

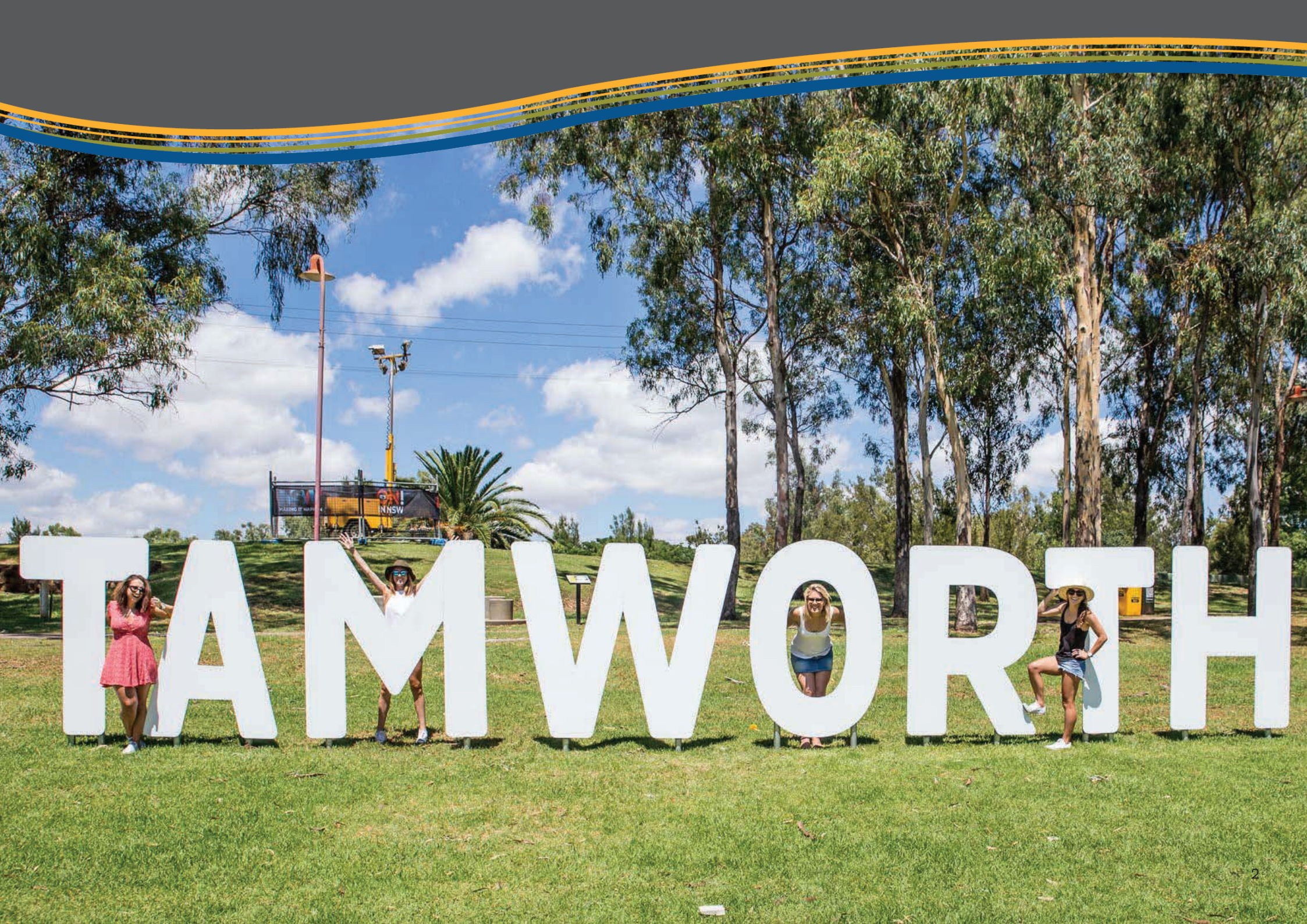


KEYCHANGE 2017 – 2027
LONG-TERM FINANCIAL PLAN

LOVE WHERE YOU LIVE!

Your voice is the key to our region's future.





TAMWORTH



INTRODUCTION

Council's Long-Term Financial Plan (LTFP) forecasts the financial capacity of Tamworth Regional Council to meet the objectives adopted in the Community Strategic Plan. It is vital for informing both Council and our community about the long-term financial position of our organisation. Council's Long-Term Financial Plan covers a period of 10 years and will be updated annually following the adoption of each of Council's Annual Operational Plans.

Estimates, projections and assumptions have been used to develop a picture of how Council's finances will progress over each of the next 10 years by quantifying revenue growth, expenditure commitments, and funding capacity. This provides various results and performance indicators in relation to council's financial sustainability, which is the degree to which revenues can meet commitments to operations, services and infrastructure.

Council's financial structure is divided into three separate funds: General, Water and Sewer. These funds are subject to legislative restrictions, and subsidisation between funds is not permitted. They operate as three separate businesses with appropriate inter-entity charging where required to ensure full and accurate cost absorption.

The Long-Term Financial Plan is presented for the individual funds as well as on a consolidated basis, using three of the main statements provided in the annual financial reports:

- Income Statement - this statement shows the operating result and change in net assets from operations for the year
- Balance Sheet – this discloses the assets, liabilities and equity of Council

- Cash Flow Statement – this statement presents the cash flows associated with Council's operating, financing and investing activities

The Long-Term Financial Plan is an important component of Council's strategic planning tools. It is where the community's long-term vision and aspirations are tested against financial realities. Council can use the plan to model different scenarios to understand the longer-term impacts of financial decisions made now.

PARAMETERS AND PRINCIPLES

In preparing Council's Long-Term Financial Plan the following principles have been adopted. Council will:

- maintain a cash balance that can meet short term commitments;
- maintain service levels to the community as defined in the Community Strategic Plan;
- maintain sufficient reserves for identified commitments;
- review operating expenditure and improve efficiency;
- pursue cost recovery on fees for service, and
- maximise investment returns within statutory guidelines.

Council has several policies in place that support these principles, which are outlined in the Annual Operational Plan each year. The main focus of these parameters is financial sustainability.

FINANCIAL SUSTAINABILITY

A financially sustainable Council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without incurring excessive debt or rate increases. A key indicator for this is the recurrent operating result before capital income. This shows the degree to which operating revenues can cover commitments for operating costs and asset renewals. This focus will enable Council to adopt capital programs and asset management plans, sustainable organisational structures and annual budgets within a prudent long term financial framework. This longer term economic modelling is critical to the success of meeting the needs of the community it serves. Council has established the following financial objectives and strategies to ensure its continuing sustainability:

- maintain service levels where possible and fund other recurrent obligations such as loan repayments, plant replacement and employee leave entitlements;
- pursue strategic management objectives identified in the Community Strategic Plan;
- preserve the investment of the community in the many assets to which Council is custodian, and
- protect itself against financial setbacks, and where possible, unknown contingencies.

Tamworth Regional Council's approach to improved financial sustainability includes a continuous review of our efficiency and effectiveness and catering for what Council "can do" in keeping with the overall aim of fiscal responsibility. However, the constraints on Council's ability to raise general fund income and continued lack of access to increased recurrent government funding, combined

with inflationary pressures on the costs of labour, plant and materials, are so significant that they are potentially leading to:

- a widening gap between the amount of funding needed and the amount of funding available for the maintenance and renewal of assets; and
- a lack of capacity to provide new facilities or increase current service levels without a consideration for offsets or funding options.

Council needs to balance these financial responsibilities with the various desires of the community to ensure the maximum benefit is returned from resource allocation.



MEASURING FINANCIAL SUSTAINABILITY

A review, undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government, identified a number of performance indicators which measure Council's financial performance

and position. The indicators measure both recurrent operations and capital sustainability. Council's results against these indicators are outlined under the section financial performance indicators.

Ratio	Calculation	What is Being Measured	Sustainable Target
Operating Performance Ratio (%)	Operating revenue (excluding capital income) less operating expenditure divided by operating revenue	The ability to contain operating expenditure within operating revenue	Greater than equal break even average over three years
Unrestricted Current Ratio (%)	Unrestricted current assets (excludes externally restricted assets) less unrestricted current liabilities	The ability to meet short term financial obligations such as loans, payroll and leave entitlements (measures liquidity)	> 1:1 Sustainable < 1:1 Unsustainable
Own Source Revenue Ratio (%)	Operating revenue (excluding capital grants and contributions) divided by operating revenue (inclusive of capital grants and contributions)	The degree of fiscal flexibility and the degree of reliance on external funding sources	Greater than 60% average over three years
Debt Service Ratio (%)	Loan interest and principal divided by operating revenue	The level of discretionary revenue required to repay the principal and interest on loans	Greater than 0% and less than or equal to 20% over three years
Debt Service Cover Ratio	Operating result before capital excluding interest and depreciation/impairment/amortisation divided by principal repayments and borrowing costs	The availability of operating cash to service debt including interest, principal and lease payments	Greater than or equal to two
Building and Infrastructure Renewal Ratio (%)	Asset renewal expenditure divided by depreciation	The rate that assets are being renewed compared to the estimated annualised rate of decline.	Greater than 100% average over three years



PLANNING SCENARIOS

It is mentioned above that the Long-Term Financial Plan is a modelling tool as well as a guide for Council. By developing and applying different scenarios, Council and the community can understand the different implications of different scenarios over the longer-term. The Office of Local Government recommends that Council develop at least three scenarios – a planned scenario, a conservative scenario and an optimistic scenario. Due to the complexity of being a multi-fund council, this Plan includes one fully developed scenario based on current funds a 1.5% increase (rate peg) for 2017/2018 in ordinary rate revenue.

The results of this scenario are then used to discuss other potential scenarios.

SCENARIO 1 – WHAT WE CAN DO NOW

This scenario was constructed on a no change basis to existing funding levels and existing levels of service provided in current operations. Some of the key points of this scenario for the General Fund are:

- asset expenditure is based on existing funding levels using Asset Management Plans (planned expenditure);
- the base year of 2016/2017 has been used as at the 31 December 2016 Budget Review with 2017/2018 to 2026/2027 projections based on assumptions;

- no new projects or new external loans raised during the 10 years except for Fitzroy Street Upgrade \$2.5m, Bridge Replacement \$2m and Public Toilets Replacement \$1.5m – all to be raised in 2017/2018;
- financial Model relies on \$5m per year of labour, on-cost and plant being covered by works procured by civil construction from sources external to general fund, including Roads and Maritime Services, Water Enterprises, Waste and other divisions to ensure the workforce is fully employed. This level is consistent with external works in preceding years;
- budget projections allow for the full employment of all current Council staff positions and plant items;
- projected unrestricted cash results for General Fund are at a level sufficient to maintain an acceptable unrestricted cash balance and are dependent on annual savings of \$540k being identified in 2017/2018 and \$700k for each subsequent year. This is considered to be achievable considering that the budget allows for the full employment of all positions within the organisational structure, and
- a conservative level of Section 94 (General Fund) and Section 64 (Water and Sewer) funded works have been included to match expected revenues from Developer Contributions Plans.

PLANNING ASSUMPTIONS

Planning assumptions provide a basis for forecasting the future impact of external and internal factors.

The following describes the main assumptions used in developing this Long-Term Financial Plan.

EXTERNAL FACTORS

Service delivery and service levels

The Long-Term Financial Plan is based on maintaining existing services at current levels of service. Service levels can affect operating costs and income as well as asset maintenance costs. The LTFP demonstrates that Council's General Fund is not in a position to introduce additional unfunded services or increase service levels above existing levels.

Population growth

The population growth across the Tamworth Region is relatively stable. However, this growth is not evenly distributed throughout the region, with some areas contracting, others expanding at faster rates and others remaining very stable

The LTFP model assumes a very conservative level of rate base growth as the region continues to provide attractive facilities and opportunities for residents and businesses alike.

Inflation (CPI)

Inflation assumptions are mainly applied to the cost of materials and services that are not identified as having specific factors of influence. The average CPI (consumer price index) for Sydney over the last three years, based on ABS data in December 2016, is 2%, with a low of just under 1.5% in 2016. The assumed rate of CPI included in the LTFP is 1.5%.

The most reliable available information has been used for proposed increases for expenditure items that are identified as having specific influences such as electricity, fuel and insurance. Where possible these items are matched to CPI with allowances for historical information and other known factors.

Interest rates

Interest rates for both borrowing and investments are based on prevailing rates being borrowing costs of 4% and investment revenue rates of 2.5%. It is recognised that these do fluctuate, however it is considered that the relative gap between rates for income and expenses should remain steady and the net result should not change significantly.

Rate peg

The rate peg amount is closely related to Local Government CPI rates as determined for Local Government by IPART. In determining the impact of rate variations over the next nine years from 2017/2018, Council has used 2.0%.

INTERNAL FACTORS

Internal revenue factors

Internal revenue factors are those that impact on Council's ability to set discretionary fees and charges. Council has assumed that service charges (water, sewer, waste, stormwater etc.), development contributions and revenue from fees for service (user pays), will generally change in line with the rate peg.

Internal Employee Costs

It is assumed that employee cost increases will be slightly above CPI inflation due to other factors including superannuation and workers compensation costs. The Long-Term Financial Plan assumes a rate of 2.5% for wages for the first four years and 2% thereafter.

The following tables show the assumptions that have been applied in developing this plan.

KEY FACTORS	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Inflation (CPI)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Interest Rates (borrowings)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rates (investments)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Comments:

Variables for specific expense and income elements have been applied where information has been reasonably reliable.

REVENUE FACTORS	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Rate Peg (scenario 1)	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Waste Charges	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Sewerage Charges	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Water Charges	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Financial Assistance Grants - General	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Financial Assistance Grants - Roads	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Government Grants (misc)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Planning and building fees	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Airport Fees	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 94 Contributions	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Section 64 Contributions	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Comments:

Grants and RMS Contributions are subject to State and Federal Government decisions.

EXPENDITURE FACTORS	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Electricity	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
General materials increase	0.00%	0.00%	0.00%	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Fuel	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Plant and Fleet – internal charges	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Telephone/communication costs	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Waste Collection Services (contract)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Insurance premiums	-33.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

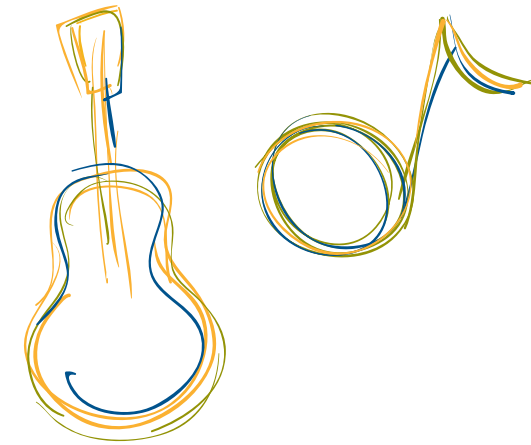
Comments:

Insurance Premium reduced in 2017/2018 due to new tender for contract.

INTERNAL EMPLOYEE COSTS AND OVERHEADS FACTORS	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Employee Costs and Overheads										
Wages (Industry Award increases)	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Training (% of total wages)	1.40%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Superannuation Contributions - Accumulation Schemes (rate)	9.50%	9.50%	9.50%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.00%
Workers Compensation (% of total wages)	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%

Comments:

Industry award increases for wages are due for review but any decision is unknown at this stage.



SCENARIO 1. CURRENT FUNDS – PROJECTED BUDGET FORECAST

Based on the assumptions provided above, this scenario represents Council's estimates of projected 'secure' revenue within rate peg limits, the maintenance of existing services, infrastructure and facilities, and the addition of new services and facilities currently proposed for the 2017-2021 Delivery Program only.

PROJECTED STATEMENT OF INCOME AND EXPENDITURE

The Income Statement shows the total operating income and expenses for the year by type based on accrual accounting principles. The operating result therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs). The net operating result before capital income provided on the last row of each income and expenditure statement is considered the more relevant measure of sustainability as it excludes income that can only be used for the acquisition of new assets.

The General Fund result is in deficit for the first four years but moves into surplus from 2021/2022, primarily due to the expected decrease in the Local Government Superannuation Retirement Scheme catch-up and the cessation of an internal loan. While this operating result continues to improve to a high of \$3.4m in 2026/2027, primarily as a result of external loans ceasing, it should be noted that each year includes a surplus of around \$3.5m to \$4m from the airport, waste and fleet operations, which means the other operations funded largely by general rates are in fact still in deficit.

The water and sewer funds maintain surplus results throughout the period which are suitable to meet sustainable operations and best practice guidelines for these essential services.

INCOME AND EXPENDITURE (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund										
Income from Continuing Operations										
Rates and annual charges	41,199,028	42,020,224	42,860,323	43,717,529	44,640,141	45,539,947	46,457,750	47,393,909	48,348,791	49,322,771
User charges and fees	24,337,618	23,791,108	26,132,649	25,120,626	24,241,609	24,656,785	25,031,556	25,444,327	25,877,006	26,324,506
Interest and investment revenue	1,833,036	1,713,079	1,753,717	1,786,670	1,656,968	1,694,703	1,734,286	1,773,838	1,808,924	1,845,043
Other revenues	2,285,520	2,324,476	2,364,212	2,404,741	2,452,756	2,501,598	2,551,480	2,602,359	2,654,252	2,707,181
Grants and contributions - operating	19,036,501	18,855,408	19,113,972	19,386,094	19,774,456	19,977,205	20,290,141	20,633,042	21,062,077	21,307,364
Grants and contributions - capital	21,647,651	2,650,216	2,816,306	3,048,574	3,280,909	3,319,251	3,351,545	3,350,859	3,360,762	3,404,613
<i>Total Income from Continuing Operations</i>	<i>110,339,354</i>	<i>91,354,511</i>	<i>95,041,179</i>	<i>95,464,234</i>	<i>96,046,838</i>	<i>97,689,489</i>	<i>99,416,758</i>	<i>101,198,333</i>	<i>103,111,812</i>	<i>104,911,478</i>
Expenses from Continuing Operations										
Employee benefits and on-costs	41,394,097	42,526,783	43,570,559	44,659,558	45,388,733	46,489,859	47,619,205	48,777,079	49,959,850	50,948,274
Borrowing costs	2,114,535	2,238,570	2,093,217	1,939,987	1,238,164	1,073,817	914,506	776,078	666,020	558,446
Materials and contracts	19,099,153	16,535,144	18,399,791	17,035,656	16,046,641	15,884,866	16,022,754	16,169,710	16,409,560	16,367,436
Depreciation and amortisation	20,879,938	21,665,009	21,837,714	21,924,844	21,979,764	22,093,500	22,163,661	22,244,569	22,340,434	22,403,910
Other expenses	6,071,878	6,214,244	6,365,865	6,831,852	6,677,304	6,847,147	7,031,504	7,550,499	7,384,261	7,572,808
<i>Total Expenses from continuing operations</i>	<i>89,559,601</i>	<i>89,179,750</i>	<i>92,267,146</i>	<i>92,391,897</i>	<i>91,330,606</i>	<i>92,389,189</i>	<i>93,751,630</i>	<i>95,517,935</i>	<i>96,760,125</i>	<i>97,850,874</i>
Net Operating Result	20,779,753	2,174,761	2,774,033	3,072,337	4,716,232	5,300,300	5,665,127	5,680,398	6,351,687	7,060,604
Net Operating Result before grants and contributions provided for capital purposes	(867,898)	(475,455)	(42,273)	23,763	1,435,323	1,981,049	2,313,582	2,329,539	2,990,925	3,655,991

INCOME AND EXPENDITURE (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Water Fund										
Income from Continuing Operations										
Rates and annual charges	6,396,148	6,524,070	6,654,551	6,787,642	6,923,395	7,061,863	7,203,100	7,347,162	7,494,105	7,643,987
User charges and fees	10,859,468	11,071,256	11,292,025	11,517,322	11,747,668	11,982,622	12,222,274	12,466,720	12,716,054	12,970,375
Interest and investment revenue	1,215,000	1,217,200	1,172,424	1,125,672	1,110,090	1,176,763	1,220,302	1,263,402	1,311,630	1,304,337
Other revenues	49,137	50,119	51,122	52,145	53,188	54,252	55,337	56,443	57,572	58,724
Grants and contributions - operating	220,500	224,910	229,408	233,996	238,676	243,449	248,318	253,285	258,350	263,517
Grants and contributions - capital	2,503,500	2,541,058	2,579,178	2,617,870	2,657,154	2,697,028	2,737,467	2,778,512	2,820,172	2,862,457
Total Income from Continuing Operations	21,243,753	21,628,613	21,978,708	22,334,647	22,730,171	23,215,976	23,686,798	24,165,524	24,657,884	25,103,397
Expenses from Continuing Operations										
Employee benefits and on-costs	2,797,254	2,867,194	2,938,872	3,012,347	3,072,594	3,134,046	3,196,727	3,260,661	3,325,874	3,392,392
Borrowing costs	632,555	1,010,824	954,552	891,011	830,986	769,436	701,310	650,006	579,430	506,670
Materials and contracts	7,024,784	7,497,857	7,554,290	7,408,149	7,438,735	7,754,905	7,855,786	7,957,811	8,072,407	8,408,495
Depreciation and amortisation	4,936,324	5,057,779	5,115,941	5,181,315	5,240,365	5,260,128	5,314,196	5,344,971	5,381,500	5,441,428
Other expenses	2,057,024	2,089,146	2,122,238	2,156,326	2,210,741	2,266,586	2,323,901	2,382,725	2,443,099	2,505,066
Total Expenses from continuing operations	17,447,941	18,522,800	18,685,893	18,649,148	18,793,421	19,185,101	19,391,919	19,596,174	19,802,310	20,254,050
Net Operating Result	3,795,812	3,105,813	3,292,815	3,685,499	3,936,750	4,030,875	4,294,879	4,569,350	4,855,573	4,849,347
Net Operating Result before grants and contributions provided for capital purposes	1,292,312	564,755	713,637	1,067,629	1,279,596	1,333,848	1,557,412	1,790,838	2,035,402	1,986,891

INCOME AND EXPENDITURE (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Sewerage Fund										
Income from Continuing Operations										
Rates and annual charges	17,329,062	17,675,644	18,029,158	18,389,740	18,757,535	19,132,686	19,515,339	19,905,646	20,303,759	20,709,834
User charges and fees	2,516,737	2,567,372	2,613,922	2,666,400	2,719,728	2,774,123	2,829,605	2,886,197	2,943,921	3,002,799
Interest and investment revenue	1,294,000	1,300,000	1,302,000	1,265,000	1,366,830	1,416,236	1,416,991	1,504,829	1,521,127	1,528,944
Other revenues	45,628	46,541	47,472	48,421	49,389	50,377	51,385	52,412	53,641	54,530
Grants and contributions - operating	198,000	201,960	205,999	210,119	214,321	218,608	222,980	227,440	231,988	236,628
Grants and contributions - capital	1,103,000	1,119,545	1,136,338	1,153,384	1,170,684	1,188,244	1,206,068	1,224,159	1,242,521	1,261,158
<i>Total Income from continuing operations</i>	<i>22,486,427</i>	<i>22,911,062</i>	<i>23,334,889</i>	<i>23,733,064</i>	<i>24,278,488</i>	<i>24,780,273</i>	<i>25,242,368</i>	<i>25,800,683</i>	<i>26,296,777</i>	<i>26,793,894</i>
Expenses from Continuing Operations										
Employee benefits and on-costs	2,344,298	2,402,908	2,462,976	2,524,552	2,575,043	2,626,544	2,679,075	2,732,656	2,787,309	2,843,056
Borrowing costs	2,552,815	2,403,840	2,469,672	2,282,102	2,242,706	2,307,810	2,078,215	1,850,798	1,775,816	1,697,504
Materials and contracts	5,764,283	5,847,449	5,933,467	6,016,986	6,172,059	6,302,762	6,453,332	6,584,596	6,730,159	7,209,474
Depreciation and amortisation	5,953,331	5,995,967	6,136,889	6,248,411	6,345,346	6,505,807	6,620,185	6,727,625	6,845,106	6,984,547
Other expenses	904,324	931,289	959,071	987,683	1,017,105	1,047,406	1,078,612	1,110,751	1,143,850	1,177,939
<i>Total Expenses from continuing operations</i>	<i>17,519,051</i>	<i>17,581,453</i>	<i>17,962,075</i>	<i>18,059,734</i>	<i>18,352,259</i>	<i>18,790,328</i>	<i>18,909,419</i>	<i>19,006,426</i>	<i>19,282,241</i>	<i>19,912,520</i>
Net Operating Result	4,967,376	5,329,609	5,372,814	5,673,330	5,926,228	5,989,945	6,332,949	6,794,257	7,014,536	6,881,374
Net Operating Result before Grants and Contributions provided for Capital Purposes	3,864,376	4,210,064	4,236,476	4,519,946	4,755,544	4,801,701	5,126,881	5,570,098	5,772,015	5,620,216

INCOME AND EXPENDITURE (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Consolidated Funds										
Income from Continuing Operations										
Rates and annual charges	64,924,238	66,219,938	67,544,032	68,894,911	70,321,070	71,734,496	73,176,189	74,646,717	76,146,655	77,676,592
User charges and fees	37,713,823	37,429,736	40,038,596	39,304,348	38,709,006	39,413,530	40,083,435	40,797,244	41,536,982	42,297,681
Interest and investment revenue	3,782,036	3,670,279	3,668,141	3,617,342	4,133,888	4,287,702	4,371,579	4,542,069	4,641,681	4,678,324
Other revenues	2,380,285	2,421,136	2,462,806	2,505,307	2,555,333	2,606,227	2,658,201	2,711,214	2,765,285	2,820,434
Grants and contributions - operating	19,455,001	19,282,278	19,549,379	19,830,209	20,227,453	20,439,262	20,761,439	21,113,766	21,552,416	21,807,510
Grants and contributions - capital	25,254,151	6,310,819	6,531,822	6,819,828	7,108,747	7,204,523	7,295,080	7,353,530	7,423,455	7,528,228
<i>Total Income from continuing operations</i>	<i>153,509,534</i>	<i>135,334,186</i>	<i>139,794,776</i>	<i>140,971,945</i>	<i>143,055,497</i>	<i>145,685,739</i>	<i>148,345,924</i>	<i>151,164,540</i>	<i>154,066,473</i>	<i>156,808,769</i>
Expenses from Continuing Operations										
Employee benefits and on-costs	46,535,649	47,796,885	48,972,407	50,196,457	51,036,370	52,250,449	53,495,007	54,770,396	56,073,034	57,183,721
Borrowing costs	4,739,905	5,093,235	4,957,441	4,553,100	4,311,856	4,151,062	3,694,032	3,276,882	3,021,266	2,762,620
Materials and contracts	31,888,220	29,880,450	31,887,548	30,460,791	29,657,435	29,942,533	30,331,872	30,712,117	31,212,127	31,985,404
Depreciation and amortisation	31,769,593	32,718,755	33,090,544	33,354,570	33,565,475	33,859,435	34,098,042	34,317,165	34,567,040	34,829,885
Other expenses	9,033,226	9,234,679	9,447,174	9,975,861	9,905,150	10,161,140	10,434,017	11,043,975	10,971,210	11,255,813
<i>Total Expenses from continuing operations</i>	<i>123,966,593</i>	<i>124,724,004</i>	<i>128,355,114</i>	<i>128,540,779</i>	<i>128,476,286</i>	<i>130,364,619</i>	<i>132,052,969</i>	<i>134,120,535</i>	<i>135,844,677</i>	<i>138,017,443</i>
Net Operating Result	29,542,941	10,610,182	11,439,662	12,431,166	14,579,211	15,321,120	16,292,955	17,044,005	18,221,796	18,791,325
Net Operating Result before Capital Income	4,288,790	4,299,363	4,907,840	5,611,338	7,470,464	8,116,598	8,997,875	9,690,475	10,798,342	11,263,098

PROJECTED BALANCE SHEET

The Balance Sheet shows the movements in Council's assets and liabilities. Current assets include cash held in the trading account, investments and money owed to council (receivables). These should exceed the total for

current liabilities which are amounts payable within the next 12 months, which is the case for each year.

BALANCE SHEET (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund										
ASSETS										
Current Assets										
Cash and cash equivalents	1,215,737	1,133,656	1,203,334	1,383,983	1,476,503	1,579,378	1,693,651	1,708,487	1,773,204	1,911,558
Investments	44,574,758	41,565,272	44,120,002	50,743,469	54,135,696	57,907,580	62,097,374	62,641,329	65,014,176	70,087,980
Receivables	9,959,786	9,155,041	9,823,251	9,797,191	9,747,404	9,987,870	10,227,337	10,390,792	10,607,700	10,885,561
Inventories	1,083,895	1,001,981	1,073,706	1,036,284	1,008,974	1,013,892	1,029,307	1,045,286	1,064,671	1,072,905
Other	31,547	29,665	31,543	31,018	30,222	30,484	31,015	31,838	32,173	32,532
Total Current Assets	56,865,723	52,885,615	56,251,836	62,991,946	66,398,800	70,519,206	75,078,684	75,817,732	78,491,925	83,990,566
Non-Current Assets										
Investments	2,838,995	2,647,319	2,810,032	3,231,884	3,447,938	3,688,171	3,955,022	3,989,667	4,140,795	4,463,949
Receivables	470,770	479,519	488,470	497,603	507,433	517,019	526,798	536,772	546,945	557,322
Infrastructure, property, plant & equipment	948,666,181	950,994,508	947,963,299	925,250,453	923,495,530	921,624,366	920,104,795	923,309,478	924,926,039	924,623,347
Investment property	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000
Intangible assets	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000
Total Non-Current Assets	958,671,946	960,817,346	957,957,801	935,675,940	934,146,900	932,525,557	931,282,615	934,531,917	936,309,779	936,340,618
TOTAL ASSETS	1,015,537,669	1,013,702,961	1,014,209,637	998,667,887	1,000,545,701	1,003,044,762	1,006,361,299	1,010,349,648	1,014,801,704	1,020,331,184

BALANCE SHEET (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund										
LIABILITIES										
Current Liabilities										
Payables	8,644,053	7,043,346	7,315,122	7,249,941	7,074,476	7,096,166	7,164,725	7,322,171	7,330,621	7,386,596
Borrowings	2,782,941	2,916,229	18,929,756	3,046,883	3,209,998	2,807,421	2,243,033	2,304,952	1,987,369	1,306,141
Provisions	9,548,686	9,691,336	9,836,812	9,985,926	10,138,022	10,293,159	10,451,400	10,612,806	10,777,439	10,945,366
Total Current Liabilities	20,975,680	19,650,911	36,081,691	20,282,749	20,422,496	20,196,747	19,859,159	20,239,929	20,095,429	19,638,103
Non-Current Liabilities										
Borrowings	42,752,101	39,835,872	20,906,116	17,859,233	14,649,235	11,841,813	9,598,780	7,293,828	5,306,459	4,000,318
Provisions	18,188,800	18,420,329	18,651,949	18,883,686	19,115,520	19,347,451	19,579,482	19,811,616	20,043,853	20,276,196
Total Non-Current Liabilities	60,940,901	58,256,201	39,558,065	36,742,919	33,764,755	31,189,264	29,178,262	27,105,444	25,350,312	24,276,514
TOTAL LIABILITIES										
	81,916,581	77,907,112	75,639,755	57,025,669	54,187,250	51,386,012	49,037,421	47,345,372	45,445,741	43,914,617
NET ASSETS										
	933,621,088	935,795,849	938,569,881	941,642,218	946,358,451	951,658,751	957,323,878	963,004,276	969,355,963	976,416,567
EQUITY										
Retained earnings	718,708,088	720,882,849	723,656,881	726,729,218	731,445,451	736,745,751	742,410,878	748,091,276	754,442,963	761,503,567
Revaluated reserves	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000	214,455,000
Council equity interest	933,163,088	935,337,849	938,111,881	941,184,218	945,900,451	951,200,751	956,865,878	962,546,276	968,897,963	975,958,567
Minority equity interest	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000
TOTAL EQUITY	933,621,088	935,795,849	938,569,881	941,642,218	946,358,451	951,658,751	957,323,878	963,004,276	969,355,963	976,416,567

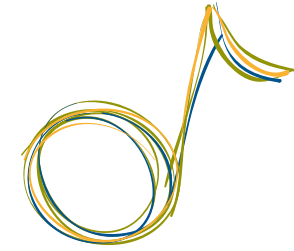
BALANCE SHEET (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Water Fund										
ASSETS										
Current Assets										
Cash and cash equivalents	823,329	803,278	763,400	945,327	1,014,139	1,051,008	1,148,879	1,230,902	1,272,887	1,362,565
Investments	30,331,100	29,592,444	28,123,327	34,825,448	37,360,456	38,718,696	42,324,238	45,345,902	46,892,642	50,196,319
Receivables	2,416,852	2,464,351	10,513,432	2,563,507	2,614,648	2,666,810	2,720,013	2,774,278	2,829,626	2,886,079
Other	2,450	2,586	2,610	2,580	2,603	2,703	2,746	2,789	2,837	2,944
<i>Total Current Assets</i>	<i>33,573,731</i>	<i>32,862,660</i>	<i>39,402,769</i>	<i>38,336,862</i>	<i>40,991,846</i>	<i>42,439,217</i>	<i>46,195,876</i>	<i>49,353,871</i>	<i>50,997,992</i>	<i>54,447,907</i>
Non-Current Assets										
Investments	1,778,732	1,735,414	1,649,260	2,042,298	2,190,960	2,270,613	2,482,056	2,659,258	2,749,964	2,943,705
Receivables	8,000,000	8,000,000								
Infrastructure, property, plant & equipment	252,987,837	255,768,758	259,438,995	262,630,610	262,553,447	263,807,395	262,800,770	262,659,346	264,360,526	264,398,598
Intangible assets	774,000	774,000	774,000	774,000	774,000	774,000	774,000	774,000	774,000	774,000
<i>Total Non-Current Assets</i>	<i>263,540,569</i>	<i>266,278,172</i>	<i>261,862,255</i>	<i>265,446,908</i>	<i>265,518,407</i>	<i>266,852,008</i>	<i>266,056,826</i>	<i>266,092,603</i>	<i>267,884,491</i>	<i>268,116,302</i>
TOTAL ASSETS										
	297,114,300	299,140,832	301,265,024	303,783,770	306,510,253	309,291,225	312,252,702	315,446,474	318,882,483	322,564,209

BALANCE SHEET (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Water Fund										
LIABILITIES										
Current Liabilities										
Payables	712,653	752,296	759,321	750,528	757,198	786,390	798,804	811,426	825,156	856,391
Borrowings	1,118,923	1,175,649	1,157,960	1,216,937	1,279,096	1,345,816	1,388,199	1,433,295	1,198,856	1,261,530
<i>Total Current Liabilities</i>	<i>1,831,576</i>	<i>1,927,945</i>	<i>1,917,281</i>	<i>1,967,465</i>	<i>2,036,294</i>	<i>2,132,206</i>	<i>2,187,003</i>	<i>2,244,721</i>	<i>2,024,012</i>	<i>2,117,921</i>
Non-Current Liabilities										
Borrowings	20,232,803	19,057,154	17,899,193	16,682,257	15,403,161	14,057,345	12,669,146	11,235,851	10,036,995	8,775,466
<i>Total Non-Current Liabilities</i>	<i>20,232,803</i>	<i>19,057,154</i>	<i>17,899,193</i>	<i>16,682,257</i>	<i>15,403,161</i>	<i>14,057,345</i>	<i>12,669,146</i>	<i>11,235,851</i>	<i>10,036,995</i>	<i>8,775,466</i>
TOTAL LIABILITIES										
	22,064,379	20,985,099	19,816,475	18,649,722	17,439,455	16,189,552	14,856,150	13,480,572	12,061,007	10,893,387
NET ASSETS										
	275,049,921	278,155,734	281,448,549	285,134,048	289,070,798	293,101,673	297,396,552	301,965,902	306,821,475	311,670,822
Equity										
Retained earnings	178,878,921	181,984,734	185,277,549	188,963,048	192,899,798	196,930,673	201,225,552	205,794,902	210,650,475	215,499,822
Revaluated reserves	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000	96,171,000
TOTAL EQUITY	275,049,921	278,155,734	281,448,549	285,134,048	289,070,798	293,101,673	297,396,552	301,965,902	306,821,475	311,670,822

BALANCE SHEET (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Sewerage Fund										
ASSETS										
Current Assets										
Cash and cash equivalents	1,041,657	1,112,623	1,064,961	1,299,044	1,357,842	1,352,099	1,349,879	1,453,041	1,529,763	1,521,457
Investments	38,374,517	40,988,886	39,233,050	47,856,644	50,022,743	49,811,177	49,729,393	53,529,867	56,356,293	56,050,300
Receivables	1,874,767	1,911,038	9,947,285	1,984,954	2,023,327	2,062,448	2,102,332	2,142,993	2,184,446	2,226,707
<i>Total Current Assets</i>	<i>41,290,941</i>	<i>44,012,546</i>	<i>50,245,297</i>	<i>51,140,642</i>	<i>53,403,912</i>	<i>53,225,725</i>	<i>53,181,605</i>	<i>57,125,901</i>	<i>60,070,501</i>	<i>59,798,464</i>
Non-Current Assets										
Investments	2,250,099	2,403,393	2,300,439	2,806,086	2,933,095	2,920,690	2,915,895	3,138,737	3,304,465	3,286,523
Receivables	8,000,000	8,000,000								
Infrastructure, property, plant and equipment	251,885,059	257,124,392	261,619,351	266,630,356	273,554,546	276,245,732	278,908,504	281,950,451	286,183,385	288,873,112
Intangible assets	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000	1,177,000
<i>Total Non-Current Assets</i>	<i>263,312,158</i>	<i>268,704,785</i>	<i>265,096,790</i>	<i>270,613,442</i>	<i>277,664,641</i>	<i>280,343,422</i>	<i>283,001,399</i>	<i>286,266,188</i>	<i>290,664,850</i>	<i>293,336,635</i>
TOTAL ASSETS										
TOTAL ASSETS	304,603,099	312,717,331	315,342,087	321,754,084	331,068,553	333,569,147	336,183,003	343,392,088	350,735,351	353,135,099

BALANCE SHEET (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Sewerage Fund										
LIABILITIES										
Current Liabilities										
Payables	654,790	665,603	676,777	687,788	705,903	721,712	739,561	755,605	773,148	823,559
Borrowings	2,448,590	2,759,233	2,940,793	3,124,467	3,505,160	3,736,940	3,966,223	4,141,122	4,532,037	4,806,914
Total Current Liabilities	3,103,380	3,424,836	3,617,570	3,812,255	4,211,063	4,458,653	4,705,783	4,896,727	5,305,185	5,630,473
Non-Current Liabilities										
Borrowings	35,340,655	37,803,822	34,863,030	35,407,012	38,396,445	34,659,504	30,693,281	30,917,166	30,837,434	26,030,521
Total Non-Current Liabilities	35,340,655	37,803,822	34,863,030	35,407,012	38,396,445	34,659,504	30,693,281	30,917,166	30,837,434	26,030,521
TOTAL LIABILITIES										
	38,444,035	41,228,658	38,480,600	39,219,266	42,607,508	39,118,157	35,399,065	35,813,892	36,142,620	31,660,993
NET ASSETS										
	266,159,064	271,488,673	276,861,487	282,534,817	288,461,046	294,450,990	300,783,939	307,578,196	314,592,732	321,474,105
Equity										
Retained earnings	180,265,064	185,594,673	190,967,487	196,640,817	202,567,046	208,556,990	214,889,939	221,684,196	228,698,732	235,580,105
Revaluated reserves	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000	85,894,000
TOTAL EQUITY	266,159,064	271,488,673	276,861,487	282,534,817	288,461,046	294,450,990	300,783,939	307,578,196	314,592,732	321,474,105

BALANCE SHEET (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Consolidated Funds										
ASSETS										
Current Assets										
Cash & cash equivalents	3,080,723	3,049,557	3,031,695	3,628,355	3,848,484	3,982,485	4,192,410	4,392,430	4,575,855	4,795,610
Investments	113,280,375	112,146,602	111,476,380	133,425,562	141,518,895	146,437,454	154,151,005	161,517,098	168,263,110	176,334,599
Receivables	14,251,405	13,530,430	14,283,968	14,345,652	14,385,379	14,717,129	15,049,682	15,308,062	15,621,772	15,998,347
Inventories	1,083,895	1,001,981	1,073,706	1,036,284	1,008,974	1,013,892	1,029,307	1,045,286	1,064,671	1,072,905
Other	33,997	32,251	34,154	33,598	32,825	33,188	33,761	34,628	35,010	35,476
Total Current Assets	131,730,395	129,760,821	129,899,902	152,469,450	160,794,558	166,184,148	174,456,165	182,297,504	189,560,418	198,236,936
Non-Current Assets										
Investments	6,867,826	6,786,127	6,759,731	8,080,268	8,571,993	8,879,474	9,352,972	9,787,661	10,195,224	10,694,176
Receivables	470,770	479,519	488,470	497,603	507,433	517,019	526,798	536,772	546,945	557,322
Infrastructure, property, plant and equipment	1,453,539,077	1,463,887,658	1,469,021,645	1,454,511,419	1,459,603,523	1,461,677,493	1,461,814,069	1,467,919,275	1,475,469,950	1,477,895,057
Investment property	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000
Intangible assets	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000	2,247,000
Total Non-Current Assets	1,469,524,673	1,479,800,304	1,484,916,846	1,471,736,290	1,477,329,949	1,479,720,987	1,480,340,839	1,486,890,707	1,494,859,120	1,497,793,556
TOTAL ASSETS	1,601,255,068	1,609,561,125	1,614,816,747	1,624,205,740	1,638,124,507	1,645,905,134	1,654,797,004	1,669,188,211	1,684,419,538	1,696,030,492
LIABILITIES										
Current Liabilities										
Payables	10,011,496	8,461,245	8,751,221	8,688,257	8,537,577	8,604,269	8,703,090	8,889,202	8,928,925	9,066,547
Borrowings	6,350,454	6,851,111	7,028,509	7,388,286	7,994,254	7,890,178	7,597,455	7,879,369	7,718,263	7,374,584
Provisions	9,548,686	9,691,336	9,836,812	9,985,926	10,138,022	10,293,159	10,451,400	10,612,806	10,777,439	10,945,366
TOTAL CURRENT LIABILITIES	25,910,636	25,003,693	25,616,542	26,062,469	26,669,853	26,787,606	26,751,945	27,381,377	27,424,627	27,386,497



BALANCE SHEET (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Non-Current Liabilities										
Borrowings	82,325,559	80,696,848	73,668,339	69,948,501	68,448,841	60,558,663	52,961,208	49,446,845	46,180,888	38,806,304
Provisions	18,188,800	18,420,329	18,651,949	18,883,686	19,115,520	19,347,451	19,579,482	19,811,616	20,043,853	20,276,196
<i>Total Non-Current Liabilities</i>	<i>100,514,359</i>	<i>99,117,177</i>	<i>92,320,288</i>	<i>88,832,188</i>	<i>87,564,360</i>	<i>79,906,114</i>	<i>72,540,690</i>	<i>69,258,461</i>	<i>66,224,741</i>	<i>59,082,500</i>
TOTAL LIABILITIES	126,424,995	124,120,869	117,936,830	114,894,656	114,234,213	106,693,720	99,292,635	96,639,837	93,649,368	86,468,997
NET ASSETS	1,474,830,073	1,485,440,255	1,496,879,918	1,509,311,084	1,523,890,294	1,539,211,414	1,555,504,369	1,572,548,374	1,590,770,170	1,609,561,495
EQUITY										
Retained earnings	1,077,852,073	1,088,462,255	1,099,901,918	1,112,333,084	1,126,912,294	1,142,233,414	1,158,526,369	1,175,570,374	1,193,792,170	1,212,583,495
Revaluated reserves	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000	396,520,000
Council equity interest	1,474,372,073	1,484,982,255	1,496,421,918	1,508,853,084	1,523,432,294	1,538,753,414	1,555,046,369	1,572,090,374	1,590,312,170	1,609,103,495
Minority equity interest	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000	458,000
TOTAL EQUITY	1,474,830,073	1,485,440,255	1,496,879,918	1,509,311,084	1,523,890,294	1,539,211,414	1,555,504,369	1,572,548,374	1,590,770,170	1,609,561,495

PROJECTED CASH FLOWS

The Cash Flow Statement shows the receipt and payment of all operating, investing and financing transactions, and the impact of this on cash balances.

This shows that all funds are maintaining a suitable level of unrestricted funds.

CASH FLOW (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Rates and annual charges	41,160,362	41,986,061	42,825,374	43,681,868	44,601,758	45,502,514	46,419,568	47,354,963	48,309,067	49,282,252
User charges and fees	24,998,796	23,907,952	25,632,025	25,336,998	24,429,544	24,568,020	24,951,430	25,356,076	25,784,499	26,228,830
Investment revenue and interest	2,154,311	1,771,394	1,651,575	1,636,442	1,565,871	1,588,630	1,624,470	1,749,084	1,739,152	1,712,783
Grants and contributions	40,485,934	22,003,559	21,919,253	22,421,572	23,039,250	23,290,197	23,632,723	23,975,016	24,411,443	24,704,470
Other	2,261,613	2,484,103	2,354,193	2,405,107	2,451,873	2,498,967	2,548,139	2,598,927	2,649,979	2,704,264
Payments										
Employee benefits and on-costs	(41,187,606)	(43,682,911)	(43,420,398)	(44,505,642)	(45,231,739)	(46,329,725)	(47,455,868)	(48,610,475)	(49,789,915)	(50,774,939)
Materials and contracts	(19,786,063)	(16,710,192)	(18,179,897)	(17,021,593)	(16,151,504)	(15,831,724)	(15,939,370)	(16,006,901)	(16,397,663)	(16,301,376)
Borrowing costs	(1,837,147)	(2,051,273)	(1,907,819)	(1,754,781)	(1,054,626)	(892,602)	(727,558)	(581,091)	(471,915)	(359,818)
Other	(6,075,705)	(6,215,661)	(6,364,450)	(6,832,247)	(6,677,904)	(6,846,950)	(7,031,105)	(7,549,879)	(7,384,008)	(7,572,538)
Net Cash provided by (or used in) operating activities	42,174,493	23,493,034	24,509,855	25,367,724	26,972,524	27,547,326	28,022,429	28,285,720	28,850,639	29,623,929



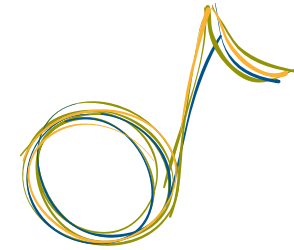
CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities	10,255,487	3,201,162								
Sale of I,P,P & E				19,600,000						
Deferred debtors receipts	5,532									
Payments										
Purchase of Investment Securities			(2,717,443)	(7,045,320)	(3,608,280)	(4,012,118)	(4,456,645)	(578,599)	(2,523,975)	(5,396,957)
Purchase of infrastructure, property, plant and equipment	(56,240,744)	(23,993,336)	(18,806,505)	(18,811,998)	(20,224,841)	(20,222,336)	(20,644,090)	(25,449,252)	(23,956,995)	(22,101,219)
Net Cash provided by (or used in) Investing Activities	(45,979,725)	(20,792,174)	(21,523,948)	(6,257,318)	(23,833,121)	(24,234,454)	(25,100,734)	(26,027,851)	(26,480,970)	(27,498,176)

CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances	6,000,000									
Payments										
Borrowings and advances	(2,457,730)	(2,782,941)	(2,916,229)	(18,929,756)	(3,046,883)	(3,209,998)	(2,807,421)	(2,243,033)	(2,304,952)	(1,987,369)
Net Cash provided by (or used in) financing activities	3,542,270	(2,782,941)	(2,916,229)	(18,929,756)	(3,046,883)	(3,209,998)	(2,807,421)	(2,243,033)	(2,304,952)	(1,987,369)
<i>Net Increase/(Decrease) in cash and cash equivalents</i>	(262,961)	(82,081)	69,678	180,649	92,520	102,875	114,273	14,836	64,717	138,384
Cash and cash equivalents at beginning of period	1,478,698	1,215,737	1,133,656	1,203,334	1,383,983	1,476,503	1,579,378	1,693,651	1,708,487	1,773,204
Cash and cash equivalents At end of period	1,215,737	1,133,656	1,203,334	1,383,983	1,476,503	1,579,378	1,693,651	1,708,487	1,773,204	1,911,588
Investments at end of period	47,413,753	44,212,591	46,930,034	53,975,354	57,583,634	61,595,752	66,052,396	66,630,996	69,154,971	74,551,928
CASH, CASH EQUIVALENTS AND INVESTMENTS AT END OF PERIOD	48,629,491	45,346,247	48,133,368	55,359,337	59,060,137	63,175,130	67,746,048	68,339,483	70,928,175	76,463,516
Representing										
External restrictions	25,246,239	23,191,335	25,457,090	27,874,960	28,490,255	31,086,714	32,500,962	34,138,245	36,406,462	38,989,576
Internal restrictions	18,785,821	18,127,564	19,019,649	23,719,088	26,788,578	28,450,072	31,718,743	29,809,527	29,492,050	31,667,071
Unrestricted	4,597,431	4,027,348	3,656,629	3,765,289	3,781,304	3,638,345	3,526,343	4,391,710	5,029,664	5,806,870
	48,629,491	45,346,247	48,133,368	55,359,337	59,060,137	63,175,130	67,746,048	68,339,483	70,928,175	76,463,516



CASH FLOW (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Water Fund										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Rates and annual charges	6,386,857	6,513,470	6,643,739	6,776,614	6,912,146	7,050,389	7,191,396	7,335,224	7,481,929	7,631,567
User charges and fees	10,968,834	11,043,491	11,263,082	11,487,786	11,717,470	11,951,820	12,190,856	12,434,673	12,683,367	12,937,034
Investment revenue and interest	1,215,000	1,217,200	1,172,424	1,125,672	1,110,090	1,176,763	1,220,302	1,263,402	1,311,630	1,304,337
Grants and contributions	2,725,405	2,765,554	2,808,165	2,851,439	2,895,396	2,940,036	2,985,338	3,031,342	3,078,061	3,125,505
Other	88,585	41,400	42,217	43,062	43,928	44,807	45,703	46,617	47,549	48,500
Payments										
Employee benefits and on-costs	(2,797,254)	(2,867,194)	(2,938,872)	(3,012,347)	(3,072,594)	(3,134,046)	(3,196,727)	(3,260,661)	(3,325,874)	(3,392,392)
Materials and contracts	(7,037,064)	(7,458,350)	(7,547,289)	(7,416,912)	(7,432,088)	(7,725,813)	(7,843,415)	(7,945,232)	(8,058,725)	(8,377,367)
Borrowing costs	(632,555)	(1,010,824)	(954,552)	(891,011)	(830,986)	(769,436)	(701,310)	(650,006)	(579,430)	(506,670)
Other	(2,057,024)	(2,089,146)	(2,122,238)	(2,156,326)	(2,210,741)	(2,266,586)	(2,323,901)	(2,382,725)	(2,443,099)	(2,505,066)
Net Cash provided by (or used in) operating activities	8,860,783	8,155,599	8,366,676	8,807,977	9,132,621	9,267,933	9,568,243	9,872,634	10,195,408	10,265,450

CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities	940,331	781,973	1,555,272							
Deferred debtors receipts				8,000,000						
Payments										
Purchase of Investment Securities				(7,095,159)	(2,683,670)	(1,437,893)	(3,816,984)	(3,198,867)	(1,637,446)	(3,497,418)
Purchase of infrastructure, property, plant and equipment	(19,690,000)	(7,838,700)	(8,786,178)	(8,372,930)	(5,163,202)	(6,514,076)	(4,307,571)	(5,203,547)	(7,082,681)	(5,479,499)
Net Cash provided by (or used in) Investing Activities	(18,749,669)	(7,056,727)	(7,230,906)	(7,468,089)	(7,846,872)	(7,951,968)	(8,124,556)	(8,402,413)	(8,720,127)	(8,976,917)
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances	10,590,000									
Payments										
Borrowings and advances	(725,225)	(1,118,923)	(1,175,649)	(1,157,960)	(1,216,937)	(1,279,096)	(1,345,816)	(1,388,199)	(1,433,295)	(1,198,856)
Net Cash provided by (or used in) financing activities	9,864,775	(1,118,923)	(1,175,649)	(1,157,960)	(1,216,937)	(1,279,096)	(1,345,816)	(1,388,199)	(1,433,295)	(1,198,856)
Net Increase/(decrease) in cash and cash equivalents	(24,111)	(20,051)	(39,879)	181,927	68,812	36,869	97,871	82,022	41,986	89,677



CASH FLOW (Scenario 1) Continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Cash and cash equivalents at beginning of period	847,440	823,329	803,278	763,400	945,327	1,014,139	1,051,008	1,148,879	1,230,902	1,272,887
Cash and cash equivalents at end of period	823,329	803,278	763,400	945,327	1,014,139	1,051,008	1,148,879	1,230,902	1,272,887	1,362,565
Investments at end of period	32,109,832	31,327,859	29,772,587	36,867,746	39,551,416	40,989,309	44,806,293	48,005,160	49,642,606	53,140,024
CASH, CASH EQUIVALENTS AND INVESTMENTS AT END OF PERIOD	32,933,161	32,131,137	30,535,986	37,813,073	40,565,555	42,040,317	45,955,172	49,236,061	50,915,493	54,502,588
Representing										
External restrictions	18,068,263	16,648,301	15,096,305	14,431,702	17,098,628	16,840,176	18,564,183	20,493,285	20,201,579	22,657,257
Internal restrictions	13,688,311	14,053,036	13,795,475	21,505,521	21,348,005	22,806,477	24,776,567	25,885,524	27,684,105	28,594,853
Unrestricted	1,176,587	1,429,800	1,644,206	1,875,850	2,118,922	2,393,664	2,614,422	2,857,252	3,029,810	3,250,478
	32,933,161	32,131,137	30,535,986	37,813,073	40,565,555	42,040,317	45,955,172	49,236,061	50,915,493	54,502,588

CASH FLOW (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Sewerage Fund										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Rates and annual charges	17,303,360	17,651,399	18,004,428	18,364,516	18,731,806	19,106,442	19,488,571	19,878,342	20,275,909	20,681,428
User charges and fees	2,587,150	2,560,115	2,607,251	2,658,879	2,712,085	2,766,327	2,821,654	2,878,087	2,935,649	2,994,361
Investment revenue and interest	1,294,000	1,300,000	1,302,000	1,265,000	1,366,830	1,416,236	1,416,991	1,504,829	1,521,127	1,528,944
Grants and contributions	1,510,140	1,316,792	1,337,549	1,358,639	1,380,064	1,401,831	1,423,947	1,446,416	1,469,244	1,492,437
Other	45,628	46,484	47,414	48,362	49,329	50,315	51,322	52,348	53,395	54,463
Payments										
Employee benefits and on-costs	(2,344,298)	(2,402,908)	(2,462,976)	(2,524,552)	(2,575,043)	(2,626,544)	(2,679,075)	(2,732,656)	(2,787,309)	(2,843,056)
Materials and contracts	(5,794,185)	(5,836,635)	(5,922,293)	(6,005,976)	(6,153,944)	(6,286,953)	(6,435,484)	(6,568,551)	(6,712,617)	(7,159,063)
Borrowing costs	(2,552,815)	(2,403,840)	(2,469,672)	(2,282,102)	(2,242,706)	(2,307,810)	(2,078,215)	(1,850,798)	(1,775,816)	(1,697,504)
Other	(904,324)	(931,289)	(959,071)	(987,683)	(1,017,105)	(1,047,406)	(1,078,612)	(1,110,751)	(1,143,850)	(1,177,939)
Net Cash provided by (or used in) operating activities	11,144,655	11,300,119	11,484,630	11,895,083	12,251,316	12,472,439	12,931,099	13,497,266	13,835,732	13,874,071

CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities			1,858,789			223,971	86,579			323,935
Deferred debtors receipts				8,000,000						
Payments										
Purchase of investment securities	(4,068,891)	(2,767,663)		(9,129,240)	(2,293,109)			(4,023,315)	(2,992,154)	
Purchase of infrastructure, property, plant and equipment	(4,660,000)	(11,235,300)	(10,631,848)	(11,259,416)	(13,269,536)	(9,196,993)	(9,282,957)	(9,769,572)	(11,078,040)	(9,674,274)
Net Cash provided by (or used in) Investing Activities	(8,728,891)	(14,002,963)	(8,773,059)	(12,388,656)	(15,562,645)	(8,973,022)	(9,196,378)	(13,792,887)	(14,070,194)	(9,350,339)
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances		5,222,400		3,668,449	6,494,593			4,365,006	4,452,306	
Payments										
Borrowings and advances	(2,311,434)	(2,448,590)	(2,759,233)	(2,940,793)	(3,124,467)	(3,505,160)	(3,736,940)	(3,966,223)	(4,141,122)	(4,532,037)
Net Cash provided by (or used in) financing activities	(2,311,434)	2,773,810	(2,759,233)	727,656	3,370,126	(3,505,160)	(3,736,940)	398,783	311,184	(4,532,037)
Net Increase/(decrease) in cash and cash equivalents	104,331	70,966	(47,661)	234,083	58,798	(5,743)	(2,220)	103,162	76,722	(8,306)

CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Cash and cash equivalents at beginning of period	937,326	1,041,657	1,112,623	1,064,961	1,299,044	1,357,842	1,352,099	1,349,879	1,453,041	1,529,763
Cash and cash equivalents at end of period	1,041,657	1,112,623	1,064,961	1,299,044	1,357,842	1,352,099	1,349,879	1,453,041	1,529,763	1,521,457
Investments at end of period	40,624,616	43,392,279	41,533,490	50,662,730	52,955,838	52,731,867	52,645,288	56,668,604	59,660,758	59,336,823
CASH, CASH EQUIVALENTS AND INVESTMENTS AT END OF PERIOD	41,666,272	44,504,901	42,598,451	51,961,774	54,313,680	54,083,967	53,995,168	58,121,645	61,190,521	60,858,280
Representing										
External restrictions	13,745,164	14,089,209	12,683,265	11,737,727	11,713,958	11,744,174	11,257,710	11,909,644	12,222,341	10,726,908
Internal restrictions	25,936,075	28,168,675	27,451,109	37,494,064	39,630,404	39,107,675	39,234,241	42,406,729	44,931,946	45,743,207
Unrestricted	1,985,033	2,247,017	2,464,077	2,729,983	2,969,318	3,232,118	3,503,217	3,805,272	4,036,234	4,388,165
	41,666,272	44,504,901	42,598,451	51,961,774	54,313,680	54,083,967	53,995,168	58,121,645	61,190,521	60,858,280

CASH FLOW (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Consolidated Funds										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Rates and annual charges	64,850,579	66,150,930	67,473,541	68,822,997	70,245,710	71,659,345	73,099,536	74,568,530	76,066,905	77,595,247
User charges and fees	38,554,779	37,511,559	39,502,358	39,483,663	38,859,100	39,286,167	39,963,939	40,668,836	41,403,514	42,160,226
Investment revenue and interest	4,103,311	3,728,594	3,565,999	3,467,114	4,042,791	4,181,629	4,261,763	4,517,315	4,571,909	4,546,064
Grants and contributions	44,721,478	26,085,905	26,064,967	26,631,650	27,314,709	27,632,064	28,042,007	28,452,774	28,958,748	29,322,412
Other	2,395,826	2,571,988	2,443,823	2,496,531	2,545,131	2,594,089	2,645,164	2,697,893	2,750,923	2,807,228
Payments										
Employee benefits and on-costs	(46,329,158)	(48,953,013)	(48,822,246)	(50,042,541)	(50,879,376)	(52,090,315)	(53,331,670)	(54,603,793)	(55,903,099)	(57,010,387)
Materials and contracts	(32,617,313)	(30,005,177)	(31,649,479)	(30,444,480)	(29,737,535)	(29,844,490)	(30,218,268)	(30,520,685)	(31,169,004)	(31,837,806)
Borrowing costs	(4,462,517)	(4,905,937)	(4,772,042)	(4,367,894)	(4,128,319)	(3,969,848)	(3,507,083)	(3,081,895)	(2,827,160)	(2,563,991)
Other	(9,037,053)	(9,236,096)	(9,445,759)	(9,976,256)	(9,905,749)	(10,160,942)	(10,433,618)	(11,043,354)	(10,970,958)	(11,255,543)
Net Cash provided by (or used in) operating activities	62,179,932	42,948,752	44,361,162	46,070,783	48,356,461	49,287,699	50,521,770	51,655,621	52,881,779	53,763,450

CASH FLOW (Scenario 1) continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Sale of Investment Securities	11,195,818	3,983,135	3,414,061			223,971	86,579			323,935
Sale of I,P,P & E				19,600,000						
Deferred debtor receipts	5,532									
Payments										
Purchase of Investment Securities	(4,068,891)	(2,767,663)	(2,717,443)	(23,269,719)	(8,585,059)	(5,450,010)	(8,273,629)	(7,800,781)	(7,153,576)	(8,894,375)
Purchase of infrastructure, property, plant and equipment	(80,590,744)	(43,067,336)	(38,224,531)	(38,444,344)	(38,657,579)	(35,933,405)	(34,234,618)	(40,422,370)	(42,117,716)	(37,254,992)
Net Cash provided by (or used in) Investing Activities	(73,458,285)	(41,851,864)	(37,527,913)	(42,114,063)	(47,242,638)	(41,159,444)	(42,421,668)	(48,223,151)	(49,271,291)	(45,825,432)
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Borrowings and advances	16,590,000	5,222,400		3,668,449	6,494,593			4,365,006	4,452,306	
Payments										
Borrowings and advances	(5,494,389)	(6,350,454)	(6,851,111)	(7,028,509)	(7,388,286)	(7,994,254)	(7,890,178)	(7,597,455)	(7,879,369)	(7,718,263)
Net Cash provided by (or used in) financing activities	11,095,611	(1,128,054)	(6,851,111)	(3,360,060)	(893,693)	(7,994,254)	(7,890,178)	(3,232,449)	(3,427,063)	(7,718,263)
Net Increase/(Decrease) in cash and cash equivalents	(182,742)	(31,166)	(17,862)	596,659	220,130	134,001	209,924	200,020	183,425	219,755

CASH FLOW (Scenario 1) Continued	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
Cash and cash equivalents at beginning of period	3,263,465	3,080,723	3,049,557	3,031,695	3,628,355	3,848,484	3,982,485	4,192,410	4,392,430	4,575,855
Cash and cash equivalents at end of period	3,080,723	3,049,557	3,031,695	3,628,355	3,848,484	3,982,485	4,192,410	4,392,430	4,575,855	4,795,610
Investments at end of period	120,148,201	118,932,729	118,236,110	141,505,830	150,090,889	155,316,928	163,503,978	171,304,759	178,458,335	187,028,775
CASH, CASH EQUIVALENTS AND INVESTMENTS AT END OF PERIOD	123,228,924	121,982,286	121,267,805	145,134,184	153,939,373	159,299,413	167,696,387	175,697,189	183,034,189	191,824,385
Representing										
External restrictions	99,845,672	99,827,373	98,591,527	117,649,807	123,369,491	127,210,997	132,451,302	141,495,951	148,512,476	154,350,444
Internal restrictions	18,785,821	18,127,564	19,019,649	23,719,088	26,788,578	28,450,072	31,718,743	29,809,527	29,492,050	31,667,071
Unrestricted	4,597,431	4,027,348	3,656,629	3,765,289	3,781,304	3,638,345	3,526,343	4,391,710	5,029,664	5,806,870
	123,228,924	121,982,286	121,267,805	145,134,184	153,939,373	159,299,413	167,696,387	175,697,189	183,034,189	191,824,385



PERFORMANCE INDICATORS

OPERATING PERFORMANCE (before capital items) (%)

OPERATING PERFORMANCE (BEFORE CAPITAL) RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	-0.98%	-0.54%	-0.05%	0.03%	1.55%	2.10%	2.41%	2.38%	3.00%	3.60%
Water Fund	6.90%	2.96%	3.68%	5.41%	6.37%	6.50%	7.43%	8.37%	9.32%	8.93%
Sewerage Fund	18.07%	19.32%	19.08%	20.02%	20.58%	20.35%	21.33%	22.66%	23.04%	22.01%
Consolidated Funds	3.34%	3.33%	3.68%	4.18%	5.50%	5.86%	6.38%	6.74%	7.36%	7.54%

This ratio measures Council's ability to contain operating expenditure within operating revenue. The ratio is a measure of sustainability and compares the operating result before capital income to total operating revenue (before capital). The benchmark is a greater than or equal to break even average over three years. The General Fund improves from an unsatisfactory result in 2017/2018 to a satisfactory positive result from 2020/2021. It must be noted

however that airport, fleet and waste management combined positively contribute \$3.5m to \$4m annually to the operating result. This means that the organisation must be especially vigilant in controlling the operating budget and disciplined in not introducing any new items without considering offsets or funding options. Both the water and sewer funds maintain healthy operating performance ratios for all years of the model.

UNRESTRICTED CURRENT RATIO

UNRESTRICTED CURRENT RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	2.65	2.81	1.19	3.23	3.48	3.75	4.22	4.05	4.20	4.76
Water Fund	9.44	9.31	13.54	13.19	12.81	13.07	13.77	14.04	16.57	16.40
Sewerage Fund	9.60	9.44	11.02	11.07	10.60	9.96	9.53	9.87	9.64	9.30
Consolidated Funds	2.65	2.81	1.19	3.23	3.48	3.75	4.22	4.05	4.20	4.76

This ratio measures the organisation's 'liquidity' by assessing the adequacy of working capital to meet unrestricted obligations in the short term. Short-term debts include loans, accounts payable and employee entitlements due within 12 months. A sustainable ratio is greater than 1:1. The result for all years is above 1:1 for all funds. The General Fund 2019/2020 Financial Year is distorted by a \$16m principal repayment being due on an internal loan

within the twelve months following. This repayment will be funded by land sales which have been budgeted for in 2020/2021. It should be noted that for consolidated purposes, water and sewer cash is externally restricted (it can only be used for water and sewer purposes) and therefore the consolidated unrestricted current ratio is equal to the unrestricted current ratio for General Fund.

OWN SOURCE OPERATING REVENUE RATIO (%)

OWN SOURCE OPERATING REVENUE RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	63.13%	76.46%	76.93%	76.50%	76.00%	76.15%	76.22%	76.30%	76.31%	76.44%
Water Fund	87.18%	87.21%	87.22%	87.23%	87.26%	87.33%	87.39%	87.45%	87.52%	87.55%
Sewerage Fund	94.21%	94.23%	94.25%	94.25%	94.30%	94.32%	94.34%	94.37%	94.39%	94.41%
Consolidated Funds	70.88%	81.09%	81.34%	81.10%	80.89%	81.03%	81.09%	81.17%	81.19%	81.29%

This ratio measures the fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. A sustainable ratio is greater than 60% average over three years. The ratio is well above

the industry benchmark for all funds which reflects a responsible revenue policy for the raising of rates, fees and charges.

DEBT SERVICE RATIO (%)

DEBT SERVICE RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	5.40%	5.93%	5.68%	24.48%	4.80%	4.71%	3.99%	3.13%	3.02%	2.50%
Water Fund	7.33%	11.29%	11.11%	10.52%	10.33%	10.10%	9.89%	9.64%	9.33%	7.76%
Sewerage Fund	22.96%	22.48%	23.78%	23.35%	23.44%	24.87%	24.42%	23.89%	23.84%	24.63%
Consolidated Funds	8.37%	9.29%	9.28%	9.04%	9.02%	9.19%	8.59%	7.90%	7.77%	7.33%

The Debt-Service Ratio shows Council's level of commitment to loan repayments. The debt-service ratio is calculated by dividing the amount of loan principal and interest by operating revenue. The industry benchmark for General Fund is an average of greater than 0% and less than or equal to 20% over three years. Council's General Fund meets industry standards for all years except 2020/2021 where a \$16m full loan principal repayment for

a land purchase is expected. The principal repayment will be funded by land sale income which will largely not be recorded as part of the operating result. There are no industry benchmarks or standards defined for sewerage and water funds. These funds are single purpose funds that are not restricted in raising income to meet service and infrastructure requirements.

DEBT SERVICE COVER RATIO

DEBT SERVICE COVER RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	4.84	4.67	4.77	1.14	5.75	5.87	6.82	8.40	8.75	10.46
Water Fund	5.05	3.11	3.18	3.48	3.59	3.59	3.70	3.82	3.97	4.65
Sewerage Fund	2.54	2.60	2.46	2.50	2.49	2.34	2.38	2.43	2.43	2.30
Consolidated Funds	3.99	3.68	3.64	3.76	3.88	3.80	4.04	4.35	4.44	4.66

The Debt-Service Cover ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The debt-service cover ratio is calculated by dividing the operating result by the amount of loan principal and interest payments. The industry benchmark

for the ratio is greater than or equal to two. All funds meet the industry benchmarks for all years with the exception of General Fund in 2020/2021 where the ratio is distorted by a \$16m loan principal repayment that will be funded by expected land sales.

BUILDING AND INFRASTRUCTURE RENEWAL RATIO (%)

BUILDING AND INFRASTRUCTURE RENEWAL RATIO (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	124.24%	85.95%	88.16%	86.77%	79.28%	80.06%	85.04%	71.43%	71.61%	73.94%
Water Fund	223.87%	67.11%	73.90%	75.20%	104.95%	71.14%	83.97%	67.08%	60.06%	71.47%
Sewerage Fund	49.75%	71.35%	91.96%	119.84%	221.72%	57.72%	119.37%	63.50%	65.62%	76.21%
Consolidated Funds	129.05%	78.43%	85.83%	91.85%	118.66%	72.68%	93.16%	68.46%	67.62%	74.02%

This ratio shows the rate that assets are being renewed compared to the estimated annualised rate of decline. This ratio provides an indication of Council's ability to renew its building and infrastructure compared with their depreciation. Ideally the ratio should be greater than 100%, however the timing of required works will not always align with annualised depreciation.

For a Council to be able to afford an asset renewal ratio of 100%, it must consistently record operating surpluses before capital. The figures for all funds indicate that increased expenditure is required on asset renewal.

UNRESTRICTED CASH RESULT

UNRESTRICTED CASH RESULT (Scenario 1)	Budget 2017/2018	Projected 2018/2019	Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
General Fund	\$299,490	\$150,833	\$108,269	\$118,969	\$123,416	\$90,583	\$84,630	\$898,153	\$876,306	\$1,018,061
Water Fund	\$243,024	\$261,206	\$256,486	\$290,481	\$287,566	\$297,811	\$261,591	\$284,515	\$214,223	\$245,993
Sewerage Fund	\$242,273	\$287,441	\$242,132	\$292,564	\$259,594	\$286,111	\$293,135	\$326,671	\$254,872	\$343,782
Consolidated Funds	\$299,490	\$150,833	\$108,269	\$118,969	\$123,416	\$90,583	\$84,630	\$898,153	\$876,306	\$1,018,061

Unrestricted cash is the amount of cash and investments that can be used for any purpose. The cash result shows how much the balance has been increased or decreased by in each financial year. It reflects the amount of untied revenues that have not been used to fund operating costs or internal reserves for asset renewals and leave provisions. Ideally the result should be positive to ensure a satisfactory level of accumulated cash is maintained. The model shows that general fund returns a modest cash surplus each year to maintain a satisfactory accumulated unrestricted cash balance.

The projected results are reliant on a number of factors including; \$540k in efficiency savings in 2017/18 and \$700k ongoing from 2018/2019; operating budgets being vigilantly achieved each year; and new unfunded costs not being added. It should be noted that for consolidated purposes, water and sewer cash is externally restricted (it can only be used for water and sewer purposes) and therefore the consolidated cash result is equal to the General Fund cash result.



SENSITIVITY ANALYSIS AND RISK ASSESSMENT

An important component of modeling is being able to understand which factors in the model are the most sensitive to variance. By testing different variables in the LTFP, Council and the community can understand what the financial impact might be if the variables change. The variables tested in the sensitivity analysis are based on the planning assumptions. For example, if Council has assumed CPI will increase steady at 3%, what will happen if it rises to 5%? If population growth stops or new development declines what impact will it have on Council's revenue? If revenue substantially declines, what services and service levels are most at risk?

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

INTEREST RATES

Estimates of interest rates are used to calculate the cost of new loans and the revenue from cash investments. There are many factors that impact on the rates for both borrowers and lenders. Current economic analysis indicates that cash rates have reached a bottom point and are likely to begin a gradual rise. Council's borrowing costs are currently around \$5m per annum, and estimated income from investments is around \$4m. As most existing loans are generally fixed for at least 5 years and there are few new loans anticipated, a change in interest rates will mainly affect investment income. A 1% decrease in interest rates would indicate an unfavourable effect to income in the order of \$400,000.

ELECTRICITY COSTS

Total electricity costs include a combination of: consumption charges, fixed charges and additional levies, with each affected by different factors and subject to Government at any time. Council will continue to review options for reducing power consumption and have commenced a program of replacing street lighting with more efficient lamps. Council's total electricity costs are currently around \$3.5m per annum. Analysis of a 1% change to electricity costs would indicate an effect in the order of \$35,000.

INSURANCE PREMIUMS AND WORKERS COMPENSATION

The increasing occurrence of natural disasters and the increasing litigious nature of society have resulted in significant increases in premium costs for insurance and workers compensation across the local government sector. Council is investing in training, equipment and other risk management programs to reduce the potential for insurance claims. In addition, Council has recently market reviewed its insurance portfolio and received premium savings in the order of \$600,000 per year.

Council's general insurance costs are currently around \$1.3m per annum. Analysis of a 1% change to insurance premiums would indicate an effect in the order of \$13,000.

Council's total workers compensations costs are around \$961,000 per annum. Analysis of a 1% change to premiums would indicate an effect in the order of \$9,600.

WORKFORCE LEVELS

Workforce levels have been assumed to remain the same over the next 10 years. At any point in time there will be outstanding leave entitlements owed to the employees of Tamworth Regional Council. These future entitlements to employee leave create a liability for Council that needs to be met at some point of time in the future. Council does not maintain cash reserves to fully extinguish the leave liabilities because, as a going concern, Council does not expect to pay these liabilities in full at any one point in time. However, given the size of the liability and the potential for large payments on termination or resignation of employees, it is prudent to have an appropriate level of cash reserves to meet future employee leave liabilities. Council has strategies to proactively manage leave taken in service to reduce the accumulation of future leave liabilities.

Local Government Superannuation Retirement Scheme funds suffered a significant fall in value after the global financial crisis. A portion of Council's employees belong to a closed scheme where member entitlements are defined as a multiple of their salary. Council's are responsible for ensuring there are sufficient funds available to pay out this benefit when these employees cease employment. Due to the erosion of funds in the scheme, Council is currently paying an additional lump sum contribution of \$323,000 per year to Local Government Superannuation. Latest actuarial information indicates that the lump sum payment is expected to cease in 2021/2022 and this has been factored into the Long-Term Financial Plan. Council's total wages and salaries costs are in excess of \$42 million annually. Increases of 1% in excess of the estimated Award increases would have an effect in the order of \$420,000 on wages alone.

OPERATIONAL COSTS AND REVENUES

While most of Council's operating costs and revenue streams are reasonably predictable and controllable, there are a number of areas which are subject to uncertain external factors such as; sporting and entertainment facilities; other user charges such as water consumption; and funding from other levels of government.

While ever Council's General Fund is recording operating deficits (before capital income), any further decrease to the net operating result will further reduce the ability to fund asset renewals. Council needs to ensure the ongoing net costs of any new assets or facilities are fully considered before approving them, even where the asset is provided at no cost. This was one of the objectives of introducing the Integrated Planning and Reporting Framework reforms, especially the requirement to consider assets on a 'whole of life basis' from acquisition to disposal.

RATE-PEGGING

Councils are currently limited by rate-pegging legislation when determining income from rates. Increases outside this limit require approval through a special rate variation process to the Independent Pricing and Regulatory Tribunal (IPART). While IPART are generally receptive of genuine cases for rate variations, it is a difficult decision for council to make, a difficult assignment to undertake, and difficult for the public to understand, accept and show support for an increase. To maintain existing service levels within rate pegging limits, council will have very limited capacity to absorb any unfavourable budget results or additional commitments.

COST-SHIFTING

Cost-shifting describes the situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function, are "shifted" from a higher level of government on to a lower level of government without the provision of corresponding funding or the conferral of corresponding and adequate revenue raising capacity. Cost-shifting has been a major concern for local governments for many years. The overall cost to local governments due to cost-shifting is significant. In most cases where cost-shifting has occurred, Council has not been provided additional funds or the opportunity to generate additional funds to cover costs of providing the service.

The most significant example of cost-shifting is the transfer of roads and major infrastructure, built by State Government to Local Government to manage and maintain. Other examples of cost-shifting include changes to the New South Wales Rural Fire Services funding model, pensioner rate rebates, companion animal act, environmental regulation, management and control of noxious weeds and road safety programs.

GOVERNMENT GRANTS

Grants from other levels of government are a significant source of revenue for Local Government and account for around 20% of Tamworth regional Council's operating revenue. This is dependent on the State and Federal government's priorities and capacity to provide funding from year to year. Both models rely on the existing levels of government funding to continue into the future and increase in most cases by CPI.

Council is also awarded significant contract works each year on State Roads which helps maintain existing workforce and plant resource levels. This plan assumes these works will continue at current levels.



LOVE WHERE YOU LIVE!

ACKNOWLEDGEMENTS

Tamworth Regional Council acknowledges the Kamilaroi People, the traditional owners and custodians of the lands in our region and we pay respect to the Elders both past and present.

We would also like to thank the thousands of residents that responded to our community engagement activities and provided us with open and robust feedback.

FEEDBACK

If you have any further queries about the engagement process or the ongoing delivery of the Community Strategic Plan 2017-2027, please contact our Corporate Communications and Marketing team on (02) 6767 5555, or 1300 733 625 within the Tamworth region during office hours, or email trc@tamworth.nsw.gov.au

