

TOWN *of* CLAREMONT

2024/2025 - 2033/2034

Long Term Financial Plan



10 YEAR STRATEGIC FINANCIAL PLAN

The 10 Year Strategic Financial Plan is a high-level informing strategy that outlines the Town of Claremont's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner.

It also demonstrates the Town's commitment to managing its operations in a way that avoids unsustainable rate increases for households.

Contents

1. EXECUTIVE SUMMARY	1
2. INTRODUCTION	3
2.1 Integrated Planning Framework	3
2.2 Strategic Community Plan - Town's Strategic Goals	4
2.3 Our Vision	5
2.4 Our Services	6
2.5 Levels of Service	6
2.6 Our Profile	6
2.7 Informing Strategies	7
2.7.1 Workforce Plan	7
2.7.2 Asset Management Plans	8
3. KEY ASSUMPTIONS	9
4. OUR FINANCES	10
4.1 Revenue	11
4.1.1 Rates	12
4.1.2 Reserve Funds	12
5. EXPENDITURE	12
5.1 Debt	12
6. LONG TERM FINANCIAL PLAN FINANCIAL STATEMENTS	13

ACKNOWLEDGEMENT OF PEOPLE AND COUNTRY

We acknowledge the traditional owners and knowledge holders of the Whadjuk Boodjar that are we are meeting on today. We recognise the strength and resilience of the Whadjuk people and respect their continuing culture.

1. Executive Summary

The Town’s 10 year Long Term Financial Plan (LTFP) is a high level informing document that had been developed by accessing, analysing and estimating a range of data and financial information.

A number of assumptions have been made in developing this document, with the overall aim of continuing to be a financially sustainable organisation, with sufficient financial capacity to deliver the services and projects which align with the community’s aspirations and expectations as set out in the Town’s Strategic Community Plan 2021-2031.

This LTFP projects modest annual rates increases, while supporting increasing employment costs evolving from minimal increases over the COVID period and reflecting the Wage Price Index of 4.7% in the year to December.

The Town is currently in negotiations with employees with an estimated 4%, 3.5% and 3% in the next 3 years.

	YEAR 1 2024-25	YEAR 2 2025-26	YEAR 3 2026-27	YEAR 4 2027-28	YEAR 5 2029-30
Rates	5.85%	4%	4%	4.5%	4.5%
Employee costs	6.5%	4%	3.5%	3%	3.5%

In 2025-26 an amount of \$16,000,000 in income from the sale of assets is projected, subject to Council approval and the development of Claremont Park East.



“The financial sustainability of a council is determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures, which is determined by:

- healthy finances in the current period and long-term outlook based on continuation of the council’s present spending and funding policies and given likely economic and demographic developments; and
- ensuring infrastructure renewals/replacement expenditure matches forward looking asset management plan expenditure needs”.

*National Financial Sustainability Study of Local Government
Australian Local Government Association*



2. Introduction

This LTFP outlines the Town’s approach to delivering infrastructure and services to the community in a sustainable way. This document covers the years 24-25 to 33-34 and aligns with the revised Corporate Business plan and associated planning framework documents.

2.1 INTEGRATED PLANNING FRAMEWORK

The Town allocates its resources and capacity through strategy and business planning instruments defined within the Integrated Planning and Reporting Framework and resourced in the Long-Term Financial Plan (Plan) and the Annual Budget (the Budget).

This Plan is a significant informing document for the Town’s integrated strategic planning and reporting framework as it provides information regarding the resourcing requirements and financial capacity of the Town to achieve its stated objectives and priorities. It guides Council as decision makers in their decision making, ensuring the longer-term impact is considered.

This Plan is consistent with all the requirements of the *Local Government Act 1995*.



2.2 STRATEGIC COMMUNITY PLAN – TOWN'S STRATEGIC GOALS

LEADERSHIP & GOVERNANCE

We are an open and accountable local government: a leader in community service standards



Flourishing

2.3 OUR VISION AND MISSION

OUR VISION

The Town is a progressive, respectful, sustainable local government supporting a connected, flourishing community.

OUR MISSION

We exist to deliver quality services for Claremont today and to build the foundation for the future.

2.4 OUR SERVICES

The Town provides an extensive range of services to the community, including but not limited to:

- Waste Management
- Building and Planning approvals
- Environmental health services
- Community development, seniors and youth services
- Library services
- Leisure and recreation services including an Aquatic Centre and Museum
- Cultural events
- Community safety
- Infrastructure management including roads, footpaths and street lighting

- Parks and natural areas and management of the environment
- Economic development

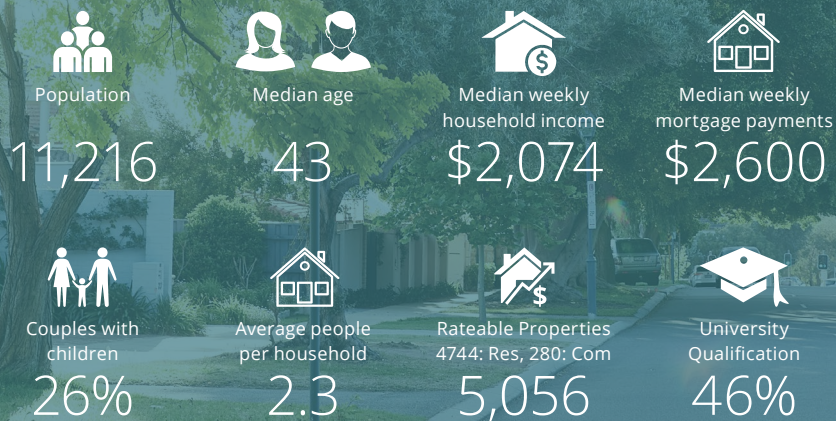
The Plan has been prepared based on the Town continuing to deliver and maintain these services.

2.5 LEVELS OF SERVICE

This LTFP proposed that existing service levels will be maintained for all operational areas in the short term. Overtime as community needs and priorities change, so will the resource allocations.

This will result in some services receiving more resources leading to an increase in service levels, new services will be added, some existing services will be discontinued, and others will not change dependent upon the priorities outlined within the Corporate Business Plan.

2.6 OUR PROFILE



2.7 INFORMING STRATEGIES

The Town has a number of informing documents that assist in providing direction on allocating resources to the main areas of expenditure; employee costs and materials and contracts (asset management).

2.7.1 Workforce Plan

Workforce Planning is a continuous process of shaping the workforce to ensure that it can deliver organisational objectives now and in the future.

The Town's Workforce Plan anticipates a small growth in staff numbers, and these roles will be in the IT, environment, and community services space.

The Town has an Enterprise Agreement, currently under negotiation. Estimated increasing costs associated with the workforce are included in the LTFP.

The Town remains committed to ensuring employee benefits are reflective of community expectations and align with national and local economic conditions.

The Local Government Cost Index (LGCI) increased 0.8% in the December quarter and 3.5% in the last year. The LGCI is forecast to fall to 3.1% in 2024-25 and then 2.8% in both 2025-26 and 2026-27. As construction cost growth eases, employee costs are the main driver of cost growth in for local governments.

WALGA Economic Briefing March 2024



2.7.2 ASSET MANAGEMENT PLANS

Asset Management is a process for ensuring that a local government's assets and infrastructure such as roads, drains, bridges, footpaths and public buildings provide an appropriate level of service to the community.

An asset management plan defines and record all of the Town's assets, the particular actions required to provide the defined level of service and incorporates financial information and risk management processes for the cost-effective delivery of services.

The Town has developed a f Asset Management Plans as part of the Integrated Planning and Reporting Framework. This Asset Management Plan identifies all assets and the rate at which money should be spent on them in order to meet certain service levels.

This Plan provides funding towards the renewal of assets, as well as some additional works.

The Town will continue to monitor and review the plans to ensure assets are regularly renewed to ensure service provision and long term affordability align.



3. Key Assumptions

This LTFP has been created by accessing and analysing a range of data including current service provision, population growth, current resources, climate change data, community profile and other relevant financial data (WALGA, WATC and LGCI) against the Town’s strategic plans.

This Plan is a dynamic tool which analyses financial trends and a range of assumptions and provides the Town with information to assess resourcing requirements to achieve its strategic objectives and assists the Town to ensure its future financial sustainability.

It is expected that there should be a high level of accuracy in the forecasts for the first 2 or 3 years, a good level of accuracy for years 4 and 5 and a reasonable level of accuracy for the remaining 5 years of the plan.

The Plan will be reviewed annually considering prevailing economic circumstances and community changes and aspirations, as outlined in the Corporate Business Plan. The review may result in new priorities being added or planned projects being deferred or reassessed according to the priorities established each year.

Readers should note that the document is generally for internal purposes and is used predominantly as a planning tool and based on many assumptions. Adoption of the 10 Year LTFP does not constitute a commitment or agreement to any of the projects’ proposed.



Global uncertainty, persistent cost of living pressures and slowing growth mean that the outlook for Australia’s economy is in the balance and the path to avoiding recession remains narrow.

WALGA Economic Briefing March 2024

4. Our Finances

The Town is in a financially healthy position however does rely heavily on its rates base and grants to support its service delivery. In diversifying its income base, the Town has an opportunity to build its financial strength and sustainability.

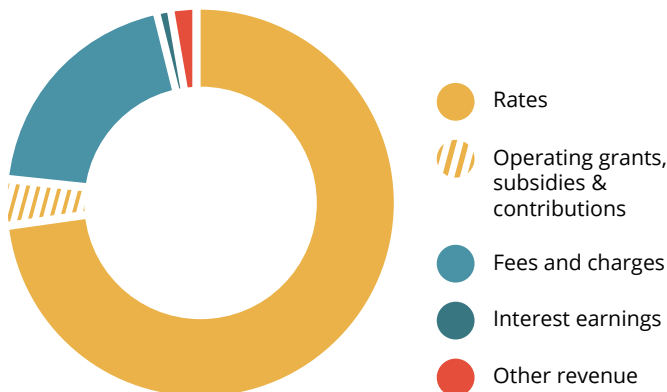
The Town carefully considers borrowing for appropriate projects and accessing reserve funds to ensure intergenerational equity. The Town also manages its debt judiciously and ensures its debt to asset ratio is within a healthy range for local government.

4.1 REVENUE

Revenue sources include:

- Rates
- Operating grants, subsidies and contributions
- Non-operating grants, subsidies and contributions
- Profit on asset disposals
- Fees and charges
- Service charges
- Interest earnings
- Other revenue

2022/23 Operating Revenue



4.1.1 Rates

The major component of the Town's income is provided through levying of rates.

The amount that is required to be raised is determined after considering the expenditure requirements and other funding sources including grants, fees and charges. Section 6.32 of the Local Government Act 1995 requires local governments to impose a general rate, either uniformly or differentially, as well as imposing a minimum payment amount.

The introduction of a differential general rate into the rating process was another initiative introduced in 2022/2023 year to ensure that every ratepayer makes a reasonable contribution to the rate burden.

Rates revenue has been calculated using the 2023/2024 Budget as the base year with increases higher in 2024/2025, and 2025/2026 to support rising costs in goods and services globally.

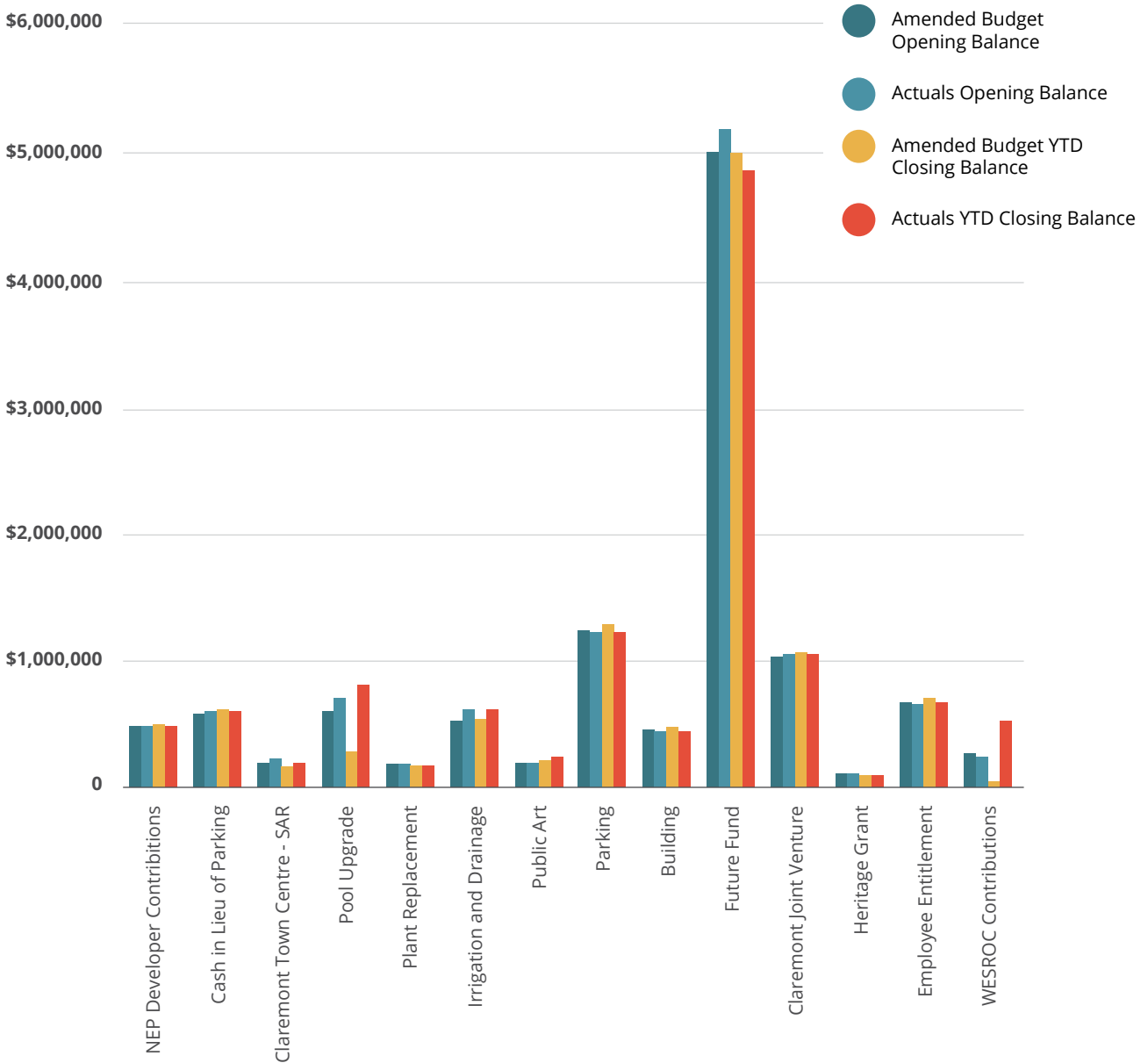
As a small local government with a high portion of non-rateable land (education, hospital and showgrounds), the Town consistently reviews options for revenue through alternative streams. This includes applying for state and federal grants and diversifying our investment portfolio.

The Plan includes all normally expected Federal and State Government grants such as Roads Grants, Financial Assistance Grants.

4.1.2 Reserve Funds

The estimated total balance of all Town reserve accounts at 30 June 2024 is \$11,817,272, and broken into account details below:

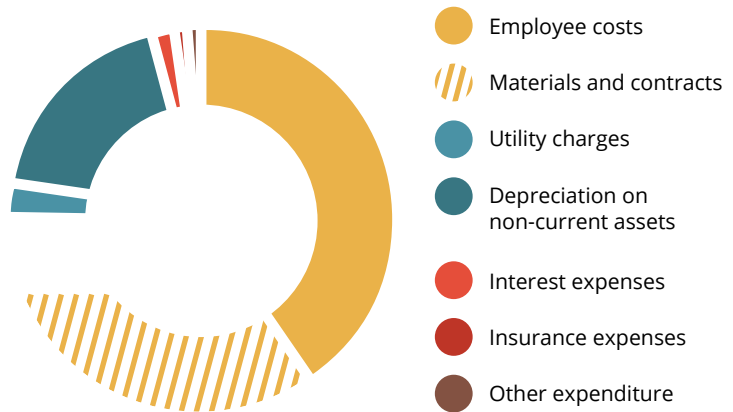
RESERVE BALANCES



5. Expenditure

As a service provider, the main expenses for the Town are employee costs, and materials and contractors. All expenses listed below.

- Employee costs
- Material and contracts
- Utility charges (electricity, gas, water etc.)
- Depreciation on non-current assets
- Loss on asset disposal
- Interest expenses
- Insurance expenses
- Other expenditure



5.1 DEBT

The following is the balance of Town loans accounts at 30 June 2024

Loan	Location	Balance
1	Aquatic Centre	\$467,722
2C	331 Stirling Highway	\$4,151,004
3	327 Stirling Highway - CCH	\$570,435

6. Long Term Financial Plan Financial Statements

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
OPERATING ACTIVITIES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from operating activities										
Rates	18,088,966	18,168,108	18,887,889	19,730,032	20,813,779	22,131,238	22,285,214	23,058,857	23,859,578	24,573,865
Operating grants, subsidies and contributions	376,137	763,660	778,933	794,512	810,402	826,610	843,142	860,005	877,205	894,749
Fees and charges	4,047,122	4,209,007	4,335,277	4,465,335	4,599,295	4,737,274	4,832,020	4,928,660	5,027,233	5,127,778
Interest revenue	853,470	1,359,074	919,846	947,442	975,865	1,005,141	1,035,295	1,066,354	1,098,345	1,131,295
Other revenue	99,042	101,023	582,083	599,545	617,532	636,058	848,779	865,755	883,070	900,731
Profit on asset disposals	0	0	30,000	30,000	0	30,000	30,000	0	30,000	30,000
	23,464,737	24,600,872	25,534,028	26,566,866	27,816,873	29,366,321	29,874,450	30,779,631	31,775,431	32,658,419
Expenditure from operating activities										
Employee costs	(9,347,544)	(9,719,875)	(10,056,018)	(10,354,977)	(10,710,765)	(11,028,002)	(11,407,065)	(11,743,656)	(12,149,451)	(12,508,085)
Materials and contracts	(8,421,039)	(8,717,829)	(9,020,606)	(9,342,184)	(9,673,502)	(10,016,611)	(10,322,226)	(10,637,200)	(10,909,027)	(11,187,830)
Utility charges	(664,429)	(692,926)	(724,661)	(749,560)	(775,332)	(802,009)	(829,623)	(858,207)	(883,058)	(908,714)
Depreciation	(4,473,415)	(4,562,883)	(4,654,141)	(4,747,224)	(4,842,168)	(4,939,012)	(5,037,792)	(5,138,548)	(5,098,889)	(5,200,867)
Finance costs	(237,632)	(343,975)	(41,109)	(33,728)	(25,929)	(17,689)	(8,982)	(4,052)	(1,280)	(1,280)
Insurance	(290,354)	(303,385)	(314,494)	(323,914)	(333,615)	(343,608)	(353,900)	(364,500)	(375,418)	(386,663)
Other expenditure	(862,215)	(891,995)	(922,809)	(950,217)	(978,442)	(998,011)	(1,017,971)	(1,038,330)	(1,059,097)	(1,080,279)
Loss on asset disposals	0	0	0	0	0	0	0	0	0	0
	(24,296,628)	(25,232,867)	(25,733,837)	(26,501,804)	(27,339,754)	(28,144,942)	(28,977,559)	(29,784,494)	(30,476,220)	(31,273,719)
Non-cash amounts excluded from operating activities	4,473,415	4,562,883	4,624,141	4,717,224	4,842,168	4,909,012	5,007,792	5,138,548	5,068,889	5,170,867
Amount attributable to operating activities	3,641,524	3,930,889	4,424,332	4,782,286	5,319,287	6,130,391	5,904,683	6,133,685	6,368,100	6,555,567
INVESTING ACTIVITIES										
Inflows from investing activities										
Capital grants, subsidies and contributions	0	500,000	791,286	500,000	200,000	200,000	200,000	200,000	200,000	200,000
Proceeds from disposal of assets	86,000	16,000,000	144,000	52,800	0	124,000	42,000	0	96,000	39,000
	86,000	16,500,000	935,286	552,800	200,000	324,000	242,000	200,000	296,000	239,000
Outflows from investing activities										
Roads	(1,647,909)	(1,867,876)	(3,362,397)	(1,963,269)	(2,022,167)	(2,082,832)	(2,145,317)	(2,209,676)	(2,275,966)	(2,344,245)
ROW - ToC Owned	0	0	0	0	0	0	0	0	0	0
Car Parks	0	0	0	0	0	0	0	0	0	0
Drainage	(509,999)	(540,599)	(567,629)	(596,010)	(619,851)	(644,645)	(663,984)	(683,904)	(697,582)	(711,533)
Footpaths	(918,554)	(938,762)	(604,000)	(622,120)	(640,784)	(660,007)	(679,807)	(700,202)	(721,208)	(742,844)
Street Infrastructure	0	0	0	0	0	0	0	0	0	0
Street Lighting	0	0	0	0	0	0	0	0	0	0

6. Long Term Financial Plan Financial Statements

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
MV's	(160,000)	0	(300,000)	(110,000)	0	(310,000)	(120,000)	0	(320,000)	(130,000)
Park Assets	(1,008,357)	(300,000)	(312,000)	(321,360)	(331,001)	(340,931)	(347,749)	(354,704)	(361,799)	(369,034)
Reticulation	0	0	0	0	0	0	0	0	0	0
Park Lighting	0	0	0	0	0	0	0	0	0	0
Buildings	(1,254,740)	(250,000)	(5,355,000)	(5,355,000)	(5,355,000)	(310,650)	(319,970)	(329,569)	0	0
Furniture & Equipment	(109,771)	(111,308)	(112,866)	(114,446)	(116,735)	(119,070)	(122,642)	(126,321)	(128,848)	(131,425)
Aquatic Centre	(55,000)	(559,400)	(98,558)	(105,457)	(111,784)	(118,492)	(124,416)	(129,393)	(133,275)	(135,940)
Public Art	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Intangibles	(59,800)	(62,192)	(64,680)	(66,620)	(68,619)	(70,677)	(72,091)	(73,533)	(75,003)	(76,503)
	(5,794,130)	(4,700,137)	(10,847,129)	(9,324,282)	(9,335,940)	(4,727,303)	(4,665,976)	(4,677,301)	(4,783,680)	(4,711,525)
Amount attributable to investing activities	(5,708,130)	11,799,863	(9,911,843)	(8,771,482)	(9,135,940)	(4,403,303)	(4,423,976)	(4,477,301)	(4,487,680)	(4,472,525)
FINANCING ACTIVITIES										
Inflows from financing activities										
Proceeds from new borrowings	0	0	0	0	0	0	0	0	0	0
Transfers from reserve accounts	713,000	4,243,527	6,175,118	5,100,000	5,100,000	0	0	0	0	0
	713,000	4,243,527	6,175,118	5,100,000	5,100,000	0	0	0	0	0
Outflows from financing activities										
Repayment of borrowings	(459,727)	(3,939,930)	(134,620)	(142,001)	(149,800)	(158,040)	(122,287)	(82,756)	0	0
Payments for principal portion of lease liabilities	(53,706)	(47,094)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)
Transfers to reserve accounts	(9,112)	(16,686,096)	(521,425)	(899,068)	(1,133,540)	(1,532,746)	(1,332,018)	(1,531,589)	(1,853,424)	(2,043,493)
	(522,545)	(20,673,120)	(688,045)	(1,073,069)	(1,315,340)	(1,722,786)	(1,486,305)	(1,646,345)	(1,885,424)	(2,075,493)
Amount attributable to financing activities	190,455	(16,429,593)	5,487,073	4,026,931	3,784,660	(1,722,786)	(1,486,305)	(1,646,345)	(1,885,424)	(2,075,493)
MOVEMENT IN SURPLUS OR DEFICIT										
Surplus or deficit at the start of the financial year	2,576,151	700,000	1,159	720	38,456	6,463	10,765	5,168	15,207	10,203
Amount attributable to operating activities	3,641,524	3,930,889	4,424,332	4,782,286	5,319,287	6,130,391	5,904,683	6,133,685	6,368,100	6,555,567
Amount attributable to investing activities	(5,708,130)	11,799,863	(9,911,843)	(8,771,482)	(9,135,940)	(4,403,303)	(4,423,976)	(4,477,301)	(4,487,680)	(4,472,525)
Amount attributable to financing activities	190,455	(16,429,593)	5,487,073	4,026,931	3,784,660	(1,722,786)	(1,486,305)	(1,646,345)	(1,885,424)	(2,075,493)
Surplus or deficit at the end of the financial year	700,000	1,159	720	38,456	6,463	10,765	5,168	15,207	10,203	17,752

Assumptions and Increases

Note 1: Rates

Number	Item	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
1	General rates	4.00%	4.00%	4.50%	4.50%	4.00%	4.00%	3.50%	3.50%	3.00%
2	Interim rates	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000	\$ 750,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
3	Special area rate	\$ 123,600	\$ 123,600	\$ 123,600	\$ 127,308	\$ 127,308	\$ 131,127	\$ 131,127	\$ 131,127	\$ 135,061

Note 2: Operating revenue (excluding rates)

Number	Item	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
1	Operating grants, subsidies and contributions	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Fees and charges	4.00%	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
3	Interest revenue	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
4	Other revenue	2.00%	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%

Note 3: Employee costs

Number	Item	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
1	Salaries and wages	4.00%	3.50%	3.00%	3.50%	3.00%	3.50%	3.00%	3.50%	3.00%
2	Allowances	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
3	Workcare insurance	6.00%	5.00%	4.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%
4	Other employee costs	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
5	Capital recovery	4.00%	3.50%	3.00%	3.50%	3.00%	3.50%	3.00%	3.00%	3.00%

ACKNOWLEDGEMENT OF PEOPLE AND COUNTRY

The Town of Claremont acknowledges the Traditional Custodians of the land and waterways of the Claremont and Swanbourne area. We respect the significance of their connection to the sacred sites, the Derbal Yerrigan and Galbamaanup wetland. We honour the ancestors of our community Elders who survived and cared for this Country.

