CITY OF MANDURAH

Minutes of Special Council Meeting

held on

Tuesday 19 May 2026 at 5:30 pm

in the Council Chambers, 83 Mandurah Terrace, Mandurah

Mayor	A Kearns	
Deputy Mayor	J Smith	Coastal Ward
Councillor	J Cumberworth	Coastal Ward
Councillor	O Mulder	Coastal Ward
Councillor	J Green	East Ward
Councillor	D Wilkins	East Ward
Councillor	S Wright	East Ward
Councillor	P Jackson	North Ward
Councillor	C Knight	North Ward
Councillor	R Burns	Town Ward
Councillor	D Schumacher	Town Ward

Ms C Mihovilovich	Chief Executive Officer
Mrs T Jones	Director Business Services
Ms J Thomas	Director Place and Community
Mr J Campbell-Sloan	Director Strategy and Economic Development
Mr M Hall	Director Built and Natural Environment
Ms J Weber	Manager Governance and Legal Services
Ms L Grieve	Minute Officer

Confirmed

1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

The Mayor declared the meeting open at 5:30 pm and announced that the Council Meeting is being live streamed in accordance with the City's Council Meetings – Live Streaming, Recording and Electronic Attendance Policy. By being present at this meeting, members of the public consent to the City live streaming and publishing their voice on the City's website. The Mayor noted that members of the public are not subject to video live streaming and only their voice will be captured.

2 ACKNOWLEDGEMENT OF COUNTRY

George Walley kindly prepared this statement.

People have been here for a long time. I want to acknowledge the presence of people over that long time with firstly the Bindjareb Noongar people who continue to have an ongoing connection to this land. They have been here for over 50,000 years. This place Mandjoogoordap or Mandurah, acknowledges a beautiful name, full of intent of people living here and others visiting here. That intent gives us an idea of their ancestral land usage over that long period. Mandurah, the gathering place is unique because even today we still gather here in the most beautiful place for many important reasons. Let us embrace the notion of people being in this space as we move forward as one community.

3 APOLOGIES

Leave of Absence	Apologies
Cr A Zilani	

4 DISCLAIMER

The Mayor advised that the purpose of this Council Meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the *Local Government Act 1995* (Section 5.25(e)) and the *City of Mandurah Standing Orders 2016* (Section 13.1(1)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

The City of Mandurah expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

5 ANSWERS TO QUESTIONS TAKEN ON NOTICE

Nil.

6 AMENDMENT TO STANDING ORDERS

Not required.

7 PUBLIC QUESTION TIME

The Mayor opened Public Question Time at 5:33 pm.

Confirmed

Document Set ID: 8603985
Version: 2, Version Date: 30/06/2026

7.1 Public Questions

7.1.1 Russell Lazenby: Western Foreshore

Question 1
I believe that the Council is proposing to set aside some funds for the development of the Western Foreshore. Has the exercising of the A Class Reserve been approved or is it a fait acommpli?

City of Mandurah Response
The consideration of the land excision is still with the State Government and in relation to the projects that have been identified in the Long Term Financial Plan, the projects which include the coastal works are as a result of the coastal hazards identified. These works would need to occur regardless of whether the proposal was approved or not. The other important infrastructure project is the intersection and roundabout on Mary Street and Old Coast Road and those works are also required regardless of whether the proposal goes ahead.

Question 2
With the 6.2 million revenues for Leasing ($248000 PA) - who is paying i.e. is the beer and food facility paying or is it made up of other tenants?

City of Mandurah Response
The proposal is for there to be one operator and there will be one lease. The business that has the lease is required to operate all three activities - the restaurant and microbrewery, 18-hole mini golf course and the Chocolate Factory. They will be required to operate all three activities and will not be able to sub-lease and sub-operate.

Question 3
Have existing businesses been consulted on the proposals impact on them and is the detail of that available?

City of Mandurah Response
Businesses had an opportunity to provide feedback within the consultation period and all feedback provided is available on our website and was included in the Council report.

The Mayor closed Public Question Time at 5:38 pm.

8 PUBLIC STATEMENT TIME

Nil

9 LEAVE OF ABSENCE REQUESTS

Nil

10 PETITIONS

Nil

11 PRESENTATIONS

Nil

12 DEPUTATIONS

Nil

Confirmed

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13 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

13.1 Acknowledgement of former Councillor Peter Rogers resignation from Council.

14 DECLARATIONS OF FINANCIAL, PROXIMITY AND IMPARTIALITY INTERESTS

Nil

15 QUESTIONS FROM ELECTED MEMBERS

15.1 Questions of Which Due Notice Has Been Given

Nil

15.2 Questions of Which Notice Has Not Been Given

Nil

16 BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil

Confirmed

Document Set ID: 8603985
Version: 2, Version Date: 30/06/2026

17 REPORTS

Subject: 17.1 Adoption of 2027-2036 Long Term Financial Plan and Council Financial Position and Performance Policy

Summary

The City of Mandurah (the City) has reviewed its Long Term Financial Plan for 2027-2036 (Plan or LTFP) for Council's adoption for advertising.

The LTFP provides an indication of a local government's long term financial sustainability and allows early identification of financial issues and their longer-term impacts. It shows the linkages between specific plans and strategies and enhances the transparency and accountability of the Council.

The LTFP also establishes the City's Rating Strategy, which is based on a weighted average model, reflecting the cost pressures that the City experiences in a financial year. An additional Asset Renewal Contribution of 0.68% is applied to reduce the gap that exists between the current ratepayers actual rates amount they are paying and the required amount they should pay to deliver the same level of service and invest in the required asset renewals annually. In year 9, the rates that are being raised and the amount of rates required is expected to balance and once this occurs, there will be no requirement to apply the additional Asset Renewal Contribution. By year 9, although the Asset Renewal Contribution is anticipated to not exist, there will be a requirement to continue to fund asset renewals through not only rates, but through borrowings or reserves, due to the gap that has existed over many decades and the backlog of renewal investment that is required to maintain the $1.58 billion asset service levels.

Council is now requested to adopt for advertising the draft Long Term Financial Plan 2027-2036 (refer Attachment 1) and amendments to the Council Financial Position and Performance Policy (refer Attachment 2). Following the advertising process and consideration of feedback from the community, Council will be requested to adopt the LTFP and the Policy amendments.

Officer Recommendation

That Council:

1. Adopt the City of Mandurah Long Term Financial Plan 2027-2036, as detailed in Attachment 1 for the purposes of advertising for community input.
2. Approve the amended Council Financial Position and Performance Policy FCM-09 as detailed in Attachment 2 for the purposes of advertising for community input.
3. Notes that the City of Mandurah Long Term Financial Plan 2027-2036 and the Council Financial Position and Performance Policy FCM-09 will be presented to Council for final adoption at the Council Meeting on 23 June 2026.
4. In accordance with section 6.11 of the Local Government Act 1995 gives one month's local public notice it the intention to establish* the Mandurah Ocean Marina Chalet Maintenance and Renewal Reserve for the purpose being to fund future maintenance or replacement works for the Mandurah Ocean Marina Chalets.
5. In accordance with section 6.11 of the Local Government Act 1995 gives one month's local public notice it the intention to establish* the Cash In Lieu Reserve for the purpose being for Contributions received as Cash in Lieu are placed in this reserve for future use. Following public advertising approve* unbudgeted capital contribution of $179,369.81 and transfer of $179,369.81 to the Cash In Lieu Reserve.

Confirmed

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*Absolute Majority

SCM26/1 Council Resolution

MOTION
Moved: Mayor A Kearns
Seconded: Deputy Mayor J Smith

That Council:

1. **Adopt the City of Mandurah Long Term Financial Plan 2027-2036, as detailed in Attachment 1 for the purposes of advertising for community input.**

2. **Approve the amended Council Financial Position and Performance Policy FCM-09 as detailed in Attachment 2 for the purposes of advertising for community input.**

3. **Notes that the City of Mandurah Long Term Financial Plan 2027-2036 and the Council Financial Position and Performance Policy FCM-09 will be presented to Council for final adoption at the Council Meeting on 23 June 2026.**

4. **In accordance with section 6.11 of the *Local Government Act 1995* gives one month's local public notice it the intention to establish* the Mandurah Ocean Marina Chalet Maintenance and Renewal Reserve for the purpose being to fund future maintenance or replacement works for the Mandurah Ocean Marina Chalets.**

5. **In accordance with section 6.11 of the *Local Government Act 1995* gives one month's local public notice it the intention to establish* the Cash In Lieu Reserve for the purpose being for Contributions received as Cash in Lieu are placed in this reserve for future use. Following public advertising approve* unbudgeted capital contribution of $179,369.81 and transfer of $179,369.81 to the Cash In Lieu Reserve.**

***Absolute Majority**

CARRIED: 10/1
For: Cr C Knight, Cr D Schumacher, Cr D Wilkins, Cr J Cumberworth, Cr J Green, Cr O Mulder, Cr P Jackson, Cr S Wright, Deputy Mayor J Smith and Mayor A Kearns
Against: Cr R Burns

Confirmed

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Subject: 17.2 Notice of Intention to Impose the 2026/2027 Differential Rates and Minimum Payments

Summary

The Local Government Act 1995 (the Act) requires local governments which have differential rates, to advertise the proposed rates and invite public submissions for 21 days. The Statement of Rating Objects and Reasons, including the proposed Differential and Specified Area Rates has now been prepared for Council consideration.

To determine the proposed rate setting for 2026/2027 Financial Year, Council has participated in a series of Financial Implications Briefing Sessions over a course of seven months, where rating options have been workshopped.

Council is now requested to provide local public notice of Council's intention to impose differential rates, based on a 4.95% increase, seeking comments on the information contained in the Statement of Rating Objects and Reasons (refer Attachment 1). Following the closing of public submissions, Council will be presented with community feedback to inform its final determination of rates for the 2026/2027 Financial Year.

Officer Recommendation

That Council:

1. For the purposes of public advertising endorse the Statement of Objects and Reasons for the 2026/2027 Financial Year as detailed in Attachment 1.
2. For the purposes of public advertising endorse the following rates in the dollar and minimum payments for the purposes of providing a local public notice of its intentions to impose differential rates and minimum rates for the 2026/2027 Financial Year, as detailed in Attachment 1 and as outlined below:

Category	Rate in the dollar	Minimum Rate
Residential Improved	0.067891	1,404
Residential Vacant	0.123909	1,014
Business Improved	0.095815	1,404
Business Vacant	0.170081	1,404
Urban Development	0.150067	1,404

3. For the purpose of public advertising endorse the rates in the dollar and gives local public notice of its intention for Specified Area Rates, for the 2026/2027 Financial Year as detailed in Attachment 1 and as outlined below:

Specified Area Rate	Rate in the dollar
Waterside Canals	0.000000
Mandurah Ocean Marina	0.009477
Mandurah Quay	0.003420
Mariners Cove	0.000479
Port Bouvard Eastport Canals	0.000899
Port Bouvard Northport Canals	0.001040
Port Mandurah Canals	0.002894
Proposed - Port Bouvard Southport Canals	0.007602

Confirmed

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Version: 2, Version Date: 30/06/2026

SCM26/2 Council Resolution

MOTION
Moved: **Cr S Wright**
Seconded: **Cr D Wilkins**

That Council:

1. **For the purposes of public advertising endorse the Statement of Objects and Reasons for the 2026/2027 Financial Year as detailed in Attachment 1.**

2. **For the purposes of public advertising endorse the following rates in the dollar and minimum payments for the purposes of providing a local public notice of its intentions to impose differential rates and minimum rates for the 2026/2027 Financial Year, as detailed in Attachment 1 and as outlined below:**

Category	Rate in the dollar	Minimum Rate
Residential Improved	0.067891	1,404
Residential Vacant	0.123909	1,014
Business Improved	0.095815	1,404
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Mandurah Quay	0.003420
Mariners Cove	0.000479
Port Bouvard Eastport Canals	0.000899
Port Bouvard Northport Canals	0.001040
Port Mandurah Canals	0.002894
Proposed - Port Bouvard Southport Canals	0.007602

CARRIED: 8/3
For: Cr C Knight, Cr D Schumacher, Cr D Wilkins, Cr J Green, Cr P Jackson, Cr S Wright, Deputy Mayor J Smith and Mayor A Kearns
Against: Cr J Cumberworth, Cr O Mulder and Cr R Burns

Confirmed

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18 MOTIONS OF WHICH NOTICE HAS BEEN GIVEN

Nil

19 NOTICE OF MOTIONS FOR CONSIDERATION AT THE FOLLOWING MEETING

Nil

20 LATE AND URGENT BUSINESS ITEMS

Nil

21 CONFIDENTIAL ITEMS

Nil

22 CLOSE OF MEETING

There being no further business, the Mayor declared the meeting closed at 6:42 pm.

CONFIRMED..... (MAYOR)

Confirmed

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CITY OF MANDURAH

NOTICE OF MEETING

SPECIAL MEETING OF COUNCIL

Members of Council are advised that a meeting will be held in the Council Chambers, 83 Mandurah Terrace, Mandurah and the meeting will be live streamed on:

Tuesday 19 May 2026 at 5:30 pm

CASEY MIHOVILOVICH
Chief Executive Officer
14 May 2026

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1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

Members of the public are advised that the Council Meeting is being live streamed in accordance with the City's Council Meetings – Live Streaming, Recording and Electronic Attendance Policy. By being present at this meeting, members of the public consent to the City live streaming and publishing their voice on the City's website. Members of the public are not subject to video live streaming and only their voice will be captured. For further information on the live streaming of Council Meetings please click here Live Streaming of Council Meetings

2 ACKNOWLEDGEMENT OF COUNTRY

George Walley kindly prepared this statement.

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3 APOLOGIES

Leave of Absence **Apologies**

4 DISCLAIMER

Members of the public are advised that any decisions made at the meeting tonight, can be revoked, pursuant to the *Local Government Act 1995*. Therefore, members of the public should not rely on any decisions until formal notification in writing by Council has been received.

5 ANSWERS TO QUESTIONS TAKEN ON NOTICE

Nil

6 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* – electronic attendance at meeting.

7 PUBLIC QUESTION TIME

Public Question time provides an opportunity for members of the public to ask a question of Council. For more information regarding Public Question Time, please visit the City's website About Council Meetings or telephone 9550 3787.

8 PUBLIC STATEMENT TIME

Any person or group wishing to make a Public Statement to Council regarding a matter concerning local government must complete an application form. For more information regarding Public Statement Time, please visit the City's website About Council Meetings or telephone 9550 3787.

9 LEAVE OF ABSENCE REQUESTS

10 PETITIONS

11 PRESENTATIONS

Nil

12 DEPUTATIONS

Any person or group wishing to make a Deputation to Council regarding a matter listed on this agenda for consideration must complete an application form. For more information regarding making a deputation, please visit the City's website About Council Meetings or telephone 9550 3787.

13 CONFIRMATION OF MINUTES

Nil

14 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

15 DECLARATIONS OF FINANCIAL, PROXIMITY AND IMPARTIALITY INTERESTS

16 QUESTIONS FROM ELECTED MEMBERS

16.1 Questions of Which Due Notice Has Been Given

16.2 Questions of Which Notice Has Not Been Given

17 BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil

18 RECOMMENDATIONS OF COMMITTEES

Nil

19 REPORTS

Subject: 19.1 Adoption of 2027-2036 Long Term Financial Plan and Council Financial Position and Performance Policy

Summary

The City of Mandurah (the City) has reviewed its Long Term Financial Plan for 2027-2036 (Plan or LTFP) for Council's adoption for advertising.

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Council is now requested to adopt for advertising the draft Long Term Financial Plan 2027-2036 (refer Attachment 1) and amendments to the Council Financial Position and Performance Policy (refer Attachment 2). Following the advertising process and consideration of feedback from the community, Council will be requested to adopt the LTFP and the Policy amendments.

Disclosure of Interest

N/A

Previous Relevant Documentation

• SP1/05/25	21 May 2025	Council adopted the Long Term Financial Plan and Council Policy for the purpose of advertising.
• G. 6/4/24	23 April 2024	Council adopted the City of Mandurah Long Term Financial Plan 2025-2034 for advertising purposes. Council approved the Draft Council Financial Position and Performance Policy for advertising purposes.
• SP1/5/24	21 May 2024	Council adopted the City of Mandurah Long Term Financial Plan 2025-2034. Council approved the Council Financial Position and Performance Policy POL-FCM 08. Council noted the community submissions on the Long Term Financial Plan.

Background

In accordance with the *Local Government Act 1995* all local governments in Western Australia are required to have developed and adopted a "plan for the future", comprising at a minimum of Strategic Community Plan (SCP) and Corporate Business Plan (CBP).

The LTFP is also a key component of this framework as the Plan identifies how the City funds the delivery of the SCP and CBP short, medium and long-term priorities.

The City's current LTFP was adopted by Council on 24 June 2025. At the last adoption of the LTFP Council approved a weighted average model to determine the rating strategy. In this model Perth CPI data being more relevant to the cost escalations the City experiences on an annual basis for materials and contracts the City holds with external suppliers/contractors.

A comprehensive review of the LTFP has now been undertaken over the last eight months to reflect the changes in economic conditions and changes to key assumption data that have occurred since the last adoption of the Plan and to ensure its alignment to the City's CBP.

The LTFP and rating strategy was presented to Elected Members in a series of workshops as part of the Financial Implications Briefings held between September 2025 to May 2026. The objectives of the Financial Implications Briefings are to:

- Recommend to Council the future revenue sources to ensure funds are available to deliver community programs and services;
- Align service and infrastructure provision to the outcomes of the SCP;
- Develop the rating strategy and workshop options;
- Present on efficiencies gained through the delivery of the Efficiency Program including the outcomes from program and service reviews;
- Recommend to Council the future services and investment to be provided, and the service level standards associated with them; and
- Oversee the long-term financial planning associated with future service provision and investment.

Comment

The LTFP is critical to Council’s financial planning process. The LTFP provides an indication of a local government’s long term financial sustainability and allows early identification of financial issues and their longer-term impacts. It shows the linkages between specific plans and strategies and enhances the transparency and accountability of the Council.

The 10 year rolling plan has been prepared on the basis of a number of objectives and assumptions that are outlined in the Plan (refer Attachment 1). Strategies, priorities, opportunities and emerging issues are all dynamic influences of this Plan. To ensure that the Plan is responsive to the needs of the community, it is reviewed and adjusted annually, alongside the Corporate Business Plan (CBP) and Annual Budget.

The financial projections contained within the Plan provide an indication of the Council’s direction and financial capacity and assist the Council in making informed and evidence-based decisions. The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions on the Council’s long term financial sustainability.

It is important to emphasise that the Plan only considers projects that are known to the City at the time of the Plan’s development and a flexible and adaptive approach will be taken if new opportunities arise that will deliver community benefits.

A range of benefits of implementing the Plan include, but are not limited to:

1. Projects identified within the Plan provide City officers with the confidence to plan projects earlier than if the City was only focusing on a budget cycle (being one year). It provides an indication to City officers when they should commence project planning and design.
2. Grant funding submissions can be lodged earlier as the Plan identifies when these projects are likely to occur.
3. It will reduce the carryover projects as the budget allocation for projects will be spread across multiple years. This brings about a long-term focus instead of focusing on one year.
4. Provides our community with greater insight and understanding of the City's approach to financial planning and project delivery.
5. Drives a culture of continuous improvement through an Efficiency Program which ensures responsible and prudent management of the community's money through targets and strategies.

Key Highlights

This Plan is based on and achieves, the following outcomes:

- $442.49 million in capital expenses across the Plan;
- $1.68 billion in operating expenditure over the Plan (excluding depreciation);
- A rating strategy based on weighted average formulated by determining the percentage of budget for each operational expenditure type and the actual or projected cost for each type. An additional 0.68% is included in the final model to enable the City to achieve the Asset Renewal Principle;
- An average of 0.78% growth in rates per year resulting in an additional $46.81 million in revenue over the Plan;
- Loan borrowings of $63.3 million over the Plan resulting in a total liability of $31.93 million (increase of $1.4 million) in year 10;
- Includes an efficiency target of $250k in year, representing $2.5 million in permanent savings over the life of the plan; and
- Achieves ongoing improvement with the Department of Local Government Industry Regulation and Safety (LGIRS) financial ratio benchmarks.

Assumptions

The Plan is based on a range of assumptions such as:

- Level of service remains at the same level as the 2025/2026 budget year;
- Increase in revenue and expenditure is based on the input assigned to the nature and type of the income and expenditure (refer to assumptions contained in Attachment 1);
- If a project relies on external funding, the project will not go ahead unless the funding has been confirmed and at the level indicated in the Plan;
- Rates revenue is calculated based on the Rating Strategy which utilises a weighted average model which applies an escalation to each expenditure type using the most reliable and timely data plus an additional 0.68% Asset Renewal Contribution;
- New FTE funded through rates revenue and reserves must be approved by Council; and
- Borrowings must not exceed 50% of rates revenue.

Due to the flexibility of the Plan, a review of the Plan will occur earlier than the annual review if an event occurs that causes a material change in the assumptions.

Rating Strategy

The City's Rating Strategy is reviewed annually by Council through the LTFP ensuring a transparent and sustainable approach to revenue setting. It is underpinned by a commitment to financial responsibility, with expenditure reviewed and efficiencies identified prior to any rate increase.

The rating strategy is informed by a weighted average model reflecting forecast cost escalations across all operational expenditure (using Perth CPI, Industrial Agreement and Local Government Cost Index data), together with an additional Asset Renewal Contribution (ARC) of 0.68%. The ARC is designed to address the historical gap between the actual rates currently paid by ratepayers and the level of funding required to sustainably deliver services and renew assets at the rate they are consumed.

This gap reflects a long-standing underinvestment in asset renewal, where previous rate levels did not fully account for the lifecycle cost of maintaining the City's asset base.

Council adopted the ARC in 2021 as a deliberate financial strategy to reduce this gap in a gradual and financially responsible manner. At the time of adoption, the funding shortfall was estimated at approximately $6 million per annum. Rather than applying a significant one-off rate increase, Council implemented a phased approach, introducing an additional 0.68% increase each year over a 10-year period. This approach smooths the financial impact on ratepayers, progressively builds the City's capacity to fund asset renewals and by year 9, it is expected that the required funding for one year will match the actual consumption of the City's assets in that year.

Funds generated through the ARC are directed specifically to the asset renewal capital program.

Over the life of the Plan, the ARC will increase annual investment in asset renewal to a level that matches the annual depreciation (consumption) of assets and ensures ratepayers for each year contributes fairly to the assets they use.

By Year 9, it is anticipated that the rates being raised will align with the rates required to sustain service levels, the funding gap will be effectively closed, the ARC will no longer be required as a separate increase.

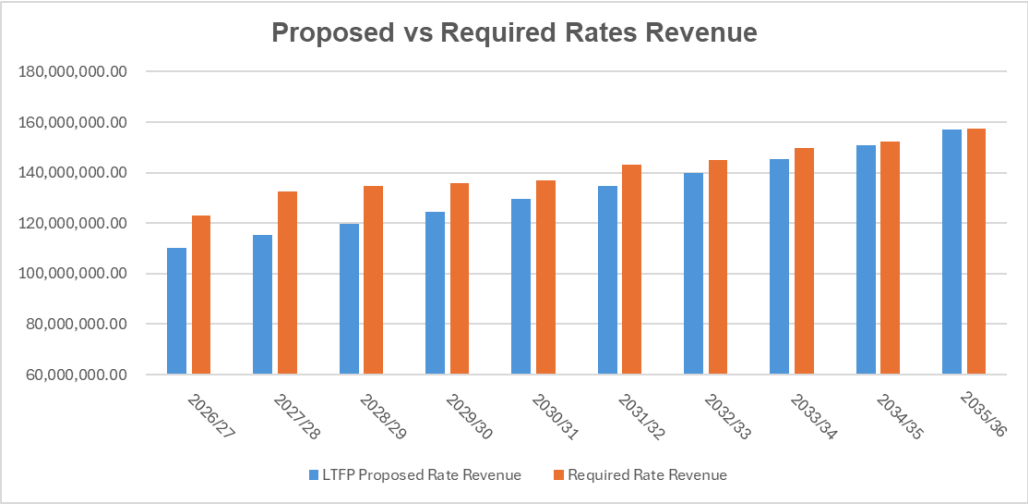
While the ARC is expected to cease once funding alignment is achieved, there will remain an ongoing need to support asset renewal through general rate revenue, borrowings and reserve funds.

This is due to the legacy impact of historical underinvestment, which has created a backlog of renewal works across the City's $1.58 billion asset portfolio. Addressing this backlog will require a combination of sustained funding discipline, strategic financial planning, prioritisation of renewal programs.

The introduction of the ARC in 2021 was informed by an audit finding that identified insufficient investment in asset renewal and the need to align financial practices with long-term asset sustainability principles.

Council's adopted approach reflects a balanced and responsible strategy, ensuring current ratepayers are paying the required contribution, financial sustainability and continued delivery of agreed service levels.

The amount has increased due to new assets being under the City's control through subdivisions and new suburbs being created and the revaluation of assets. At present there is a $12 million shortfall in revenue as shown on the graph below:



This graph shows the difference between the rates the City is currently proposing in the LTFP and the rates required to fully fund all costs, including asset renewal. The orange bars represent the required revenue, while the blue bars show the phased increases.

In the early years, there is a clear gap, reflecting Council's decision to take a staged approach rather than applying a large increase upfront. This approach helps reduce immediate financial pressure on the community, acknowledging current cost-of-living challenges.

Without addressing this gap, the condition of the City's assets would decline over time, which would ultimately impact the quality and reliability of services provided to the community. The additional 0.68% helps close this gap and ensures assets can be maintained to the required standard for both current and future generations.

While the strategy is being phased in, rates are currently below the true cost of maintaining assets, meaning the City needs to rely on reserves and borrowings in the short term to fund renewal works. Any surplus funds are directed to the Asset Management Reserve to support future renewal needs and ensure costs are shared fairly between current and future ratepayers.

If this strategy is not maintained, there is a clear risk that asset condition will decline, costs will increase over time, and service levels may need to be reduced, placing greater financial pressure on future ratepayers. The modelling shows that the staged approach balances affordability now while still working toward an improved long term funding position.

If there is no action taken by Council, then there is a risk that the City's assets will be negatively impacted as well as services provided to the community reduced. Demand and utilisation of the City's assets is likely to increase in line with population growth over the period of the LTFP.

The City's population is expected to grow substantially over the course of the plan, creating greater demand for the services the City provides. Mandurah's population is expected to reach 130,125 by 2036 from 106,827 in June 2025, an increase of 22%. Mandurah's population will also get older over this period with the share of the population aged over 65 increasing from 25.1% in 2021 to 30.6% in 2036.

Should Council wish to adopt a lower rate increase or not apply the 0.68% ARC, Council will be required to review and reduce service levels, programs and projects over the 10 year Plan.

Weighted Average Model

In determining the Rating Strategy, the City has developed a weighted average model where each expenditure type (Employee Costs, Materials and Contracts, Insurance and Utilities) is increased using the most reliable and timely escalation data related to the operational expenditure type.

This model takes into account the cost escalations that the City is expected to experience for each expenditure type in the following financial year. This model better reflects the cost escalations the City experiences in a financial year.

Each expenditure type is escalated in accordance with a combination of known expenditure increases or other forecast data. For example, employee costs increase in accordance with the agreed rate established under the City of Mandurah Industrial Agreement and Material and Contracts increase in accordance with the Perth CPI, which is utilised to determine the increases to the City's contracts.

The rating strategy applies the known escalation increase, and where this is not available, the City applies the most reliable and relevant cost escalation data to the related operational expenditure type as set out in the table below:

Expenditure Escalation	% of expenditure	% increase	Escalation applied and source
Employee Costs	44.40%	3%	The City of Mandurah Industrial Agreement establishes the increase to employee costs. The City's salary increase from March 2026 reflects year 2 of the Industrial Agreement.
Materials and Contracts	50.91%	5.5%	Increase by Perth CPI forecast for 30 June 2026. Perth CPI data accurately reflects the cost pressures experienced by the City, particularly in relation to annual increases in materials and contracts with external suppliers and contractors.
Utility Charges	3.56%	3%	Utility costs increase through WALGA Local Government Cost Index estimates.
Insurance	1.13%	1.9%	The cost for insurance has been projected to increase based on WALGA Local Government Cost Index estimates.

In determining the rates increase for a financial year, an additional 0.68% ARC is applied to the weighted average model.

For year 1 (2026/2027), the weighted average totals 4.27%, plus the 0.68% ARC gives a total rate increase of 4.95%

Ratios

The Plan has projected the City's financial ratios for each year and the results can be compared to the standards set by the LGIRS.

The ratio's results can assist in identifying any ratios that require improvement over the life of the Plan. A summary of what the results are showing over the life of the Plan are set out in the table below and Refer Appendix 7 within Attachment 1.

Ratio	What this measures	What the City's result showing
Current Ratio	This ratio refers to how quickly and cheaply an asset can be converted into cash. A local government's liquidity is measured by the Current Ratio. This ratio provides information on the ability of a local government to meet its short-term financial obligations out of unrestricted current assets.	• The City is performing above the LGIRS basic ratio. • Strengthens steadily each year over the Plan. • Ends in a very strong liquidity position.
Debt Service Ratio	A local government's ability to service debt. This is the measurement of a local government's ability to produce enough cash to cover its debt payments. This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.	• The City is performing above the LGIRS basic ratio. • A higher ratio means the City is better able to meet its debt obligations, making it easier to obtain loans. • It is intended that once the annual Asset Renewal amount that is required to be raised matches the budget adopted, there will be less of a reliance to fund capital through loans and a review of the total loan borrowings and this ratio should be reviewed.
Operating Surplus ratio	This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in the future, having regard to asset management and the community's service level needs, then it is considered financially sustainable.	• The City is performing well below the LGIRS basic ratio presenting a risk to operations. • Ratio indicates that the City is not receiving enough revenue to cover operating expenses. • The Asset Renewal Contribution of 0.68% supports the achievement of the improvement of this ratio. • The results improve gradually over life of the Plan. • Reaches break-even by year 9 through the application of the rating strategy and the ARC of 0.68%. • Efficiency Programs assists with continued review of service level to drive cost savings.
Asset Consumption Ratio	This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost	• The City is performing above the LGIRS range. • Assets remain in an acceptable condition however, the downward

		trend reinforces the need for continued renewal investment.
Asset Sustainability Ratio	This ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. This ratio is an estimate of the extent to which assets managed by a local government are being replaced as they reach the end of their useful lives. Expenditure on new or additional assets is excluded.	• Early years show strong renewal effort. • Mid-plan pressure (dip below LGIRS standard), however recovers to acceptable levels by the end. • The City's assets are deteriorating and if this is not addressed the condition of the City's assets will decline, impacting on the services that the City deliver for the community. • The Asset Renewal Contribution of 0.68% supports the improvement of this ratio.
Asset Renewal Ratio	This ratio is a measure of the ability of a local government to fund its projected asset renewal/replacements in the future. This ratio indicates whether the local government has the financial capacity to fund asset renewal as required and can continue to provide existing levels of services in future, without additional operating income; or reductions in operating expenses.	• Long term asset sustainability is improving. • The asset renewal gap is being addressed. • The City is consistently investing in renewals.

New Operating

Over the life of the LTFP there is one new operating request included in the Plan. The City has successfully secured $236,325 in initial grant funding to progress the development of the Estuary CHRMAP, reflecting its commitment to proactive coastal hazard management.

New Positions

Through the annual budget process and the development of this Plan, Council are presented with requests for new Full Time Equivalent (FTE) positions.

To ensure FTE growth is managed there are a number of controls in place to ensure Council approve new or temporary positions. Requests for new FTE are summarised in three categories:

Category one: positions funded out of general rate revenue. Council must approve new FTE requests and may approve on a permanent or a temporary basis. New FTE requests are funded out of general rate revenue.

Category two: positions directly funded through an increase in revenue and required to be appointed on a temporary/ contract basis. Following this period, the City is required to review whether the revenue was realised to determine whether the position can continue.

Category three: positions funded on a temporary basis for a specific purpose and must relate to the purpose of the relevant reserve.

A number of new and contract/temporary positions have been identified that are necessary to the delivery of current priorities and longer term strategic objectives. A summary of the positions requested across the three categories is summarised below:

Category	Position	FTE and Employment Type	Financial Impact over 10 years
Category One: funded through rates	Senior Coastal Engineer	1 FTE Permanent	$1,583,600.21
	Transport Engineer	1 FTE Permanent	$1,730,922.48
	Community Facility Planner	1 FTE Permanent	$1,322,517.09
Category Two: funded through revenue	Manager, Building Compliance and Statutory Planning	1 FTE 5 year Contract	$946,139.13
Category Three: funded through reserves	Waste Officer	1 FTE 18 month Contract	$178,544.94
	Strategic Project Officer	0.5 FTE 12 month Contract	$75,000.00

Category one**:** Proposed positions funded through rates

Senior Coastal Engineer
The Senior Coastal Engineer will provide expert planning and engineering support for coastal and marine projects. This position ensures sustainable management of the City's marine assets and delivers technical leadership for infrastructure resilience, aligning with strategic and legislative requirements. In particular, the Senior Coastal Engineer will support the implementation of the Coastal Hazard Risk Management and Adaption Plans (CHRMAPs).

Key responsibilities include:
- Leading planning, analysis, monitoring, design, and construction of coastal and marine infrastructure in compliance with strategic, legislative, and environmental requirements.
- Supporting the implementation of CHRMAPs for northern beaches, southern beaches and western foreshore, and upcoming estuarine areas.
- Advising on asset management, risk mitigation, and long-term infrastructure resilience.
- Funding is necessary to maintain this capability as the City's coastal hazard management initiatives expand.

In the absence of the Senior Coastal Engineer position there is no dedicated resource allocated to the planning and facilitation of the adaptive management of the coastal, riverine and estuarine environments that are progressively being identified through the development and implementation of the CHRMAPs and other coastal and estuarine forward planning studies.

Transport Engineer
The Transport Engineer will provide planning and transport investigation support and technical advice to inform the City's medium to longer-term transport planning direction and initiatives. This position focuses on transport modelling, infrastructure planning and collaboration with State Government departments to address current and future community transport needs. In particular, the Transport Engineer will support the implementation of the Integrated Trasport Strategy, including road network and active transport planning.

Key responsibilities include:
- Provide expert technical advice to guide the City's medium term to long term transport planning and initiatives.
- Address gaps in transport planning that have arisen due to increased demands on Technical Services and Strategic Planning teams.

- Lead the development of forward plans for transport infrastructure upgrades, including both road and active transport networks, as prioritised in the City's Transport Strategy.
- Work closely with relevant state government departments, such as the Department of Transport, to ensure integrated planning and implementation.
- Delivering key projects such as the District Level Active Transport Plans, Design Guidelines for active transport infrastructure, Street Design Guidelines for future upgrades and renewals with a focus on safe and attractive environments for all road users and Master Plan for significant district and local road network upgrades and renewals.

Funding is necessary to provide this capability to support the City's transport planning needs. In the absence of the Transport Engineer position there is no dedicated resource allocated to the medium and long-term transport planning and modelling to ensure well planned, sustainable urban development, and safe and connected communities.

Community and Recreation Facility Planner
The Community and Recreation Facility Planner will be responsible for forecasting and planning community, sport and recreation facility projects to meet the City's strategic and operational needs. This position leads engagement with community groups, ensures suitable policy development and compliance, and provides expert advice to support evidence-based decisions for public infrastructure development. The role bridges high-level master planning and actionable implementation, ensuring facilities are well-integrated, sustainable, and aligned with community aspirations in the Strategic Community Plan.

The position is not just a single-function role, it is a multifaceted and integrated position that combines strategic planning, stakeholder engagement, and funding expertise into one cohesive function. These elements are interdependent; separating them across multiple roles would fragment accountability, slow delivery, and compromise the quality of outcomes. The role would proactively identify and pursue grants and external investment.

This position will support delivery of a variety of initiatives, such as:

- Implementation of certain projects within the Community Infrastructure Plan
- Lead the development and review of strategies, plans, feasibility assessments, needs analysis, business cases and masterplans pertaining to community, sport and recreation facilities
- Sports Lighting and Reserve Optimisation
- Standard City facility provision policy and guidelines
- Shared Use Agreements and Partnership arrangements
- Develop and undertake external funding strategies, including grant applications and management
- Monitor emerging trends, demographic change and best practice improvements to inform future-focused planning and investment for sports, recreation and community
- Provide specialist advice on concepts and facility design

Failure to fund the position will significantly impact the City's ability to implement the endorsed Community Infrastructure Plan. Without dedicated planning oversight the Community Infrastructure Plan actions are not able to be delivered. The resource would be required to respond to evolving trends, participation levels, and community expectations in sport and recreation, limiting its ability to deliver services that meet future needs.

Category 2: Proposed positions funded through revenue

Manager, Building Compliance and Statutory Planning
The City's planning and building applications workload has increased substantially over the past five years with the volume of applications continuing to exceed expectations. At the same time, the growth in the housing and building stock creates a similar growth in the compliance workload.

This role is one of the recommendations put to Council following the review of the City's compliance services. It will provide management oversight of the functions to ensure the City's statutory obligations are met. It is responsible for the coordinated delivery of regulatory development services in accordance with the Western Australian planning and building frameworks, the City of Mandurah Local Planning Framework and Council policy, while supporting the City's broader strategic objectives for sustainable growth, community safety and place quality.

The role is for one FTE on the five-year contract. It will be funded through fee revenue received through increases in building and planning applications totalling $180,000.

Category 3: Proposed positions funded through reserves

The City's waste contract expires in June 2027. This is a critical City contract valued in excess of $14 million per year. To support the delivery of this procurement process, including specification and contract development, the City is seeking to fund 1.5 FTE on a temporary basis through the Waste Management Reserve. The positions include:

- Waste Officer 1 FTE for 18 month contract that will be responsible for the continuation of waste services whilst the Coordinator Waste Management provides technical advice and support to the procurement process and during the onboarding of the new contractor; and
- Strategic Project Officer 0.5 FTE for 12 month contract that will be responsible for leading the procurement and evaluation process, undertaking financial analysis on the bids and providing advice and support to the evaluation panel.

The balance of the Waste Management Reserve at 30 June 2026 is expected to be $7.6 million.

Council Financial Position and Performance Policy – FCM-09

Following consultation with Elected Members on the Council Financial Position and Performance Policy – FCM-09 which included a survey and a workshop, Council is now requested to adopt the amendments (refer tracked changes in Attachment 2) as summarised below:

Policy Principle	Summary of Amendments
2. Accountability Principle	• Incorporates the existing requirement for Council to consider the financial impacts when making decisions. • Requires the City to present financial information in a transparent and accessible manner.
3. Borrowing Principle	• Clarifies that loans are not utilised for operational costs. • Loan borrowings only permitted where they align to the City's long term strategy to fund asset renewals. • Requires loan borrowings to be reduced over time once the City is raising enough each year for asset renewal through the annual budget, it should not need to rely as much on borrowing to fund capital works.
4. Asset Renewal Principle	• Emphasis on prioritising renewal of existing assets of a similar purpose over creating new assets. • Requires business cases for new assets to be supported by full lifecycle costs. • Incorporates community groups and sporting clubs contribution to asset maintenance and renewal.
5. Rating Principle	• Inclusion of a new point which requires the City to identify cost efficiencies prior to proposing rates increases. This aligns to the City's budget process. • Additional emphasis on seeking grants and contributions. • Requirement for an annual assessment of the 0.68% Asset Renewal Contribution.

7. Efficiency Principle	Incorporated all strategies delivered through the City of Mandurah Efficiency Program.

New Reserves

The City is required to establish two new reserves. A summary is provided below:

Mandurah Ocean Marina Chalet Maintenance and Renewal

The Mandurah Ocean Marina Chalets comprise 39 accommodation units located within the Dolphin Quay precinct and provide an important, affordable short-stay accommodation option for visitors to Mandurah.

The Chalets currently operate through a profit share arrangement between the City and Visit Mandurah. It is recommended that a new reserve will be created for the City's share of profits from the Chalets operations for future capital renewal.

The City is currently finalising the amount to be transferred and following one month public advertising the City will finalise the transfer into the reserve.

Cash in Lieu Reserve

This reserve is required to be established for the purpose of contributions received as Cash in Lieu of open space are placed in this reserve for future use.

Amendments to section 154 of the *Planning and Development Act 2005* (PDA) changed the accounting treatment for cash in lieu of open space contributions. Further Department of Local Government, Industry Regulation and Safety (former DLGSC) provided guidance that the legislation requirements applied to all cash in lieu of open space contributions, received on or after the 12 September 2020.

Any cash in lieu funds received under section 154 of the PDA should be placed in a reserve account for each division within the municipal account in accordance with section 6.11 of the *Local Government Act 1995*. Section 154(3) of the PDA requires interest earnt on any invested funds to be applied to the respective reserve account.

The City has Cash in Lieu of open space contributions in the amount of $179,369.81 to transfer into this reserve once it is established.

Consultation

There is no statutory requirement for the advertising of the LTFP and the Policy, however in the interests of seeking community feedback, Council has made the decision to advertise.

The public submission period will commence on 21 May 2026 and close on 18 June 2026. The advertising period aligns to the advertising of the rate in the dollar.

Following this process Council will be requested to consider the communities feedback and adopt the LTFP and the Policy.

Statutory Environment

Section 5.56 of the Local Government Act 1995 provides that –

(1) a local government is to plan for the future of the district.

6.11. Reserve accounts

(1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.
(2) Subject to subsection (3), before a local government —
(a) changes the purpose of a reserve account; or*
(b) uses the money in a reserve account for another purpose,*
it must give one month's local public notice of the proposed change of purpose or proposed use.
(3) A local government is not required to give local public notice under subsection (2) —
(a) where the change of purpose or of proposed use of money has been disclosed in the annual budget of the local government for that financial year; or
(b) in such other circumstances as are prescribed.
(4) A change of purpose of, or use of money in, a reserve account is to be disclosed in the annual financial report for the year in which the change occurs.
(5) Regulations may prescribe the circumstances and the manner in which a local government may set aside money for use for a purpose in a future financial year without the requirement to establish and maintain a reserve account.

** Absolute majority required.*

Policy Implications

Council Financial Position and Performance Policy POL FCM-09.

Financial Implications

The City's Long Term Financial Plan will ensure good financial governance over a 10 year period. Planning for the future will ensure that the City can afford to operate its programs and services over the long term.

Economic Implications

The LTFP supports the achievement of the City's Strategic Community Plan which incorporates the economy as a key community priority.

Environmental Implications

The LTFP supports the achievement of the City's Strategic Community Plan which incorporates the environment as a key community priority.

Risk Implications

The following are risk events that could arise without a Plan:

1. Non-compliance – the Corporate Business Plan is required to consider long term financial capability and the actions that are included in the Corporate Business Plan must be costed to ensure that they can be delivered. To eliminate this risk, it is recommended that Council adopt the LTFP and that the existing and new programs and services are incorporated into the Corporate Business Plan.

2. Insufficient funding available to continue programs and services in the long term – Without whole of life costings, decisions do not consider the long term impact to the City and they may have to cease in future years due to insufficient funding. When Council is presented with an opportunity, it is generally only one year of the financial impact that is considered. To reduce this risk, it is recommended Council adopt the LTFP and for any future decisions, an analysis of the impact to the Plan is undertaken.

Strategic Implications

The following strategies from the City of Mandurah Strategic Community Plan 2024-2044 is relevant to this report:

Leadership
- Responsible, transparent, value for money delivery of well planned, sustainable, projects, programs and services

Conclusion

The City's Long Term Financial Plan 2027-2036 (refer Attachment 1) and amendments to the Council Financial Position and Performance Policy FCM-09 (refer Attachment 2) is presented to Council for adoption for advertising. Following the advertising period, any feedback from the community will be presented back to Council for consideration as part of the report to finalise the Plan in June 2025.

Officer Recommendation

That Council:

1. **Adopt the City of Mandurah Long Term Financial Plan 2027-2036, as detailed in Attachment 1 for the purposes of advertising for community input.**

2. **Approve the amended Council Financial Position and Performance Policy FCM-09 as detailed in Attachment 2 for the purposes of advertising for community input.**

3. **Notes that the City of Mandurah Long Term Financial Plan 2027-2036 and the Council Financial Position and Performance Policy FCM-09 will be presented to Council for final adoption at the Council Meeting on 23 June 2026.**

4. **In accordance with section 6.11 of the *Local Government Act 1995* gives one month's local public notice it the intention to establish* the Mandurah Ocean Marina Chalet Maintenance and Renewal Reserve for the purpose being to fund future maintenance or replacement works for the Mandurah Ocean Marina Chalets.**

5. **In accordance with section 6.11 of the *Local Government Act 1995* gives one month's local public notice it the intention to establish* the Cash In Lieu Reserve for the purpose being for Contributions received as Cash in Lieu are placed in this reserve for future use. Following public advertising approve* unbudgeted capital contribution of $179,369.81 and transfer of $179,369.81 to the Cash In Lieu Reserve.**

***Absolute Majority**

Attachments

1. Draft Long Term Financial Plan 2027-2036 [**19.1.1** - 51 pages]
2. Financial Position and Performance Policy POL-FCM 09 [**19.1.2** - 6 pages]

Long Term Financial Plan 2027 - 2036

CITY OF MANDURAH

1

Executive Summary

What is a Long Term Financial Plan: This Long Term Financial Plan provides a disciplined ten-year pathway to fund core services and a $442.49m capital program while progressively closing the asset renewal gap through a staged rating strategy supported by borrowings and reserve use.

What Council is being asked to endorse: Endorse the ten-year financial settings (assumptions, rating strategy, borrowings and reserves approach) that underpin sustainable delivery of current service levels and planned renewal investment.

Key headlines (2026–2035):

- $442.49m capital expenditure across the Plan.
- $1.68b operating expenditure across the Plan (excluding depreciation).
- Rating strategy applies a weighted-average cost model plus an Asset Renewal Contribution of 0.68% to restore renewal investment over time.
- Rates modelling indicates an additional $46.81m in rates revenue over the Plan (as modelled).
- $63.3m of new borrowings over the Plan, supporting delivery while managing affordability and ratio performance.
- Efficiency target of $250k in year 1, compounding to $2.5m in permanent savings over ten years.

Summary — if Council chooses a lower rate path
• A rate path **1% lower than the Plan** reduces available cash by approximately **$14.38m over 10 years**, requiring one or more of: defer renewals/capital, increase borrowings, draw down reserves faster, and/or reduce service levels. • A **0% rate increase** path reduces available cash by approximately **$44.61m over 10 years**, making it unlikely the City can sustain the planned renewal uplift without significant project deferrals, higher debt, accelerated reserve depletion, and increased risk of asset condition decline affecting community amenity and safety. • To remain strong leaders and ambitious for our people and community, any lower rate path must be matched by an explicit alternative commitment—either re-scope priorities, accept lower service standards, or secure additional external funding—so ambition is delivered without shifting cost and risk to future budgets and ratepayers.

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Introduction

The *Local Government Act 1995* requires local governments in Western Australia to ensure good governance by addressing several key needs:

- Promote Sustainability: Economic, social, and environmental sustainability within the district.
- Climate Change: Plan for and mitigate risks associated with climate change.
- Long-Term Impact: Consider the long-term consequences and impacts of decisions.
- Aboriginal Interests: Recognise and involve Aboriginal people in decision-making processes.
- Collaboration: Collaborate with other local governments as needed.

Council decision box — if Council chooses a lower rate path

- If Council adopts a rate path **1% lower than the Plan**, available cash reduces by approximately **$14.38m over 10 years**, requiring one or more of: deferring renewals and capital projects, increasing borrowings, drawing down reserves faster, and/or reducing service levels.
- If Council adopts a **0% rate increase** path, available cash reduces by approximately **$44.61m over 10 years**, making it unlikely the City can sustain the planned renewal uplift without significant project deferrals, higher debt, accelerated reserve depletion, and a greater risk of asset condition decline impacting community amenity and safety.
- To remain strong leaders and ambitious for our people and community, a lower rate path must be matched by an explicit alternative commitment—either (a) reduce or re-scope priorities, (b) accept lower service standards, or (c) secure additional external funding—because ambition without sustainable funding shifts cost and risk to future budgets.

To support these needs, the City of Mandurah (the City) has developed a ten-year Long Term Financial Plan (LTFP or Plan). This Plan ensures that the City's priorities and services are affordable and align with community needs and aspirations both now and in the future.

The 2026/2027 Annual Budget represents year 1 of this Plan.

Overview

This Plan is critical to Council's financial planning process. It underpins the long term financial sustainability and demonstrates the level of investment Council can commit to when delivering the City of Mandurah Strategic Community Plan. A key objective of the LTFP is to ensure adequate funding is available to provide efficient services to the community.

The 10-year rolling plan has been prepared on the basis of a number of objectives and assumptions that are outlined in this document. Strategies, priorities, opportunities and emerging issues are all dynamic influences of this Plan. To ensure that the Plan is responsive to the needs of the community, it is reviewed and adjusted annually, alongside the Corporate Business Plan and Annual Budget.

The financial projections contained within this Plan provide an indication of the Council's direction and financial capacity and assist the Council in making informed and evidence-based decisions. The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions on the Council's long term financial sustainability. Central to the development of this Plan are the financial principles which guide this Plan and decision making by the City.

This Plan achieves the following outcomes:

- $442.49 million in capital expenses across the Plan;
- $1.68 billion in operating expenditure over the Plan (excluding depreciation);
- A rating strategy based on weighted average formulated by determining the percentage of budget for each operational expenditure type and the actual or projected cost for each type. An additional 0.68% is included in the final model to enable the City to achieve the Asset Renewal Principle;
- An average of 0.78% growth in rates per year resulting in an additional $46.81 million in revenue over the Plan;
- Loan borrowings of $63.3 million over the Plan resulting in a total liability of $31.93 million (increase of $1.4 million) in year 10;
- Includes an efficiency target of $250k in year, representing $2.5 million in permanent savings over the life of the plan; and
- Achieves ongoing improvement with the Department of Local Government, Industry Regulation and Safety (LGIRS), financial ratio benchmarks.

The LTFP Summary is available in **Appendix One**.

1. Strategic Context

1.1 Integrated Planning

The LTFP translates the Strategic Community Plan into funded, scheduled actions so Council can confirm what can be delivered, when, and at what cost.

The *Local Government Act 1995* requires a local government to plan for the future of the district, which takes the form of the City of Mandurah Strategic Community Plan.

The actions to deliver the Strategic Community Plan must be costed and allocated to a particular year of delivery. Achieving the vision of the Strategic Community Plan relies on a range of stakeholders delivering projects, with the City partnering, advocating or delivering its own projects. For City projects, it is important that all informing strategies are costed with prioritised actions.

The LTFP is interrelated to all Council plans and strategies. It is important that the actions resulting from any strategies or plans include an assessment of resource implications and the cost of delivery, for Council to make an informed decision on whether the value for money of delivering an action is supported.

The LTFP incorporates the following:

- Strategic Community Plan
- Corporate Business Plan
- Asset Management Strategy
- Workforce Plan
- Informing Strategies
- Council policies

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1.2 Financial Position and Performance Policy

The Financial Position and Performance Council Policy FCM-08 (Policy) demonstrates the City's commitment to financial stewardship by exercising responsible oversight and management to meet the current and future needs of the community. The Policy provides strategic direction as part of the development of the LTFP and the Annual Budget process.

The Policy is founded on the following guiding principles:

Accountability Principle	Financial decision making must be accountable, transparent, equitable and benefit the community, both now and in the future.
Borrowing Principle	Loans for the acquisition or construction of capital projects are to be considered where the criteria is met.
Asset Renewal Principle	Asset renewals must have a higher priority than the creation of new assets.
Rating Principle	Community's capacity to pay must be considered, balanced with ensuring the full cost of infrastructure and service delivery are equitably met by all generations of ratepayers.
Revenue Principle	Revenue opportunities will be identified and pursued.
Efficiency Principle	Resources must be efficient, prioritised and optimised for service delivery to the community.

2. Our Community

The City of Mandurah is a regional local government situated on Bindjareb Country. Woven by waterways, Mandurah offers a coastal lifestyle connected to its environment and history.

A snapshot of the City of Mandurah is below:

- Total Area - 174 km2
- Coastline Length – 52 km
- 18 Suburbs
- 2025 Population forecast – 102,373
- Dominant Age Demographic – 65 to 69 years
- 936 Index of Relative Socio-economic Advantage and Disadvantage 2021
- 44,321 residential dwellings
- 6,326 Local Businesses
- 47,450 Employed Residents
- 26 Bridges (including footbridges)
- 396 Parks and Open Spaces
- 22 Sport Reserves
- 144 Playgrounds
- 780km total length of Roads
- 627km total length of Footpaths
- 81 Jetties and Wharfs
- 160 Natural Bushland Areas

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3. Long Term Financial Planning Process

The LTFP is based on a detailed financial model, which incorporates asset management strategies and future capital programs. This model is updated annually after the City's Annual Budget is adopted. The first year of the LTFP informs the following year's Annual Budget, ensuring it accommodates any changes that occur from assumptions and forecasts within the Plan.

It's important to note that forecasts contained within the LTFP, are based on assumptions that may change. Despite this, the LTFP remains a valuable tool for identifying long-term sustainability issues. The key assumptions used in the financial model on which this Plan is based are detailed under the Assumptions section refer to 4.1.

An overview of the process utilised to develop and inform the Plan is outlined below:

3.1 Operating Baseline and Business Units

For the development of this Plan, the City constructed a baseline for each business unit by using the 2025/2026 budget and excluding expenditure which is one-off or temporary in nature including:

- Temporary contract positions
- Consultants
- Programs/projects with an end life and the decision to continue is required by Council
- One-off costs

Any continuation of these exclusions requires Council to approve these as new proposals. If approved, the new operating initiatives as well as the additional employees required to deliver the service are included.

This process ensures that the City obtains a minimum level of revenue and expenditure required to operate at the current service levels. It also ensures that the ongoing costs of the business unit are accurately reflected for the purpose of developing the LTFP.

The review of the Baseline data also requires City officers to ensure cost efficiencies have been identified, assessed and implemented, ensuring expenditure is reviewed and prioritised in accordance with service levels established by Council.

The City's capital budget for renewals was based on the asset condition data. Once the baseline was included in the Plan, the surplus for each year was determined, and these funds were available to distribute to renewal capital projects, new capital projects, new operating or increases to existing services, repayment of loan debt or transfers to reserves.

3.2 New Operating and New Employees

New Operating Requests

New operating requests are presented to Council for consideration as part of the annual budget process. New operating requests are typically required where the City has a requirement to increase or expand service levels to meet legislative or community expectations.

The New Operating Program is available in **Appendix Two.**

New Employee Requests

Through the annual budget process and the development of this Plan, Council are presented with new operating and new Full Time Equivalent (FTE) requests.

There are three categories of FTE requests for Council approval:

1. Rates funded FTE: are funded out of general rate revenue. Council must approve new FTE requests and may approve on a permanent or a temporary basis. New FTE requests are funded out of general rate revenue.
2. Revenue funded FTE: are directly funded through an increase in revenue and required to be appointed on a temporary/contract basis. Following this period, the City is required to review whether the revenue was realised to determine whether the position can continue.
3. Reserve funded FTE: are funded on a temporary basis for a specific purpose and must relate to the purpose of the relevant reserve.

Additionally, the City identifies new operating initiatives and increases to existing services due to subdivision and population growth.

The New Operating Program is available in **Appendix Two.**

3.3 Capital

The City's 10-year Capital Program details the capital asset programs that have an allocated program budget. For example, the Fencing Renewal Program or the Playground Renewal Program.

Following Council's approval of the Annual Budget, the City will allocate each program's funding amount to the projects that need to be completed, using condition data and usage as two factors when considering which projects are to be carried out. Assigning funds to a program rather than specifically stating projects in the Plan provides the flexibility to determine the priorities of work each financial year.

A project that is specifically identified in the Plan is in addition to an asset program. These projects have been identified as required to be carried out.

Capital expenditure has been categorised as either renewal, upgrade or new, and these are defined as:

Renewal –	An asset that is expected to increase the remaining useful life of the original asset. This can be a like for like replacement of an asset.
Upgrade –	An asset that is expected to increase the economic benefit or service potential of the asset.
New –	An asset that has not been previously recognised. This will also have future operational costs that will need to be included in the LTFP.

The City has used asset condition data for the baseline of capital renewals. The City's current asset management plans are subject to continuous review to ensure the level of detail required to inform the Plan is accurate. The City's asset management plans inform the Council of the required level of expenditure that should be spent on renewals to ensure the current service level is maintained.

The Capital Program is available in **Appendix Three**.

3.4 Asset Management Plans

The City's Asset Management Framework consists of an Infrastructure Asset Management Policy, Asset Management Strategy and Infrastructure Asset Management Plans. These documents drive and align to the community vision and initiatives contained within the City of Mandurah Strategic Community Plan. They also assist in identifying major projects and actions to be incorporated into the City's Corporate Business Plan and the LTFP.

The aim of core asset management is to prevent assets deteriorating to a point where they are a danger or are no longer able to provide the minimum required level of service.

3.5 Funding and Assessment of Ratios and Targets

The City has considered the Department of Local Government, Industry Regulation and Safety (LGIRS) ratios when measuring performance. The LGIRS outlines advance standards for the ratios. In the achievement of the LGIRS ratios, the City has recommended that Council endorse this Plan, which supports improvement to the performance of these ratios over the life of the plan.

3.6 Service Levels

The Plan assumes continuation of current service levels, with structured reviews used to confirm value, affordability, and alignment to community expectations.

3.7 Plan Exclusions

The Plan does not include projects that are considered potential opportunities or still undergoing feasibility and due diligence. The areas of the business that are likely to be reviewed and included in the next Plan include:

- Incorporating the business cases approved by Council and the whole of life costs. Note: It is recommended that the financial implications to the Plan relating to any changes will occur at the time that Council endorses the business case; and
- Internal reviews that include overhead allocations, reserve allocations and the ongoing service, program and project reviews that occur throughout the City on an annual basis.

4. Influencing Factors and Assumptions

The City set out a list of assumptions in the Plan that details how the indexation applies to certain types of income and expenditure over the 10 years of the Plan. The assumptions use factors such as Perth Consumer Price Index (CPI), Local Government Cost Index (LGCI), rate increases, utility increases, growth rates and interest rates.

Extensive research was conducted to find the best possible source for these assumptions.

In addition, as part of the Plan's development, the City also considered the current economic climate and cost of living pressures faced by the community.

The Assumptions are available in **Appendix Four.**

The Plan has considered our community, factors and assumptions outlined below:

4.1 Assumptions

The key assumptions included in the Plan are listed in the table below:

Factor	Details
Superannuation Guarantee	12% of salaries each year for the life of the Plan. This is fixed as per the City of Mandurah Industrial Agreement.
Population and growth	Estimated population as of June 2025 is 102,373 and is expected to increase to 130,125 by 2036. This is a 22% increase over the Plan.
Property growth	Dwellings in June 2025 total 49,179 and are expected to increase to 54,388 by 2036. This is an increase of 10.59% over the Plan.
Perth Consumer Price Index (CPI)	Western Australian Treasury has forecast Perth CPI to be 5.5% for the year ended June 2026. It is projected to stay at 3.75% in 2027, 2.75% in 2028 and 2.5% for the remaining years. For the rest of the Plan the City has estimated that the rate will remain the same. The City's contracts increase in accordance with Perth CPI.
Utility Costs	WALGA's Local Government Cost index (LGCI) March reports there has been an increase for utilities of 3%.
Insurance	WALGA's Local Government Cost index (LGCI) in March reports there has been an increase for insurance of 1.9%.
Waste Management Expenses	Waste expenses are fully recouped by the service fee charged to users.
Workers Compensation	Based on the Local Government Insurance Services deposit rate of 2.5% of wages.
Interest expenses	Calculated using the City's current borrowings interest rates of 6.0%.
Interest Income	Interest rates for interest income are set at 5.0% based on current term deposit rates.

4.2 Revenue Escalation

All figures have been escalated using assumptions based on the nature and type of revenue and expenditure.

Revenue Escalation	Details
Rates	• Rating Strategy applying the weighted average + 0.68% Asset Renewal Contribution. • Rates revenue will increase by $46.81 million over the life of the plan. • Changes in valuations have not been included in the rate revenue. It is expected that this will be minimal due to adjusting the previous year's rate in the dollar to reflect the average movement percentage of the proposed valuation.

Operating Grants, Subsidies and Contributions	• Increase by Perth CPI. • If a project does not receive funding/contribution, the project either does not commence or there will be a decrease in expenditure so that the net City contribution is the amount that is stated in the Plan.
Fees and Charges	Increase by Perth CPI, statutory increases or other increases determined by the City for Council consideration.
Interest Earnings	Reflects current interest rates received for term deposits.
Other Revenue	Increase by Perth CPI.

4.3 Expenditure Escalation

The expenditure escalations included in this Plan are listed in the table below:

Expenditure Escalation	Details
Employee Costs	• Salaries – The City's salary increase from March 2026 was 3%. In place of any formal IA agreement, the City has assumed increases based on CPI. • Vacancy Rate – The City estimates a vacancy rate of 8% in year 1 and 6% thereafter. The vacancy rate for the 2025/26 Financial Year has fluctuated between a range of 12% to 14%. • Superannuation Guarantee – Increased by the amount required to be paid by the employer to the employee from the Australian Taxation Office. • Workers Compensation - Based on the LGIS deposit rate of 2.5% of wages. • Remaining Employee Costs are projected to increase by CPI. • Workforce Planning is undertaken to forecast future labour needs as well as the skills required to meet those needs. The expenditure in this category also incorporates the cost of workers compensation insurance, training, allowances and superannuation. • Any new employee requests require an analysis of the business unit justifying the additional resource and endorsement of Council at budget adoption or via Council resolution.
Materials and Contracts	Increase by Perth CPI 2025/2026 June forecast.
Refuse Charges, Tipping Fees and Waste Management Expenses	The City has moved its waste disposal to waste to energy from December 2024. The new State Government Waste Strategy has not been released, and it is unknown whether there will be any mandatory requirements imposed on local governments as well as any additional charges to the City. Therefore, it is uncertain of the cost implications and as a result the Plan reflects current budget amounts increasing by CPI annually.
Utility Charges	Projected to increase by 3% based on WALGA Local Government Cost Index estimates.
Insurance	• Excludes workers compensation (included in Employee Costs)

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	• The cost for insurance has been projected to increase by 1.9% in year 1 and then 1.5% for the life of the plan based on WALGA estimates.
Other Expenditure	Increase by Perth CPI

5. Financial Position and Performance

On an annual basis, Council reviews POL – FCM 09 Council Financial Position and Performance Policy. An overview of the key Financial Principles which support the City and Council achieve financial sustainability are set out below:

5.1 Borrowing Principle

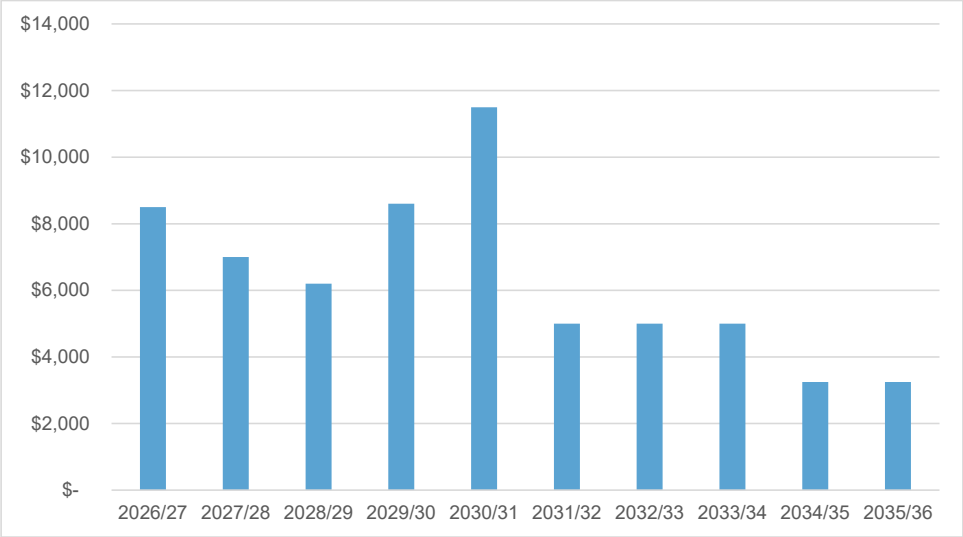
The City recognises that it may be necessary to borrow funds for the acquisition or construction of assets. In these cases, the following criteria for loan borrowings apply:

- Loans are to fund capital expenditure only. Loans are not utilised for operational costs;
- Borrowings will only be undertaken where they align with the City's long term strategy to fund asset renewals; Annual debt service expense to be affordable in the context of the Annual Budget process and the City's long term financial capacity;
- Total loan borrowings should not exceed 50% of the current rating revenue;
- Loans will be for the length of time before major intervention works are required, but no more than ten years, except for certain projects that are outlined through the Annual Budget and approved by Council;
- Debt Service Coverage Ratio in any one year must be maintained in accordance with the LGIRS standard;
- New loan borrowings will only be considered where a proposal has been presented to Council as part of the current Council approved Long Term Financial Plan; and
- It is intended that once the annual Asset Renewal amount that is required to be raised matches the budget adopted, there will be less of a reliance to fund capital through loans and a review of the total loan borrowings and Debt Service Coverage Ratio should be reviewed.

Full detail of the City's borrowings is available in **Appendix Five.**

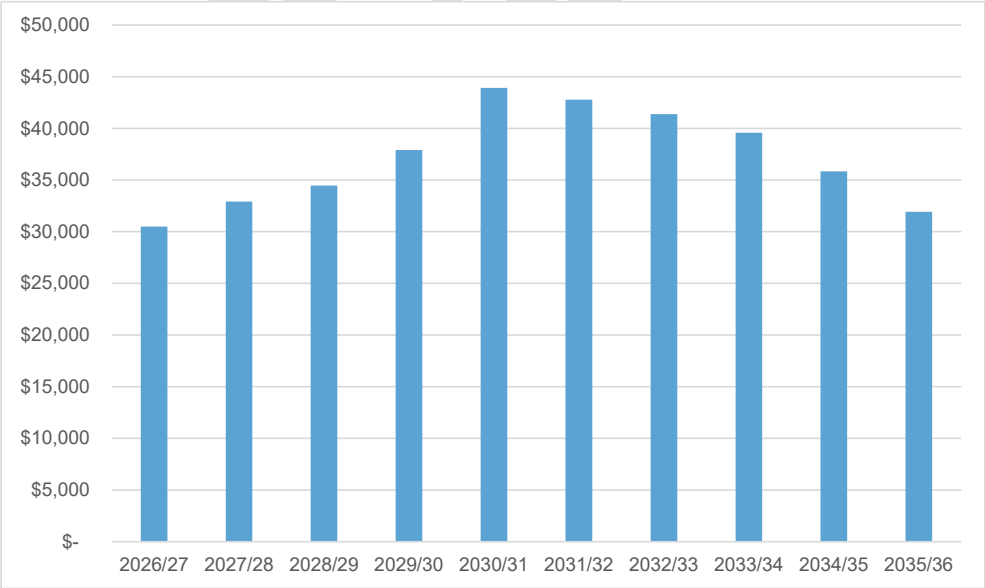
The City has a loan offset facility which can be used to place surplus funds during the year to reduce the total loan borrowings, resulting in a decrease in total interest costs and these funds being redirected to the principal repayments. Loan costs are modelled in the Plan. Loan borrowings for Waste or Specified Area Rate (SAR) capital projects are repaid by revenue from waste charges or SAR charges, whichever are applicable.

The Plan includes the following proposed new loan borrowings per year:



Due to the renewal infrastructure requirements due to the City's aging infrastructure and staging of rate increases over a 10-year period, the City expects to supplement rates income with higher levels of borrowing and use of Reserves to fund the current service levels.

The implementation of the rates revenue and borrowing strategy will result in the following total outstanding debt/principal levels over the course of the Plan:



5.2 Asset Renewal Principle

The Plan prioritises renewal investment to protect service levels, address the renewal gap and reduce cost shifting over time. The City recognises that maintaining assets for current and future generations is crucial. Adequate investment in the City's assets protects future generations from bearing the lack of previous ratepayers' obligations for contributing to future infrastructure needs. Every year, ratepayers should contribute the amount to properly maintain City infrastructure, which includes roads, parks and buildings. This will enable the City to address any immediate need for strategic responses to major issues.

The City has $1.58 billion of assets that it is required to maintain. The asset portfolio consists of:

- Buildings $186.54million
- Land $93.41 million
- Furniture and Equipment $3.28 million
- Plant and Equipment $18.78 million
- Road Infrastructure $627.48 million
- Drainage $226.38 million
- Parks $227.63million
- Coastal and Estuary $108.87 million
- Bridges $88.33 million
- Other $5.36 million

To ensure the City meets the current and future needs of the community, the following criteria apply:

- Priority will be given to renewing existing assets of similar purpose over creating new assets;
- Business cases for new assets must be supported by a full lifecycle cost analysis, including long-term operating, maintenance and renewal costs;
- Incorporates an Asset Renewal Contribution into the rating strategy (refer to Rating Principle);
- Investment in asset renewals is required to ensure service levels are met for current and future generations without a decline in quality or efficiency;
- Demonstrate continuous improvement in the achievement of the LGIRS Asset Sustainability Ratio standard;
- Seek to maximise contribution to asset renewals from external grants and subsidies where possible;
- Subject to Council approval, any actual surplus at the end of the financial year, is transferred to the Asset Management Reserve to fund asset renewals, reducing the City's reliance on borrowings in the long term;
- Supports a position in the long term that through investing in the required renewal amount through the Rating Principle, the City will be able to fund capital programs reducing the likelihood of having to rely on the Asset Management Reserve and borrowings; and
- Community Groups and Sporting Clubs agreements will include clearly defined maintenance responsibilities in accordance with Council Community and Recreations Facility Council Policy.

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5.2.1 Treatment of Surpluses

Each year, it is proposed that there will be a deficit of approximately $500,000, that is if all activities and transactions eventuate the City will experience a shortfall of funds of $500,000. However, experience has demonstrated that the City endeavors to find savings to ensure that by the end of the financial year, the City will not be in a deficit position, instead either balanced or in surplus.

If there is an actual surplus once the Annual Financial Statements have been approved by Council, then the Council will consider allocating the surplus to the Asset Management Reserve to reduce the difference between the amount paid by ratepayers and the amount required to be paid by ratepayers to cover the full year enjoyment of the City of Mandurah assets. The surplus can be used to fund renewal expenditure in the future or Council has the discretion to allocate the surplus to another purpose. Subject to Council's approval, City officers will recommend that any surplus should be transferred to either asset renewal projects or the Asset Management Reserve.

The City has had a significant adverse trend audit matter raised in the 2019/20 and 2020/21 financial years relating to its asset sustainability ratio being below the LGIRS standard. It shows that the City is not investing in renewal expenditure at the same rate that the assets are deteriorating and if this is not addressed the condition of the City's assets will decline, impacting on the services that the City delivers. While the ratios are no longer required to be reported in the City's financial statements, they are still relevant in the City's Long Term Financial Plan.

Refer to section 6 of this Plan for further information on the City's performance against the LGIRS Ratios.

In the case of a deficit, this should be carried forward to the next year and funded. Deficits should not be supported as this would place further pressure on the future financial sustainability of the City.

5.3 Rating Principle

5.3.1 Rating Strategy

The following criteria applies to the overall rating principle:

- Council approve the rating strategy each year as part of the LTFP and Annual Budget process;
- Prior to any proposed rate increase, the City will demonstrate that cost efficiencies have been identified, assessed and implemented, ensuring expenditure is reviewed and prioritised in accordance with service levels established by Council;
- The City will actively seek grants and contributions when available and aligned to the delivery of the Strategic Community Plan;
- In establishing the rating strategy Council will consider the communities capacity to pay including:
    - Community service levels and expectations inform the development of the LTFP;
    - Current economic climate and conditions including consideration of cost-of-living pressures for the community; and
    - External cost escalation rates which impact on the City and community;
- The increase to general rates is formulated through a weighted average model which takes into consideration the cost escalations that the City is expected to experience for each expenditure type in the following financial year;

- The rating strategy applies the known escalation increases or where this is not available, the City applies the most reliable and timely cost escalation data to the related operational expenditure type;
- These assumptions will be applied to the related operational expenditure type for example:
    - Materials and contracts increased by Perth CPI forecast where forecast is reliable and timely, otherwise RBA CPI will be applied.
    - Labour costs increased in accordance with the City's Industrial Agreement.
    - Utilities and Insurance increased in accordance with the known escalation increases provided by the relevant supplier, and if there has been no confirmation of the increases, then the Local Government Cost index forecast will be applied.
- The weighted average model is formulated by determining the percentage of budget for each operational expenditure type and the forecasted cost escalation for each type. An additional Asset Renewal Contribution of 0.68% is included in the final model to enable the City to achieve the Asset Renewal Principle (refer section 4) until such time as there is no longer a gap between the required rates to be raised and the actual rates to be raised;
- An annual assessment is undertaken on Asset Renewal Contribution to support the achievement of the Asset Renewal Principle;
- Differential Rates apply ensuring that every landowner makes a reasonable contribution to rates;
- Specified Area Rates apply on certain locations in Mandurah where there is a waterway which enhances and requires an increased maintenance of the area by way of increased service levels for the benefit of the owners/residents who live in the area;
- Revenue raised through Specified Area Rates be used solely for the purpose which the rate was imposed, with any residual amount remaining being placed in a reserve for that same purpose; and
- Where applicable, Differential Rates and Specified Area Rates will be exercised by Council to meet specific community needs and to ensure fairness, consistency, transparency, efficiency, and equity for the community in accordance with the Act.

5.3.2 Rating Strategy Model Formula

Weighted Average = (Direct Employee Costs × Rate as per Industrial Agreement) + (Materials and Contracts × Perth CPI forecast*) + (Utilities × LGCI and Supply Contract) + (Insurance x LGCI)

+ Asset Renewal Contribution 0.68%

* where the forecast is reliable and timely

5.3.3 Rates

In accordance with the Act, local governments impose rates on land within their district to raise revenue to fund the services, programs and facilities provided to the community. The amount of local government rates payable is calculated using the following formula:

- Valuation of land (GRV)* x Council's set rate in the dollar

* Land is valued by the Valuer General (State Government) using either the Unimproved Value (UV) method or the Gross Rental Value (GRV) method. The method applicable for the City

has been designated Gross Rental Value. As the valuation is conducted by the Valuer General, the City has no control over this part of the formula. The City's next revaluation year for GRV is 2026/2027.

5.3.4 Differential Rates

The City may impose a single general rate which applies to all the properties in the gross rental value category or alternatively, the City can distinguish between land based on its zoning, use or whether it is vacant land (or other characteristics set out in regulations), or a combination of these factors, and apply a differential general rate to each. The purpose of a differential rate is to ensure that every landowner makes a reasonable contribution to rates.

Council resolves the rate in the dollar for each differential rating category when approving the annual budget. The rate in the dollar is usually different for each rate category. Council also imposes a minimum rate for each rate category. The rates raised by the City are not intended to cover any waste expenses as this is covered by the Rubbish Service levy. The differential rating categories are set out below:

Rate Category	Object	Reason
Residential Improved	This rate is regarded as the base rate as it represents the greatest number of properties in the City.	This rate aims to ensure that all ratepayers contribute towards local government services and programs.
Residential Vacant	This rate is set at a higher level as the City wishes to promote the development of all properties to their full potential.	This rate in the dollar will act to deter land holdings and acts to stimulate residential development.
Business Improved	This rate is to recognise that certain expenditures in the budget are specifically directed towards the economic development of the City and the additional costs associated with the service provision related to business activities.	This rate will ensure that the City meets the level of service costs associated with business properties and the area within which they are situated, including: (a) provision and maintenance of road infrastructure and streetscapes including road renewals and upgrades, car parking, footpaths, and traffic issues; and (b) activation, facilitation, and amenity improvements to promote economic and social attractiveness to businesses.
Business Vacant	This rate is set at a higher level as the City wishes to promote the development of all properties to their full potential.	This rate in the dollar will act to encourage commercial development and stimulate economic growth.
Urban Development	This rate relates to land held for future development.	As with other vacant land rates, this rate is set at a higher level to deter the holding of land and acts to stimulate residential development.

5.3.5 Specified Area Rates

In accordance with the Act, the City raises Specified Area Rates on properties to provide future maintenance and asset replacement costs for these areas. The following Specified Area Rates applied are:

Area	Purpose
Waterside Canal	For owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group. The defined area has been identified within the Government Gazette published 23 June 1995 as Schedule B in the City of Mandurah (Specified Area) Order No.1. The City contributes to the SAR proportionally according to the length of walling abutting public open space and bridge crossings. The City makes a 45% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway. There is 14.99% of the area of the Waterside canals that are under the City's direct control and the total percentage of costs attributable to public use (boat ramp) at Leslie Street equates to 30% (the reason there is a 30% contribution by the City is because of the location of the boat ramp which is located within the subdivision). Note: That the City funds 100% of the maintenance of the emergency access ways.
Port Mandurah Canals	For owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group. Landowners are responsible for the canal wall replacement on their land. The annual SAR expenditures are the activities outlined in the Deed of Agreement and include litter control, hydrographic survey, water quality monitoring, canal management fees and funds transferred to the dredging reserve for Port Mandurah. The City contributes to the SAR proportionally according to the length of walling abutting public open space and bridge crossings. The City makes a 41% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway. There is 10.94% of the area of the Port Mandurah canals that are under the City's direct control and the total percentage of costs attributable to public use equates to 30% (which was derived from continuing use of the waterway by the ferry companies and in support of the tourism benefit).
Mandurah Quay Canals	On 12 September 1991, the WAPC approved the subdivision of land known then as 'The Sticks Tourist Development Area' subject to conditions, including a condition requiring the subdivider Forx Pty Ltd (Developer) to liaise with the City of Mandurah and Department of Marine and Harbours in regard to funding and management of the foreshore and Boat Haven after the initial 5 years following construction. The Mandurah Quay area was approved based on the understanding that the general community would not be encumbered with the ongoing expense of the development of the Boat Haven infrastructure and all lots within the

	subdivision will contribute to the Mandurah Quay Home Owners Association Incorporated (MQHOA) who would be responsible for all the Boat Haven assets. Caveats were required to be placed on the titles. A request by the MQHOA was made to the City to take responsibility of the Boat Haven assets and both parties agreed on the basis that the SAR would be based on whole of life costs. The SAR was introduced following formal resolution by Council in July 2001 (confirmed in the City's letter dated 9 August 2001). The intent was to transfer responsibility for the marina from MQHOA to the City as requested by the MQHOA given the impacts of land dealings associated with the caveats on properties. This information is documented in both the Special Council Meeting minutes of 31 July 2001 and the Ordinary Council Minutes of 20 March 2001 reports and minutes. The financial structure of the SAR was based on a "whole of life" cost model, inclusive of reserves for infrastructure upkeep such as seawalls and dredging. The reserve has been accruing accordingly. Operating costs include the maintenance of the marina such as water quality testing, hydro surveys, litter control and minor maintenance of the walls. The reserve is used for any major maintenance and replacement of marina walls. The SAR does not fund the maintenance expenses for the pavement, garden beds and lighting along the public access way.
Port Bouvard – Northport Canals	To recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, management, surveying, and minor maintenance. The purpose is in the Deed of Agreement and is the same for every canal group except Port Mandurah and Mandurah Quays Canals. The City contributes to the SAR proportionally according to the length of walling abutting public open space. The City makes a 10% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway. In relation to the beach cleaning, the City will pay a 50% contribution which is based on the community beach that all residents can access.
Mariners Cove Canals	For owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group Deed of Agreement set the purpose. The City contributes to the SAR proportionally according to the length of walling abutting public open space and public boat ramp. The City makes a 6% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway.
Port Bouvard – Eastport Canals	To recoup the costs of litter removal from the canal water body together with the costs of water quality testing, management, surveying, and minor maintenance. The City contributes to the SAR proportionally according to the length of walling abutting public open space and bridge crossings. The City makes a 2.5% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway.

Mandurah Ocean Marina	To provide an enhanced maintenance standard and asset replacement costs. The SAR covers the ratepayers' contributions towards maintenance and improvements to the revetment wall, cleaning and lighting boardwalk, security, environment monitoring and Marina management.
Port Bouvard – Southport Canals (subject to advertising and Council approval)	To recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, management, surveying, and dredging The City contributes to the SAR proportionally according to the length of walling abutting public open space and bridge crossings. The City makes a 1.8% contribution to maintenance costs as some areas in the waterways are under the City's direct control and are public areas or attributes to public use of the waterway.

5.3.6 Other Charges

Other charges that can be included on a rate notice but are not limited to:

- Emergency Services Levy (ESL)*
- Swimming Pool Levies
- Rubbish Service charges

*ESL is a State Government fee that the City collects and forwards all funds received to the State Government. The City is acting as an agent for this revenue collection.

All other charges included in the rates notice are not rates however are included in the total amount payable.

5.3.7 Charitable Exemptions

Under section 6.26 (2) (g) of the Act, the City must provide an exemption to land that is used exclusively for charitable purposes to be eligible for this exemption, the entity must show that the land is being used for:

- relief of poverty.
- the advancement of education.
- the advancement of religion.
- purposes beneficial to the community not falling under any of the previous three headings.

The entity must also pass the "public benefit" test. This test states that a charitable purpose benefits an appreciably important class of the community and that a charitable purpose exists for the public benefit and not for the benefit of individuals. The test requires firstly, that there is some 'benefit', in the sense that the use of the land must involve or result in something which is good for the public. Secondly, the benefit in question must be "public", in the sense of a benefit to either the general community or a sufficient section of the community to amount to the public.

The current amount of charitable rate exemptions that it costs the City in lost revenue is over $2.2 million.

Non-government and government schools, Mandurah Community Health and Peel Health Campus are also exempt, however these exemptions are under a different subclause of section 6.26 of the Act. The City has not estimated the amount of uncollectable revenue for these uses as they were never rated prior to receiving an exemption.

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5.3.8 Rates Modelling

The City's rating strategy takes into consideration the key values contained within Rating Policy Differential Rates (s.6.33) March 2016 released by the then Department of Local Government and Communities being:

- Objectivity;
- Fairness and Equity;
- Consistency; and
- Transparency and Administrative Efficiency.

As part of the LTFP process, the City is required to undertake rates modelling to demonstrate the scenarios and impacts. The rates increase for each year of the Plan including the revenue amount raised are detailed below:

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
$ 110,113,410.77	$ 115,157,657.94	$ 119,840,468.16	$ 124,575,796.01	$ 129,479,058.21	$ 134,568,378.98	$ 139,850,639.22	$ 145,332,969.55	$ 151,022,759.15	$ 156,927,665.05
4.95%	3.82%	3.31%	3.20%	3.19%	3.19%	3.19%	3.19%	3.19%	3.19%

The development of the Plan involves modelling many scenarios and options that involve the timing of projects and rates increases. Variations to the timing of projects and assumptions requires the Plan to be reviewed.

The table below provides a sensitivity analysis of lower rate increases than currently predicted for the years 2026 to 2029. The table summarises the rate increases that are currently in the Plan as well as the impact of an increase or decrease of 1% over the life of the Plan.

The alternative scenarios, shown in the table below, outline the cash impacts after one and four years and the full impact on the 10 years of the Plan, are:

- Rates increase of 1% more than the current assumption
- Rates increases being 1% less than the current assumption
- Rates increases being 0% for all years

Scenario	Rates Increase %				Impact on Cash $'000		
	2026/27	2027/28	2028/29	2029/30	1 Year Impact	5 Year Impact	10 Year Impact
Proposed plan	4.95	3.82	3.31	3.20	Nil Impact	Nil Impact	Nil Impact
1% more than proposed	5.95	4.82	4.31	4.20	$1.04M	$6.29M	$15.67M

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1% less than proposed	3.95	2.82	2.31	2.20	($1.04M)	($6.06M)	($14.38M)
0% rate increase	0%	0%	0%	0%	($5.13M)	($21.24M)	($44.61M)

Impacts to funding the provision of services, programs and infrastructure projects and maintenance, will also have other consequences in relation to the following:

- Higher borrowings may be required
- Reserves may need to be utilised
- Projects may need to be delayed or removed
- Operating surpluses may be insufficient to cover servicing asset management costs
- Service levels and the condition of assets

There are many indicators that influence Council's rate strategy. The two major influences are discussed in detail below:

5.3.9 External Cost Escalation Rates

Pressure is put on City expenditure because of external cost escalation rates. While the Consumer Price Index (CPI) can be a measure for the City when estimating the increase in expenditure, the index does include items that do not apply to local governments including Alcohol and Tobacco, Housing and Health.

Whilst most multi-term contracts of provision of service, program or infrastructure refer to Perth CPI as the escalation rate for the annual contract price, there are other escalation factors that are not fixed in a contract and that are higher than CPI. For example, the cost of utilities factors heavily on the City's expenditure. The City cannot therefore only use CPI as an indicator of cost escalations. The City is required to consider the City's industrial agreement with staff, the rising superannuation rate, road and building construction escalation rates and interest rates when determining the total expenditure for each year.

Another indicator used in this Plan is WALGA's Local Government Cost index (LGCI). This index looks at cost increases for Local Governments in WA across a range of components to give a forecast. Current estimates put the LGCI at 3.1% for the 30 June 2026 year. This LTFP has also used certain components such as Utilities (estimated at 3% increase for 2026/2027) and Insurance (estimated at 1.9% for 2026/2027). While components such as Utilities and Insurance will be similar across all local governments in WA, components such as employee costs and materials and contracts are specific to each local government. A more detailed view of the assumptions and escalations used in the Plan can be seen in the Assumptions section of this report. As part of the annual review of the Plan, external cost escalation rates are reviewed.

5.3.10 Community Capacity to Pay

Economic conditions are affecting Mandurah households have been shaped by elevated inflation, higher interest rates, and strong labour market outcomes. ABS data show Perth CPI at 4.6% year-on-year to March 2026, with the largest pressures in housing, transport and utilities. The Reserve Bank of Australia (RBA) increased the cash rate to 4.35% in May, lifting

borrowing costs and keeping mortgage servicing burdens high. At the same time, wage growth in Western Australia (~4% in 2025) has broadly matched inflation, limiting real income gains.

Mandurah's employment conditions remain relatively strong. Unemployment has been low by historical standards, supporting aggregate household incomes. This has improved the average capacity to manage small cost increases compared with the peak of the cost-of-living shock in 2022–23. However, distributional pressures remain significant.

Housing costs continue to be the most acute constraint on household budgets. Rental vacancy rates across Mandurah are very low (between 1-2%), and rents have increased materially over recent years. Bankwest Curtin Economics Centre (BCEC) research highlights heightened rental stress in WA, with affordability pressures particularly acute for lower-income households and renters. Mortgage holders have experienced a sharp rise in repayments since 2022 due to interest rate increases, and while rates have stabilised, servicing costs remain elevated.

Mandurah's population is older than the WA average (median age 45 vs 38; ABS Census 2021). Around one-third of households own their home outright, reflecting a large retiree cohort, while a substantial minority rent or hold mortgages. This demographic mix means capacity to pay is highly uneven across the community.

During periods of increased leaving costs, households and individuals will tend to both cut back on spending in some areas, to preserve the essentials, but also change spending patterns to cheaper alternatives. This second effect is likely to lead to increased demand for the services the City supports, such as libraries, community sports and festivals and events. This presents a challenge in balancing increased demand for services, against the need for budgetary impacts of paying for them.

5.3.11 Strategy for affordable rate setting

Since the adoption of the 2021/2030 LTFP in 2021, Council has endorsed a rating strategy applying the CPI plus the Asset Renewal Contribution of an additional 0.68% which represents a staged approach to reach the required level of investment into asset renewal within 10 years.

This rating strategy was developed following a review of historical data relating to the actual renewal asset investment by the City compared to the amount required to be invested to ensure there is no loss in condition of the asset to maintain the current level of service to the community. The review found that there was around a $6 million shortfall per year if no action was taken. In addition to further substantiating the position that action was required to invest in renewal projects, an audit finding indicated that the City was not investing enough in its renewal of infrastructure assets.

This rating strategy of an additional 0.68% per annum required rates to be raised to continue existing service levels, will reach the required renewal investment within 10 years. The investment in asset renewals will maintain service levels for current and future generations without a decline in quality or efficiency of the assets. There may be years where the renewal expenditure for the financial year is less than what is allocated in the LTFP. In these years, the balance of funds will be transferred to the Asset Management Reserve to be used in the required year that renewal work is undertaken. This ensures that the current ratepayers of that year, are still paying for their enjoyment of the use of the City assets, and the allocation is

spread between the renewal projects and the Asset Management Reserve. If there is no action taken, the long term impact is a decline in the condition of the City's assets and service level.

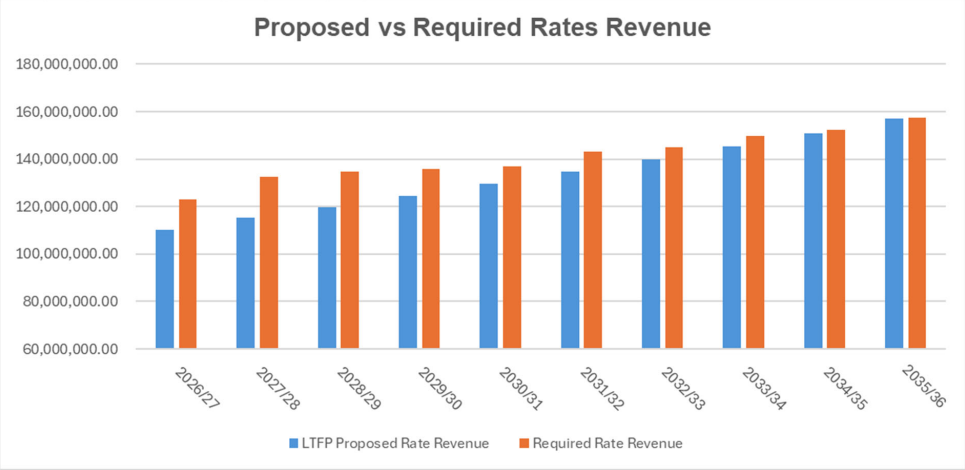
Until such time as there is no shortfall between the actual rates raised and the required rates to be raised, the City has to utilise the Asset Management Reserve and borrowings to fund the renewal projects.

City officers recommend that the treatment of surplus from the previous year is transferred to the Asset Management Reserve due to the current ratepayers not paying the actual amount required to cover the use of enjoyment of the City assets in that year. To ensure the decline in assets in the current year are paid for by the ratepayers who have benefited from them, the rating strategy of an additional 0.68% has been recommended.

To fund the renewal projects in the past, the City has utilised strategies such as:

- allocating the end of year surplus to the Asset Management Reserves as a result of the current ratepayers shortfall between the rates being paid and the required amount to be paid in that year; and
- funding renewal projects through the Asset Management Reserve.
- The City has undertaken modelling to determine what rates revenue would be required if the rating strategy was not staged and the Council applied the shortfall immediately, compared to the staged approach adopted by Council where an additional 0.68% per year applies as well as the utilisation of Asset Management Reserve to fund renewals until such time as it is depleted.

The graph below shows the required rates revenue compared with the LTFP rates revenue, demonstrating that the current ratepayers are paying less than what is required to cover the use and enjoyment of the City's total assets in one year. The required rate revenue considers all operational costs included in the LTFP, the decline in value of assets in that year based on the total assets (and allocated to either capital or transfer to Asset Management Reserve), and not utilising borrowings for the renewal part of the project. The LTFP rate revenue includes all operational costs included in the LTFP, the amount allocated to capital and utilises borrowings for the renewal part of the project due to insufficient funds in the Asset Management Reserve.

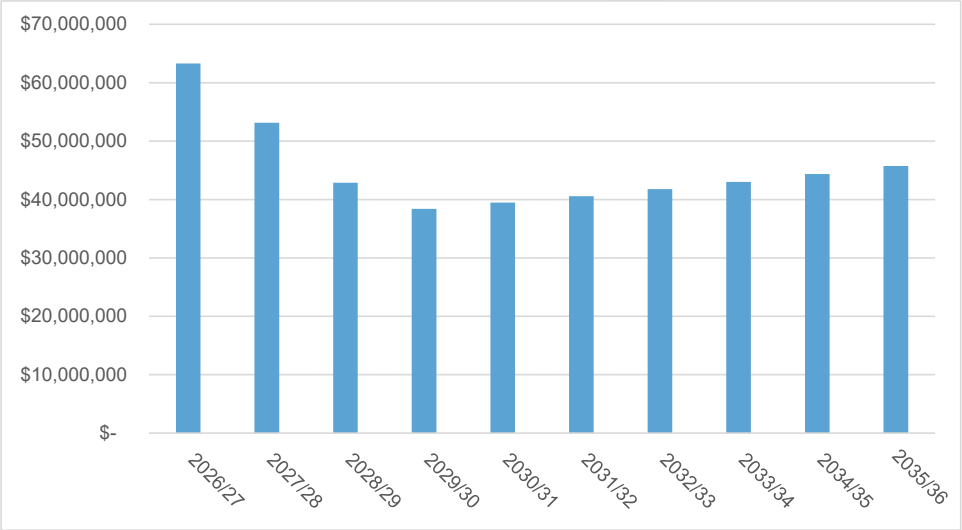


5.3.12 Reserves

The City's reserve balances as at 30 June 2026 are estimated to total $75.4 million. The City's current reserves will be systematically reviewed including the purpose of the reserve, amount including a cap if any, the need for the reserve and what the reserve will be spent on.

Information on the City's Reserves is available in **Appendix Six.**

The below chart summarises the total value held in reserves over the 10 years:



The City has the following reserves (excluding SAR Reserves):

Reserve & Purpose	**Improvements & Funds Required**
Building - Future new building capital requirements	There are a small number of new buildings in the Plan. It is recommended that no additional funds are transferred to the reserve.
Asset Management - Renewal and upgrade of current infrastructure	Any surplus funds from year end to be transferred to this reserve. Currently there is insufficient funds to maintain reasonable level of standards across the entire asset portfolio. It is recommended that the Council invest more into renewal expenditure over the life of the Plan.
Cultural Centre - Equipment/plant replacement for Mandurah Performing Arts Centre and the provision of standby financing	Reserve almost depleted, no further funding identified currently

Sustainability - Development of Mandurah as a sustainable city	For the use of sustainable development in the City
Waste Facilities Reserve Fund - Future waste treatment initiatives	These funds are for capital projects that address waste treatment initiatives.
Interest Free Loans - Interest-free loans to sporting & community groups for minor capital projects	Interest-free loans approved by council are taken from this reserve and any repayments though-out the year are put back in
CLAG - Contiguous Local Authority Group for control of mosquitoes	This is the City's amount held in reserve when the City's contribution exceeds the actual expenditure incurred. The City is required to maintain a reserve for any under spends and where additional funds are required in a year, the City is to use the balance of the reserve to fund in the first instance.
Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina	Under agreement when the lots were developed. Reserve for any future maintenance/Asset replacement
Waterways - Future maintenance/asset replacement of specific waterways infrastructure	Under agreement when the lots were developed. Reserve for any future maintenance/Asset replacement
Port Mandurah Canals Stage 2 Maintenance - Stage 2 Future maintenance of canals	Under agreement when the lots were developed. Reserve for any future maintenance/Asset replacement
Mariners Cove Canals - Future maintenance of canals	Under agreement when the lots were developed. Reserve for any future maintenance/Asset replacement
Port Bouvard Canal Maintenance Contributions - Contribution Future maintenance of canals	Under agreement when the lots were developed. Reserve for any future maintenance/Asset replacement
Cash in Lieu Parking Contributions - Contributions received in accordance with Planning & Development Act	Parking Contributions received in accordance with Planning & Development Act are placed in this reserve for future use
Unspent Grants & Contributions - Operating and non-operating grants and contributions tied to future expenditure.	Used to carry forward unspent grants and contributions from the previous year. The amount reflects the actual amount required to be in reserve.

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Leave Reserve - To fund the long service and sick leave liability of City's staff.	The reserve balance is in line with the City's current long service leave liability.
Bushland and Environmental Protection - For the purchase & protection of bushland and environmentally sensitive sites within the City	Reserve capped at $1.5 million – contribution to reserve (if not at the cap) is $200,000 per year.
Coastal Storm Contingency - Provide for coastal emergency works due to storm damage	The amount may not cover all expenditure required for emergency works; however, will fund a portion of the clean-up costs in a coastal storm event.
Digital Futures - Fund development, investigation or commissioning of digital technology initiatives.	Reserve to be reviewed and future funding requirements presented in future reviews of the Plan
Decked Carparking - Amount received from Landcorp in June 2006, set aside for Decked Carparking	This is a cash in lieu amount and has been created for a set purpose. No further contributions are recommended.
Sport Clubs Maintenance Levy - To maintain various city buildings leased to clubs	The amount aligns to the lease agreements and reduces the City's contribution to repairing or replacing items in these buildings.
City Centre Land Acquisition Reserve - For future property purchases within the City Centre area	A review of properties to be funded from this reserve is currently being undertaken.
Lakelands Community Infrastructure Reserve - Contribute to the construction of the community infrastructure on Lot 2300 Seppings Parade Lakelands	This is a cash in lieu amount and has been created for a set purpose. No further contributions are recommended.
Plant reserve - Replacement of heavy plant and equipment	Capital expenditure on plant and equipment is approximately $2.6 million per year. No transfers to reserve are included in the Plan.
Workers Compensation - For the purposes of funding previous year workers compensation claims that are open and still have costs required to be paid by the City of Mandurah.	Reserve to increase LGIS suggested reserve balance for Workers Compensation. Reviewed annually.

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Restricted Cash Reserve	Restricted cash carried forward for future use.
Mandurah Quay Seawall Reserve	To fund future replacement works to the Mandurah Quay Seawall
Community Safety	To fund the relevant actions in the Community Safety Strategy that have been identified as being funded by this reserve.
Public Art	To fund future Public Art Capital Projects
Large-Scale Arts and Culture Attraction	To fund projects that promote Mandurah as a desirable City in its cultural offerings

The following reserves are proposed to be introduced in 2026/2027 Financial Year subject to advertising:

Cash in Lieu Reserve	Contributions received as Cash in Lieu of open space contributions are placed in this reserve for future use.
Mandurah Ocean Marina Chalet Maintenance and Renewal	To fund future maintenance or replacement works for the Mandurah Ocean Marina Chalets.

5.4 Revenue Principle

In addition to the rating revenue, the City will identify and explore opportunities through the following criteria:

- Actively seek grants and contributions when available and aligned to the delivery of the Strategic Community Plan;
- Manage advocacy priorities and efforts in accordance with the City of Mandurah Advocacy Framework;
- Demonstrate continuous improvement in the achievement of the LGIRS Operating Surplus Ratio standard;
- Identify opportunities to increase the level of commercial returns and broaden commercial opportunities where practical; and
- Fees and charges for the provision of for-profit services must recover the full economic cost of providing the service.

5.5 Efficiency Principle

The City is committed to maximising organisational efficiencies through the following criteria:

- Resources are allocated in accordance with objectives in the Strategic Community Plan and Corporate Business;

- Services levels and programs will be assessed and reviewed by Council in accordance with the City of Mandurah Service Review Framework to achieve the best value for money and appropriate quality aligned to community expectations; and
- A culture of continuous improvement is embedded within the City, through the delivery of the City of Mandurah Efficiency Program.
- The program complements the rating strategy by ensuring that cost pressures are actively managed and that the City continues to operate efficiently.

5.5.1 Efficiency Program

The City has established an Efficiency Program which includes the following strategies:

Strategy 1 Permanent Cost Saving

Council has established a baseline annual efficiency target of $250,000 in permanent cost savings, to be achieved through the systematic review of contracts, services and operating practices.

These savings are cumulative over the life of the Plan, resulting in $2.5 million in ongoing reductions to the cost base over 10 years. This represents a minimum target, with additional efficiencies expected to be identified through ongoing service reviews and process improvements.

Regular reporting on the achievement of the efficiency target will be provided to Council.

The cumulative effect of this initiative over the Plan is demonstrated in the table below:

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
250,000.00	500,000.00	750,000.00	1,000,000.00	1,250,000.00	1,500,000.00	1,750,000.00	200,000.00	2,250,000.00	2,500,000.00

Strategy 2 One-off cost savings

Council budgets for a deficit of $500,000 and is required to find one-off cost savings over the course of the financial year to achieve a balanced budget. This is achieved through a range of strategies and is reported to Council through the budget process.

This approach encourages active cost management across all business units and reinforces accountability for achieving a balanced financial outcome

Strategy 3 Business Improvement

The City is investing in digital transformation initiatives to improve productivity, reduce manual processes, and enhance service delivery to the community.

Key focus areas include:

- Automation of administrative and transactional processes
- Expansion of digital service channels for customers
- Implementation of technology solutions to support better decision-making

These initiatives are expected to deliver both efficiency gains and improved customer experience over time.

Strategy 4 Service and Program Reviews

The City undertakes service, and program reviews each year to ensure services and programs are aligned to community needs and expectations and are providing value for money for the City. These reviews analyse the City's services to review current delivery and identify any potential improvements. The reviews can be used to improve the City's efficiency and effectiveness, assist in addressing financial sustainability.

6. Key Ratios

The Department of Local Government Sport and Cultural Industries (DLGSC) considers several ratio's when measuring the performance of local governments. These ratios are:

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

Information on the City's Ratio's is available in **Appendix Seven.** A summary of the City's performance against these ratios is provided below:

6.1 Current Ratio

Liquidity refers to how quickly and cheaply an asset can be converted into cash. A local government's liquidity is measured by the Current Ratio. This ratio provides information on the ability of a local government to meet its short-term financial obligations out of unrestricted current assets.

The standard is not met if the ratio is lower than 1:1 (less than 100%) The standard is met if the ratio is greater than 1:1 (100% or greater). A ratio less than 1:1 means that a local government does not have sufficient assets that can be quickly converted into cash to meet its immediate cash commitments. This may arise from a budget deficit from the past year, a Council decision to operate an overdraft or a decision to fund leave entitlements from next year's revenues

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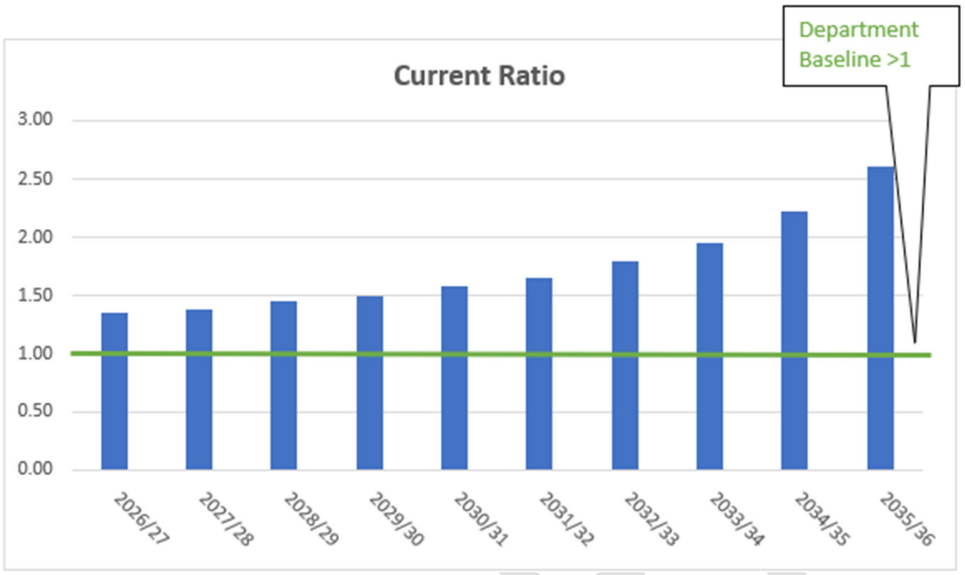


6.2 Asset Consumption Ratio

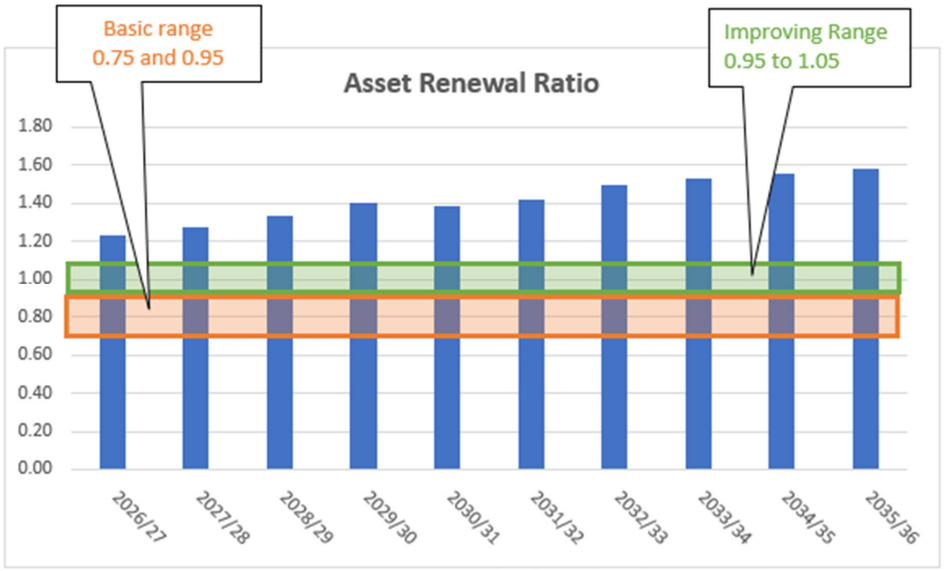
This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. This ratio seeks to highlight the aged condition of a local government's stock of physical assets. If a local government is responsible for maintaining and renewing/replacing its assets in accordance with a well-prepared asset management plan, then the fact that its Asset Consumption Ratio may be low and/or declining should not be cause for concern – providing it is operating sustainably.

Standard is met if the ratio can be measured and is 50% or greater (0.50 or >). Standard is improving if the ratio is between 60% and 75% (0.60 and 0.75).

6.3 Asset Renewal Funding Ratio

This ratio is a measure of the ability of a local government to fund its projected asset renewal/replacements in the future. This ratio indicates whether the local government has the financial capacity to fund asset renewal as required and can continue to provide existing levels of services in future, without additional operating income; or reductions in operating expenses.

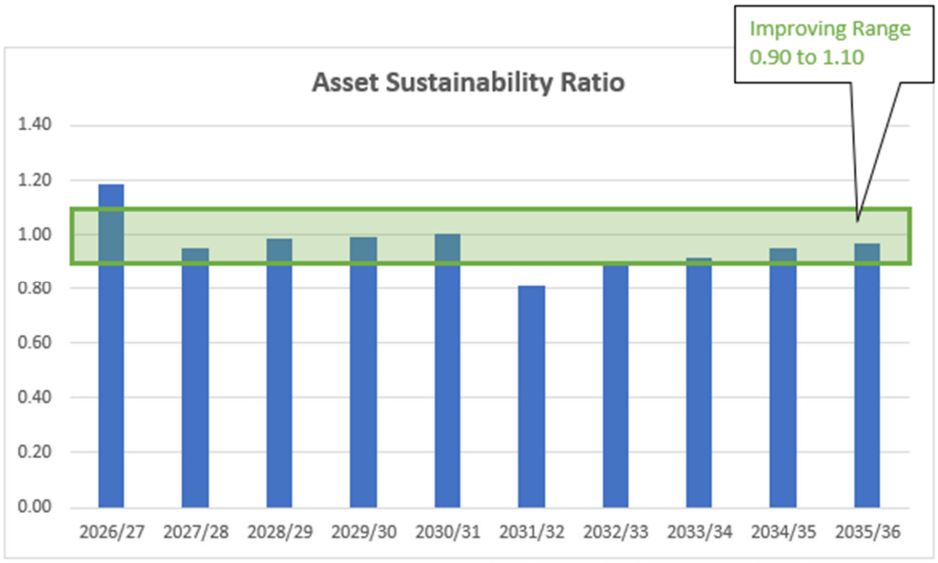
The ratio is calculated from information included in the local government's long term financial plan and its asset management plan; not the Annual Financial Report. For the ratio to be meaningful, a consistent discount rate should be applied in Net Present Value (NPV) calculations. Standard is met if the ratio is between 75% and 95% (or 0.75 and 0.95). Standard is improving if the ratio is between 95% and 105% (or 0.95 and 1.05), and the ASR falls within the range 90% to 110%, and ACR falls within the range 50% to 75%.



6.4 Asset Sustainability Ratio

This ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. This ratio is an estimate of the extent to which assets managed by a local government are being replaced as they reach the end of their useful lives. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to depreciation expense. Expenditure on new or additional assets is excluded. Depreciation expense represents an estimate of the extent to which the assets have been consumed during that period. Measuring assets at fair value is critical to the calculation of a valid depreciation expense value.

Standard is met if the ratio can be measured and is 90% (or 0.90) Standard is improving if this ratio is between 90% and 110% (or 0.90 and 1.10).



6.5 Debt Service Ratio

A local government's ability to service debt. This is the measurement of a local government's ability to produce enough cash to cover its debt payments. This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.

A Basic standard is achieved if the ratio is greater than or equal to two. An Advanced standard is achieved if the ratio is greater than five.

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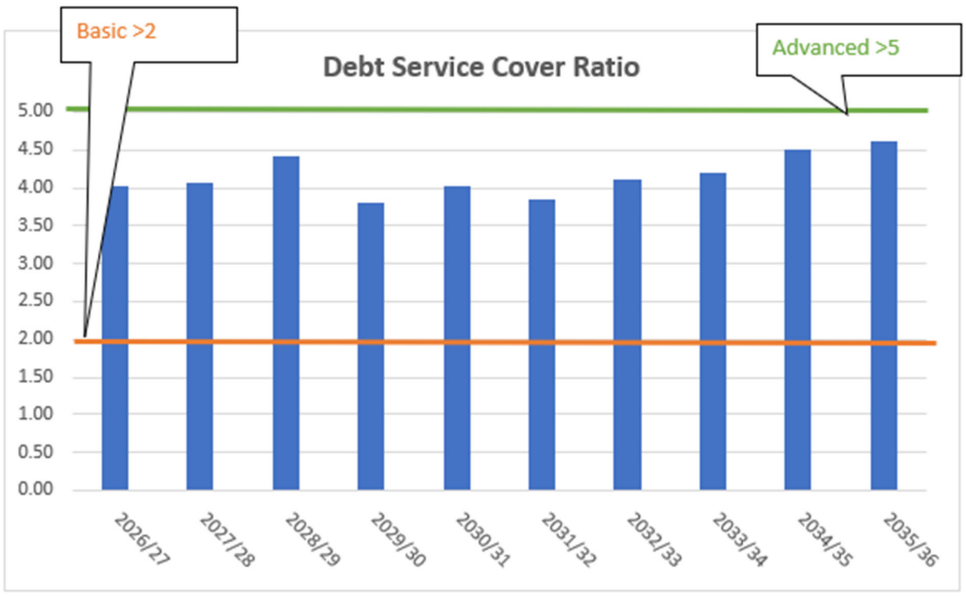
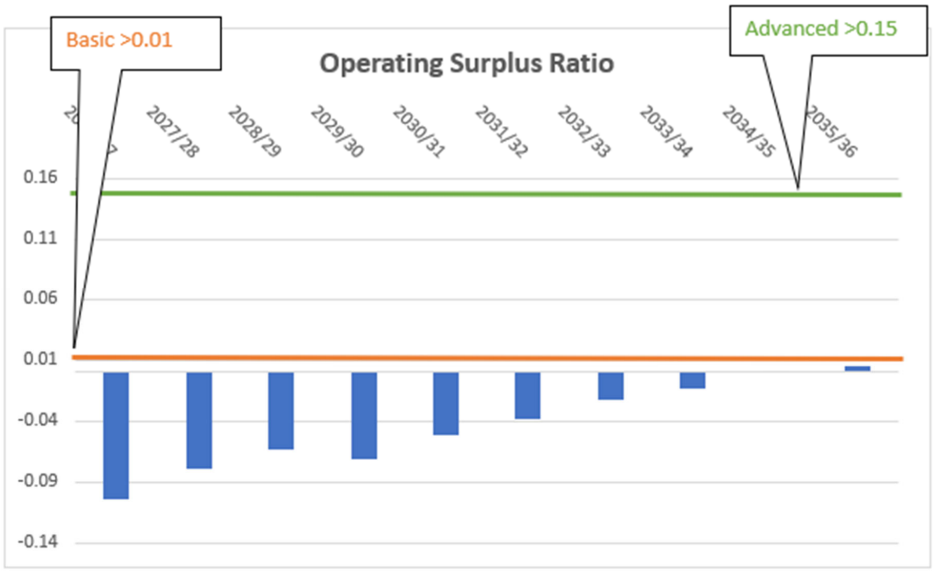


6.6 Operating Surplus Ratio

This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in the future, having regard to asset management and the community's service level needs, then it is considered financially sustainable.

A positive ratio indicates the percentage of total own source revenue available to help fund proposed capital expenditure, transfer to cash reserves or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue (principally rates) that would have been required to achieve a break-even operating result.

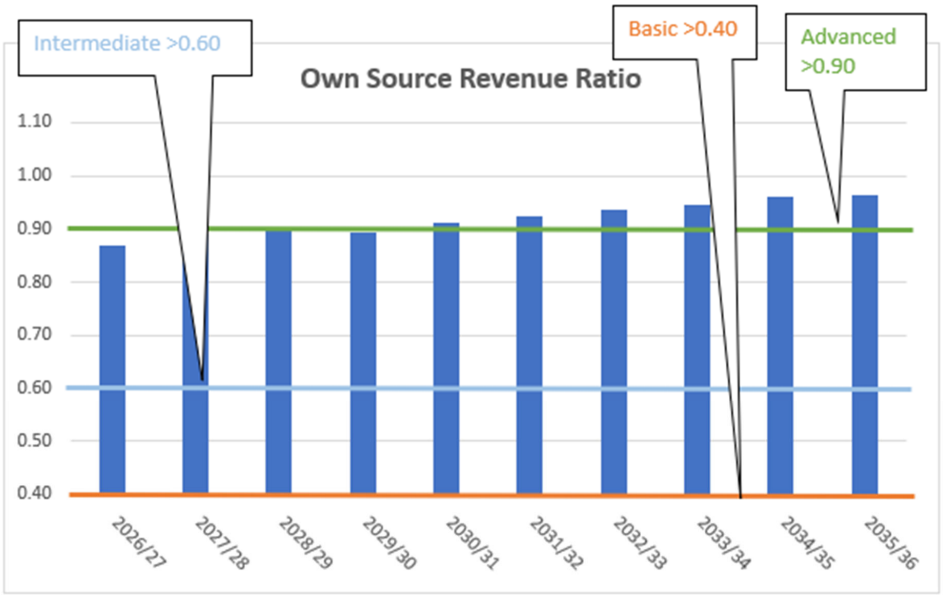
Basic Standard between 1% and 15% (0.01 and 0.15) Advanced Standard > 15% (>0.15).



6.7 Own Source Revenue Ratio

This ratio is a measure of a local government's ability to cover its costs through its own taxing and revenue efforts. This ratio is the measurement of a local government's ability to cover its costs through its own revenue efforts. Different standards have been established to recognise the varying revenue raising capacities across the sector, where some rural and remote local governments have limited rate bases and revenue raising capacity, whereas others such as major metropolitan and regional local governments have significant rate bases and other own source revenues.

Basic standard is achieved if the ratio is between 40% and 60% (or 0.4 and 0.6). An Intermediate standard is achieved if the ratio is between 60% and 90% (or 0.6 and 0.9). An Advanced standard is achieved if the ratio is greater than 90% (or > 0.9).



7. Summary

This Plan is integral to the City's achievement of the Strategic Community Plan and ensures that financial decision making is accountable, transparent and responsive to the community's needs. This Plan has been developed recognising the impact of cost of living and ensures the City's decision making is responsive to current and future communities. The Plan is reviewed annually, and the City welcomes any feedback on the Plan as it strives for continuous improvement. If you have any feedback, please email council@mandurah.wa.gov.au and include in the subject Long Term Financial Plan.

8. Appendices

- **Appendix 1 – Summary**
- **Appendix 2 – New Operating and Employees**
- **Appendix 3 – Capital**
- **Appendix 4 – Assumptions**
- **Appendix 5 – Borrowings**
- **Appendix 6 – Reserves**
- **Appendix 7 – Ratios**

Appendix 1 - Summary

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Funding Surplus / (Deficit)	$ 600,000.00	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)
Operating Income										
Rates	$ 110,113,410.77	$ 115,157,657.94	$ 119,840,468.16	$ 124,575,796.01	$ 129,479,058.21	$ 134,568,378.98	$ 139,850,639.22	$ 145,332,969.55	$ 151,022,759.15	$ 156,927,665.05
Operating grants, subsidies and contributions	$ 7,472,530.97	$ 7,752,750.88	$ 7,965,951.53	$ 8,377,974.43	$ 8,369,227.82	$ 8,578,458.52	$ 8,792,919.98	$ 9,012,742.98	$ 9,238,061.55	$ 9,660,112.64
Other income	$ 94,238.49	$ 97,772.43	$ 100,461.17	$ 102,972.70	$ 105,547.02	$ 108,185.69	$ 110,890.34	$ 113,662.60	$ 116,504.16	$ 119,416.76
Fees & Charges	$ 43,872,715.62	$ 47,581,386.20	$ 48,854,064.32	$ 48,543,577.53	$ 51,260,920.71	$ 52,509,993.72	$ 53,790,168.57	$ 55,102,222.78	$ 56,447,953.35	$ 56,088,245.08
Interest Earnings	$ 4,943,544.32	$ 5,128,927.23	$ 5,269,972.73	$ 5,401,722.05	$ 5,536,765.10	$ 5,675,184.23	$ 5,817,063.83	$ 5,962,490.43	$ 6,111,552.69	$ 6,264,341.51
Operating Income Total	**$ 166,496,440.16**	**$ 175,718,494.68**	**$ 182,030,917.92**	**$ 187,002,042.71**	**$ 194,751,518.86**	**$ 201,440,201.14**	**$ 208,361,681.94**	**$ 215,524,088.34**	**$ 222,936,830.90**	**$ 229,059,781.04**
Operating Expenses										
Direct Employee costs	-$ 64,818,253.21	-$ 67,655,457.74	-$ 69,257,989.07	-$ 72,228,093.91	-$ 73,876,347.90	-$ 75,538,756.04	-$ 77,489,921.32	-$ 79,489,865.73	-$ 81,539,808.74	-$ 83,904,738.36
Materials and Contracts	-$ 74,323,741.38	-$ 76,263,960.58	-$ 78,052,469.52	-$ 81,123,132.98	-$ 83,229,871.67	-$ 85,062,213.18	-$ 86,629,056.05	-$ 89,398,292.53	-$ 91,240,218.93	-$ 93,726,889.78
Utilities	-$ 5,202,911.00	-$ 5,358,998.33	-$ 5,519,768.28	-$ 5,685,361.33	-$ 5,855,922.16	-$ 6,031,599.83	-$ 6,212,547.82	-$ 6,398,924.26	-$ 6,590,891.99	-$ 6,788,618.75
Depreciation	-$ 35,968,992.39	-$ 36,328,682.31	-$ 36,691,969.13	-$ 37,058,888.83	-$ 37,429,477.71	-$ 37,803,772.49	-$ 38,181,810.22	-$ 38,563,628.32	-$ 38,949,264.60	-$ 39,338,757.25
Interest Expense	-$ 1,007,653.49	-$ 1,460,080.62	-$ 1,541,377.87	-$ 1,687,480.72	-$ 1,957,025.22	-$ 2,364,104.44	-$ 2,346,246.48	-$ 2,305,631.79	-$ 2,241,384.23	-$ 2,042,414.10
Insurance	-$ 1,646,251.78	-$ 1,670,945.55	-$ 1,696,009.74	-$ 1,721,449.88	-$ 1,747,271.63	-$ 1,773,480.71	-$ 1,800,082.92	-$ 1,827,084.16	-$ 1,854,490.42	-$ 1,882,307.78
Other Expenditure	-$ 51,989.35	-$ 53,938.95	-$ 55,422.27	-$ 56,807.82	-$ 58,228.02	-$ 59,683.72	-$ 61,175.81	-$ 62,705.21	-$ 64,272.84	-$ 65,879.66
Loss on disposal of assets										
Operating Expenses Total	**-$ 183,019,792.59**	**-$ 188,792,064.08**	**-$ 192,815,005.88**	**-$ 199,561,215.47**	**-$ 204,154,144.32**	**-$ 208,633,610.42**	**-$ 212,720,840.62**	**-$ 218,046,131.99**	**-$ 222,480,331.75**	**-$ 227,749,605.66**
Non-cash amounts excluded from operating activities	$ 35,968,992.39	$ 36,328,682.31	$ 36,691,969.13	$ 37,058,888.83	$ 37,429,477.71	$ 37,803,772.49	$ 38,181,810.22	$ 38,563,628.32	$ 38,949,264.60	$ 39,338,757.25
Amount attributable to operating activities	**$ 19,445,639.96**	**$ 23,255,112.92**	**$ 25,907,881.18**	**$ 24,499,716.07**	**$ 28,026,852.25**	**$ 30,610,363.21**	**$ 33,822,651.53**	**$ 36,041,584.66**	**$ 39,405,763.76**	**$ 40,648,932.63**
Investing activities										
Non-operating grants, subsidies and contributions	$ 12,174,480.82	$ 22,289,136.33	$ 21,154,359.67	$ 7,041,686.00	$ 7,427,419.00	$ 5,172,115.00	$ 5,248,010.00	$ 4,379,615.00	$ 4,379,615.00	$ 4,379,615.00
Proceeds from disposal of assets	$ 1,712,474.56	$ 814,760.56	$ 3,314,760.56	$ 814,760.56	$ 814,760.56	$ 814,760.56	$ 814,760.56	$ 814,760.56	$ 814,760.56	$ 814,760.56
Payments for property, plant and equipment	-$ 47,440,416.60	-$ 55,190,380.00	-$ 58,601,841.32	-$ 37,990,026.00	-$ 36,611,749.00	-$ 29,834,839.00	-$ 23,716,009.00	-$ 22,320,735.00	-$ 20,825,735.00	-$ 20,825,735.00
Admin Overheads allocated to Capital	-$ 2,300,389.89	-$ 2,659,372.62	-$ 2,751,052.94	-$ 1,819,386.42	-$ 1,737,033.22	-$ 1,959,844.47	-$ 1,955,658.65	-$ 1,951,173.65	-$ 1,951,173.65	-$ 1,888,696.44
Additional renewal expenditure	$ -	-$ 0.00	-$ 0.00	-$ 0.00	-$ 2,550,528.30	-$ 2,770,064.95	-$ 11,956,012.84	-$ 14,484,505.57	-$ 17,552,898.28	-$ 18,841,347.48
Amount attributable to investing activities	**-$ 35,853,851.11**	**-$ 34,745,855.74**	**-$ 36,883,774.03**	**-$ 31,952,965.86**	**-$ 32,657,130.96**	**-$ 28,577,872.86**	**-$ 31,564,909.93**	**-$ 33,562,038.65**	**-$ 35,135,431.36**	**-$ 36,361,403.36**
Financing Activities										
Proceeds from new debentures	$ 8,500,000.00	$ 7,000,000.00	$ 6,200,000.00	$ 8,600,000.00	$ 11,500,000.00	$ 5,000,000.00	$ 5,000,000.00	$ 5,000,000.00	$ 3,250,000.00	$ 3,250,000.00
Unspent Loans Utilised	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Proposed Additional expenditure reduction	$ 250,000.00	$ 500,000.00	$ 750,000.00	$ 1,000,000.00	$ 1,250,000.00	$ 1,500,000.00	$ 1,750,000.00	$ 2,000,000.00	$ 2,250,000.00	$ 2,500,000.00
Payment of lease liability	-$ 1,145,072.01	-$ 1,167,973.45	-$ 1,191,332.92	-$ 1,215,159.57	-$ 1,239,462.77	-$ 1,264,252.02	-$ 1,289,537.06	-$ 1,315,327.80	-$ 1,348,211.00	-$ 1,381,916.27
Proceeds from self-supporting loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer from reserves	$ 14,705,900.22	$ 12,195,318.86	$ 11,914,257.77	$ 5,900,501.62	$ 95,038.00	$ 442,575.00	$ 299,547.00	$ 307,035.00	$ 314,715.00	$ 322,581.00
Repayment of debentures	-$ 4,092,905.68	-$ 4,590,536.91	-$ 4,638,729.45	-$ 5,165,766.91	-$ 5,476,020.23	-$ 6,152,991.51	-$ 6,401,082.85	-$ 6,791,415.72	-$ 6,991,339.21	-$ 7,164,451.12
Transfer to reserves	-$ 2,913,886.24	-$ 2,446,065.68	-$ 2,058,302.55	-$ 1,666,325.34	-$ 1,499,276.29	-$ 1,557,821.83	-$ 1,616,668.70	-$ 1,679,837.49	-$ 1,745,497.19	-$ 1,813,742.87
Amount attributable to financing activities	**$ 15,304,036.29**	**$ 11,490,742.82**	**$ 10,975,892.85**	**$ 7,453,249.79**	**$ 4,630,278.71**	**-$ 2,032,490.35**	**-$ 2,257,741.61**	**-$ 2,479,546.01**	**-$ 4,270,332.39**	**-$ 4,287,529.27**
Closing Funding Surplus / (Deficit)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)	($504,175)
Surplus/(Deficit) no carry forward	($504,175)	($0)	($0)	$0	($0)	$0	($0)	($0)	($0)	($0)

Appendix 2 - New Operating and Employees

New Operating

Proposal	Project Funded By	Yr 1 2027	Yr 2 2028	Yr 3 2029	Yr 4 2030	Yr 5 2031	Yr 6 2032	Yr 7 2033	Yr 8 2034	Yr 9 2035	Yr 10 2036	Total Budget
Estuary CHRMAP	City Funding Required	$ 236,325										$ 236,325

Rate Funded New Employees

Proposal	Project Funded By	Yr 1 2027	Yr 2 2028	Yr 3 2029	Yr 4 2030	Yr 5 2031	Yr 6 2032	Yr 7 2033	Yr 8 2034	Yr 9 2035	Yr 10 2036	Total Budget
Community Facility Planner - 1.0FTE	Minicipal Funds	118,046.24	120,997.40	124,022.33	127,122.89	130,300.96	133,558.49	136,897.45	140,319.88	143,827.88	147,423.58	$ 1,322,517
Transport Engineer - 1.0FTE	Minicipal Funds	154,500.00	158,362.50	162,321.56	166,379.60	170,539.09	174,802.57	179,172.63	183,651.95	188,243.25	192,949.33	$ 1,730,922
Senior Coastal Engineer - 1.0FTE	Minicipal Funds	141,350.20	144,883.95	148,506.05	152,218.70	156,024.17	159,924.77	163,922.89	168,020.96	172,221.49	176,527.03	$ 1,583,600

Reserve Funded New Employees

Proposal	Project Funded By	Yr 1 2027	Yr 2 2028	Yr 3 2029	Yr 4 2030	Yr 5 2031	Yr 6 2032	Yr 7 2033	Yr 8 2034	Yr 9 2035	Yr 10 2036	Total Budget
Waste Officer level 7 1.0FTE for 18 months.	Waste Reserve	118,046.24	60,498.70									$ 178,545
Strategic Project Officer - 0.5FTE level 9	Waste Reserve	75,000.00										$ 75,000

Revenue Funded New Employees

Proposal	Project Funded By	Yr 1 2027	Yr 2 2028	Yr 3 2029	Yr 4 2030	Yr 5 2031	Yr 6 2032	Yr 7 2033	Yr 8 2034	Yr 9 2035	Yr 10 2036	Total Budget
Manager Building, Compliance and Statutory Planning	Increased Revenue	180,000.00	184,500.00	189,112.50	193,840.31	198,686.32						$ 946,139

Appendix 3 - Capital Program Summary

Existing Capital Program Requests included in LTFP 2026 - 2037

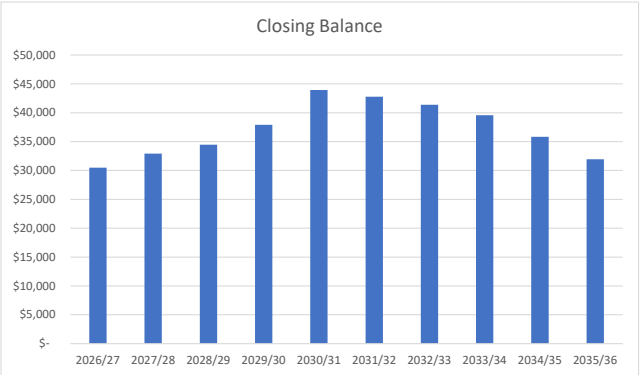
Project Name	Yr 1 2027	Yr 2 2028	Yr 3 2029	Yr 4 2030	Yr 5 2031	Yr 6 2032	Yr 7 2033	Yr 8 2034	Yr 9 2035	Yr 10 2036	Total Budget	Total External Funding	Total CoM Funding
Bridges Program	$ 660,000	$ 300,000	$ -	$ 40,000	$ 60,000	$ -	$ -	$ -	$ -	$ -	$ 1,060,000	$ -	$ 1,060,000
Building Program	$ 8,686,738	$ 8,516,000	$ 8,344,000	$ 8,371,000	$ 15,391,000	$ 6,767,500	$ 1,690,148	$ 2,387,928	$ 887,928	$ 887,928	$ 61,930,170	$ 6,272,500	$ 55,657,670
Car Park Program	$ 1,130,000	$ 719,000	$ 2,160,000	$ 1,454,000	$ 783,986	$ 1,937,409	$ 404,501	$ 366,030	$ 366,030	$ 366,030	$ 9,686,986	$ 50,000	$ 9,636,986
Coastal & Marine Infrastructure Program	$ 6,299,000	$ 3,923,000	$ 3,153,945	$ 5,499,372	$ 1,720,608	$ 1,185,000	$ 1,936,789	$ 200,000	$ 200,000	$ 200,000	$ 24,317,714	$ 7,410,635	$ 16,907,079
Community Sport & Recreation Facility Fund Program	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 1,500,000	$ -	$ 1,500,000
Drainage Program	$ 990,000	$ 809,515	$ 812,109	$ 685,268	$ 901,378	$ 901,378	$ 901,378	$ 901,378	$ 901,378	$ 901,378	$ 8,705,160	$ -	$ 8,705,160
New Assets Program	$ 7,145,239	$ 23,407,997	$ 25,251,735	$ 3,050,000	$ 3,150,000	$ 3,550,000	$ 3,050,000	$ 3,050,000	$ 3,050,000	$ 3,050,000	$ 77,754,971	$ 42,891,569	$ 34,863,402
Parks Program	$ 4,277,806	$ 4,910,764	$ 5,151,488	$ 4,789,804	$ 3,541,415	$ 2,525,427	$ 3,088,433	$ 1,751,814	$ 1,751,814	$ 1,751,814	$ 33,540,579	$ 345,000	$ 33,195,579
Paths Program	$ 550,000	$ 570,000	$ 1,125,000	$ 334,552	$ 282,604	$ 306,516	$ 318,676	$ 468,556	$ 468,556	$ 468,556	$ 4,893,016	$ -	$ 4,893,016
Roads Program	$ 11,324,886	$ 8,416,715	$ 8,584,190	$ 9,746,450	$ 6,771,265	$ 8,634,930	$ 8,299,405	$ 9,168,350	$ 9,168,350	$ 9,168,350	$ 89,282,891	$ 35,720,553	$ 53,562,338
Street Lighting & Furniture Program	$ 87,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 5,487,000	$ -	$ 5,487,000
Traffic Management Program	$ 1,396,654	$ 360,295	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 7,756,949	$ 955,723	$ 6,801,226
Plant Program	$ 4,743,094	$ 2,507,094	$ 2,519,374	$ 2,519,580	$ 2,509,493	$ 2,526,679	$ 2,526,679	$ 2,526,679	$ 2,531,679	$ 2,531,679	$ 27,442,030	$ 11,545,320	$ 15,896,710
	$ 47,440,417	**$ 55,190,380**	**$ 58,601,841**	**$ 37,990,026**	**$ 36,611,749**	**$ 29,834,839**	**$ 23,716,009**	**$ 22,320,735**	**$ 20,825,735**	**$ 20,825,735**	**$ 353,357,466**	**$ 105,191,299**	**$ 248,166,167**

Appendix 4 - Assumptions and Escalations

Inputs		2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Perth CPI Forecast		5.50%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Secondary Level											
Assumptions in the plan											
Salaries & Wages	Industrial Agreement Increases	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs	Perth CPI Forecast	5.50%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and Contracts	Perth CPI Forecast	5.50%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance	Local Government Cost Index - Insurance	1.90%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Utilities	Combination Local Government Cost Index - Utilities and increases provided by suppliers	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating Grants, Subsidies & Contributions	Perth CPI Forecast	5.50%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees & Charges	Perth CPI Forecast	5.50%	3.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates	Rating Strategy - Weighted Average Model	4.95%	3.82%	3.31%	3.20%	3.19%	3.19%	3.19%	3.19%	3.19%	3.19%

Appendix 5 - Borrowings

	Year 1 2026/27 $'000	Year 2 2027/28 $'000	Year 3 2028/29 $'000	Year 4 2029/30 $'000	Year 5 2030/31 $'000	Year 6 2031/32 $'000	Year 7 2032/33 $'000	Year 8 2033/34 $'000	Year 9 2034/35 $'000	Year 10 2035/36 $'000
Closing Balance	$ 30,500	$ 32,909	$ 34,471	$ 37,905	$ 43,929	$ 42,776	$ 41,375	$ 39,583	$ 35,842	$ 31,928
Percentage of Rates	28%	29%	29%	30%	34%	32%	30%	27%	24%	20%
Repayments (Existing Loans):										
Principal	$ 3,780	$ 3,618	$ 3,080	$ 3,044	$ 2,576	$ 2,208	$ 1,837	$ 1,569	$ 1,071	$ 634
Interest	$ 767	$ 746	$ 481	$ 364	$ 266	$ 186	$ 122	$ 73	$ 41	$ 19
Total repayments	**$ 4,546**	**$ 4,364**	**$ 3,561**	**$ 3,408**	**$ 2,842**	**$ 2,394**	**$ 1,958**	**$ 1,642**	**$ 1,111**	**$ 653**
New loans	**$ 8,500**	**$ 7,000**	**$ 6,200**	**$ 8,600**	**$ 11,500**	**$ 5,000**	**$ 5,000**	**$ 5,000**	**$ 3,250**	**$ 3,250**
New loan repayments										
Principal	$ 313	$ 972	$ 1,559	$ 2,122	$ 2,900	$ 3,945	$ 4,564	$ 5,222	$ 5,921	$ 6,530
Interest	$ 241	$ 714	$ 1,060	$ 1,323	$ 1,691	$ 2,178	$ 2,225	$ 2,233	$ 2,201	$ 2,024
Total new repayments	$ 554	$ 1,686	$ 2,619	$ 3,445	$ 4,591	$ 6,123	$ 6,789	$ 7,455	$ 8,121	$ 8,554



Appendix 6 - Reserves

Summary	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 75,462,243	$ 63,670,229	$ 53,920,976	$ 44,065,021	$ 39,830,844	$ 41,235,083	$ 42,645,379	$ 44,162,199	$ 45,739,692	$ 47,380,284
Amount set aside / Transfer to Reserve	$ 2,913,886	$ 2,446,066	$ 2,058,303	$ 1,666,325	$ 1,499,276	$ 1,557,822	$ 1,616,669	$ 1,679,837	$ 1,745,497	$ 1,813,743
Amount used / Transfer from Reserve	$ 14,705,900	$ 12,195,319	$ 11,914,258	$ 5,900,502	$ 95,038	$ 147,525	$ 99,849	$ 102,345	$ 104,905	$ 107,527
Closing Balance	$ 63,670,229	$ 53,920,976	$ 44,065,021	$ 39,830,844	$ 41,235,083	$ 42,645,379	$ 44,162,199	$ 45,739,692	$ 47,380,284	$ 49,086,500
Building										
Opening Balance	$ 11,498,258	$ 11,274,012	$ 5,724,973	$ 953,972	$ 992,131	$ 1,031,816	$ 1,073,088	$ 1,116,012	$ 1,160,652	$ 1,207,079
Amount set aside / Transfer to Reserve	$ 459,930	$ 450,960	$ 228,999	$ 38,159	$ 39,685	$ 41,273	$ 42,924	$ 44,640	$ 46,426	$ 48,283
Amount used / Transfer from Reserve	$ 684,176	$ 6,000,000	$ 5,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 11,274,012	$ 5,724,973	$ 953,972	$ 992,131	$ 1,031,816	$ 1,073,088	$ 1,116,012	$ 1,160,652	$ 1,207,079	$ 1,255,362
Asset Management										
Opening Balance	$ 26,970,114	$ 17,585,316	$ 12,360,966	$ 7,411,606	$ 1,900,289	$ 1,976,300	$ 2,005,241	$ 2,085,451	$ 2,168,869	$ 2,255,624
Amount set aside / Transfer to Reserve	$ 1,078,805	$ 703,413	$ 494,439	$ 296,464	$ 76,012	$ 79,052	$ 80,210	$ 83,418	$ 86,755	$ 90,225
Amount used / Transfer from Reserve	$ 10,463,602	$ 5,927,763	$ 5,443,799	$ 5,807,782	$ -	$ 50,111	$ -	$ -	$ -	$ -
Closing Balance	$ 17,585,316	$ 12,360,966	$ 7,411,606	$ 1,900,289	$ 1,976,300	$ 2,005,241	$ 2,085,451	$ 2,168,869	$ 2,255,624	$ 2,345,849
Cultural Centre										
Opening Balance	$ 493	$ 513	$ 533	$ 555	$ 577	$ 600	$ 624	$ 649	$ 675	$ 702
Amount set aside / Transfer to Reserve	$ 20	$ 21	$ 21	$ 22	$ 23	$ 24	$ 25	$ 26	$ 27	$ 28
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 513	$ 533	$ 555	$ 577	$ 600	$ 624	$ 649	$ 675	$ 702	$ 730
Sustainability										
Opening Balance	$ 296,619	$ 236,484	$ 173,943	$ 180,901	$ 188,137	$ 195,662	$ 203,489	$ 211,628	$ 220,094	$ 228,897
Amount set aside / Transfer to Reserve	$ 11,865	$ 9,459	$ 6,958	$ 7,236	$ 7,525	$ 7,826	$ 8,140	$ 8,465	$ 8,804	$ 9,156
Amount used / Transfer from Reserve	$ 72,000	$ 72,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 236,484	$ 173,943	$ 180,901	$ 188,137	$ 195,662	$ 203,489	$ 211,628	$ 220,094	$ 228,897	$ 238,053
Waste Facilities Reserve Fund										
Opening Balance	$ 10,715,277	$ 8,684,280	$ 8,924,347	$ 9,251,321	$ 9,621,374	$ 10,006,229	$ 10,406,478	$ 10,822,737	$ 11,255,647	$ 11,705,873
Amount set aside / Transfer to Reserve	$ 428,611	$ 347,371	$ 356,974	$ 370,053	$ 384,855	$ 400,249	$ 416,259	$ 432,909	$ 450,226	$ 468,235
Amount used / Transfer from Reserve	$ 2,459,608	$ 107,304	$ 30,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 8,684,280	$ 8,924,347	$ 9,251,321	$ 9,621,374	$ 10,006,229	$ 10,406,478	$ 10,822,737	$ 11,255,647	$ 11,705,873	$ 12,174,108

Interest Free Loans	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704	$ 191,704

CLAG										
Opening Balance	$ 1,415	$ 1,472	$ 1,530	$ 1,592	$ 1,655	$ 1,722	$ 1,790	$ 1,862	$ 1,937	$ 2,014
Amount set aside / Transfer to Reserve	$ 57	$ 59	$ 61	$ 64	$ 66	$ 69	$ 72	$ 74	$ 77	$ 81
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,472	$ 1,530	$ 1,592	$ 1,655	$ 1,722	$ 1,790	$ 1,862	$ 1,937	$ 2,014	$ 2,095

Mandurah Ocean Marina										
Opening Balance	$ 195,681	$ 203,508	$ 211,649	$ 220,115	$ 228,919	$ 238,076	$ 247,599	$ 257,503	$ 267,803	$ 278,515
Amount set aside / Transfer to Reserve	$ 7,827	$ 8,140	$ 8,466	$ 8,805	$ 9,157	$ 9,523	$ 9,904	$ 10,300	$ 10,712	$ 11,141
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 203,508	$ 211,649	$ 220,115	$ 228,919	$ 238,076	$ 247,599	$ 257,503	$ 267,803	$ 278,515	$ 289,656

Waterways										
Opening Balance	$ 625,392	$ 650,408	$ 676,424	$ 703,481	$ 731,620	$ 760,885	$ 791,320	$ 822,973	$ 855,892	$ 890,128
Amount set aside / Transfer to Reserve	$ 25,016	$ 26,016	$ 27,057	$ 28,139	$ 29,265	$ 30,435	$ 31,653	$ 32,919	$ 34,236	$ 35,605
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 650,408	$ 676,424	$ 703,481	$ 731,620	$ 760,885	$ 791,320	$ 822,973	$ 855,892	$ 890,128	$ 925,733

Port Mandurah Canals Stage 2 Maintenance										
Opening Balance	$ 102,363	$ 106,458	$ 110,716	$ 115,144	$ 119,750	$ 124,540	$ 129,522	$ 134,703	$ 140,091	$ 145,694
Amount set aside / Transfer to Reserve	$ 4,095	$ 4,258	$ 4,429	$ 4,606	$ 4,790	$ 4,982	$ 5,181	$ 5,388	$ 5,604	$ 5,828
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 106,458	$ 110,716	$ 115,144	$ 119,750	$ 124,540	$ 129,522	$ 134,703	$ 140,091	$ 145,694	$ 151,522

Mariners Cove Canals										
Opening Balance	$ 93,266	$ 96,997	$ 100,877	$ 104,912	$ 109,108	$ 113,472	$ 118,011	$ 122,732	$ 127,641	$ 132,747
Amount set aside / Transfer to Reserve	$ 3,731	$ 3,880	$ 4,035	$ 4,196	$ 4,364	$ 4,539	$ 4,720	$ 4,909	$ 5,106	$ 5,310
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 96,997	$ 100,877	$ 104,912	$ 109,108	$ 113,472	$ 118,011	$ 122,732	$ 127,641	$ 132,747	$ 138,056

Port Bouvard Canal Maintenance Contributions	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 293,559	$ 305,301	$ 317,513	$ 330,214	$ 343,423	$ 357,159	$ 371,446	$ 386,304	$ 401,756	$ 417,826
Amount set aside / Transfer to Reserve	$ 11,742	$ 12,212	$ 12,701	$ 13,209	$ 13,737	$ 14,286	$ 14,858	$ 15,452	$ 16,070	$ 16,713
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 305,301	$ 317,513	$ 330,214	$ 343,423	$ 357,159	$ 371,446	$ 386,304	$ 401,756	$ 417,826	$ 434,539

Cash in Lieu POS Contributions										
Opening Balance	$ 529,269	$ 550,440	$ 572,457	$ 595,356	$ 619,170	$ 643,937	$ 669,694	$ 696,482	$ 724,341	$ 753,315
Amount set aside / Transfer to Reserve	$ 21,171	$ 22,018	$ 22,898	$ 23,814	$ 24,767	$ 25,757	$ 26,788	$ 27,859	$ 28,974	$ 30,133
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 550,440	$ 572,457	$ 595,356	$ 619,170	$ 643,937	$ 669,694	$ 696,482	$ 724,341	$ 753,315	$ 783,447

Unspent Grants & Contributions										
Opening Balance	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097	$ 4,242,097

Leave Reserve										
Opening Balance	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631	$ 3,396,631

Coastal Storm Contingency										
Opening Balance	$ 284,175	$ 295,542	$ 307,364	$ 319,658	$ 332,445	$ 345,742	$ 359,572	$ 373,955	$ 388,913	$ 404,470
Amount set aside / Transfer to Reserve	$ 11,367	$ 11,822	$ 12,295	$ 12,786	$ 13,298	$ 13,830	$ 14,383	$ 14,958	$ 15,557	$ 16,179
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 295,542	$ 307,364	$ 319,658	$ 332,445	$ 345,742	$ 359,572	$ 373,955	$ 388,913	$ 404,470	$ 420,648

Digital Futures										
Opening Balance	$ 62,516	$ 65,017	$ 67,617	$ 70,322	$ 73,135	$ 76,060	$ 79,103	$ 82,267	$ 85,557	$ 88,980
Amount set aside / Transfer to Reserve	$ 2,501	$ 2,601	$ 2,705	$ 2,813	$ 2,925	$ 3,042	$ 3,164	$ 3,291	$ 3,422	$ 3,559
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 65,017	$ 67,617	$ 70,322	$ 73,135	$ 76,060	$ 79,103	$ 82,267	$ 85,557	$ 88,980	$ 92,539

Decked Carparking	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 1,108,828	$ 1,153,181	$ 1,199,308	$ 1,247,281	$ 1,297,172	$ 1,349,059	$ 1,403,021	$ 1,459,142	$ 1,517,508	$ 1,578,208
Amount set aside / Transfer to Reserve	$ 44,353	$ 46,127	$ 47,972	$ 49,891	$ 51,887	$ 53,962	$ 56,121	$ 58,366	$ 60,700	$ 63,128
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,153,181	$ 1,199,308	$ 1,247,281	$ 1,297,172	$ 1,349,059	$ 1,403,021	$ 1,459,142	$ 1,517,508	$ 1,578,208	$ 1,641,336

Specified Area Rates - Waterside Canals										
Opening Balance	$ 109,790	$ 114,182	$ 118,749	$ 123,499	$ 128,439	$ 133,576	$ 138,919	$ 144,476	$ 150,255	$ 156,265
Amount set aside / Transfer to Reserve	$ 4,392	$ 4,567	$ 4,750	$ 4,940	$ 5,138	$ 5,343	$ 5,557	$ 5,779	$ 6,010	$ 6,251
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 114,182	$ 118,749	$ 123,499	$ 128,439	$ 133,576	$ 138,919	$ 144,476	$ 150,255	$ 156,265	$ 162,516

Specified Area Rates - Port Mandurah Canals										
Opening Balance	$ 208,701	$ 281,949	$ 358,127	$ 437,352	$ 519,746	$ 605,436	$ 694,553	$ 787,236	$ 883,625	$ 983,870
Amount set aside / Transfer to Reserve	$ 73,248	$ 76,178	$ 79,225	$ 82,394	$ 85,690	$ 89,117	$ 92,682	$ 96,389	$ 100,245	$ 104,255
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 281,949	$ 358,127	$ 437,352	$ 519,746	$ 605,436	$ 694,553	$ 787,236	$ 883,625	$ 983,870	$ 1,088,125

Specified Area Rates - Mandurah Quay Canals										
Opening Balance	$ 298,493	$ 337,099	$ 377,249	$ 419,005	$ 462,431	$ 507,594	$ 554,564	$ 603,412	$ 654,215	$ 707,049
Amount set aside / Transfer to Reserve	$ 38,606	$ 40,150	$ 41,756	$ 43,426	$ 45,163	$ 46,970	$ 48,849	$ 50,802	$ 52,835	$ 54,948
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 337,099	$ 377,249	$ 419,005	$ 462,431	$ 507,594	$ 554,564	$ 603,412	$ 654,215	$ 707,049	$ 761,997

Specified Area Rates - Mandurah Ocean Marina										
Opening Balance	$ 1,041,606	$ 1,203,270	$ 1,371,401	$ 1,546,257	$ 1,728,107	$ 1,917,232	$ 2,113,921	$ 2,318,478	$ 2,531,217	$ 2,752,466
Amount set aside / Transfer to Reserve	$ 161,664	$ 168,131	$ 174,856	$ 181,850	$ 189,124	$ 196,689	$ 204,557	$ 212,739	$ 221,249	$ 230,099
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,203,270	$ 1,371,401	$ 1,546,257	$ 1,728,107	$ 1,917,232	$ 2,113,921	$ 2,318,478	$ 2,531,217	$ 2,752,466	$ 2,982,564

Specified Area Rate - Port Bouvard Canals										
Opening Balance	$ 160,724	$ 167,153	$ 173,839	$ 180,793	$ 188,024	$ 195,545	$ 203,367	$ 211,502	$ 219,962	$ 228,760
Amount set aside / Transfer to Reserve	$ 6,429	$ 6,686	$ 6,954	$ 7,232	$ 7,521	$ 7,822	$ 8,135	$ 8,460	$ 8,798	$ 9,150
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 167,153	$ 173,839	$ 180,793	$ 188,024	$ 195,545	$ 203,367	$ 211,502	$ 219,962	$ 228,760	$ 237,911

Specified Area Rate - Mariners Cove	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 5,715	$ 5,944	$ 6,181	$ 6,429	$ 6,686	$ 6,953	$ 7,231	$ 7,521	$ 7,821	$ 8,134
Amount set aside / Transfer to Reserve	$ 229	$ 238	$ 247	$ 257	$ 267	$ 278	$ 289	$ 301	$ 313	$ 325
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 5,944	$ 6,181	$ 6,429	$ 6,686	$ 6,953	$ 7,231	$ 7,521	$ 7,821	$ 8,134	$ 8,460

Specified Area Rate - Eastport										
Opening Balance	$ 55,347	$ 57,561	$ 59,863	$ 62,258	$ 64,748	$ 67,338	$ 70,032	$ 72,833	$ 75,746	$ 78,776
Amount set aside / Transfer to Reserve	$ 2,214	$ 2,302	$ 2,395	$ 2,490	$ 2,590	$ 2,694	$ 2,801	$ 2,913	$ 3,030	$ 3,151
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 57,561	$ 59,863	$ 62,258	$ 64,748	$ 67,338	$ 70,032	$ 72,833	$ 75,746	$ 78,776	$ 81,927

Sportsclubs Maintenance Levy										
Opening Balance	$ 449,570	$ 467,553	$ 486,255	$ 505,705	$ 525,933	$ 546,971	$ 568,849	$ 591,603	$ 615,268	$ 639,878
Amount set aside / Transfer to Reserve	$ 17,983	$ 18,702	$ 19,450	$ 20,228	$ 21,037	$ 21,879	$ 22,754	$ 23,664	$ 24,611	$ 25,595
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 467,553	$ 486,255	$ 505,705	$ 525,933	$ 546,971	$ 568,849	$ 591,603	$ 615,268	$ 639,878	$ 665,473

City Centre Land Acquisition Reserve										
Opening Balance	$ 2,131,064	$ 2,216,307	$ 2,304,959	$ 2,397,157	$ 2,493,043	$ 2,592,765	$ 2,696,476	$ 2,804,335	$ 2,916,508	$ 3,033,169
Amount set aside / Transfer to Reserve	$ 85,243	$ 88,652	$ 92,198	$ 95,886	$ 99,722	$ 103,711	$ 107,859	$ 112,173	$ 116,660	$ 121,327
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 2,216,307	$ 2,304,959	$ 2,397,157	$ 2,493,043	$ 2,592,765	$ 2,696,476	$ 2,804,335	$ 2,916,508	$ 3,033,169	$ 3,154,495

Lakelands Community Infrastructure Reserve										
Opening Balance	$ 1,211,619	$ 1,260,084	$ 1,310,487	$ 12,907	$ 13,423	$ 13,960	$ 14,518	$ 15,099	$ 15,703	$ 16,331
Amount set aside / Transfer to Reserve	$ 48,465	$ 50,403	$ 52,419	$ 516	$ 537	$ 558	$ 581	$ 604	$ 628	$ 653
Amount used / Transfer from Reserve	$ -	$ -	$ 1,350,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,260,084	$ 1,310,487	$ 12,907	$ 13,423	$ 13,960	$ 14,518	$ 15,099	$ 15,703	$ 16,331	$ 16,984

Plant Reserve										
Opening Balance	$ 1,911,488	$ 1,090,234	$ 1,133,843	$ 1,179,197	$ 1,226,364	$ 1,275,419	$ 1,326,436	$ 1,379,493	$ 1,434,673	$ 1,492,060
Amount set aside / Transfer to Reserve	$ 76,460	$ 43,609	$ 45,354	$ 47,168	$ 49,055	$ 51,017	$ 53,057	$ 55,180	$ 57,387	$ 59,682
Amount used / Transfer from Reserve	$ 897,714	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,090,234	$ 1,133,843	$ 1,179,197	$ 1,226,364	$ 1,275,419	$ 1,326,436	$ 1,379,493	$ 1,434,673	$ 1,492,060	$ 1,551,742

Workers Compensation	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536	$ 329,536

Restricted Cash Reserve										
Opening Balance	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069	$ 4,104,069

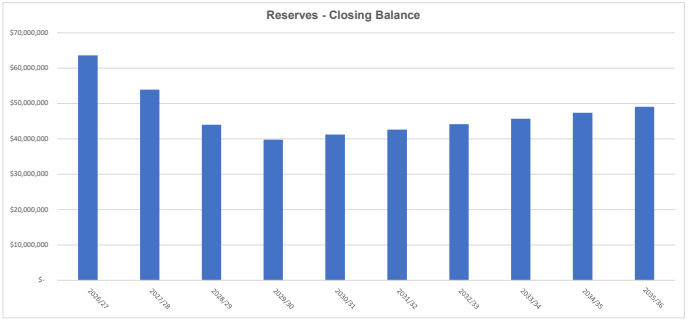
Bushland and Environmental Protection Reserve										
Opening Balance	$ 1,866,955	$ 1,941,633	$ 2,019,299	$ 2,100,070	$ 2,184,073	$ 2,271,436	$ 2,362,294	$ 2,456,785	$ 2,555,057	$ 2,657,259
Amount set aside / Transfer to Reserve	$ 74,678	$ 77,665	$ 80,772	$ 84,003	$ 87,363	$ 90,857	$ 94,492	$ 98,271	$ 102,202	$ 106,290
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 1,941,633	$ 2,019,299	$ 2,100,070	$ 2,184,073	$ 2,271,436	$ 2,362,294	$ 2,456,785	$ 2,555,057	$ 2,657,259	$ 2,763,549

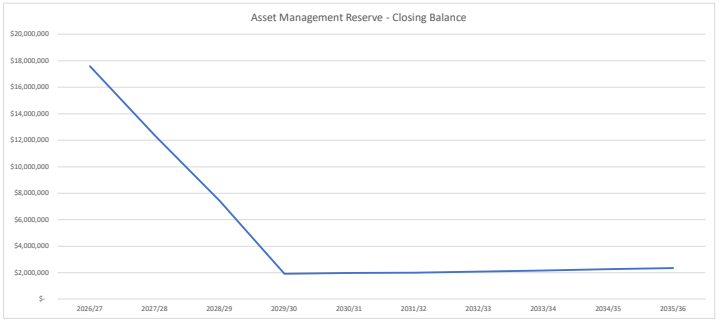
Community Safety										
Opening Balance	$ 434,996	$ 452,396	$ 470,492	$ 489,311	$ 508,884	$ 529,239	$ 550,409	$ 572,425	$ 595,322	$ 619,135
Amount set aside / Transfer to Reserve	$ 17,400	$ 18,096	$ 18,820	$ 19,572	$ 20,355	$ 21,170	$ 22,016	$ 22,897	$ 23,813	$ 24,765
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 452,396	$ 470,492	$ 489,311	$ 508,884	$ 529,239	$ 550,409	$ 572,425	$ 595,322	$ 619,135	$ 643,900

Mandurah Quay Seawall Reserve										
Opening Balance	$ 42,700	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount set aside / Transfer to Reserve	$ 86,100	$ 88,252	$ 90,459	$ 92,720	$ 95,038	$ 97,414	$ 99,849	$ 102,345	$ 104,905	$ 107,527
Amount used / Transfer from Reserve	$ 128,800	$ 88,252	$ 90,459	$ 92,720	$ 95,038	$ 97,414	$ 99,849	$ 102,345	$ 104,905	$ 107,527
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Public Art Reserve	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Opening Balance	$ 492,213	$ 601,902	$ 715,978	$ 834,617	$ 958,001	$ 1,086,321	$ 1,219,774	$ 1,358,565	$ 1,502,908	$ 1,653,024
Amount set aside / Transfer to Reserve	$ 109,689	$ 114,076	$ 118,639	$ 123,385	$ 128,320	$ 133,453	$ 138,791	$ 144,343	$ 150,116	$ 156,121
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ 601,902	$ 715,978	$ 834,617	$ 958,001	$ 1,086,321	$ 1,219,774	$ 1,358,565	$ 1,502,908	$ 1,653,024	$ 1,809,145

Transform Mandurah Funding Program Reserve										
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount set aside / Transfer to Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount used / Transfer from Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -





Appendix 7 - Ratios

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.35	1.38	1.45	1.50	1.58	1.65	1.79	1.96	2.22	2.61
Debt service cover ratio (Basic >2, Advanced >5)	4.01	4.08	4.44	3.82	4.03	3.87	4.13	4.22	4.51	4.64
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.89	0.90	0.90	0.91	0.92	0.94	0.95	0.96	0.96
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.10	-0.08	-0.06	-0.07	-0.05	-0.04	-0.02	-0.01	0.00	0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	1.01	0.82	0.90	0.92	0.95	0.97
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.23	1.28	1.34	1.41	1.39	1.42	1.50	1.53	1.56	1.59

Financial Position and Performance Policy
POL-FCM 09

Objective

The Council Financial Position and Performance Policy (Policy) demonstrates the City of Mandurah's (the City) commitment to financial stewardship by exercising responsible oversight and management to meet the current and future needs of the community.

The Policy objectives are to:

- Ensure adequate funding is available to provide efficient services to the community that reflect the community's needs and aspirations;
- Demonstrate a commitment to ~~intergenerational equity which ensures the financial burden be fairly proportioned and not impact adversely on current or future ratepayers~~sustainable and equitable funding, where the cost of service delivery and asset consumption is met by those who benefit from it, avoiding the deferral of costs to future ratepayers;
- Support the City to achieve financial sustainability aimed at ensuring that the City's operating revenue is sufficient to cover operating expenses including depreciation;
- Prioritise asset renewals to ensure that community assets and the service levels are well maintained; and
- Demonstrate a commitment to prudent fiscal management and greater transparency to the community.

Applicability

This Policy applies to City employees and assists Council in adopting the Annual Budget and Long Term Financial Plan (LTFP).

Statement

1. Key Principles

The Policy is founded on the following key Principles:

Accountability Principle	Financial decision making must be accountable, transparent, equitable and benefit the community, both now and in the future.
Borrowing Principle	Loans for the acquisition or construction of capital projects are to be considered where the criteria are met.
Asset Renewal Principle	Asset renewals must have a higher priority than the creation of new assets.
Rating Principle	Community's capacity to pay must be considered, balanced with ensuring the full cost of infrastructure and service delivery are equitably met by all generations of ratepayers.
Revenue Principle	Revenue opportunities will be identified and pursued.
Efficiency Principle	Resources must be efficient, prioritised, and optimised in-service delivery for the community.

2. Accountability Principle

To ensure that the City demonstrates accountable, fair and transparent decision making, the following criteria applies:

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Financial Position and Performance Policy
POL-FCM 09

- Compliance with *Local Government Act 1995* (the Act) regulations and relevant accounting standards and guidelines;
- Alignment of service delivery and reporting on the outcomes within the Strategic Community Plan and Corporate Business Plan;
- Timely and transparent financial reporting providing Council and the community with visibility and insight;
- Consultation is to be undertaken with the community on the Annual Budget (including rating strategy) and LTFP;
- Demonstrate fair, consistent and transparent decision making which aims to maximise positive outcomes which benefit the community as a whole;
- Council considers financial impacts when making decisions;
- Effective financial internal controls which are independently audited in accordance with the City of Mandurah Strategic Internal Audit Plan;
- Monitors the City's performance with the Department of Local Government– Industry Regulation and Safety (LGIRS) financial ratio benchmarks;
- Financial information is presented in a transparent and accessible manner to enable the community to understand how funds are managed and utilised;
- Robust and responsible budgeting and LTFP processes; and
- Responsive to emerging issues through risk identification, monitoring and reporting to Audit and Risk Committee and Council.

3. Borrowing Principle

The City recognises that it may be necessary to borrow funds for the acquisition or construction of assets. In these cases, the following criteria for loan borrowings apply:

- Loans are to fund capital expenditure only. ~~,~~ ~~I~~Loans are not utilised for operational costs;
- Borrowings will only be undertaken where they align with the City's long term strategy to fund asset renewals~~.~~ ;
- Annual debt service expense to be affordable in the context of the Annual Budget process and the City's long term financial capacity;
- Total loan borrowings should not exceed 50% of the current rating revenue;
- Loans will be for the length of time before major intervention works are required, but no more than ten years, except for certain projects that are outlined through the Annual Budget and approved by Council;
- Debt Service Coverage Ratio in any one year must be maintained in accordance with the LGIRS~~DLGSC~~ standard; ~~and~~
- New loan borrowings will only be considered where a proposal has been presented to Council as part of the current Council approved Long Term Financial Plan; and~~.~~
- It is intended that once the annual Asset Renewal amount that is required to be raised matches the budget adopted, there will be less of a reliance to fund capital through loans and a review of the total loan borrowings and Debt Service Coverage Ratio should be reviewed.

4. Asset Renewal Principle

The City recognises that maintaining assets for current and future generations is crucial. Adequate investment in the City's assets protects future generations from bearing the previous ratepayers' obligations for contributing to future infrastructure needs. Every year, ratepayers should contribute the amount of asset benefit. ~~they use~~. This will enable the City to address any immediate need for strategic responses to major issues.

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To ensure the City meets the current and future needs of the community, the following criteria apply:

- ~~Where an asset exists and of a similar purpose, investment in asset renewals must be prioritised over the creation of new assets~~ Priority will be given to renewing existing assets of similar purpose over creating new assets;
- Business cases for new assets must be supported by a full lifecycle cost analysis, including long-term operating, maintenance and renewal costs;
- Incorporates an Asset Renewal Contribution into the rating strategy (refer to Rating Principle);
- Investment in asset renewals is required to ensure service levels are met for current and future generations without a decline in quality or efficiency;
- Demonstrate continuous improvement in the achievement of the LGIRS~~DLGSC~~ Asset Sustainability Ratio standard;
- Seek to maximise contribution to asset renewals from external grants and subsidies where possible;
- Subject to Council approval, any actual surplus at the end of the financial year, is transferred to the Asset Management Reserve to fund asset renewals, reducing the City's reliance on borrowings in the long term;
- Supports a position in the long term that through investing in ~~additional~~ the required renewal amount through the Rating Principle, the City will be able to fund capital programs reducing ~~reliance~~ the likelihood of having to rely on the Asset Management Reserve and borrowings; and
- ~~Shared use of community assets to be maximised in accordance with~~ Community Groups and Sporting Clubs agreements will include clearly defined maintenance responsibilities in accordance with Council Community and Recreations Facility Council Policy.

5. Rating Principle

The following criteria applies to the overall rating principle:

- Council approve the rating strategy each year as part of the LTFP and Annual Budget process;
- Prior to any proposed rate increase, the City will demonstrate that cost efficiencies have been identified, assessed and implemented, ensuring expenditure is reviewed and prioritised in accordance with service levels established by Council;
- The City will actively seek grants and contributions when available and aligned to the delivery of the Strategic Community Plan;
- In establishing the rating strategy Council will consider the communities capacity to pay including:
    - Community service levels and expectations inform the development of the LTFP;
    - Current economic climate and conditions including consideration of cost-of-living pressures for the community; and
    - External cost escalation rates which impact on the City and community;
- The increase to general rates is formulated through a weighted average model which takes into consideration the cost escalations that the City is expected to experience for each expenditure type in the following financial year;
- The rating strategy applies the known escalation increases or where this is not available, the City applies the most reliable and timely cost escalation data to the related operational expenditure type;
- These assumptions will be applied to the related operational expenditure type for example:
    - Material and contracts increased by Perth CPI forecast where forecast is reliable and timely, otherwise RBA CPI will be applied.
    - Labour costs increased in accordance with the City's Industrial Agreement.

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- Utilities and Insurance increased in accordance with the known escalation increases provided by the relevant supplier, and if there has been no confirmation of the increases, then the Local Government Cost index forecast will be applied.

- The weighted average model is formulated by determining the percentage of budget for each operational expenditure type and the forecasted cost escalation for each type. An additional Asset Renewal Contribution of 0.68% is included in the final model to enable the City to achieve the Asset Renewal Principle (refer section 4) until such time as there is no longer a gap between the required rates to be raised and the actual rates to be raised;
- An annual assessment is undertaken on Asset Renewal Contribution to support the achievement of the Asset Renewal Principle;
- Differential Rates apply ensuring that every landowner makes a reasonable contribution to rates;
- Specified Area Rates apply on certain locations in Mandurah where there is a waterway which enhances and requires an increased maintenance of the area by way of increased service levels for the benefit of the owners/residents who live in the area;
- Revenue raised through Specified Area Rates be used solely for the purpose which the rate was imposed, with any residual amount remaining being placed in a reserve for that same purpose; and
- Where applicable, Differential Rates and Specified Area Rates will be exercised by Council to meet specific community needs and to ensure fairness, consistency, transparency, efficiency, and equity for the community in accordance with the Act.

6. Revenue Principle

In addition to the rating revenue, the City will identify and explore opportunities through the following criteria:

- Actively seek grants and contributions when available and aligned to the delivery of the Strategic Community Plan;
- Manage advocacy priorities and efforts in accordance with the City of Mandurah Advocacy Framework;
- Demonstrate continuous improvement in the achievement of the LGIRS~~DLGSC~~ Operating Surplus Ratio standard;
- Identify opportunities to increase the level of commercial returns and broaden commercial opportunities where practical; and
- Fees and charges for the provision of for-profit services must recover the full economic cost of providing the service.

7. Efficiency Principle

The City is committed to maximising organisational efficiencies through the following criteria:

- Resources are allocated in accordance with objectives in the Strategic Community Plan and Corporate Business;
- Services levels and programs will be assessed and reviewed by Council in accordance with the City of Mandurah Service Review Framework to achieve the best value for money and appropriate quality aligned to community expectations; and
- A culture of continuous improvement is embedded within the City, through the delivery of the City of Mandurah Efficiency Program which includes the following:
  - Permanent Cost Savings: An annual efficiency target of $250,000 in permanent cost savings to be generated through review of contracts, programs and services.
  - One-off cost savings: Council budgets for a deficit of $500,000 and is required to find one-off cost savings over the course of the financial year to achieve a balanced budget.

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- Business improvement: The City embraces a culture of continuous improvement and new ways of doing business, which will improve productivity across the organisation. The City focuses on digital transformation and is implementing a range of projects which will result more efficient use of resources and improved experience for customers.
- Service Reviews and Program Reviews: The City undertakes service and program reviews each year to ensure services and programs are aligned to community need and expectations and are providing value for money for the City. These reviews analyse the City's services to review current delivery and identify any potential improvements. The reviews can be used to improve the organisation's efficiency and effectiveness, assist in addressing financial sustainability.

Definitions

Annual Budget: A statutory requirement outlining the financial estimates to deliver the Corporate Business Plan.

Asset Management Plan: A local government's internal business planning tool that translates Council priorities into operations, within the resources available. The Corporate Business Plan details the services, operations, and projects a local government will deliver over a defined period.

Asset Renewal Contribution: A dedicated funding mechanism used to progressively close the gap between actual funding and the required level of investment in asset renewal annually, supporting long-term financial sustainability and reducing reliance on future rate increases, borrowings or reserves.

~~Intergenerational Equity: The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life (more evenly spreading the financial burden against current and future ratepayers who will enjoy the benefits).~~

Legislative Context

Local Government Act 1995
Local Government (Financial Management) Regulations 1996
Australian Accounting Standards Board (AASB) Standard
Department of Local Government Rating Policy Differential Rates (s.6.33) August 2013

Review

This Policy will be reviewed each year as per the LTFP process.

Related Documents

These documents are mandatory and required to give effect to this policy:

City of Mandurah Strategic Community Plan
City of Mandurah Long Term Financial Plan
Asset Management Strategy
Community and Recreation Facilities Council Policy – POL-CNP 07
Collection of Overdue Debts Council Policy – POL-FCM 08
City of Mandurah Service Review Framework
Specified Area Rates – City of Mandurah Website

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Responsible Directorate: Business Services

Responsible Department: Financial Services

Reviewer: Director Business Services

Creation date and reference: 21 May 2024, Minute SP.1/5/24

Last Review: 24 June 2025, G.9/06/25

Amendments			
Version #	**Council Approval Date, Reference**	**Date Document In force**	**Date Document Ceased**
1	Minute SP.1/5/24	22 May 2024	24 June 2025
2	Minute G.9/06/25	25 June 2025	

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Subject: 19.2 Notice of Intention to Impose the 2026/2027 Differential Rates and Minimum Payments

Summary

The Local Government Act 1995 (the Act) requires local governments which have differential rates, to advertise the proposed rates and invite public submissions for 21 days. The Statement of Rating Objects and Reasons, including the proposed Differential and Specified Area Rates has now been prepared for Council consideration.

To determine the proposed rate setting for 2026/2027 Financial Year, Council has participated in a series of Financial Implications Briefing Sessions over a course of seven months, where rating options have been workshopped.

Council is now requested to provide local public notice of Council's intention to impose differential rates, based on a 4.95% increase, seeking comments on the information contained in the Statement of Rating Objects and Reasons (refer Attachment 1). Following the closing of public submissions, Council will be presented with community feedback to inform its final determination of rates for the 2026/2027 Financial Year.

Disclosure of Interest

N/A

Previous Relevant Documentation

• G.2/5/25	21/04/2025	Council is now requested to provide local public notice of Council's intention to impose differential rates, based on a 4.08% increase, seeking comments on the information contained in the Statement of Rating Objects and Reasons (refer Attachment 2.1). Following the closing of submissions, Council will be presented with community feedback prior to determining the rates for the 2025/2026 Financial Year.
• G.2/5/24	21/05/2024	Council endorsed the Statement of Objects and Reasons for the 2024/2025 financial year as detailed in Attachment 2.1. Council approved the rates in the dollar and minimum payments for the purposes of providing a local public notice of its intentions to impose differential rates and minimum rates for the 2024/2025 Financial Year as per Attachment 2.1, as outlined in the minutes.

Background

The City of Mandurah is continuing to experience population and housing growth. Likewise, the City's infrastructure, services and amenities are expanding to meet the requirements of this growth. Further, the City's existing infrastructure is ageing and requires investment for maintenance and replacement. Around 66% of the City's operational funding is through rates revenue.

The City imposes differential rates based on the purpose for which land is zoned or for which the land is held or used. In accordance with section 6.36 of the Act the City is required to give local public notice of its intention to impose differential general rates prior to adopting its 2026/2027 budget.

Comment

Long Term Financial Plan

At this Special Council Meeting of 19 May 2026 Council is being requested to adopt the Long Term Financial Plan (LTFP) and amendments to the Council Financial Position and Performance Policy (Policy) for the purpose of inviting community submissions.

The LTFP provides financial projections over 10 years to indicate the City's financial capacity, based on various objectives and assumptions. It is reviewed and adjusted annually alongside the Corporate Business Plan and Annual Budget to respond to community needs and dynamic influences like strategies, priorities, opportunities, and emerging issues.

A key component of the LTFP is the inclusion of a rating strategy and the impact of rates modelling over the 10 year plan. Additionally, the LTFP drives continuous improvement through an Efficiency Program which incorporates a number of strategies to improve productivity and achieve values for money outcomes for our community. Ensuring responsible and prudent management of the community's money is a key driver in the LTFP.

A summary of these strategies is outlined below:

Rating Strategy

The City's rates strategy is reviewed annually by Council through the LTFP ensuring a transparent and sustainable approach to revenue setting. It is underpinned by a commitment to financial responsibility, with expenditure reviewed and efficiencies identified prior to any rate increase.

The rating strategy is informed by a weighted average model reflecting forecast cost escalations across all operational expenditure (using Perth CPI, Industrial Agreement and Local Government Cost Index data), together with an additional Asset Renewal Contribution (ARC) of 0.68%. The ARC is designed to address the historical gap between the actual rates currently paid by ratepayers and the level of funding required to sustainably deliver services and renew assets at the rate they are consumed.

This gap reflects a long-standing underinvestment in asset renewal, where previous rate levels did not fully account for the lifecycle cost of maintaining the City's asset base.

Council adopted the ARC in 2021 as a deliberate financial strategy to reduce this gap in a gradual and financially responsible manner. At the time of adoption, the funding shortfall was estimated at approximately $6 million per annum. Rather than applying a significant one-off rate increase, Council implemented a phased approach, introducing an additional 0.68% increase each year over a 10-year period. This approach smooths the financial impact on ratepayers, progressively builds the City's capacity to fund asset renewals and by year 9, it is expected that the required funding for one year will match the actual consumption of the City's assets in that year.

Funds generated through the ARC are directed specifically to the asset renewal capital program.

Over the life of the Plan, the ARC will increase annual investment in asset renewal to a level that matches the annual depreciation (consumption) of assets and ensures ratepayers for each year contributes fairly to the assets they use.

By Year 9, it is anticipated that the rates being raised will align with the rates required to sustain service levels, the funding gap will be effectively closed, the ARC will no longer be required as a separate increase.

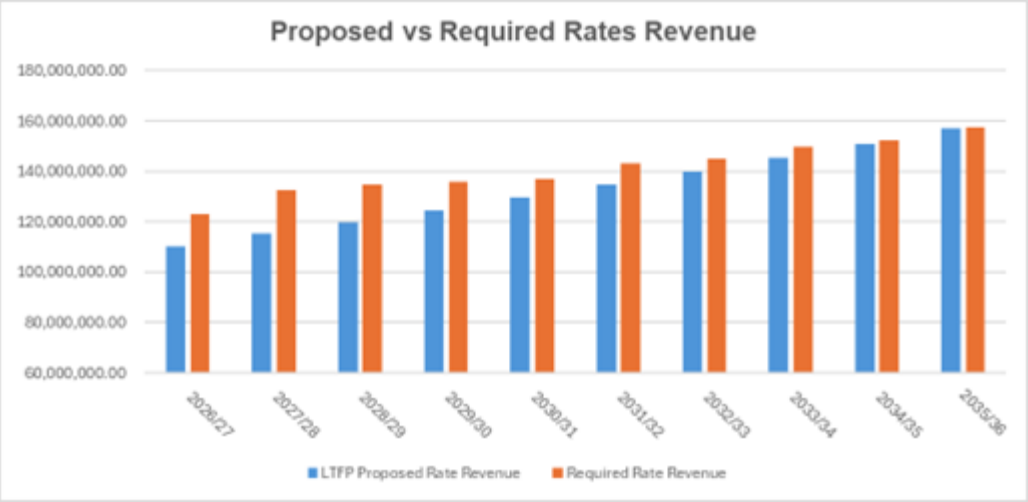
While the ARC is expected to cease once funding alignment is achieved, there will remain an ongoing need to support asset renewal through general rate revenue, borrowings and reserve funds.

This is due to the legacy impact of historical underinvestment, which has created a backlog of renewal works across the City's $1.58 billion asset portfolio. Addressing this backlog will require a combination of sustained funding discipline, strategic financial planning, prioritisation of renewal programs.

The introduction of the ARC in 2021 was informed by an audit finding that identified insufficient investment in asset renewal and the need to align financial practices with long-term asset sustainability principles.

Council's adopted approach reflects a balanced and responsible strategy, ensuring current ratepayers are paying the required contribution, financial sustainability and continued delivery of agreed service levels.

The amount has increased due to new assets being under the City's control through subdivisions and new suburbs being created and the revaluation of assets. At present there is a $12 million shortfall in revenue as shown on the graph below:



This graph shows the difference between the rates the City is currently proposing in the LTFP and the rates required to fully fund all costs, including asset renewal. The orange bars represent the required revenue, while the blue bars show the phased increases.

In the early years, there is a clear gap, reflecting Council's decision to take a staged approach rather than applying a large increase upfront. This approach helps reduce immediate financial pressure on the community, acknowledging current cost-of-living challenges.

Without addressing this gap, the condition of the City's assets would decline over time, which would ultimately impact the quality and reliability of services provided to the community. The additional 0.68% helps close this gap and ensures assets can be maintained to the required standard for both current and future generations.

While the strategy is being phased in, rates are currently below the true cost of maintaining assets, meaning the City needs to rely on reserves and borrowings in the short term to fund renewal works. Any surplus funds are directed to the Asset Management Reserve to support future renewal needs and ensure costs are shared fairly between current and future ratepayers.

If this strategy is not maintained, there is a clear risk that asset condition will decline, costs will increase over time, and service levels may need to be reduced, placing greater financial pressure

on future ratepayers. The modelling shows that the staged approach balances affordability now while still working toward an improved long term funding position.

If there is no action taken by Council, then there is a risk that the City's assets will be negatively impacted as well as services provided to the community reduced. Demand and utilisation of the City's assets is likely to increase in line with population growth over the period of the LTFP.

The City's population is expected to grow substantially over the course of the plan, creating greater demand for the services the City provides. Mandurah's population is expected to reach 130,125 by 2036 from 106,827 in June 2025, an increase of 22%. Mandurah's population will also get older over this period with the share of the population aged over 65 increasing from 25.1% in 2021 to 30.6% in 2036.

Should Council wish to adopt a lower rate increase or not apply the 0.68% ARC, Council will be required to review and reduce service levels, programs and projects over the 10 year Plan.

Efficiency Program

The Efficiency Program focuses on improving productivity, optimising resource allocation, and ensuring value for money across all operations. This approach ensures that services are delivered in a cost effective manner, while maintaining quality and responsiveness to community needs.

The Council Financial Position and Performance Policy, adopted by Council in June 2024 establishes an efficiency principle which aims to ensure service delivery is efficient and aligned to community needs.

The City has established an efficiency program which incorporates the following strategies:

Strategy 1: Permanent Cost Saving

Council has established a baseline annual efficiency target of $250,000 in permanent cost savings, to be achieved through the systematic review of contracts, services and operating practices.

These savings are cumulative over the life of the Plan, resulting in $2.5 million in ongoing reductions to the cost base over 10 years. This represents a minimum target, with additional efficiencies expected to be identified through ongoing service reviews and process improvements.

The cumulative effect of this initiative over the Plan is demonstrated in the table below:

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
250,000.00	500,000.00	750,000.00	1,000,000.00	1,250,000.00	1,500,000.00	1,750,000.00	200,000.00	2,250,000.00	2,500,000.00

Strategy 2: One-off cost savings

Council budgets for a deficit of $500,000 and is required to find one-off cost savings over the course of the financial year to achieve a balanced budget. This is achieved through a range of strategies and is reported to Council through the budget process.

Strategy 3: Business Improvement

The City has embraced a culture of continuous improvement and new ways of doing business, which aim to improve productivity across the organisation. The City focuses on digital transformation and is implementing a range of projects which will result in more efficient use of resources and improved experience for customers.

Key activities for the 2026/2027 Financial Year include:

- Implementation of an Artificial Intelligence (AI) Framework: Establishment of an organisational AI framework, including the deployment of AI-enabled tools to enhance productivity and the introduction of a chatbot function on the City's website to improve customer service.
- Replacement of the IT Service Management System: Replacement of the existing IT ticketing system, incorporating software asset management and identity management capabilities. This will deliver operational efficiencies through improved management of core IT service processes alongside standard support functions.
- Privacy and Responsible Information Sharing (PRIS) Compliance Controls: Implementation of legislated PRIS controls to ensure compliance with forthcoming requirements, while also strengthening the City's overall data collection, management and governance practices.
- Telephony and Voice over Internet Protocol (VoIP) Transition: Delivery of a telephony transformation project, including transition to VoIP. This will enable greater efficiencies through improved utilisation of Microsoft Teams and its collaborative functionality.
- Enhancement of Procurement and Contract Management Capability (OneCouncil): Streamlining procurement and contract management processes within OneCouncil to reduce organisational risk and significantly improve efficiency for both specialist teams and contract managers across the business.
- Ongoing OneCouncil System Improvements Program: Continued delivery of a structured program of OneCouncil enhancements, primarily benefiting service areas across the organisation through improved system capability and user experience.

Strategy 4: Service and Program Reviews

The City undertakes service and program reviews each year to ensure services and programs are aligned to community need and expectations and are providing value for money for the City. These reviews analyse the City's services to review current delivery and identify any potential improvements and opportunities for increasing revenue.

The reviews can be used to improve the organisation's efficiency and effectiveness, assist in addressing financial sustainability.

Service Reviews for the 2026/2027 include:

1. Service Delivery Model for Systems and Digital Services
   Implementation of a formalised operating model, including processes and procedures that define how Systems and Digital Services partner with business units to deliver digital solutions, improving internal efficiency and optimising existing resources.

2. Review of Cemetery Services
   Undertake a comprehensive review of cemetery services.

3. Review of Waste Management Service
   Evaluate alternative methodologies for the delivery of waste management services, with the aim of identifying a preferred service delivery model to succeed the current Waste Alliance contract. This review will consider efficiency, cost-effectiveness, risk and service levels.

The Program Reviews will be determined through a Council workshop in early 2026/2027 Financial Year.

Major Capital Projects

The 2027-2036 LTFP incorporates the following major capital projects in year one:

- Eastern Foreshore Boardwalk Renewal
- Falcon Coastal Shared Path

- Mandurah Aquatic and Recreation Centre Pirate Pool Playground replacement
- Merlin Street and Doddi's Beach Carpark Renewals
- Mandurah Netball and Multi-use Facility – Planning
- Mandurah Aquatic and Recreation Centre Sports Courts Upgrade – Planning
- Lakelands Youth Park
- Dawesville Foreshore Upgrade
- Mandurah Central Community Hub – Planning
- Birchley Road Boat Ramp
- Mandurah Terrace Resurface
- Peelwood Parade Resurface
- Coodanup Foreshore Stage 5
- Falcon Community Shed
- Mary Street Intersection upgrade
- Mandurah Performing Arts Centre air-conditioning upgrades
- Road Renewals including Bortolo Road, The Glen, Waterside Drive, Mandurah Terrace, Exchequer Avenue, Florida Parade

Transform Mandurah Projects:

- Rushton Park Master Plan
- Yalgorup National Park projects
- Mandurah Health Precinct Structure Plan
- Mandurah Strategic Centre Structure Plan
- Western Foreshore Leisure Precinct

Rating Options

For the purposes of this Report, City officers have undertaken modelling on three options. A summary of each option and the financial impact to both the community and the City is summarised in the table below:

Rating Option	Summary of option and impact
Option 1 – 4.95% Weighted Average + 0.68% City officer recommended option	• Based on the Weighted average model 4.27% + 0.68% Asset Renewal Contribution. • This is based on the Council's Rating Strategy in the LTFP. • The weighted average model reflects the actual cost pressures experienced by the City. For example, Perth CPI is forecast at 5.5% at 30 June 2026, which is particularly relevant to materials and contracts that escalate based on Perth CPI at contract anniversary dates. • Represents a $87.23 yearly increase in the average residential rates or $1.68 a week. • Ensures adequate funding is available to provide the current service levels to the community. • In the later years of the Plan, actual renewal expenditure matches required renewal expenditure, indicating that the cost of asset use is being fully funded. This means that current ratepayers are contributing an appropriate amount to maintain assets, ensuring asset condition is preserved without shifting the financial burden to future generations. • Ensures the financial burden to maintain assets is fairly proportioned and does not impact adversely on current or future ratepayers. • The approach prioritises investment in asset renewal, supporting the ongoing condition and performance of community infrastructure.

	• Supports the achievement of key LGIRS financial ratios over the 10 year Plan, reinforcing the City's long-term financial sustainability.
Option 2 – 0% in year 1 then reverting to weighted average + 0.68% over years 2 -10	• This option applies a 0% rate increase in Year 1, before reverting to the weighted average plus 0.68% Asset Renewal Contribution. • While a 0% increase may provide short term financial relief to the community, the financial impact is deferred and compounds across the remainder of the Plan. This can be demonstrated through the Covid relief measures provided to the community in the 2020/2021 year, where a zero rate increased was adopted instead of the recommended 3.5%. This resulted in a $2.8 million shortfall in the first year and a shortfall of $32.3 million over the life of the plan. • This option results in a forecast shortfall of $5.6 million in Year 1 and a cumulative shortfall of $29.8 million over the life of the Plan. • To meet this shortfall the City would need to: - Utilise the balance of $1.9m in the Asset Management Reserve - Increase borrowings which would not align to the Council Financial Position and Performance Policy. - Reduce expenditure through reduced service delivery to meet the balance of the shortfall. • The City continues to experience inflationary pressures and cost escalation and does not have the capacity to absorb a 0% increase without a reduction in service levels by Council. • To maintain financial viability under this scenario, significant reductions in service levels would be required, as determined by Council. • This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan. • Operating Surplus Ratio is well below the basic standard over the life of the plan, creating a significant risk to operations.
Option 3 – 4.27% Weighted Average Perth CPI forecast	• This option applies a 4.27% increase based on the weighted average cost model only. • It reflects the cost escalation impacting the City but does not include the additional 0.68% ARC, resulting in not reducing the gap between what rates revenue that should be raised and what is being raised in a year. • Represents a $75.24 yearly increase in the average residential rates or $1.45 a week. • Includes a shortfall in year 1 of $1.21m and a total shortfall over the life of the plan of $12.2m. • Under this scenario, reductions in service levels would be required, as determined by Council. • This option would be not sustainable in the long term, would be detrimental to future generations and be outside of Council's Policy. • This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan, particularly the Operating Surplus Ratio which is well below the basic standard at the end of the Plan.

Option 1 – 4.95% (Weighted Average + 0.68% ARC)

This option represents a 4.95% increase in rates. Should a rate increase of 4.95% be adopted, the City's rating revenue will total $110,113,411 for the 2026/2027 financial year. This increase represents an additional $5,951,761 for Year 1 of the Plan.

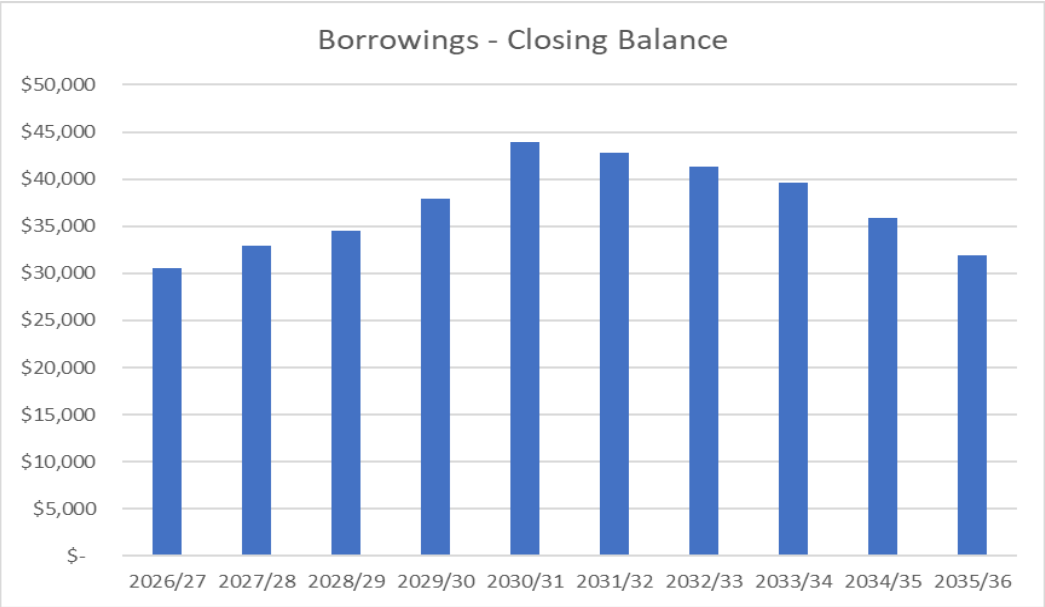
This option represents a balanced 10 year plan with a deficit in year 1 of $504,175 in line with the City's Financial Position and Performance Policy.

Under this option the Asset Management Reserve will decrease over the 10 years to just under $2 million:

Having the Asset Management Reserve at a low level is sufficient when there is a near matching of one year of depreciation (which is the value the City's assets have lost from being used in one year) compared to the level of renewal capital investment. In the later years of the LTFP, the depreciation and level of capital renewal investment is the same. When this is achieved, it means the current ratepayers who are using and enjoying the City's assets are paying the amount that is required to be reinvested to ensure there is no decline in condition from any one year.

Currently, ratepayers are not paying the amount required and the strategy to increase rates by 0.68% over the ten years, ensures that there is a phased approach to achieving the level of capital renewal investment required for each year.

Borrowings will increase to $43.9 million in year five before decreasing to $31.9 million in year 10:



Under this base option, the financial ratios that the City has been focusing on improving over the 10 year plan are as follows:

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.35	1.38	1.45	1.50	1.58	1.65	1.79	1.96	2.22	2.61
Debt service cover ratio (Basic >2, Advanced >5)	4.01	4.08	4.44	3.82	4.03	3.87	4.13	4.22	4.51	4.64
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.89	0.90	0.90	0.91	0.92	0.94	0.95	0.96	0.96
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.10	-0.08	-0.06	-0.07	-0.05	-0.04	-0.02	-0.01	0.00	0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	1.01	0.82	0.91	0.93	0.96	0.98
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.24	1.28	1.34	1.41	1.40	1.43	1.51	1.54	1.57	1.60

Option 2 – 0% in year 1 then reverting to weighted average + 0.68%

Under this option, the City's rating revenue does not increase other than natural growth through interim rating. This option contains a deficit in year 1 of $5.6m and a total deficit over the life of the plan of $29.8m represented in the table below:

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Surplus/(Deficit) no carry forward	($5,635,422)	($5,371,195)	($5,590,095)	($5,811,451)	($3,590,494)	($3,808,542)	$0	$0	$0	$0

Under this option, the financial ratios that the City has been focusing on improving over the 10 year plan decrease significantly. In particular, the Operating Surplus Ratio, which demonstrates that the City is not receiving enough revenue to cover operating expenses and the Asset Sustainability Ratio which indicates that the City is not investing in asset renewal:

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.12	0.89	0.66	0.39	0.21	0.01	0.01	0.02	0.02	0.02
Debt service cover ratio (Basic >2, Advanced >5)	3.00	3.18	3.52	2.96	3.21	3.12	3.37	3.46	3.73	3.83
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.84	0.86	0.87	0.87	0.88	0.89	0.91	0.92	0.93	0.93
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.14	-0.11	-0.10	-0.11	-0.09	-0.07	-0.06	-0.05	-0.03	-0.03
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.73	0.74	0.77	0.78
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.13	1.15	1.19	1.23	1.18	1.18	1.21	1.24	1.26	1.28

Option 3 – 4.27%

This option represents a 4.27% increase in rates. Should a rate increase of 4.27% be adopted, the City's rating revenue will total $109,408,291 for the 2026/2027 financial year. This increase represents an additional $5,246,641 for Year 1 of the Plan.

Under this option, year 1 of the plan will contain a deficit of $1.21m and a total deficit over the life of the plan of $12.2m represented in the table below:

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Surplus/(Deficit) no carry forward	($1,209,294)	($1,482,181)	($2,308,971)	($3,211,743)	($1,611,663)	($2,408,157)	$0	$0	$0	$0

Under this option the Asset Management Reserve will decrease over the 10 years to just under $2 million, however the financial ratios that the City has been focusing on show little improvement over the life of the plan:

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.32	1.28	1.23	1.11	1.08	1.00	1.08	1.18	1.34	1.58
Debt service cover ratio (Basic >2, Advanced >5)	3.87	3.84	4.07	3.35	3.47	3.26	3.42	3.40	3.57	3.56
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.88	0.89	0.88	0.89	0.90	0.91	0.91	0.92	0.92
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.11	-0.09	-0.08	-0.09	-0.07	-0.07	-0.05	-0.05	-0.04	-0.04
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.74	0.73	0.74	0.73
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.12	1.14	1.18	1.21	1.16	1.15	1.18	1.18	1.18	1.19

Under this option the gap does not decrease from what the current ratepayers are required to pay and what they are actually paying. There would be a decrease in the Asset Sustainability ratio, as Council would not be addressing the gap where current ratepayers who are using and enjoying the City's assets would be paying the amount that is required to be reinvested to ensure there is no decline in condition from any one year. Over time, this leads to a decline in asset condition and shifts the financial burden to future years.

This approach helps reduce the gap between the amount contributed by ratepayers and the amount required to adequately fund the annual use of the City's assets. The Asset Management Reserve can then be used to support future renewal expenditure, or alternatively, Council may choose to allocate the surplus to other priorities, including emergency works.

Other options that have been modelled are outlined in Attachment 2 including the LGIRS financial ratio implications.

Community Capacity to Pay

Over the past year, economic conditions affecting Mandurah households have been shaped by elevated inflation, higher interest rates, and strong labour market outcomes. ABS data show Perth CPI at 4.6% year-on-year to March 2026, with the largest pressures in housing, transport and utilities. The Reserve Bank of Australia (RBA) increased the cash rate to 4.35% in May, lifting borrowing costs and keeping mortgage servicing burdens high. At the same time, wage growth in Western Australia (~4% in 2025) has broadly matched inflation, limiting real income gains.

Mandurah's employment conditions remain relatively strong. Unemployment has been low by historical standards, supporting aggregate household incomes. This has improved the average capacity to manage small cost increases compared with the peak of the cost of living shock in 2022/23. However, distributional pressures remain significant.

Housing costs continue to be the most acute constraint on household budgets. Rental vacancy rates across Mandurah are very low (between 1-2%), and rents have increased materially over recent years. Bankwest Curtin Economics Centre (BCEC) research highlights heightened rental stress in WA, with affordability pressures particularly acute for lower-income households and renters.

Mortgage holders have experienced a sharp rise in repayments since 2022 due to interest rate increases, and while rates have stabilised, servicing costs remain elevated.
Mandurah's population is older than the WA average (median age 45 vs 38; ABS Census 2021). Around one-third of households own their home outright, reflecting a large retiree cohort, while a substantial minority rent or hold mortgages. This demographic mix means capacity to pay is highly uneven across the community.

During periods of increased living costs, households and individuals will tend to both cut back on spending in some areas, to preserve the essentials, but also change spending patterns to cheaper alternatives. This second effect is likely to lead to increased demand for the services the City supports, such as libraries, community sports and festivals and events. This presents a challenge in balancing increased demand for services, against the need to budgetary impacts of paying for them.

A 4.95% increase in general rates is broadly in line with recent inflation and directly reflects the increased contractual costs faced by the City. In dollar terms, for a typical residential property this equates to an increase of approximately $87.23.

At an aggregate level:

- Rates represent a small share of household income for the median Mandurah household.
- A 4.95% increase is modest relative to recent increases in housing, insurance, energy and transport costs over the course of the last 12 months.
- From a whole-of-community perspective, the increase is unlikely to materially affect consumption or economic activity.

However, the average impact masks significant variation in household capacity to absorb even small additional costs. Further detail is provided for specific groups is set out below:

a. Low-income households (including welfare reliant and working poor) - 29% of Mandurah households vs 20% in Greater Perth.

- Context: These households face the highest exposure to cost-of-living pressures, particularly food, utilities and housing. BCEC research shows rental stress and financial vulnerability are concentrated in this group.
- Impact: While the dollar increase in rates is small, capacity to absorb additional costs is limited. For some households, a rate rise may require increased reliance on concessions or hardship arrangements.

b. *Renters – 24% of households vs 26% in Greater Perth*

- Context: Renters do not pay rates directly, but are exposed to indirect pass-through over time and, more importantly, to rapidly rising rents and extremely tight vacancy rates.
- Impact: A rate increase does not materially change renter outcomes in isolation and is likely to have a marginal impact to any rent changes compared to other drivers, such as interest rates, or rental demand.

c. *Owner-occupiers with mortgages - 35% of Mandurah households vs 40% for Greater Perth*

- Context: This group has experienced the largest increase in housing costs over the past two years due to higher interest rates. Although employment is strong, discretionary income has been eroded by mortgage servicing.
- Impact: Rate costs tend to be small in comparison to mortgage repayments as a share of the general household budget. However, it can contribute to ongoing budget pressure for those on low incomes.

d. *Retirees – age pension–reliant*

- Profile: Mandurah has a large pension-aged population, with many households reliant primarily on the Age Pension.
- Context: ABS Selected Living Cost Indexes show age-pensioner households experienced among the highest living-cost increases (~5% over the past year), driven by electricity, health and transport. Incomes are fixed and only periodically indexed.
- Impact: Rate increases represent a non discretionary cost with limited capacity to offset through higher income. Uptake of pensioner concessions in Mandurah has been increasing to help alleviate these pressures. The other option age pension ratepayers have available is to defer their rates and not pay these until they sell their property.

e. *Retirees – self-funded*

- Profile: A significant cohort of older residents rely on superannuation and investment income and often own their homes outright.
- Context: This group has seen lower living-cost growth (~3–4%) than pensioners and benefits partially from higher interest returns on savings.
- Impact: A 5% rate increase is minor relative to income and assets and generally manageable.

2026/2027 Rates Setting

The 2026/2027 rates setting is impacted by the Gross Rental Value (GRV). A summary of how the GRV impacts on the rates setting for the City is set out below:

Gross Rental Value

Rates are calculated by applying a differential rate in the dollar depending on the characteristics and/or uses of the land, with GRV to determine the rates levied for each parcel of rateable land. The GRV is determined by the Valuer-General for all rateable and leviable properties in Western Australia. Landgate provides these figures to rating authorities who use it to work out the rates, service charges, and levies that property owners must pay.

In determining the GRV, Landgate collect and analyse evidence at the date of valuation to establish property market levels. To determine a fair rental value for each property, individual property attributes and constraints are considered:

> Residential: Location, age, building area and construction materials, number of bedrooms and bathrooms, number of car shelters (carports / garages), below ground pools and views, busy roads, or proximity to an industrial precinct.
>
> Non-residential: Location, age, building area and construction materials, street exposure and property access and proximity to main arterial roads and primary commercial precincts.

The assessment is conducted by Landgate every 3 years for the metropolitan area and 3 to 6 years for regional areas. For the purpose of the GRV, the City is considered as a regional local government, with the last GRV occurring on 1 August 2021 and applied to rates in 2023/2024 Financial Year.

Given the time it takes to determine the GRV for all properties, there is an elapsed time between the date of valuation and the effective date of the GRV (when the valuation can be applied to generate rates or charges). For regional areas this timeframe is 11 months.

The GRV of all properties within the City were revalued in August 2025. The GRVs are effective 1 July 2026, and all properties will have their 2026/2027 rates calculated on the new value.

The following table shows the average increase/decrease in GRVs for each rate category:

Rate Category	Average % Increase/Decrease in GRV
Residential Improved	44.36%
Business Improved	11.98%
Residential Vacant	52.74%
Business Vacant	15.29%
Urban Development	16.36%

To calculate the average rate increase factoring in any increases/decreases in GRV changes, the City cannot use the new valuations and apply the previous year's rate in the dollar. This would result in each
rate category having a rate increase percentage which reflects the average increase in GRV (amounts in the above table).

To determine what the base rate in the dollar for 2026/2027 if the City was using the new GRVs, the City uses the total revenue from previous year and adjusts the rate in the dollar to generate the total revenue from the 2026/2027 financial year. This will generate close to the same amount of rates revenue that was generated in the 2025/2026 financial year.

This process is shown in the below table:

Rating Category	**Rates Amounts Old GRV x Old RID**	**Rates Amount New GRV x New RID**	**Variance**
Business Improved	$17,504,480	$17,504,546	$66
Business Vacant	$622,484	$622,485	$1
Residential Improved	$80,298,290	$80,300,632	$2,342
Residential Vacant	$4,890,696	$4,890,702	$6
Urban Development	$458,948	$458,950	$2
Total	**$103,774,898**	**$103,777,315**	**$2,417**

City officers then apply the proposed rate increase of 4.95% to the minimum rates and the updated rate in the dollar amounts as explained in the table below:

Rating Category	**Minimum**	**Reval RID**	**New Minimum (increase 4.95%)**	**New RID (increase 4.95%)**
Business Improved	$1,338	$0.091296	$1,404	$0.095815
Business Vacant	$1,338	$0.162059	$1,404	$0.170081

Residential Improved	$1,338	$0.064689	$1,404	$0.067891
Residential Vacant	$966	$0.118065	$1,014	$0.123909
Urban Development	$1,338	$0.142989	$1,404	$0.150067

These new minimum amounts and rates in the dollar are then applied to the revalued GRV values for each property to return the required revenue amount.

2026/2027 Rates

The City proposes to impose differential general rates to all gross rental values in its district according to one or a combination of:

- The purpose for which land is zoned.
- Whether or not the land is vacant land.

The City is proposing no changes to the existing five differential rate categories for all rateable land in its district. All five differential rating categories are valued using Gross Rental Value (GRV):

Rate Category	**Number of Properties**	**Category description**
Residential Improved	45,570	All improved land that is zoned residential (not zoned for commercial purposes).
Business Improved	1,449	All improved land that is zoned for commercial purposes.
Residential Vacant	3,378	All vacant land that is zoned for residential purposes (not zoned for commercial purposes)
Business Vacant	116	All vacant land that is zoned for commercial purposes
Urban Development	15	All vacant land greater in size than 10 hectares (primarily super-lots to be further subdivided)

In accordance with section 6.35 of the *Local Government Act 1995*, the City may impose a minimum payment to recognise that properties must contribute a minimum amount for the provision or services and infrastructure which benefit all the community. This is set out in the table below:

Rate Category	Number of Properties	Minimum Rate
Residential Improved	4,939	1,404
Business Improved	362	1,404
Residential Vacant	1,654	1,014
Business Vacant	7	1,404
Urban Development	0	1,404

Refer to Attachment 1 for information on rates by category.

Specified Area Rates (SAR) 2026/2027

The City imposes Specified Area Rates (SAR) on certain locations in the district. SAR's enable the enhancement and maintenance of the general amenity of an area by way of increased service levels for the benefit of the owners/residents who live or work in the area.

The authority to impose specified area rates is set out in section 6.37 of the *Local Government Act 1995* (Act). This section of the Act requires that the money raised from a SAR be used solely for the purpose which the rate was imposed, with any residual amount remaining being placed in a reserve for that same purpose.

Each SAR, the rate in dollar and the purpose of the SAR is available in Attachment 1.

Proposed New Specified Area Rate

The City undertook a review of the established SAR in 2025 and it was discovered that the Port Bouvard Southport Canals are not contributing to the SAR.

The proposed SAR would apply to 37 canal-front properties along Southport Boulevard. The proposal is intended to provide consistency and equity with other canal areas in the City that already fund canal-related services via SARs. The City has undertaken a hydrographic survey which indicates that there is a build up of sediment in the canal entrance and it is expected that future dredging will be required to maintain a navigable entrance.

The annual program budget is $8,400, with a City contribution of $151.20 (reflecting 1.8% public open space abutting the seawall), resulting in $8,248.80 to be collected from residents and shared proportionately across the 37 properties based on GRV.

A summary of the proposed SAR is set out below:

> *Port Bouvard Southport Canals – rate in the dollar $0.0076022*
>
> This is levied on all canal frontages on the Southport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and a contribution towards dredging.
>
> Note: All owners are required to maintain/replace the canal walls on their land.

Once adopted for advertising the City will write to each property owner advising that they may submit a public comment regarding the proposed SAR.

Consultation

Elected Member consultation

Extensive consultation has been undertaken with Elected Members on the development of the rating strategy through the delivery of monthly Financial Implication Briefing Sessions. A summary of the sessions is below:

Meeting Date	Agenda Items
9 September 2025	Monthly Financial Budget Impact Report and Year to Date Efficiencies Summary LTFP LTFP and Budget preparation process Communication approach for LTFP and Budget Efficiency Program Update Feedback on previous years process
11 November 2025	Monthly Financial Budget Impact Report and Year to Date Efficiencies Financial Implications Briefing Overview and Timeline 2027-2036 LTFP Baseline Adjustments 2027-2036 LTFP New FTE Requests 2027-2036 LTFP New Operating Requests

9 December 2025	Monthly Financial Budget Impact Report and Year to Date Efficiencies LTFP 2027-2036 LTFP Baseline Adjustments 2027-2036 LTFP New FTE Requests Rating Strategy
10 February 2026	Monthly Financial Budget Impact Report and Year to Date Efficiencies 2027-2036 LTFP Capital New FTE and New Operating Summary Summary of Financial Position Rating Strategy and Assumptions Gross Rental Valuation Timeline
10 March 2026	Monthly Financial Budget Impact Report and Year to Date Efficiencies Mid-Year Budget Review & Capital Carryovers 2027-2036 LTFP Adjustments Council Financial Position and Performance Policy review Summary of Financial Position – LTFP Rating Strategy and Assumptions Community Engagement
Strategy Briefing 21 April 2026	LTFP and Financial Position and Performance Policy – workshop feedback from Elected Members
12 May 2026	Monthly Financial Budget Impact Report and Year to Date Efficiencies 2027-2036 LTFP summary: • Capital amendments • New Capital • New Operating Gross Rental Valuation Revaluation Assumptions Rating Strategy Options and Impacts Southport Boulevard Canal Area Proposed Specified Area Rate (SAR) and community feedback Community Engagement on Rates and LTFP Road Transport Contractual Chain Order

Community Consultation

Following the adoption of the rates for advertising, the City will invite submissions from the community on the proposed differential rates. Submissions must be in writing and can be made via the following methods:

- Mail: PO Box 210 Mandurah WA 6210
- Email: council@mandurah.wa.gov.au
- Mandurah Matters (the City's community engagement platform)

The City will advertise the proposed differential rates for a period of 21 days. In accordance with the Act, the City will advertise the proposed differential rates in the local paper, the City's official website, notice boards and via the City's social media channel.

Statutory Environment

Local Government Act 1995:

6.33. Differential general rates

(1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —
- *(a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or*
- *(b) a purpose for which the land is held or used as determined by the local government; or*
- *(c) whether or not the land is vacant land; or*
- *(d) any other characteristic or combination of characteristics prescribed.*

6.36. Local government to give notice of certain rates

(1) Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so. (2) A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).

(3) A notice referred to in subsection (1) —
- *(a) may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency; and*
- *(b) is to contain —*
  - *(i) details of each rate or minimum payment the local government intends to impose; and*
  - *(ii) an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*
  - *(iii) any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and*
- *(c) is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.*

(4) The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.

6.37. Specified area rates

(1) A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area —

(a) have benefited or will benefit from; or

(b) have access to or will have access to; or

(c) have contributed or will contribute to the need for, that work, service or facility.

(2) A local government is required to —

(a) use the money from a specified area rate for the purpose for which the rate is imposed in the financial year in which the rate is imposed; or

(b) to place it in a reserve account established under section 6.11 for that purpose.

Policy Implications

- Council Collection of Overdue Debts Policy – POL-FCM 08
- Council Financial Position and Performance Policy – POL FCM 08
- City of Mandurah Strategic Community Plan
- City of Mandurah Asset Management Strategy
- City of Mandurah Workforce Plan
- City of Mandurah Service Review Framework

Financial Implications

Rates and associated revenues provide approximately 70% of the City's operating revenues and enable the provision of a diverse range of services and infrastructure. In addition to the delivery of services the City's operations bring other economic benefits to the community such as the provision of employment and bringing business to local suppliers. The City also actively seeks to provide economic development opportunities to the community through activities such as the facilitation of tourism.

Economic Implications

The rating strategy and LTFP supports the achievement of the City's Strategic Community Plan which incorporates the economy as a key community priority.

Environmental Implications

The rating strategy and LTFP supports the achievement of the City's Strategic Community Plan which incorporates the environment as a key community priority.

Risk Analysis

The risk of the City adopting a lower rate increase than the one proposed is that the City's financial ratios are not improved leaving the City's infrastructure being at a lower service level than previously provided. In summary, the assets are not being renewed at the same level they are depreciating. There is a risk that the City may not have the ability to fund emergency renewal works through reserves and funding would come from deferral of other committed projects or loan funding.

Should a rate in the dollar not be advertised at this time, the adoption of the Budget for 2026/2027 will need to be delayed as the rate in the dollar needs to be advertised for 21 days before Council can adopt the budget. This may cause some delays in programs and projects commencing.

Adopting the proposed rate in the dollar for advertising does not commit the Council to imposing the rates for the 2026/27 financial year. Council must consider the submissions and when adopting the budget, expected to be considered at the June Ordinary Council Meeting, approve the rate percentage increase for the 2026/2027 financial year.

Strategic Implications

The following community outcomes from the City of Mandurah Strategic Community Plan 2024 – 2044 is relevant to this report:

Leadership:

- Responsible, transparent, value for money delivery of well planned, sustainable, projects, programs and services

Conclusion

Council is requested to adopt Option One for public advertising, representing a rate increase of 4.95% and approve the following rates in the dollar for each category for the purposes of advertising:

Category	Rate in the dollar	Minimum Rate
Residential Improved	0.067891	1,404
Residential Vacant	0.123909	1,014
Business Improved	0.095815	1,404
Business Vacant	0.170081	1,404
Urban Development	0.150067	1,404

Council is requested to adopt the corresponding Statement of Objects and Reasons outlined in Attachment 1 and the SAR rates in the dollar that are proposed for the 2026/2027 financial year, for public advertising.

Officer Recommendation

That Council:

1. **For the purposes of public advertising endorse the Statement of Objects and Reasons for the 2026/2027 Financial Year as detailed in Attachment 1.**

2. **For the purposes of public advertising endorse the following rates in the dollar and minimum payments for the purposes of providing a local public notice of its intentions to impose differential rates and minimum rates for the 2026/2027 Financial Year, as detailed in Attachment 1 and as outlined below:**

Category	Rate in the dollar	Minimum Rate
Residential Improved	**0.067891**	**1,404**
Residential Vacant	**0.123909**	**1,014**
Business Improved	**0.095815**	**1,404**
Business Vacant	**0.170081**	**1,404**
Urban Development	**0.150067**	**1,404**

3. **For the purpose of public advertising endorse the rates in the dollar and gives local public notice of its intention for Specified Area Rates, for the 2026/2027 Financial Year as detailed in Attachment 1 and as outlined below:**

Specified Area Rate	Rate in the dollar
Waterside Canals	**0.000000**
Mandurah Ocean Marina	**0.009477**
Mandurah Quay	**0.003420**
Mariners Cove	**0.000479**
Port Bouvard Eastport Canals	**0.000899**
Port Bouvard Northport Canals	**0.001040**
Port Mandurah Canals	**0.002894**
Proposed - Port Bouvard Southport Canals	**0.007602**

Attachments

1. Statement of Objects and Reasons for Imposing Deferential Rates for 2026/2027 [**19.2.1** - 4 pages]
2. Rating Options [**19.2.2** - 5 pages]

CITY OF MANDURAH

Statement of Object and Reasons for Imposing Differential Rates for 2026/2027

The following Statement is provided in accordance with Section 6.36 of the *Local Government Act 1995* to inform ratepayers of the City of Mandurah's Objects and Reasons for the differential rates being proposed for the 2026/2027 financial year.

The City of Mandurah (the City) applies a differential rate in the dollar depending on the characteristics and/or uses of the land, with the gross rental value (GRV) to determine the rates levied for each land that is rateable.

This document outlines the objects and reasons for implementing differential general rates.

Proposed Rates

The City proposes to impose differential general rates to all gross rental values in its district according to one or a combination of:

- The purpose for which land is zoned.
- Whether or not the land is vacant land.

For the 2026/2027 year, Council is proposing to impose five differential rates as shown in the table below:

Category	Rate in the dollar	Minimum Rate
Residential Improved	0.067891	1,404
Residential Vacant	0.123909	1,014
Business Improved	0.095815	1,404
Business Vacant	0.170081	1,404
Urban Development	0.150067	1,404

Objects and reasons

The following are the objects and reasons for each of the differential rates:

Residential improved land – rate in the dollar $0.067891

Object — This proposed rate in the dollar is regarded as the base rate as it represents the greatest number of properties in the City. It is for properties that are zoned and used for residential purposes.

Reason — This rate aims to ensure that all ratepayers contribute towards local government services and programs.

Residential vacant - rate in the dollar $0.123909

Object — This proposed rate in the dollar is set at a higher level as the City wishes to promote the development of all properties to their full potential.

Reason This rate in the dollar will act to deter land holdings and acts to stimulate residential development.

Business improved - rate in the dollar $0.095815

Object This rate is to recognise that certain expenditures in the budget are specifically directed towards the economic development of the City and the additional costs associated with the service provision related to business activities.

Reason This rate will ensure that the City meets the level of service costs associated with business properties and the area within which they are situated, including:
(a) provision and maintenance of road infrastructure and streetscapes including road renewals and upgrades, car parking, footpaths and traffic issues; and
(b) activation, facilitation and amenity improvements to promote the economic and social attractiveness to businesses areas.

Business vacant - rate in the dollar $0.170081

Object This rate is set at a higher level as the City wishes to promote the development of all properties to their full potential.

Reason This rate in the dollar will act to encourage commercial development and stimulate economic growth.

Urban development - rate in the dollar $0.150067

Object This proposed rate in the dollar relates to land held for future development (super-lots larger than 10 hectares in size). The City wishes to promote the development of all properties to their full potential.

Reason As with other vacant land rates, this rate is set at a higher level to deter the holding of land and acts to stimulate residential development. .

Specified Area Rates (SAR)

The City imposes Specified Area Rates (SAR) on certain locations in the district. SAR's enable the enhancement and maintenance of the general amenity of an area by way of increased service levels for the benefit of the owners/residents who live or work in the area.

The authority to impose specified area rates is set out in section 6.37 of the *Local Government Act 1995* (the Act). This section of the Act requires that the money raised from a SAR be used solely for the purpose which the rate was imposed, with any residual amount remaining being placed in a reserve for that same purpose.

Waterside Canals - rate in the dollar $0.0000 (no charge this financial year)

This is levied on all properties within the Waterside Canals. The purpose of the rate is for owners to make a reasonable contribution toward maintaining and managing the canals. There is sufficient funds in the Waterside Canals SAR Reserves Account to cover the proposed expenditure of canal water quality testing, canal management fee, canal hydrographic survey costs and litter control.

Note: All owners are required to maintain/replace the canal walls on their land.

Mandurah Ocean Marina – rate in the dollar $0.009477

This is levied on all properties within the Mandurah Ocean Marina. The purpose is to provide for an enhanced maintenance standard and asset replacement costs. The SAR proposed expenditure includes maintaining navigable depths in the entrance, basin and boat ramp, maintenance to reflection wall along Breakwater Parade, maintenance of revetment walls, maintenance of cleaning and lighting boardwalk, contribution to security, maintaining navigational aids, environmental monitoring, Marina management, maintenance of Marina plant and equipment. There is also a requirement for funds to be transferred into the reserve to fund the future dredging requirements and replacement of revetment walls and reflection wall (along Breakwater Parade) when required.

Mandurah Quay – rate in the dollar $0.00342

This is levied on all properties within the Mandurah Quay sub-division. The purpose is to ensure the maintenance of the marina (i.e. water body and walls) and is levied to cover the life cycle expenses of the marina. The SAR proposed expenditure includes litter control, hydrographic survey, water quality monitoring, canal management fees and minor maintenance of the walls (including the header course blocks). Note:

- There is a requirement for funds to be transferred into the reserve to fund any major maintenance works as well as the future replacement of canal walls when required.
- The SAR does not fund the maintenance expenses for the pavement, garden beds and lighting along the public access way.

Mariners Cove – rate in the dollar $0.000479

This is levied on all canal frontages on the Mariner Cove canals. The purpose of the rate is for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group.

The SAR is to cover the proposed expenditure of canal water quality testing, canal management fee, canal hydrographic survey costs and litter control. In the 2022/23 financial year, no SAR was charged due to sufficient funds held in Reserve to offset the required annual expenditure. Due to no funds remaining in the Reserve, the properties are now required to pay the SAR.

Note: All owners are required to maintain/replace the canal walls on their land.

Port Bouvard Eastport Canals - rate in the dollar $0.000899

This is levied on all canal frontages on the Eastport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and minor maintenance.

Note: All owners are required to maintain/replace the canal walls on their land.

Port Bouvard Northport Canals – rate in the dollar $0.001040

This is levied on all canal frontages on the Northport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and minor maintenance/canal cleaning.

Note: All owners are required to maintain/replace the canal walls on their land.

Port Mandurah Canals – rate in the dollar $0.002894

This is levied on all canal frontage properties located within the defined area of Port Mandurah Canals. The purpose of the rate is for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group. The SAR proposed expenditure includes litter control, hydrographic survey, water quality monitoring, canal management fees, contribution to the Port Mandurah Residents Association and transferring funds into the dredging reserve for when the constructed depths exceed the tolerance limits and dredging is required.

The defined area has been identified within the Government Gazette published 23 June 1995 as Schedule B in the City of Mandurah (Specified Area) Order No.1.

Note: All owners are required to maintain/replace the canal walls on their land.

Establishment of a new SAR

The following SAR is proposed:

Port Bouvard Southport Canals – rate in the dollar $0.0076022

This is levied on all canal frontages on the Southport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and a contribution towards dredging.

Note: All owners are required to maintain/replace the canal walls on their land.

Invitation of Submissions

The community is now invited to make submissions on the proposed differential rates, and any related matters.

Submissions must be in writing and can be made via the following methods:

Mail: PO Box 210 Mandurah WA 6210
Email: council@mandurah.wa.gov.au
Engagement platform: Mandurah Matters website

The City of Mandurah Statement of Object and Reasons for Imposing Differential Rates for 2026/2027 will be available on the City of Mandurah website.

Closing date for submissions is 18 June 2026 at 5pm.
Following this closing date, Council will be presented with all submissions.

City of Mandurah 2026/2027 Financial Year Rating Options

Recommended Option 1: 4.95% (Weighted Average + 0.68% ARC)

Summary

- Based on the Weighted average model 4.27% + 0.68% Asset Renewal Contribution.
- This is based on the Council's Rating Strategy in the LTFP.
- The weighted average model reflects the actual cost pressures experienced by the City. For example, Perth CPI is forecast at 5.5% at 30 June 2026, which is particularly relevant to materials and contracts that escalate based on Perth CPI at contract anniversary dates.
- This option represents a balanced 10 year plan with a deficit in year 1 of $504,175 in line with the City's Financial Position and Performance Policy.
- Represents a $87.23 yearly increase in the average residential rates or $1.68 a week.
- Ensures adequate funding is available to provide the current service levels to the community.
- In the later years of the Plan, actual renewal expenditure matches required renewal expenditure, indicating that the cost of asset use is being fully funded. This means that current ratepayers are contributing an appropriate amount to maintain assets, ensuring asset condition is preserved without shifting the financial burden to future generations.
- Ensures the financial burden to maintain assets is fairly proportioned and does not impact adversely on current or future ratepayers.
- The approach prioritises investment in asset renewal, supporting the ongoing condition and performance of community infrastructure.
- Supports the achievement of key LGIRS financial ratios over the 10 year Plan, reinforcing the City's long-term financial sustainability.

City officer comment: this option is recommended. Council's adopted Rating Strategy reflects a balanced and responsible strategy, ensuring current ratepayers are paying the required contribution, financial sustainability and continued delivery of agreed service levels.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.35	1.38	1.45	1.50	1.58	1.65	1.79	1.96	2.22	2.61
Debt service cover ratio (Basic >2, Advanced >5)	4.01	4.08	4.44	3.82	4.03	3.87	4.13	4.22	4.51	4.64
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.89	0.90	0.90	0.91	0.92	0.94	0.95	0.96	0.96
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.10	-0.08	-0.06	-0.07	-0.05	-0.04	-0.02	-0.01	0.00	0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	1.01	0.82	0.91	0.93	0.96	0.98
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.24	1.28	1.34	1.41	1.40	1.43	1.51	1.54	1.57	1.60

Option 2: 0% in year 1 then reverting to weighted average + 0.68% over years 2 -10

Summary

- This option applies a 0% rate increase in Year 1, before reverting to the weighted average plus 0.68% Asset Renewal Contribution.
- While a 0% increase may provide short term financial relief to the community, the financial impact is deferred and compounds across the remainder of the Plan. This can be demonstrated through the Covid relief measures provided to the community in the 2020/2021 year where a zero rate increased was adopted instead of the recommended 3.5%. This resulted in a $2.8 million shortfall in the first year and a shortfall of $32.3 million over the life of the plan.
- This option results in a forecast shortfall of $5.6 million in Year 1 and a cumulative shortfall of $29.8 million over the life of the Plan.
- To meet this shortfall the City would need to:
- Utilise the balance of $1.9m in the Asset Management Reserve

- Increase borrowings which would not align to the Council Financial Position and Performance Policy.
- Reduce expenditure through reduced service delivery to meet the balance of the shortfall.
- The City continues to experience inflationary pressures and cost escalation and does not have the capacity to absorb a 0% increase without a reduction in service levels by Council.
- To maintain financial viability under this scenario, significant reductions in service levels would be required, as determined by Council.
- This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan.
- Operating Surplus Ratio is well below the basic standard over the life of the plan.
- The City is not receiving enough revenue to cover operating expenses and the Asset Sustainability Ratio which indicates that the City is not investing in asset renewal.

City officer comment: this option is not recommended. This option would create Increased debt levels if investment in renewal remains (higher loan servicing costs, worsened operating surplus ratio, potential exceeding total borrowing amount). This option would shift costs to future generations.

Under this option Council would need to reduce service levels to the value of $5.6 million in Year 1 and a cumulative shortfall of $29.8 million over the life of the Plan.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.12	0.89	0.66	0.39	0.21	0.01	0.01	0.02	0.02	0.02
Debt service cover ratio (Basic >2, Advanced >5)	3.00	3.18	3.52	2.96	3.21	3.12	3.37	3.46	3.73	3.83
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.84	0.86	0.87	0.87	0.88	0.89	0.91	0.92	0.93	0.93
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.14	-0.11	-0.10	-0.11	-0.09	-0.07	-0.06	-0.05	-0.03	-0.03
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.73	0.74	0.77	0.78
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.13	1.15	1.19	1.23	1.18	1.18	1.21	1.24	1.26	1.28

Option 3: 4.27% Weighted Average Perth CPI forecast over life of the plan

Summary

- This option applies a 4.27% increase based on the weighted average cost model only.
- It reflects the cost escalation impacting the City but does not include the additional 0.68% ARC, resulting in not reducing the gap between what rates revenue that should be raised and what is being raised in a year.
- Represents a $75.24 yearly increase in the average residential rates or $1.45 a week.
- Includes a shortfall in year 1 of $1.21m and a total shortfall over the life of the plan of $12.2m.
- Under this scenario, reductions in service levels would be required, as determined by Council.
- This option would be not sustainable in the long term, would be detrimental to future generations and be outside of Council's Policy.
- This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan, particularly the Operating Surplus Ratio which is well below the basic standard at the end of the Plan.

City officer comment: This is not supported. Under this option the gap does not decrease from what the current ratepayers are required to pay and what they are actually paying. There would be a decrease in the Asset Sustainability ratio, as Council would not be addressing the gap where current ratepayers who are using and enjoying the City's assets would be paying the amount that is required to be reinvested to ensure there is no decline in condition from any one year. Over time, this leads to a decline in asset condition and shifts the financial burden to future years.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.32	1.28	1.23	1.11	1.08	1.00	1.08	1.18	1.34	1.58
Debt service cover ratio (Basic >2, Advanced >5)	3.87	3.84	4.07	3.35	3.47	3.26	3.42	3.40	3.57	3.56
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.88	0.89	0.88	0.89	0.90	0.91	0.91	0.92	0.92
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.11	-0.09	-0.08	-0.09	-0.07	-0.07	-0.05	-0.05	-0.04	-0.04
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.74	0.73	0.74	0.73
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.12	1.14	1.18	1.21	1.16	1.15	1.18	1.18	1.18	1.19

Option 4: 0% every year over the 10 years

Summary

- This option is based on no rate increase over the life of the Plan.
- If this option is retained in the long term over the Asset Management Reserve would be significantly depleted borrowings would be at the maximum under the Financial Position and Performance Policy and asset renewal expenditure would decline.
- Would require a significant reduction in service levels as determined by Council.
- Includes a shortfall in year 1 of $5.6m and a total shortfall over the life of the plan of $174.4m
- This option would be not sustainable in the long term, would be detrimental to future generations and be outside of Council's Policy.
- This option significantly impacts all LGIRS Ratios over the 10 Year Plan.

City officer comment: this option is not recommended. The issue raised in Option 2 would be compounded. This option would demonstrate poor financial stewardship for future, shifting costs to future generations.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.12	0.70	0.09	-0.78	-1.84	-3.21	-4.58	-6.37	-8.89	-12.78
Debt service cover ratio (Basic >2, Advanced >5)	3.00	2.52	2.28	1.30	1.16	0.86	0.69	0.39	0.22	-0.22
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.84	0.84	0.83	0.81	0.81	0.80	0.80	0.79	0.78	0.77
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.14	-0.14	-0.15	-0.18	-0.19	-0.20	-0.20	-0.22	-0.23	-0.25
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.59	0.55	0.51	0.50
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.02	1.03	1.04	1.05	0.97	0.91	0.86	0.84	0.81	0.82

Option 4: 1% in year one of the plan then reverting to weighted average + 0.68% over years 2 -10

Summary

- This option is based on a 1% rate increase in year 1 of the Plan
- Represents a $17.62 yearly increase in the average residential rates or $0.34 a week**.**
- This option would require a reduction in service levels as determined by Council.
- Includes a shortfall in year 1 of $4.6m and a total shortfall over the life of the plan of $22.9m
- Additional loan borrowings could address some of the gap required

- This option would be not sustainable in the long term, would be detrimental to future generations and be outside of Council's Policy.
- This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan.

City officer comment: This option is not recommended. This option would be not sustainable in the long term.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.17	0.99	0.82	0.61	0.52	0.40	0.43	0.47	0.54	0.63
Debt service cover ratio (Basic >2, Advanced >5)	3.20	3.36	3.70	3.13	3.37	3.27	3.53	3.61	3.89	3.99
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.85	0.87	0.88	0.87	0.89	0.90	0.91	0.92	0.93	0.94
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.13	-0.11	-0.09	-0.10	-0.08	-0.07	-0.05	-0.04	-0.03	-0.02
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.76	0.78	0.80	0.82
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.14	1.17	1.21	1.26	1.21	1.22	1.27	1.30	1.32	1.34

Option 5: 2% in year one of the plan then reverting to weighted average + 0.68% over years 2 -10

Summary

- Represents a $35.24 yearly increase in the average residential rates or $0.68 a week.
- This option would require a reduction in service levels as determined by Council.
- Includes a shortfall in year 1 of $3.56m and a total shortfall over the life of the plan of $15.98m
- Additional loan borrowings could address some of the gap required
- This option would be not sustainable in the long term, would be detrimental to future generations.
- This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan.

City officer comment: This option is not recommended. This option would be not sustainable in the long term.

Ratios	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Ratio (>1)	1.21	1.09	0.98	0.84	0.82	0.79	0.85	0.93	1.06	1.25
Debt service cover ratio (Basic >2, Advanced >5)	3.41	3.54	3.89	3.30	3.53	3.42	3.68	3.76	4.04	4.15
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.85	0.87	0.88	0.88	0.89	0.91	0.92	0.93	0.94	0.94
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.13	-0.10	-0.08	-0.09	-0.07	-0.06	-0.04	-0.03	-0.02	-0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.80	0.81	0.84	0.86
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.16	1.19	1.24	1.29	1.25	1.26	1.32	1.35	1.38	1.40

Option 6: 3% in year one of the plan then reverting to weighted average + 0.68% over years 2 -10

Summary

- Represents a $52.86 yearly increase in the average residential rates or $1.02 a week.
- This option would require a reduction in service levels as determined by Council.

- Includes a shortfall in year 1 of $2.5m and a total shortfall over the life of the plan of $9.1m
- Additional loan borrowings could address some of the gap required
- This option would be not sustainable in the long term, would be detrimental to future generations and be outside of Council's Policy.
- This option does not support the achievement of the LGIRS Ratios over the 10 Year Plan

City officer comment: This option is not recommended. This option would be not sustainable in the long term.

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Ratios										
Current Ratio (>1)	1.26	1.19	1.14	1.06	1.12	1.17	1.27	1.39	1.57	1.85
Debt service cover ratio (Basic >2, Advanced >5)	3.61	3.72	4.07	3.47	3.70	3.57	3.83	3.91	4.20	4.31
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.86	0.88	0.89	0.88	0.90	0.91	0.93	0.93	0.95	0.95
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.12	-0.09	-0.08	-0.08	-0.06	-0.05	-0.04	-0.03	-0.01	-0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.18	0.95	0.98	0.99	0.94	0.75	0.83	0.85	0.88	0.90
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.18	1.21	1.26	1.32	1.29	1.31	1.38	1.41	1.44	1.47

Option 7: 6% in year one of the plan then reverting to weighted average + 0.68% over years 2 -10

Summary

- Balanced budget with additional $1.1m in revenue which could be dedicated to Asset renewals in year 1 and $13.6m over the 10 years
- Asset Management Reserve decreases to just under $1.5m
- Some of the surplus can be used to reduce the reliance on this reserve
- Additional funds can be used to decrease loan borrowings in the long term
- Operating Surplus Ratio is achieved by Year 8

City officer comment: This option is not recommended as whilst this option raises additional revenue which would support the risk is asset decline. Compared to Option 1 it only provides marginal improvements in the ratios performance.

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Ratios										
Current Ratio (>1)	1.35	1.38	1.45	1.50	1.58	1.65	1.79	1.96	2.22	2.61
Debt service cover ratio (Basic >2, Advanced >5)	4.22	4.26	4.62	3.98	4.19	4.01	4.28	4.36	4.66	4.79
Own source revenue (Basic >0.4, Intermediate >0.6, Advanced >0.9)	0.87	0.90	0.91	0.90	0.92	0.93	0.94	0.95	0.97	0.97
Operating Surplus ratio (Basic >0.01, Advanced >0.15)	-0.10	-0.07	-0.06	-0.06	-0.04	-0.03	-0.02	-0.01	0.01	0.01
Asset Consumption Ratio (Basic >0.5, Improving between 0.6 and 0.75)	0.67	0.65	0.65	0.63	0.62	0.60	0.59	0.59	0.58	0.58
Asset Sustainability Ratio (Basic >0.9, Improving between 0.9 and 1.1)	1.21	0.98	1.02	1.03	1.04	0.85	0.93	0.95	0.99	1.01
Asset renewal ratio (Basic between .75 and .95, improving between .95 and 1.05)	1.27	1.32	1.39	1.46	1.44	1.48	1.55	1.59	1.62	1.65

20 MOTIONS OF WHICH NOTICE HAS BEEN GIVEN

Nil

21 NOTICE OF MOTIONS FOR CONSIDERATION AT THE FOLLOWING MEETING

Nil

22 LATE AND URGENT BUSINESS ITEMS

23 CONFIDENTIAL ITEMS

Nil

24 CLOSE OF MEETING