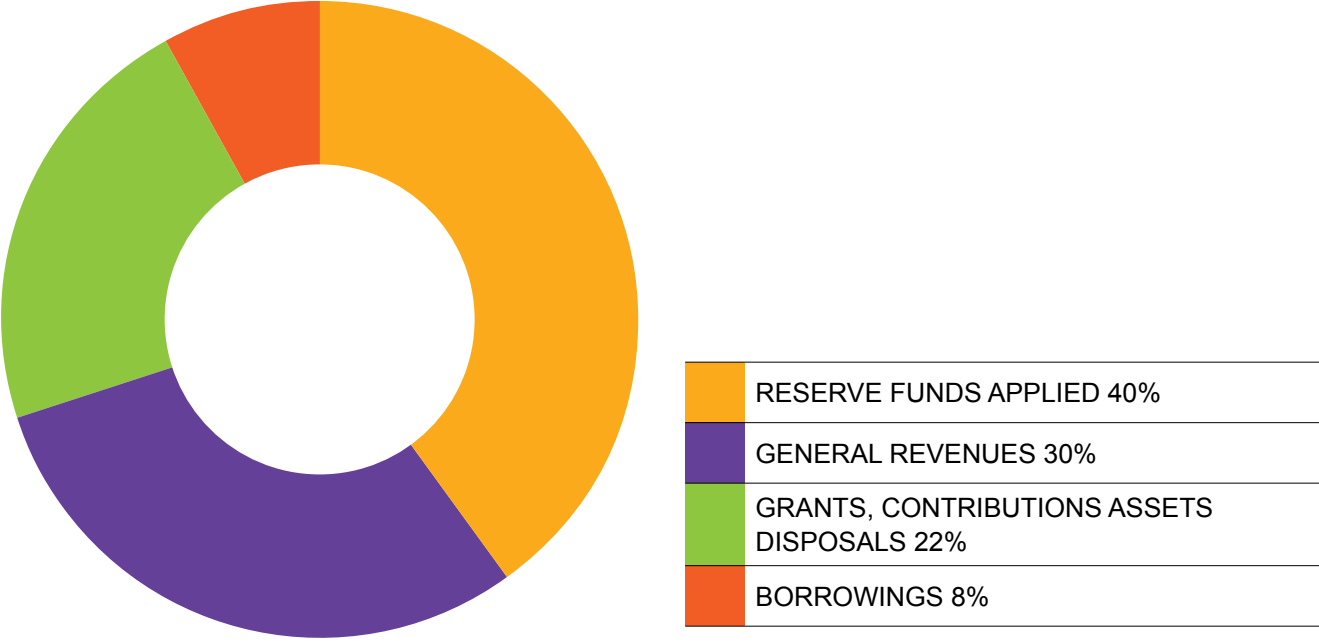
4.2 Schedule of Capital Outlays (index values)

[illegible]

Capital Outlays 2024/25 to 2033/34

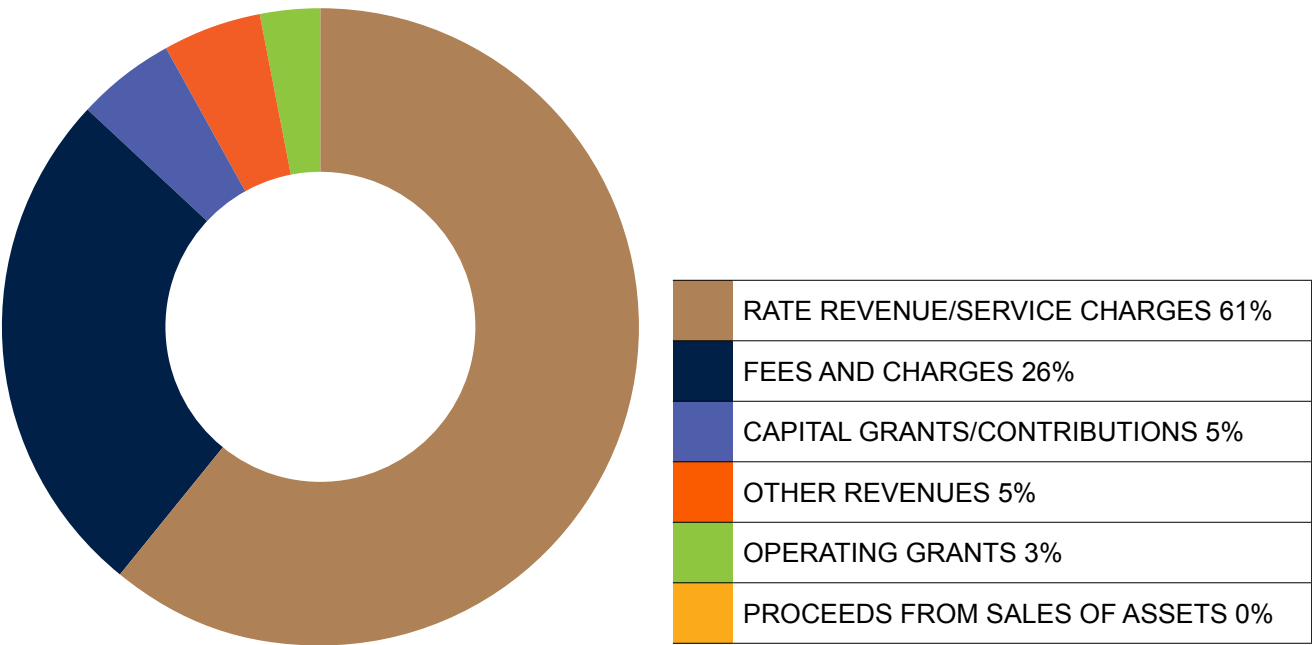


Funding Capital Outlays 2024/25 to 2033/34

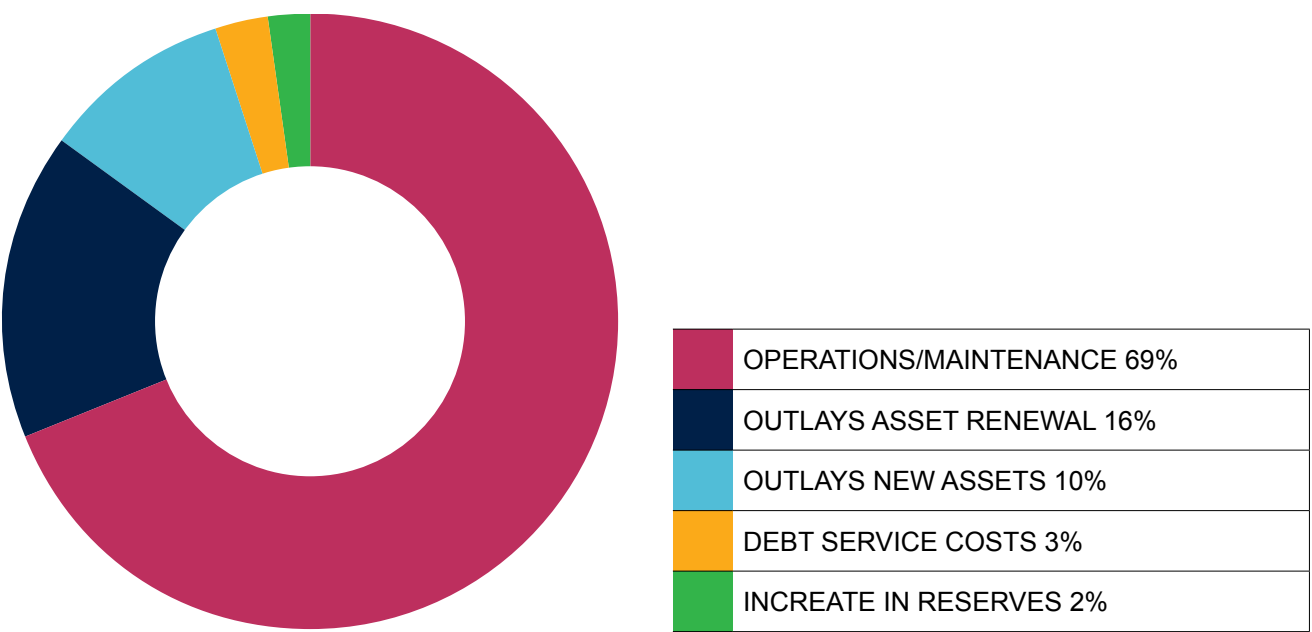




Source of Funds 2025/26 to 2034/35



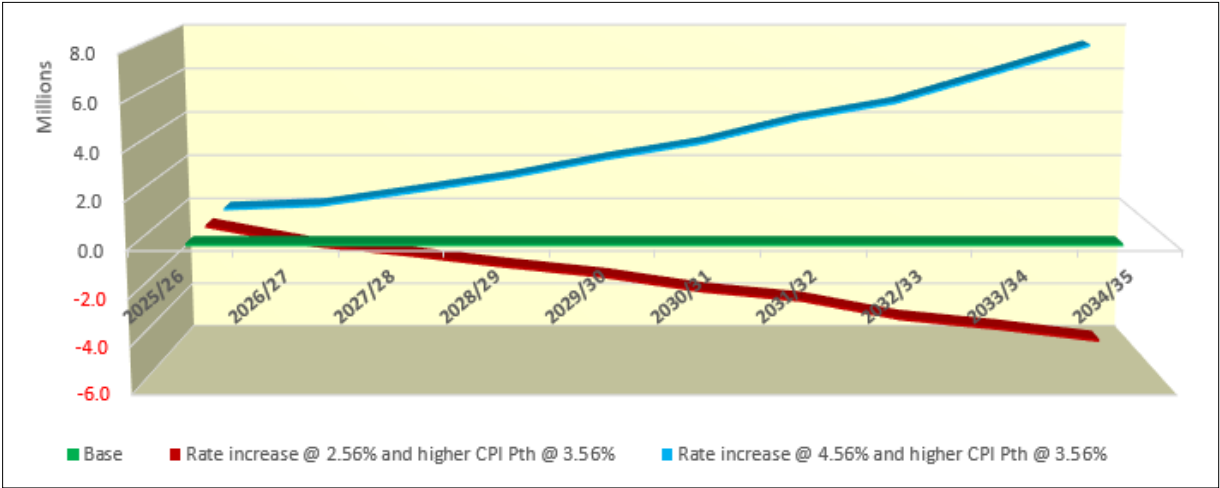
Application of Funds 2025/26 to 2034/35



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 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, and the reliance on the funding from State and Federal governments to facilitate the outlays in the capital works program. With a difficult financial position 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. 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 2025/26 to 2034/35. The values disclosed in this plan represent estimated future prices and costs (unless otherwise stated).

This plan is sensitive to price movements (inflation) and interest. The impact of price and interest drivers can be far greater on movements. 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 2026/27 annual budget.



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