

**Muswellbrook Shire Council  
Long Term Financial Plan  
2022-32**

**DRAFT**

## Introduction

### Purpose of the Long Term Financial Plan (LTFP)

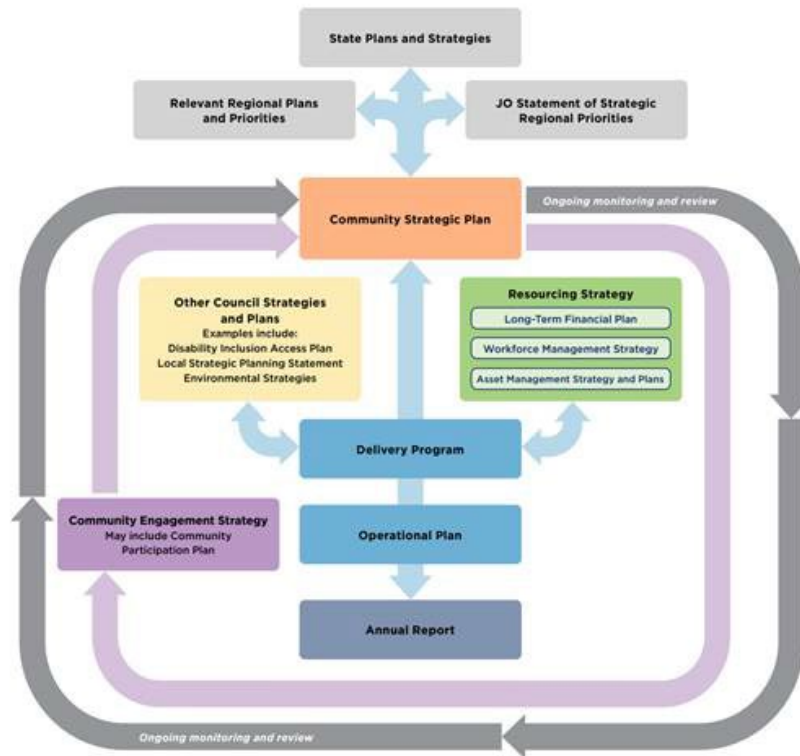
The Long-Term Financial Plan 2022-2032 is a decision-making tool for stakeholders (Council and the community) to use in determining the resources which Council needs to apply to deliver on community outcomes and aspirations contained within the Muswellbrook Community Strategic Plan. It ensures that Council can identify future financial issues at an early stage and understand and mitigate future impacts as required.

This Long-Term Financial Plan supports Council in addressing the following dilemmas:

- Leading the change required to support a community and economy in transition;
- Initiating opportunities for future income and economic growth; and
- To source revenue to deliver the infrastructure required for a sustainable future.

In particular, this plan models the financial implications of the Muswellbrook Community Strategic Plan and Delivery Program, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and within known constraints.

The Long-Term Financial Plan is one component of Council's resourcing strategy which underpins the Muswellbrook Community Strategic Plan along with the Workforce Management Plan and Asset Management Plan. These documents are all interrelated with Council's four-year Delivery Program and provide inputs and outputs for one another. The suite of documents should be viewed together as Council's overall strategy.



## Financial Stability

A financially sustainable council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without imposing excessive debt or large rate increases on future generations. This definition has been translated into four key financial sustainability principles which Council is committed to:

- Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation
- Council must **maintain sufficient cash reserves** to ensure it can meet short-term working capital requirements
- Council must have an appropriately **funded capital program** where the source of funding is identified and secured for capital renewal, upgrade, and new capital works
- Council must **maintain its asset base** by renewing aging infrastructure, which is identified, and by ensuring cash reserves are set aside for those works which are yet to be identified.

The Office of Local Government (OLG) includes several financial performance measures in the Code of Accounting Practice. Council reports its performance against these measures in the annual financial statements. These indicators assist to assess the financial sustainability of councils. Council has reviewed its Long-Term Financial Plan (LTFP) against the OLG indicators as part of assessing the long-term financial health of the organisation and its capacity to fund the proposed delivery program.

## How is Long Term Financial Sustainability Measured?

Following the release of the report from the NSW Independent Local Review Panel in October 2013 a range of indicators are now being used to assess the financial sustainability of councils as stand-alone entities.

Council has reviewed its Long-Term Financial Plan against these indicators as part of assessing the long-term financial health of the organisation and its capacity to fund the proposed delivery program. The following shows Council's performance against the indicators for 2020/21:

Ratio	Calculation	Sustainable Target	2020/21 Actual Ratio	Achieved?
<b>Operating Performance Ratio</b>	Total operating revenue (excluding capital grants and contributions) less total operating expenditure <b>divided by</b> continuing operating revenue	> 0%	9.96%	Yes
<b>Own Source Revenue Ratio</b>	Total continuing operating revenue (excluding capital grants and contributions) <b>divided by</b> continuing operating revenue	> 60%	58.81%	Yes
<b>Building and Asset Renewal Ratio</b>	Asset renewals <b>divided by</b> depreciation, amortization and impairment	> 100%	75.02%	No

<b>Infrastructure Backlog Ratio</b>	Estimated cost to bring assets to a satisfactory condition <b>divided by</b> the total WDV of infrastructure assets	< 2%	2.39%	No
<b>Asset Maintenance Ratio</b>	Actual asset maintenance <b>divided by</b> required asset maintenance	> 100%	78.67%	No
<b>Debt Service Cover Ratio</b>	Operating result before capital excluding interest and depreciation <b>divided by</b> principal repayments plus borrowing costs	> 2x	2.43x	Yes
<b>Unrestricted Current Ratio</b>	Current assets less all external restrictions <b>divided by</b> current liabilities less specific purpose liabilities	> 1.5x	2.17x	Yes
<b>Rates &amp; Annual Charges Outstanding</b>	Rates & annual charges outstanding <b>divided by</b> rates and annual charges collectable	=<10%	10.05%	No
<b>Real Operating Expenditure</b>	Operating expenditure <b>divided by</b> population	Decreasing		

## Financial Management in Council

Council has prepared a budget based around the facilitation of the activities and targets outlined in its Delivery Program and these budgets have been projected out for 10 years based on a range of assumptions.

## Financial Management Principles

The 2022-2032 Long-Term Financial Plan (LTFP) applies the following underpinning principles:

- Council will maintain its existing services to residents
- Management will continually look for ways to improve service delivery
- Services and infrastructure in any new areas will be provided within reason and in consultation with the community
- Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision making
- Council will manage within the existing financial constraints as much as possible

## Long Term Financial Plan Assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences which could significantly impact on Council's finances.

In preparing the 2022-32 Long Term Financial Plan, the following underpinning principles have been adopted.

### **Some significant adjustments within the plan do not use assumptions for projections:**

- Capital programs are built at a project level and/or using other relevant inputs.
- Capital grants are projected based on known capital projects and the likelihood of grants being available for recurrent programs.
- Administration costs of local government elections are projected only for the identified year an election will occur. However, funding for this projected expense is allocated on an annual basis.
- Asset maintenance cost increases are projected based on the capital program.
- There are unknown impacts of the continued COVID-19 pandemic due to the inability to predict this.
- Non-cash revaluations are not projected due to the uncertainty of valuations and that these have no impact on Council's budgeted cash position.
- No allowance has been made for additional rate revenues for Council as a result of population growth.

## OUR CHALLENGES

### **COVID-19**

The COVID-19 pandemic and global health crisis have negatively impacted the community, business and tourism. This has created increased operating costs for cleaning and equipment, as well as reduced revenue as a result of closing services to the community and restricting numbers of some services under Public Health Orders. Council has implemented various strategies to assist the community during this time while continuing to consider the financial impact to Council's long-term objectives with the uncertainty of COVID-19 impacts in the future.

### **INDEPENDENT PRICING AND REGULATORY TRIBUNAL (IPART) RATE PEG**

IPART is an independent authority established under the Independent Pricing and Regulatory Tribunal Act 1992. IPART is responsible for setting a 'rate peg' each year. This rate peg identifies the maximum allowable increase that can be applied to ordinary rates annually without special approvals, such as a special rate variation.

The rate peg limits the amount the Council can increase rates each year without obtaining special permissions. The rate peg for 2022-2023 was set at 0.7 per cent. Given that rate income represents 35 per cent of income received by Council, this represents a challenge for the Council in increasing income and continuing to meet community expectations, manage assets and operate in a growth environment.

### **INCREASING COSTS**

Increasing costs of operating and capital materials, as well as the availability of these materials, create many challenges for Council. The cost of construction has risen significantly in 2021 and 2022. Increasing costs mean efficiencies are required to be made continually in how Council spends money to provide these services and to ensure cost increases do not rise at a higher rate than Council income. A small movement in Consumer Price Index (CPI) indices can have a significant negative impact to Council's operating position. To mitigate this risk, Council is to engage in business improvement and financial sustainability practices across the organisation to identify and put in place strategies to reduce the impact of these changes as they occur.

### **INSTABILITY OF CONTINUED GRANTS**

During the past two years, with the emergence of the COVID-19 pandemic, there has been an increase in capital and operating grants made available to assist Council in funding specific projects and programs. However, it is not anticipated that the current rate of available grants will continue into the future. The increase in grants over this period is expected to reduce as the economy returns to a more normal way of operating. It is possible that as a result of increased available grants in recent periods, future grants will reduce below the previous level. This would require Council to seek other methods of funding operating and capital programs without the benefit of grants.

## PROJECTED FINANCIAL STATEMENTS

### PLANNING PRINCIPLES

The purpose of this plan is not to provide specific detail about various individual works or services. The Long-Term Financial Plan will provide a decision-making tool that allows various assumptions and sensitivity analysis to be carried out, which will indicate the ability of Council to deliver cost-effective services to our community into the future, within a framework of financial sustainability.

The key principles in the development of the financial planning and modelling process include:

- continuing to engage in financial sustainability initiatives
- identifying and implementing initiatives to reduce expenditure and/or increase income
- maintaining current and future infrastructure effectively using funding sources
- managing loan borrowings
- exploring profit generating activities.



## OUR INCOME

Council has several major sources of income which are explained below.

### **Rates and Annual Charges**

Rates and annual charges are the primary source of annual income, contributing about 35 per cent of total annual income.

Rates are calculated annually, in accordance with NSW legislative requirements, and include the ordinary rate and annual charges for domestic waste collection and management and for on-site sewer management. The ordinary rate is calculated by applying a flat base amount, plus a rate in the dollar (ad valorem) multiplier to each property owner's unimproved land value.

Each property falls into one of four categories for rating purposes depending on the land use of the property. These categories are residential, business, farm land and mining.

Increases for ordinary rates are determined at a maximum amount by IPART. This increase is described as a rate peg and is determined by reference to the annual movement in the local government cost index. The rate peg for 2022-2023 is set at 0.7 per cent. It has been assumed that a two per cent rate peg will apply in future years and we have therefore applied the two per cent rate peg as well as an additional 0.5 per cent to allow for development growth in the region.

Additionally, the Minister for Local Government has announced a one-off opportunity available for the 2022-2023 year for councils to apply for an Additional Special Variation (ASV) of up to 2.5 per cent, inclusive of the previously determined rate cap of 0.7 per cent. Muswellbrook Shire Council is considering applying for this, as the 0.7 per cent rate peg from IPART was significantly lower than the 2.5 per cent used as a baseline assumption from prior year increases.

If the 2.5 per cent rate increase is not granted, the Rates revenue will reduce by \$350 thousand for 2022-2023 compared to that shown in Scenario 1 of the reported Long-Term Financial Plan. The estimated impact across the next 10 years is \$4.6 million. Staff have prepared a report for Council's consideration.

Applications for an ASV will be accepted until 29 April. IPART will publish applications to enable community consultation for a period of at least three weeks.

Councils will be notified of IPART's decision no later than 21 June.

### **User Fees and Charges**

Fees and charges for goods and services provide about seven per cent of annual income. This income is derived from the use of facilities and services by the public. Fees and charges are determined annually, published with the Operational Plan and incorporated within the annual budget. These fees are levied to cover the cost associated with:

- the supply of a product, service or commodity
- the giving of information
- providing a service in connection with the Council's regulatory functions, including receiving an application for approval, granting an approval, making an inspection and issuing a certificate
- allowing admission to any building or enclosure.

General Fund Fees and Charges are proposed to rise in 2022/23 by an average of 3.0%.

### **Interest and Investments**

Council's cash holdings are invested in Minister approved shorter term (between one and three years) term deposits, bank issued bonds and floating rate notes, which provide short term liquidity should that be needed. For the purposes of the plan, Council has assumed a return of 3% in 2022/23 and in future years on its invested funds.

### **Other Revenues**

Council has established a Future Fund, which has as its main activity the acquisition and lease of commercial buildings. The Fund is designed to be self-sustaining in terms of its financial situation with all expenses related to the Fund being paid from the generation of revenues derived from these buildings. In addition to this, the Fund pays a dividend to the General Fund, thereby assisting in the funding of General Fund activities. No significant changes in these other revenues are forecast over the term of this LTFP.

### **Operational Grants and Contributions**

Operational grants and contributions are received from other government bodies to supplement other sources of income and provide additional funding for specific projects and programs where there may be shared outcomes.

Council is allocated about \$3.1 million annually from the Commonwealth Government in the form of the Financial Assistance Grant. This is a general-purpose grant paid to Council under the Commonwealth Local Government (Financial Assistance) Act 1995. These funds comprise an unconditional grant, and a smaller local roads component.

### **Capital Income**

Capital income includes development contributions that provide significant funding towards the cost of essential public facilities and infrastructure provided by Council. This income helps fund infrastructure such as parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. Capital grants are received by Council for specific projects to assist in funding community facilities and infrastructure. The grants provide supplementary funding that can assist in accelerating the start of a project, demonstrate a shared commitment from the other party or provide a greater benefit arising

from additional funding.

Capital grants income does not require sensitivity analysis as this is budgeted at a detailed level based on the minimum known grants available and those grants that have been committed for specific projects. Any variations to capital grants income are assessed against the capital program and asset management plans.

## OUR EXPENDITURE

Council has several major sources of expenditure which are explained below. Operating expenditure is expected to increase in general over the next 10 years and an average increase for CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions.

### Employee Costs

Employee costs includes the costs of salaries, wages and other associated costs of Council's workforce. Direct employee costs represent about 36 per cent of Council's total annual operating costs (excluding depreciation). Increases applied to this class of expenditure are in line with previous Enterprise Agreements as well as an allowance for growth as Council is required to provide additional services to residents.

#### *Employee cost sensitivity analysis*

\$,000	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>0.5%</b>	84	86	89	92	94	97	100	103	106	109
<b>1.0%</b>	168	173	178	183	189	194	200	206	212	219
<b>1.5%</b>	252	259	267	275	283	292	300	309	319	328

## Materials and Contracts

Materials and contract expenditures are another significant cost element accounting for 38 per cent of Council's total annual operating costs (excluding depreciation). This category includes costs for services contracted to external parties, costs associated with consultants and labour hire contracts and the purchase of goods such as materials. Projections have been based on existing contracted rates escalated for CPI where applicable. Major financial risks within this category of expenditure include:

- increased costs of inputs such as waste/recycling disposal costs, fuel and labour
- increased levels of service expected by the community and other stakeholders
- new services expected to be delivered in the future
- additional asset maintenance costs of new infrastructure
- limited competitive supply for some specific service areas.

### Materials & contract sensitivity analysis

\$'000	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>1.0%</b>	178	182	186	191	195	199	204	209	213	218
<b>2.0%</b>	356	364	373	381	390	399	408	417	427	437
<b>3.0%</b>	534	546	559	572	585	598	612	626	640	655

## Borrowing Costs

Borrowing costs represent the interest charges on loans taken out to finance new capital expenditure projects. Loan funds are typically used to generate the cashflow to deliver new infrastructure and allow the cost of the project to be spread across the useful life of the asset in order to facilitate intergenerational equity for these assets.

The risk inherent in this category is increasing interest rates caused by uncertain financial markets. Council mitigates this risk through most of its current borrowing being on a fixed rate basis. Hence, the sensitivity analysis is on planned new borrowings only.

### Borrowing cost sensitivity analysis

\$'000	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>0.5%</b>	10	10	9	8	10	9	8	7	7	8
<b>1.0%</b>	20	21	17	16	19	18	16	15	14	16
<b>1.5%</b>	30	31	32	24	29	26	24	22	20	25

## Other Expenditure

**Other expenditure** includes the following:

- insurance premiums
- NSW Fire Brigades, Rural Fire Service and State Emergency Service contributions
- electricity and street lighting
- telephone and communications
- Councillors' fees, allowances and expenses
- subscriptions and memberships
- bank charges.

### Other expenditure sensitivity analysis

\$'000	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<b>0.5%</b>	26	27	28	28	29	29	30	30	31	32
<b>1.0%</b>	53	54	55	56	57	58	60	61	62	63
<b>1.5%</b>	79	81	83	84	86	88	89	91	93	95

## FINANCIAL PERFORMANCE INDICATORS

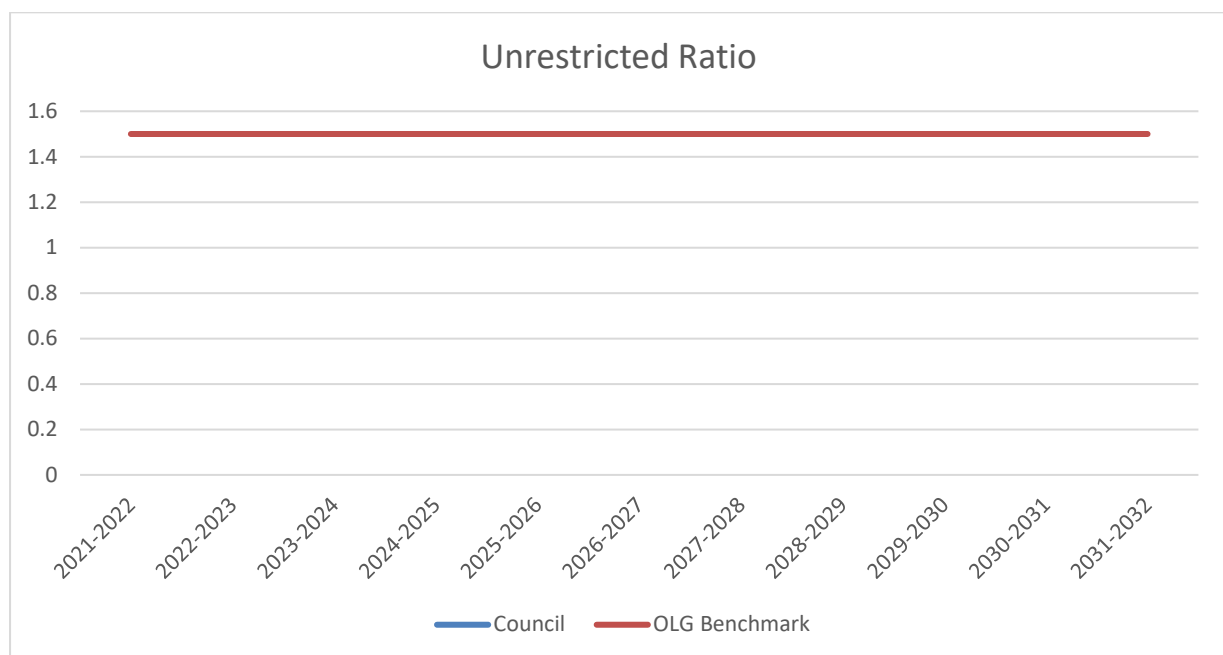
Council complies with the reporting requirements of the Integrated Planning and Reporting framework, with periodic reviews and reporting cycles to allow revision of performance and adjustment of planning activities based on results. This allows plans to be amended should performance indicate there is a risk to the achievement of the financial goals.

A critical component of measuring performance is identified by performance indicators set by Council and the Office of Local Government, including those outlined below.

### The Unrestricted Current Ratio

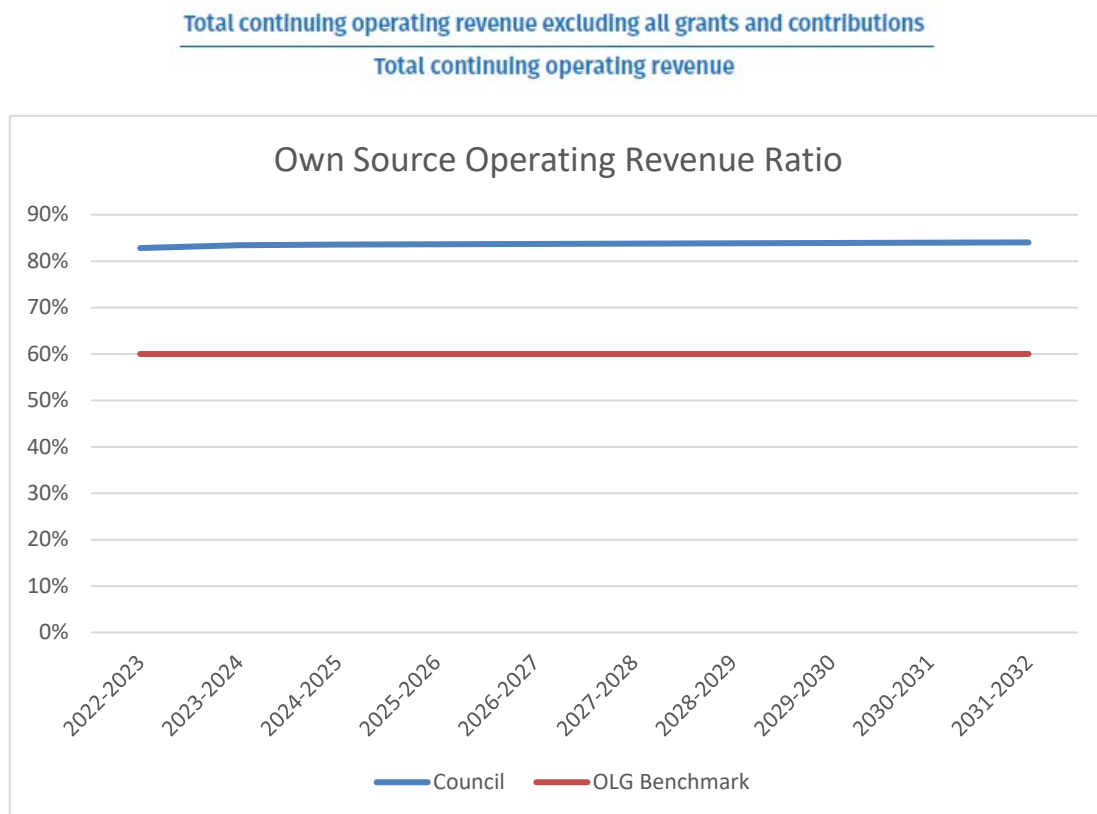
The unrestricted current ratio is specific to local government, measuring the adequacy of liquid working capital and its ability to satisfy its financial obligations as they fall due in the short-term. Restrictions placed on various funding sources (for example, development contributions) complicate the traditional current ratio used to assess liquidity of businesses, as cash allocated to specific projects is restricted and cannot be used to meet Council's other operating and borrowing costs. The benchmark set by the Office of Local Government (OLG) is greater than 1.5.

$$\frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$



## Own Source Operating Revenue Ratio

A measure of fiscal flexibility, own source revenue refers to Council's ability to raise revenue through its own internal means, thereby reducing reliance on external sources of income and insulating against negative fluctuations in external funding. The benchmark set by OLG is greater than 60 per cent.

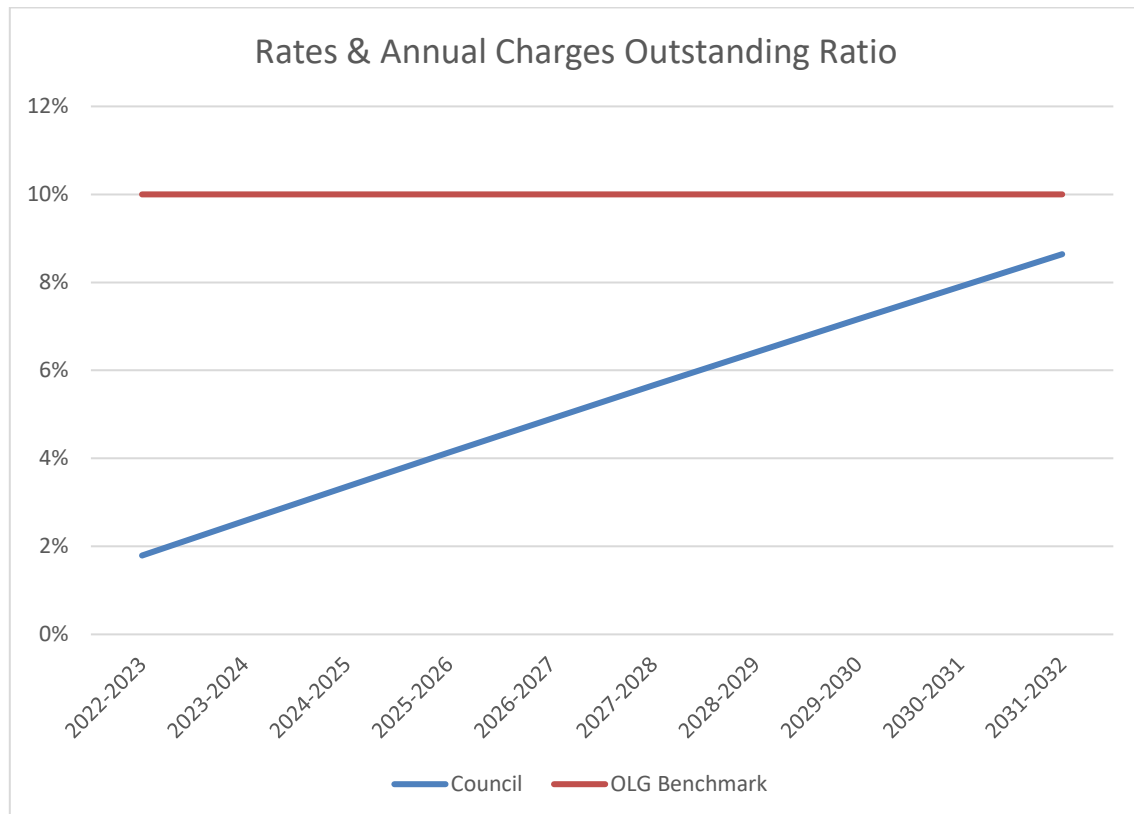




## RATES AND ANNUAL CHARGES OUTSTANDING RATIO

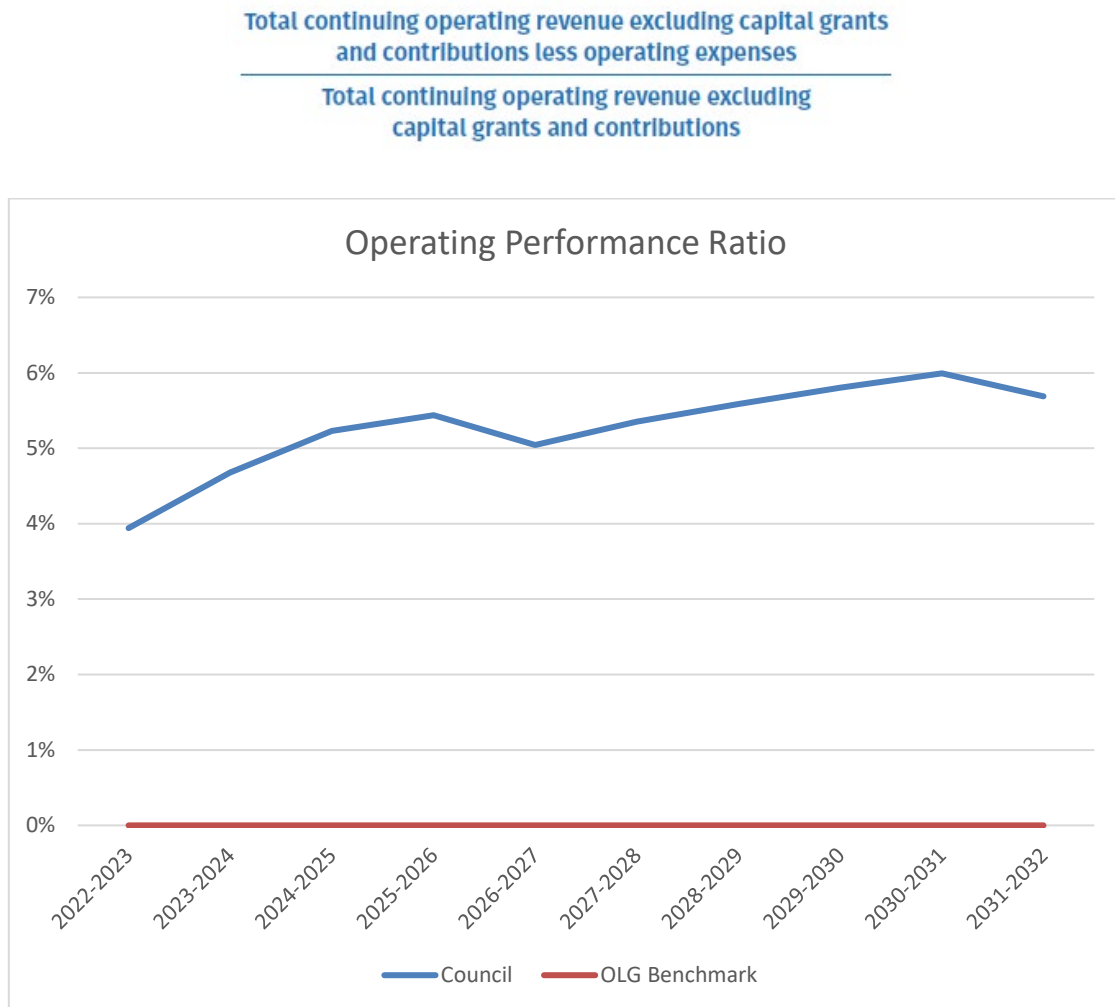
This measure indicates Council's success at recovering its annual rates and charges, with higher percentages of outstanding debts indicating a potential threat to Council's working capital and liquidity. The benchmark set by OLG is below 10 per cent.

Rates and annual charges outstanding  
Rates and annual charges collectable



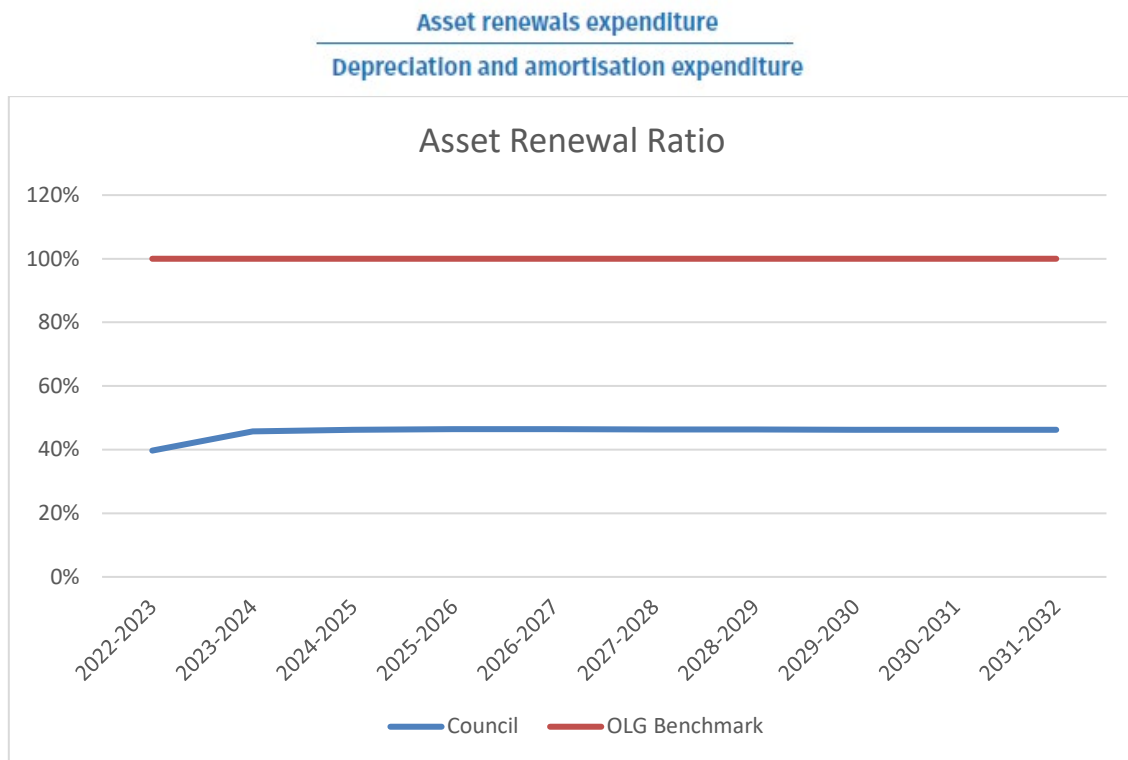
## OPERATING PERFORMANCE RATIO

This ratio provides an indication of Council's financial sustainability by measuring operating result excluding capital grants and contributions (which are typically tied to delivery of new capital works). Performance at or above benchmark indicates Council can internally generate sufficient funding for its ongoing operations. The benchmark set by OLG is greater than 0 per cent.



## ASSET RENEWAL RATIO

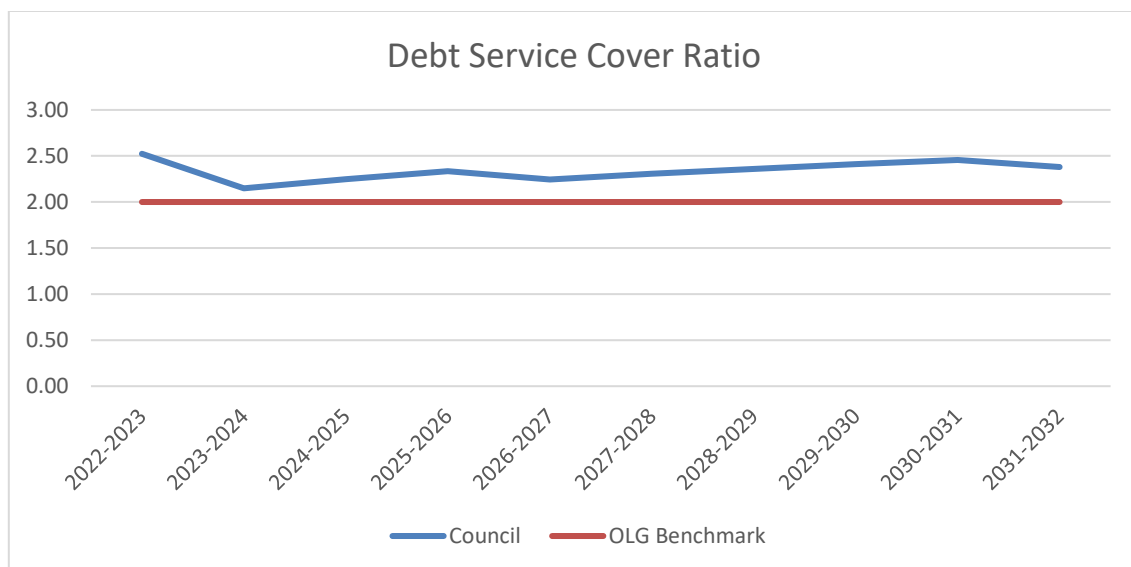
This ratio indicates Council is adequately maintaining its asset base based on planned renewal activities as a proportion of the depreciation expenditure. A ratio result of 100 per cent indicates Council is renewing its asset base and not contributing to infrastructure backlogs. The benchmark set by OLG is greater than 100 per cent.



## DEBT SERVICE RATIO

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. A high ratio indicates the ability of the Council to repay debt. The benchmark set by OLG is greater than two.

$$\frac{\text{Operating result before capital excluding interest and depreciation/Impairment/amortisation}}{\text{Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)}}$$



## STRATEGIC ALIGNMENT

The Long-Term Financial Plan combines the financial implications arising from the Community Strategic Plan, Delivery Program and the annual Operational Plan to ensure all items in these plans are achievable and sustainable. The Asset Management Framework and Workforce Management Strategy are major drivers of the assumptions used within the Long-Term Financial Plan.

## Projected Financial Statements – 2022-32 LTFP (Scenario 1 – With ASV)

<b>Income Statement - Consolidated For the year</b>	<b>Budgeted 2022/23</b>	<b>Projected 2023/24</b>	<b>Projected 2024/25</b>	<b>Projected 2025/26</b>	<b>Projected 2026/27</b>	<b>Projected 2027/28</b>	<b>Projected 2028/29</b>	<b>Projected 2029/30</b>	<b>Projected 2030/31</b>	<b>Projected 2031/32</b>
<b>Income from Continuing Operations</b>										
<i>Revenue:</i>										
Rates and Annual Charges	30,796	31,566	32,355	33,164	33,993	34,842	35,714	36,606	37,522	38,460
User Charges and Fees	20,507	21,259	21,833	22,423	23,091	23,779	24,488	25,219	25,971	26,746
Interest and Investment Revenue	510	823	767	720	647	575	477	379	281	183
Other Revenue	2,566	2,631	2,696	2,764	2,833	2,904	2,976	3,051	3,127	3,205
Grants and Contributions provided for Operating Purposes	7,023	7,199	7,379	7,563	7,752	7,946	8,145	8,349	8,557	8,771
Grants and Contributions provided for Capital Purposes	4,830	4,555	4,555	4,555	4,611	4,668	4,728	4,788	4,851	4,915
Internal Revenue	2,778	2,847	2,919	2,992	3,066	3,143	3,222	3,302	3,385	3,469
<i>Other Income:</i>										
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>69,011</b>	<b>70,879</b>	<b>72,503</b>	<b>74,180</b>	<b>75,993</b>	<b>77,859</b>	<b>79,750</b>	<b>81,694</b>	<b>83,693</b>	<b>85,750</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits and On-Costs	16,792	17,296	17,814	18,349	18,899	19,466	20,050	20,652	21,271	21,910
Borrowing Costs	2,013	2,093	1,736	1,613	1,936	1,764	1,617	1,479	1,358	1,634
Materials and Contracts	17,799	18,208	18,627	19,055	19,493	19,942	20,400	20,870	21,350	21,841
Overheads	4,554	4,645	4,738	4,833	4,930	5,028	5,129	5,231	5,336	5,443
Depreciation and Amortisation	15,200	15,581	15,970	16,370	16,793	17,228	17,673	18,131	18,600	19,081
Impairment	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Other Expenses	5,294	5,400	5,508	5,618	5,730	5,845	5,962	6,081	6,202	6,327
<b>Total Expenses from Continuing Operations</b>	<b>61,651</b>	<b>63,222</b>	<b>64,393</b>	<b>65,838</b>	<b>67,781</b>	<b>69,272</b>	<b>70,832</b>	<b>72,443</b>	<b>74,117</b>	<b>76,235</b>
<b>Operating Result from Continuing Operations</b>	<b>7,359</b>	<b>7,657</b>	<b>8,109</b>	<b>8,342</b>	<b>8,212</b>	<b>8,586</b>	<b>8,918</b>	<b>9,251</b>	<b>9,576</b>	<b>9,515</b>
<b>Discontinued Operations</b>										
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year</b>	<b>7,359</b>	<b>7,657</b>	<b>8,109</b>	<b>8,342</b>	<b>8,212</b>	<b>8,586</b>	<b>8,918</b>	<b>9,251</b>	<b>9,576</b>	<b>9,515</b>
Net Operating Result attributable to Council	7,359	7,657	8,109	8,342	8,212	8,586	8,918	9,251	9,576	9,515
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>2,530</b>	<b>3,102</b>	<b>3,555</b>	<b>3,787</b>	<b>3,601</b>	<b>3,918</b>	<b>4,190</b>	<b>4,462</b>	<b>4,725</b>	<b>4,600</b>
Net Operating Result for the Year	7,359	7,657	8,109	8,342	8,212	8,586	8,918	9,251	9,576	9,515
Amounts which will not be reclassified to the Operating Result										
Gain (Loss) on revaluation of I,PP&E										
<b>Total Comprehensive Income for the year</b>	<b>7,359</b>	<b>7,657</b>	<b>8,109</b>	<b>8,342</b>	<b>8,212</b>	<b>8,586</b>	<b>8,918</b>	<b>9,251</b>	<b>9,576</b>	<b>9,515</b>

<b>Statement of Cash Flows - Consolidated For the year (000's)</b>	<b>Budgeted 2022/23</b>	<b>Projected 2023/24</b>	<b>Projected 2024/25</b>	<b>Projected 2025/26</b>	<b>Projected 2026/27</b>	<b>Projected 2027/28</b>	<b>Projected 2028/29</b>	<b>Projected 2029/30</b>	<b>Projected 2030/31</b>	<b>Projected 2031/32</b>
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates and Annual Charges	30,796	31,566	32,355	33,164	33,993	34,842	35,714	36,606	37,522	38,460
User Charges and Fees	20,507	21,259	21,833	22,423	23,091	23,779	24,488	25,219	25,971	26,746
Investment and Interest Revenue Received	510	823	767	720	647	575	477	379	281	183
Grants and Contributions	11,853	11,754	11,934	12,118	12,363	12,615	12,873	13,137	13,408	13,686
Bonds, Deposits and Retention amounts received										
Other	2,778	2,847	2,919	2,992	3,066	3,143	3,222	3,302	3,385	3,469
<b>Payments:</b>										
Employee Benefits and On-Costs	(16,792)	(17,296)	(17,814)	(18,349)	(18,899)	(19,466)	(20,050)	(20,652)	(21,271)	(21,910)
Materials and Contracts	(17,799)	(18,208)	(18,627)	(19,055)	(19,493)	(19,942)	(20,400)	(20,870)	(21,350)	(21,841)
Borrowing Costs	(2,013)	(2,093)	(1,736)	(1,613)	(1,936)	(1,764)	(1,617)	(1,479)	(1,358)	(1,634)
Bonds, Deposits and Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	(5,294)	(5,400)	(5,508)	(5,618)	(5,730)	(5,845)	(5,962)	(6,081)	(6,202)	(6,327)
<b>Net Cash provided (or used) in Operating Activities</b>	<b>24,548</b>	<b>25,252</b>	<b>26,122</b>	<b>26,781</b>	<b>27,102</b>	<b>27,938</b>	<b>28,744</b>	<b>29,562</b>	<b>30,385</b>	<b>30,834</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Investment Securities	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>										
Purchase of Investment Securities	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Purchase of Investment Property	-	-	-	(10,000)	-	-	-	-	(10,000)	-
Purchase of Infrastructure, Property, Plant and Equipment	(18,335)	(13,532)	(13,796)	(24,009)	(14,359)	(14,718)	(15,086)	(15,463)	(25,849)	(16,246)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used) in Investing Activities</b>	<b>(18,335)</b>	<b>(13,532)</b>	<b>(13,796)</b>	<b>(34,009)</b>	<b>(14,359)</b>	<b>(14,718)</b>	<b>(15,086)</b>	<b>(15,463)</b>	<b>(35,849)</b>	<b>(16,246)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowing and Advances	-	-	-	-	10,000	-	-	-	10,000	-
<b>Payments:</b>										
Repayment of borrowing and advances	(6,455)	(6,505)	(6,205)	(6,193)	(4,206)	(4,669)	(4,061)	(3,354)	(3,054)	(3,252)
<b>Net Cash provided (or used) in Financing Activities</b>	<b>(6,455)</b>	<b>(6,505)</b>	<b>(6,205)</b>	<b>(6,193)</b>	<b>5,794</b>	<b>(4,669)</b>	<b>(4,061)</b>	<b>(3,354)</b>	<b>6,946</b>	<b>(3,252)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(242)</b>	<b>5,215</b>	<b>6,121</b>	<b>(13,421)</b>	<b>18,537</b>	<b>8,552</b>	<b>9,598</b>	<b>10,745</b>	<b>1,481</b>	<b>11,336</b>
<b>plus: Cash and Cash Equivalents - beginning of year</b>	<b>16,978</b>	<b>16,736</b>	<b>21,951</b>	<b>28,072</b>	<b>14,651</b>	<b>33,188</b>	<b>41,740</b>	<b>51,337</b>	<b>62,083</b>	<b>63,564</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>16,736</b>	<b>21,951</b>	<b>28,072</b>	<b>14,651</b>	<b>33,188</b>	<b>41,740</b>	<b>51,337</b>	<b>62,083</b>	<b>63,564</b>	<b>74,900</b>
plus: Investments on hand - end of year	48,283	48,283	48,283	48,283	48,283	48,283	48,283	48,283	48,283	48,283
<b>Total Cash, Cash Equivalents and Investments</b>	<b>65,019</b>	<b>70,234</b>	<b>76,355</b>	<b>62,934</b>	<b>81,471</b>	<b>90,023</b>	<b>99,620</b>	<b>110,366</b>	<b>111,847</b>	<b>123,183</b>

Balance Sheet - Consolidated	Budgeted	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
As at (000's)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	16,736	21,951	28,072	14,651	33,188	41,740	51,337	62,083	63,564	74,900
Investments	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550
Receivables	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350
Inventories	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661
Other	250	250	250	250	250	250	250	250	250	250
<b>Total Current Assets</b>	<b>46,547</b>	<b>51,762</b>	<b>57,883</b>	<b>44,462</b>	<b>62,999</b>	<b>71,551</b>	<b>81,148</b>	<b>91,894</b>	<b>93,375</b>	<b>104,711</b>
<b>Non-Current Assets</b>										
<b>Investments</b>	24,711	22,911	22,911	22,911	22,911	22,911	22,911	22,912	22,942	23,050
Infrastructure, Property, Plant and Equipment	734,201	732,153	729,978	737,617	735,182	732,672	730,084	727,416	734,666	731,831
Investments accounted for using the equity method	158	158	158	158	158	158	158	158	158	158
Investment Property	61,694	61,694	61,694	71,694	71,694	71,694	71,694	71,694	81,694	81,694
<b>Total Non-Current Assets</b>	<b>820,764</b>	<b>816,916</b>	<b>814,741</b>	<b>832,380</b>	<b>829,945</b>	<b>827,435</b>	<b>824,847</b>	<b>822,180</b>	<b>839,460</b>	<b>836,732</b>
<b>TOTAL ASSETS</b>	<b>867,311</b>	<b>868,678</b>	<b>872,624</b>	<b>876,842</b>	<b>892,944</b>	<b>898,986</b>	<b>905,996</b>	<b>914,074</b>	<b>932,835</b>	<b>941,443</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	8,966	8,966	8,966	8,966	8,966	8,966	8,966	8,966	8,966	8,966
Borrowings	4,492	4,112	4,457	2,593	2,733	2,297	1,737	1,575	1,894	1,705
Provisions	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
<b>Total Current Liabilities</b>	<b>15,720</b>	<b>15,340</b>	<b>15,685</b>	<b>13,821</b>	<b>13,961</b>	<b>13,525</b>	<b>12,965</b>	<b>12,803</b>	<b>13,122</b>	<b>12,933</b>
<b>Non-Current Liabilities</b>										
Payables	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291
Borrowings	54,531	48,026	41,821	35,628	41,422	36,753	32,692	29,338	36,284	33,032
Provisions	32,362	32,957	34,654	38,588	40,544	43,105	45,817	48,160	50,080	52,615
<b>Total Non-Current Liabilities</b>	<b>88,185</b>	<b>82,274</b>	<b>77,766</b>	<b>75,507</b>	<b>83,257</b>	<b>81,148</b>	<b>79,800</b>	<b>78,790</b>	<b>87,655</b>	<b>86,937</b>
<b>TOTAL LIABILITIES</b>	<b>103,905</b>	<b>97,615</b>	<b>93,451</b>	<b>89,328</b>	<b>97,218</b>	<b>94,674</b>	<b>92,765</b>	<b>91,593</b>	<b>100,777</b>	<b>99,871</b>
<b>Net Assets</b>	<b>763,406</b>	<b>771,063</b>	<b>779,172</b>	<b>787,514</b>	<b>795,726</b>	<b>804,312</b>	<b>813,230</b>	<b>822,481</b>	<b>832,057</b>	<b>841,573</b>
<b>EQUITY</b>										
Retained Earnings	437,085	444,742	452,851	461,193	469,405	477,991	486,909	496,160	505,736	515,252
Revaluation Reserves	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321
<b>Total Equity</b>	<b>763,406</b>	<b>771,063</b>	<b>779,172</b>	<b>787,514</b>	<b>795,726</b>	<b>804,312</b>	<b>813,230</b>	<b>822,481</b>	<b>832,057</b>	<b>841,573</b>

## Projected Financial Statements – 2022-32 LTFP (Scenario 2 – Without ASV)

<b>Income Statement - Consolidated For the year</b>	<b>Budgeted 2022/23</b>	<b>Projected 2023/24</b>	<b>Projected 2024/25</b>	<b>Projected 2025/26</b>	<b>Projected 2026/27</b>	<b>Projected 2027/28</b>	<b>Projected 2028/29</b>	<b>Projected 2029/30</b>	<b>Projected 2030/31</b>	<b>Projected 2031/32</b>
<b>Income from Continuing Operations</b>										
<i>Revenue:</i>										
Rates and Annual Charges	29,605	30,345	31,104	31,881	32,679	33,495	34,333	35,191	36,071	36,973
User Charges and Fees	20,507	21,259	21,833	22,423	23,091	23,779	24,488	25,219	25,971	26,746
Interest and Investment Revenue	510	823	767	720	647	575	477	379	281	183
Other Revenue	2,566	2,631	2,696	2,764	2,833	2,904	2,976	3,051	3,127	3,205
Grants and Contributions provided for Operating Purposes	7,023	7,199	7,379	7,563	7,752	7,946	8,145	8,349	8,557	8,771
Grants and Contributions provided for Capital Purposes	4,830	4,555	4,555	4,555	4,611	4,668	4,728	4,788	4,851	4,915
Internal Revenue	2,778	2,847	2,919	2,992	3,066	3,143	3,222	3,302	3,385	3,469
<i>Other Income:</i>										
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Share of interests in joint ventures and associates	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>67,820</b>	<b>69,659</b>	<b>71,252</b>	<b>72,898</b>	<b>74,679</b>	<b>76,512</b>	<b>78,369</b>	<b>80,279</b>	<b>82,243</b>	<b>84,263</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits and On-Costs	16,792	17,296	17,814	18,349	18,899	19,466	20,050	20,652	21,271	21,910
Borrowing Costs	2,013	2,093	1,736	1,613	1,936	1,764	1,617	1,479	1,358	1,634
Materials and Contracts	17,799	18,208	18,627	19,055	19,493	19,942	20,400	20,870	21,350	21,841
Overheads	4,554	4,645	4,738	4,833	4,930	5,028	5,129	5,231	5,336	5,443
Depreciation and Amortisation	15,200	15,581	15,970	16,370	16,793	17,228	17,673	18,131	18,600	19,081
Impairment	-	-	-	-	-	-	-	-	-	-
Net Losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Other Expenses	5,294	5,400	5,508	5,618	5,730	5,845	5,962	6,081	6,202	6,327
<b>Total Expenses from Continuing Operations</b>	<b>61,651</b>	<b>63,222</b>	<b>64,393</b>	<b>65,838</b>	<b>67,781</b>	<b>69,272</b>	<b>70,832</b>	<b>72,443</b>	<b>74,117</b>	<b>76,235</b>
<b>Operating Result from Continuing Operations</b>	<b>6,169</b>	<b>6,437</b>	<b>6,859</b>	<b>7,060</b>	<b>6,898</b>	<b>7,239</b>	<b>7,537</b>	<b>7,836</b>	<b>8,126</b>	<b>8,028</b>
<b>Discontinued Operations</b>										
Net Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year</b>	<b>6,169</b>	<b>6,437</b>	<b>6,859</b>	<b>7,060</b>	<b>6,898</b>	<b>7,239</b>	<b>7,537</b>	<b>7,836</b>	<b>8,126</b>	<b>8,028</b>
Net Operating Result attributable to Council	6,169	6,437	6,859	7,060	6,898	7,239	7,537	7,836	8,126	8,028
Net Operating Result attributable to Minority Interests	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>1,339</b>	<b>1,882</b>	<b>2,304</b>	<b>2,505</b>	<b>2,287</b>	<b>2,571</b>	<b>2,810</b>	<b>3,047</b>	<b>3,275</b>	<b>3,113</b>
Net Operating Result for the Year	6,169	6,437	6,859	7,060	6,898	7,239	7,537	7,836	8,126	8,028
Amounts which will not be reclassified to the Operating Result Gain (Loss) on revaluation of I,PP&E										
<b>Total Comprehensive Income for the year</b>	<b>6,169</b>	<b>6,437</b>	<b>6,859</b>	<b>7,060</b>	<b>6,898</b>	<b>7,239</b>	<b>7,537</b>	<b>7,836</b>	<b>8,126</b>	<b>8,028</b>



Statement of Cash Flows - Consolidated For the year (000's)	Budgeted 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates and Annual Charges	29,605	30,345	31,104	31,881	32,679	33,495	34,333	35,191	36,071	36,973
User Charges and Fees	20,507	21,259	21,833	22,423	23,091	23,779	24,488	25,219	25,971	26,746
Investment and Interest Revenue Received	510	823	767	720	647	575	477	379	281	183
Grants and Contributions	11,853	11,754	11,934	12,118	12,363	12,615	12,873	13,137	13,408	13,686
Bonds, Deposits and Retention amounts received	-	-	-	-	-	-	-	-	-	-
Other	2,566	2,631	2,696	2,764	2,833	2,904	2,976	3,051	3,127	3,205
<b>Payments:</b>										
Employee Benefits and On-Costs	(16,792)	(17,296)	(17,814)	(18,349)	(18,899)	(19,466)	(20,050)	(20,652)	(21,271)	(21,910)
Materials and Contracts	(17,799)	(18,208)	(18,627)	(19,055)	(19,493)	(19,942)	(20,400)	(20,870)	(21,350)	(21,841)
Borrowing Costs	(2,013)	(2,093)	(1,736)	(1,613)	(1,936)	(1,764)	(1,617)	(1,479)	(1,358)	(1,634)
Bonds, Deposits and Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	(5,294)	(5,400)	(5,508)	(5,618)	(5,730)	(5,845)	(5,962)	(6,081)	(6,202)	(6,327)
<b>Net Cash provided (or used) in Operating Activities</b>	<b>23,145</b>	<b>23,815</b>	<b>24,648</b>	<b>25,271</b>	<b>25,554</b>	<b>26,352</b>	<b>27,118</b>	<b>27,895</b>	<b>28,677</b>	<b>29,082</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Investment Securities	28,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>										
Purchase of Investment Securities	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Purchase of Investment Property	-	-	-	(10,000)	-	-	-	-	(10,000)	-
Purchase of Infrastructure, Property, Plant and Equipment	(18,335)	(13,532)	(13,796)	(14,009)	(14,359)	(14,718)	(15,086)	(15,463)	(15,849)	(16,246)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used) in Investing Activities</b>	<b>1,665</b>	<b>(13,532)</b>	<b>(13,796)</b>	<b>(24,009)</b>	<b>(14,359)</b>	<b>(14,718)</b>	<b>(15,086)</b>	<b>(15,463)</b>	<b>(25,849)</b>	<b>(16,246)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowing and Advances	-	-	-	-	10,000	-	-	-	10,000	-
<b>Payments:</b>										
Repayment of borrowing and advances	(6,455)	(6,505)	(6,205)	(6,193)	(4,206)	(4,669)	(4,061)	(3,354)	(3,054)	(3,252)
<b>Net Cash provided (or used) in Financing Activities</b>	<b>(6,455)</b>	<b>(6,505)</b>	<b>(6,205)</b>	<b>(6,193)</b>	<b>5,794</b>	<b>(4,669)</b>	<b>(4,061)</b>	<b>(3,354)</b>	<b>6,946</b>	<b>(3,252)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>18,355</b>	<b>3,778</b>	<b>4,647</b>	<b>(4,931)</b>	<b>16,989</b>	<b>6,965</b>	<b>7,971</b>	<b>9,079</b>	<b>9,773</b>	<b>9,584</b>
<b>plus: Cash and Cash Equivalents - beginning of year</b>	<b>(3,750)</b>	<b>14,605</b>	<b>18,383</b>	<b>23,031</b>	<b>18,100</b>	<b>35,089</b>	<b>42,055</b>	<b>50,026</b>	<b>59,105</b>	<b>68,878</b>
<b>Cash and Cash Equivalents - end of year</b>	<b>14,605</b>	<b>18,383</b>	<b>23,031</b>	<b>18,100</b>	<b>35,089</b>	<b>42,055</b>	<b>50,026</b>	<b>59,105</b>	<b>68,878</b>	<b>78,462</b>
plus: Investments on hand - end of year	28,283	28,283	28,283	28,283	28,283	28,283	28,283	28,283	28,283	28,283
<b>Total Cash, Cash Equivalents and Investments</b>	<b>42,888</b>	<b>46,666</b>	<b>51,314</b>	<b>46,383</b>	<b>63,372</b>	<b>70,338</b>	<b>78,309</b>	<b>87,388</b>	<b>97,161</b>	<b>106,745</b>

Balance Sheet - Consolidated As at (000's)	Budgeted 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	10,705	11,333	16,824	21,943	27,031	31,062	35,335	40,576	46,139	51,269
Investments	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550
Receivables	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350	7,350
Inventories	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661	1,661
Other	250	250	250	250	250	250	250	250	250	250
<b>Total Current Assets</b>	<b>40,516</b>	<b>41,144</b>	<b>46,635</b>	<b>51,754</b>	<b>56,842</b>	<b>60,873</b>	<b>65,146</b>	<b>70,387</b>	<b>75,950</b>	<b>81,080</b>
<b>Non-Current Assets</b>										
Investments	24,711	22,911	22,911	22,911	22,911	22,911	22,911	22,912	22,942	23,050
Infrastructure, Property, Plant and Equipment	734,201	732,153	729,978	737,617	735,182	732,672	730,084	727,416	734,666	731,831
Investments accounted for using the equity method	158	158	158	158	158	158	158	158	158	158
Investment Property	61,694	61,694	61,694	71,694	71,694	71,694	71,694	71,694	81,694	81,694
<b>Total Non-Current Assets</b>	<b>820,764</b>	<b>816,916</b>	<b>814,741</b>	<b>832,380</b>	<b>829,945</b>	<b>827,435</b>	<b>824,847</b>	<b>822,180</b>	<b>839,460</b>	<b>836,732</b>
<b>TOTAL ASSETS</b>	<b>861,280</b>	<b>858,060</b>	<b>861,376</b>	<b>884,133</b>	<b>886,787</b>	<b>888,309</b>	<b>889,994</b>	<b>892,567</b>	<b>915,410</b>	<b>917,812</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	6,241	6,241	6,250	6,249	6,236	6,211	6,174	6,124	6,063	6,001
Borrowings	7,482	5,932	6,066	6,072	6,239	4,748	4,853	4,230	3,505	3,315
Provisions	2,837	2,837	2,837	2,837	2,837	2,837	2,837	2,837	2,837	2,837
<b>Total Current Liabilities</b>	<b>16,559</b>	<b>15,009</b>	<b>15,153</b>	<b>15,157</b>	<b>15,312</b>	<b>13,796</b>	<b>13,864</b>	<b>13,191</b>	<b>12,405</b>	<b>12,153</b>
<b>Non-Current Liabilities</b>										
Payables	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291
Borrowings	78,631	74,660	68,498	62,460	65,978	62,757	57,833	54,262	51,518	58,189
Provisions	2,583	-1,552	923	22,655	14,738	13,758	12,761	11,743	29,990	17,945
<b>Total Non-Current Liabilities</b>	<b>82,505</b>	<b>74,399</b>	<b>70,712</b>	<b>86,406</b>	<b>82,007</b>	<b>77,806</b>	<b>71,885</b>	<b>67,296</b>	<b>82,799</b>	<b>77,425</b>
<b>TOTAL LIABILITIES</b>	<b>99,065</b>	<b>89,408</b>	<b>85,865</b>	<b>101,563</b>	<b>97,319</b>	<b>91,601</b>	<b>85,749</b>	<b>80,487</b>	<b>95,204</b>	<b>89,578</b>
<b>Net Assets</b>	<b>762,216</b>	<b>768,652</b>	<b>775,511</b>	<b>782,570</b>	<b>789,468</b>	<b>796,707</b>	<b>804,244</b>	<b>812,080</b>	<b>820,206</b>	<b>828,234</b>
<b>EQUITY</b>										
Retained Earnings	435,894	442,331	449,190	456,249	463,147	470,387	477,924	485,759	493,885	501,913
Revaluation Reserves	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321	326,321
<b>Total Equity</b>	<b>762,215</b>	<b>768,652</b>	<b>775,511</b>	<b>782,570</b>	<b>789,468</b>	<b>796,708</b>	<b>804,245</b>	<b>812,080</b>	<b>820,206</b>	<b>828,234</b>

**The End**