



LONG TERM FINANCIAL PLAN

2022 - 2032

PARKES[™]



Acknowledgement of Country

Parkes is the land of the Bogan River people, part of the Wiradjuri nation - the largest Aboriginal territory at the time of European settlements, encompassing the Central West slopes and plains.

Wiradjuri Country extends from Coonabarabran in the north, straddling the Great Dividing Range down to the Murray River and out to western NW, encompassing around one fifth of NSW. The people of Wiradjuri Country are known as 'people of three rivers', due to the three rivers that border their lands: the Wambool (Macquarie River), Kalari (Lachlan River) and Murrumbidjeri (Murrumbidgee River).

In the spirit of reconciliation, the Parkes Shire Council acknowledges the Wiradjuri people as the traditional custodians of the land and pays respect to Elders past, present and future and we extend our respect to all Indigenous Australians in Parkes Shire. We recognise the respect their cultural heritage, beliefs and continuing connection with the land and rivers. We also recognise the resilience, strength and pride of the Wiradjuri community.



Contents

EXECUTIVE SUMMARY	6
LONG-TERM FINANCIAL PLANNING: WHY THIS IS CRITICAL TO SUPPORT COUNCIL DECISIONS	7
MANAGING INFRASTRUCTURE ASSETS: WHY THIS IS CRITICAL TO COUNCIL'S FINANCIAL SUSTAINABILITY	8
THE 'BASE CASE': THE STARTING POINT TO DEVELOP A PLAN FOR THE FUTURE	9
THE 'ALTERNATIVE SCENARIOS': EXPLORING THE IMPLICATIONS OF POTENTIAL OPTIONS FOR THE FUTURE	10
COUNCIL'S FINANCIAL SUSTAINABILITY OBJECTIVES: THE 'GUIDE RAILS' FOR FUTURE PLANNING	11
COUNCIL'S WATER SUPPLY AND SEWERAGE BUSINESSES	13
STRUCTURE OF THE LONG-TERM FINANCIAL PLAN	14
COUNCIL'S OBJECTIVE: SOUND FINANCIAL MANAGEMENT	15
INTRODUCTION	16
PARKES SHIRE COUNCIL FINANCIAL SUSTAINABILITY OBJECTIVES (MAY 2022)	17
GENERAL FUND	18
Introduction	19
Base Case	20
3.1 Revenues	24
<i>Rates, levies and annual charges</i>	24
<i>User fees and charges</i>	25
<i>Interest</i>	26
<i>Other revenues</i>	26
<i>Operating grants and contributions</i>	26
<i>Other income (including rentals)</i>	27
<i>Gain or loss on asset sales and disposals</i>	27
3.2 Expenses	28
<i>Employee costs</i>	28
<i>Materials and services + other expenses</i>	30
<i>Depreciation</i>	30
<i>Borrowing costs</i>	32
3.3 Investment in Infrastructure	33
<i>How much do we need to spend on our infrastructure?</i>	33
<i>Capital grants</i>	33
<i>Capital contributions</i>	34
3.4 Reserves and Borrowing	35
<i>Cash reserves</i>	35
<i>Borrowings</i>	37
WATER FUND	38
INTRODUCTION	39
4.1 ASSUMPTIONS FOR OPERATING INCOME AND EXPENSES	42
4.2 ASSUMPTIONS FOR CAPITAL WORKS, GRANTS AND CONTRIBUTIONS, AND BORROWINGS	43
SEWER FUND	44
INTRODUCTION	45
5.1 ASSUMPTIONS FOR OPERATING INCOME AND EXPENSES	48
5.2 ASSUMPTIONS FOR CAPITAL WORKS, GRANTS AND BORROWINGS	49
SENSITIVITY AND RISK ANALYSIS	50
IMPACT OF KEY PARAMETERS TO ACHIEVE FINANCIAL SUSTAINABILITY	51
ALTERNATIVE SCENARIOS FOR THE GENERALFUND	54
Alternative Scenarios for the General Fund	55
7.1 Higher Capital Works Scenario	56
7.2 Heated Pool Scenario	58
APPENDIX DOCUMENTATION	60
Appendix 1: Forecast Financial Statements	61



List of Figures and Tables

Figure 1: key income and expense items in 2022/23 general fund budget	19
Figure 2: trends in income, expenses and operating result in general fund 'Lesser SRV + Service Cuts'	20
Figure 3: trends in capital works, grants & cash (reserves) & borrowings in general fund	21
Figure 4: User fees and charges in general fund from 2021 financial statements	25
Figure 5: trends in FTEs, employee costs and capital works in general fund	26
Figure 6: Comparisons between employee numbers for a given population (consolidated basis)	28
Figure 7: Why depreciation can be understood as the means of generating cash for work on assets	29
Figure 8: key income and expense items in 2022/23 water fund budget	39
Figure 9: trends in income, expenses and operating result in water fund	30
Figure 10: trends in capital works, grants & cash (reserves) & borrowings in water fund	40
Figure 11: key income and expense items in 2022/23 sewer fund budget	45
Figure 12: trends in income, expenses and operating result in sewer fund	45
Figure 13: trends in capital works, grants & cash (reserves) and borrowings in sewer fund	46
Figure 14: trends in capital, grants and cash & investments – Higher Capital Works Scenario	56
Figure 15: trends in capital, grants and cash & investments – Higher Capital Works with \$10M loan	56
Figure 16: trends in income, expenses and operating result – Higher Capital Works + loan + service cuts	57
Figure 17: trends in capital, grants, cash and investments – Higher Capital Works + loan + service cuts	57
Figure 18: trends in capital, grants and cash and investments – 'Heated Pool' Scenario	58
Figure 19: trends in capital, grants and cash and investments – 'Heated Pool' Scenario with \$10M loan	58
Table 1: Parkes Shire Council financial sustainability objectives	17
Table 2: Summary of assumptions for operating revenues and expenses (base case)	22
Table 3: summary of ongoing operating grants and contributions for general fund	26
Table 4: Summary of reserves with external and internal restrictions	35
Table 5: Summary of current borrowings general fund	37
Table 6: Summary of proposed borrowings general fund	37
Table 7: Summary of assumptions for operating revenues and expenses – water fund	42
Table 8: Summary of assumptions for operating revenues and expenses – sewer fund	48
Table 9: Key parameters for sensitivity or 'risk' analysis	51

EXECUTIVE SUMMARY

LONG TERM FINANCIAL PLANNING: WHY THIS IS CRITICAL TO SUPPORT COUNCIL DECISIONS

MANAGING INFRASTRUCTURE ASSETS: WHY THIS IS CRITICAL TO COUNCIL'S FINANCIAL SUSTAINABILITY

THE 'BASE CASE': THE STARTING POINT TO DEVELOP A PLAN FOR THE FUTURE

THE 'ALTERNATIVE SCENARIOS': EXPLORING THE IMPLICATIONS OF POTENTIAL OPTIONS FOR THE FUTURE

COUNCIL'S WATER SUPPLY AND SEWERAGE BUSINESSES

STRUCTURE OF THE LONG-TERM FINANCIAL PLAN



Long-Term Financial Planning: Why this is Critical to Support Council Decisions

Parkes Shire is in the midst of unprecedented, once-in-a-generation change with the **Special Activation Precinct**.

State and federal governments have also been offering **unprecedented grants** for a variety of projects (across NSW and Australia) in recent years. It is important to secure support for priority projects for the community as such opportunities won't continue indefinitely.

Realising the benefits of the Special Activation Precinct and grant opportunities demands **greater investment from Council than 'normal'** in relation to operational activities (to support and facilitate growth) and capital works projects (many grants are on a 50/50 basis).

Council has funded this investment via a mix of **cash reserves and borrowing**. Its reserves – which were healthy prior to this extraordinary period – are now about as low as Council is comfortable with, so further investment will need to be funded by debt.

Alongside these 'one off' opportunities, Council also needs to fund its 'business as usual' priorities, particularly renewal of existing infrastructure. A **Strategic Asset Management Plan** has been developed to identify the needs and guide such investment, as well as to identify and prioritise projects for new and upgraded assets (ideally funded by grants).

Council's focus in its 2022-2025 **Delivery Program** is securing maximum benefit for the local community from 'one off' opportunities *in addition to* its 'business as usual' service delivery.

The purpose of this Long-Term Financial Plan is to support Council's decisions in the Delivery Program to ensure it maintains a strong financial position whilst pursuing these benefits over the next 3 years of Council's term and, beyond this, to ensure that Council charts a sustainable and responsible course long-term, for the next generation.

Long-term planning is vital because of the unknowns in the current plan as well as the emerging opportunities and challenges. This Plan will be updated at least annually, and additionally when Council is contemplating major decisions that have financial implications.

Over the past few years, Council has invested heavily in various activities to maximise opportunities arising from the Special Activation Precinct and unprecedented grants offered by NSW and federal governments (grants are mostly on a 50/50 basis).

However, Council's reserves are now depleted, so future investment will need to be funded by borrowings.

Long term planning is critical to ensure Council maintain its strong financial position now and in future.

Managing infrastructure Assets: Why this is Critical to Council's Financial Sustainability

Council's cash reserves in its general fund were around \$4.5M in 2020 and 2021 (excluding water and sewer businesses, which are accounted for separately, and other funds externally restricted for specific purposes). Reserves are forecast to exceed \$10M in 2022 and 2023. Council has around \$8M in debt, all of which is due to be repaid in under 10 years.

This level of reserves and borrowings isn't of concern, but it is vital to recognise that the **state of Council's infrastructure assets has a big impact on financial sustainability, too.**

Of prime concern is Council's 2,100km road network. Not only do roads make up a large portion of the total general fund asset portfolio, but there are strategic concerns to focus on over Council's current term, as detailed in the Strategic Asset Management Plan.

There is around \$12M in 'backlog' works across 244km of urban and rural sealed roads. If Council doesn't undertake these works (mostly reseals, but repairs to pavements and kerb within these sections is also included in the \$12M) as a priority, there is a high risk the road pavement itself will fail. This is a case of **'a stitch in time saves nine'**: the cost to rebuild these roads (if they are left too long) is 8-9 times the cost of a reseal that needs doing now.

There is also a further \$10M in works identified on the sealed road network. This includes renewing pavements and kerb that have *already* failed. There isn't the same risk of escalating costs so it isn't counted as 'backlog', but it is anticipated that the community will expect these works to be undertaken over the next 10 years, at least.

The Strategic Asset Management Plan also identifies priorities for renewal and/or upgrade of a variety of other infrastructure and assets including unsealed roads, urban stormwater drainage, footpaths, parks, sportsgrounds, buildings and plant and equipment.

Council's decisions about funding infrastructure works (whether using its own money, or grants) will have a significant impact on its financial sustainability into the future.

Financial sustainability isn't just about cash in the bank and borrowings.

The state of Council's infrastructure has a big impact on sustainability too, particularly its 2,100km road network.

The key concern is \$12M in 'backlog' works. 244km of urban and rural sealed roads need resealing (and associated works) to avoid premature failure of the road pavements, which costs 8-9 times as much to fix.

The Strategic Asset Management Plan details these and other issues.

The 'Base Case': The Starting Point to Develop a Plan for the Future

The 'base case' in section 2 of this Long-Term Financial Plan makes provision for \$9.6M p.a. in capital works to be funded by Council, on average, over the 9 years from 2024 to 2032 as set out in the Strategic Asset Management Plan (at this stage, minimal grant funded works are included as they are an 'in and out' and so don't directly impact finances). This is a big drop from the \$52M capital works in the 2023 budget (\$14M is Council funds) and average \$22M p.a. over the last 6 years (Council's contribution was \$12M p.a., the rest was grants).

The 'base case' is the starting point for future planning. It shows that Council can:

- fund the priority capital works program in the Strategic Asset Management Plan (eliminate the 'backlog', renew other poor condition assets, undertake some upgrade projects)
- pay off the \$8M of borrowings that are due to be repaid over the next 10 years and
- maintain sufficient cash reserves (reserves start at \$12M in 2023 and are forecast to be at \$9M in 2032, in 10 years' time).

It is important to recognise these forecasts are based on assumptions detailed in section 3 of this Plan. There is uncertainty regarding many of these (section 6 also highlights risks or sensitivity associated with key items). As such, it is critical that this Plan is revised annually.

This Plan also needs to be revised to inform Council when it is considering investments that will divert it from the path in the base case: e.g., the financial implications of building a new asset include ongoing operations and maintenance costs, not just the cost of construction.

The base case emphasises Council doesn't have much 'spare financial capacity'. Council should expect that if it makes decisions that set it on a path significantly different to that in the base case, it will need to offset or balance out the impacts by savings in other areas.

The 'base case' in section 2 isn't what Council *plans* to do. It is the *starting point* to develop a plan for the future.

It shows Council can fund priority capital works in the Strategic Asset Management Plan, pay off its debts and maintain sufficient cash reserves.

Many assumptions are uncertain, so it is critical to monitor and review the Plan, and to revise it when Council is considering investments that will take it from the path in the 'base case'.

The 'Alternative Scenarios': Exploring the Implications of Potential Options for the Future

As noted above, the 'base case' is not what Council *intends* to do in future, rather, it is the starting point to *develop a plan* for the future.

In addition to 'essential' capital works in the Strategic Asset Management Plan (\$9.6M p.a. in 2024-2032), the base case assumes Council will continue to invest the same in operational activities (all but capital works) as it is in the 2023 budget.

The 'alternative scenarios' in section 7 explore the financial implications of two other paths. Firstly, the 'higher capital works' scenario assumes a \$10.5M p.a. program (still \$1.5M+ p.a. less than delivered in recent years) over the 9 years from 2024 to 2032. This highlights Council could only afford this if it was to borrow \$10M and cut operating expenses by at least \$1M p.a. (a Special Rate Variation to increase revenues is not considered as an option).

Secondly, the 'heated pool' scenario assumes a capital investment of \$20M funded by a 20 year loan and operating costs of \$1M p.a., offset by \$0.2M p.a. extra income. This scenario was included as a heated pool was identified as a priority in the Community Strategic Plan. The scenario shows that Council simply cannot afford this investment, even if it secured a \$10M grant to help fund its construction, prioritised this project over all other capital works in the 'base case' and achieved significant savings of \$1.5M p.a. in operations generally.

Based on this modelling, Council can realistically only afford a heated pool if it made big sacrifices in other areas and increased rates generally via a Special Rate Variation.

The 'alternative scenarios' in section 7 explore the financial implications of two paths other than the 'base case':

- a 'higher capital works' scenario assumes a \$10.5M p.a. program (\$2M p.a. less than recent years, but \$1M p.a. more than is proposed in the base case)
- a 'heated pool' scenario assumes a \$20M construction and \$0.8M p.a. in net operating expenses

Both show Council would need to fund investment with borrowings and cut services in other areas.

The key issue isn't these particular options as such (the Strategic Asset Management Plan includes actions to clarify future priorities) but rather the importance of long-term planning to help Council make informed decisions.

Council's Financial Sustainability Objectives: The 'Guide Rails' for Future Planning

The 4 financial sustainability objectives are 'guide rails' for future planning.

If Council considers a decision that will put it on a different path to the 'base case', the implications need to be considered in relation to its performance against these objectives.

The one objective Council will not meet under the base case is minimising the deficit. Council has an underlying operating deficit of \$2M+ p.a. While not of immediate concern, it is something Council needs to work towards.

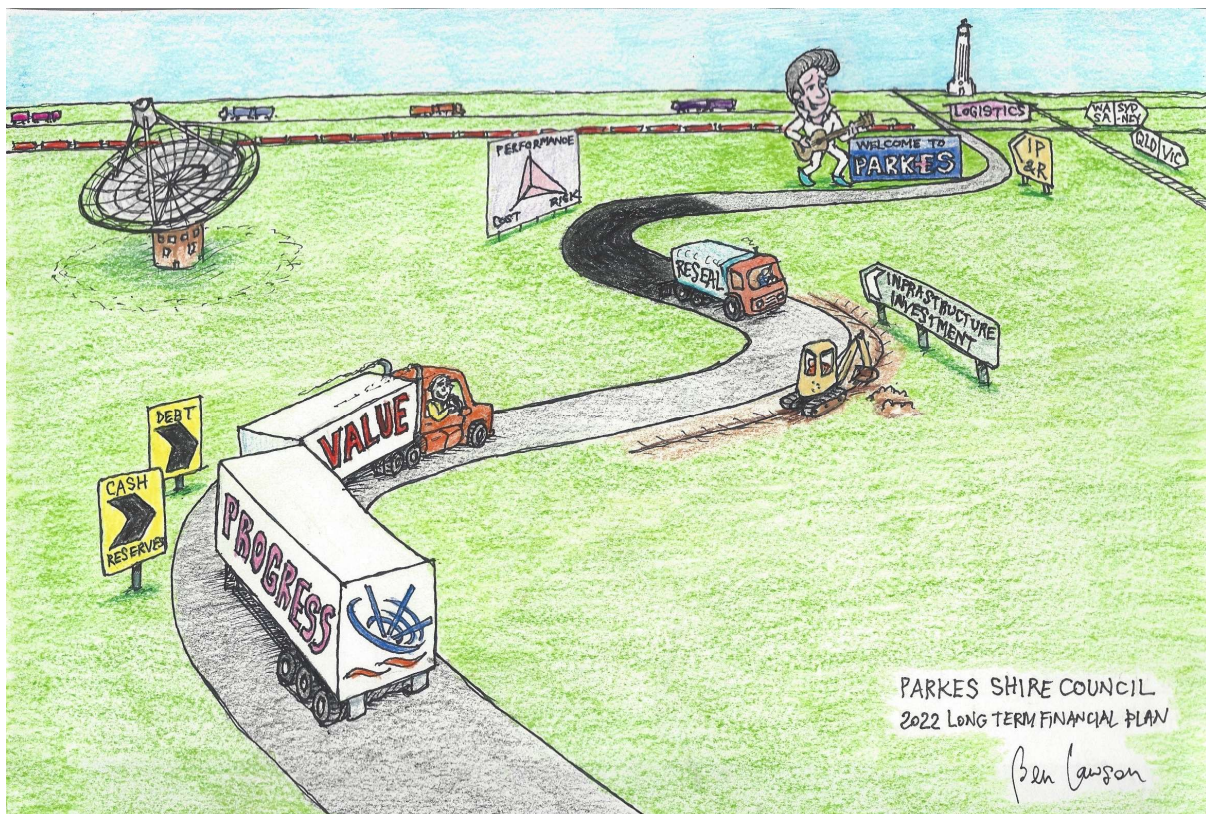
The significance of the 'heated pool' scenario isn't that it demonstrates the facility is beyond Council's means, but rather that Council – as noted above – needs to undertake long-term planning to inform the decisions it makes in its Delivery Program.

Council has established 4 financial sustainability objectives (as detailed in section 2, they are also set out in Council's Delivery Program):

- adequate cash reserves and use of borrowings
- infrastructure investment
- minimising the operating deficit
- integrated long-term planning

These are intended to serve as 'guide rails' for future planning. When Council is considering a decision that will put it on a different path to the base case, the implications need to be considered in relation to its forecast performance against these objectives.

The picture below presents a different way to understand these issues.



Council's primary objective (its mission statement) is “**to deliver progress and value to our community**”. The road to that destination has lots of twists and turns. The four financial sustainability objectives are ‘guide rails’ to ensure Council stays on track.

The first corner to round is maintaining **adequate cash reserves**, and supplementing this with debt (loans) when and if required.

Next, Council's **investment in infrastructure** must be responsible and sustainable, guided by the Strategic Asset Management Plan. The focus should be managing risks (reseals to avoid costly premature failure of pavements is top priority) and renewing assets in poor condition.

Council's next challenge is limiting its **spending on operational activities**. Achieving the right balance between performance (service levels), cost and risk isn't easy, but Council needs to tackle this because the one objective it is not forecasting it will achieve under the ‘base case’ is minimising the deficit. As discussed in section 3, Council's underlying operating deficit is \$2M+ p.a. and is, at this stage, forecast to continue.

The way to tackle this and other challenges is ‘**IP&R**’ (integrated planning and reporting). This will enable Council to ‘round the last corner’ and deliver on its mission. This involves improving the alignment between its IP&R documents (financial and asset plans, Delivery Program): being clearer about its objectives, what is achievable and affordable within the limited resources available. IP&R can also underpin the continuous improvement program.

Council's Water Supply and Sewerage Businesses

The discussion above has focused on Council's general fund. Under the NSW Local Government Act, Council water supply and sewerage functions must be accounted for as distinct businesses.

Council has invested over \$100M over the past 5 years in a number of water supply and sewerage projects and is forecasting to spend another \$60M in 2023-4 on water security. This has and is being funded by a mix of cash reserves, borrowings and grants. The sewer fund in particular has minimal reserves and is due to repay a \$4M loan in 2026.

Forecasts indicate that both funds have sufficient financial capacity (although some grants budgeted for water security are not yet confirmed). Based on the assumptions in sections 4 and 5, their financial position will improve over the next 10 years.

However, it is important to note that significant uncertainties exist, particularly in relation to demand for water from the Special Activation Precinct and North Parkes Mine (lower demand means less income) and in relation to the amount Council needs to invest in renewal of ageing assets (the Strategic Asset Management Plan includes a range of improvement actions to investigate this and refine funding estimates).

As with general fund, it is critical that Council refines the assumptions set out in this Plan, and monitors progress over time to ensure water and sewer funds stay on track.

Councils are required to account for their water supply and sewerage functions as distinct businesses.

Forecasts indicate that both water and sewer funds have sufficient financial capacity to meet future needs, and their position should improve in future.

However, some grants for water security are unconfirmed, and there are significant unknowns in relation to water demand (which directly impacts income). The amount Council needs to invest in asset renewals is also unclear.

It is important that Council monitors and reviews financial plans for water and sewer over time, in conjunction with improvement actions in the SAMP, to ensure these funds stay on track.

Structure of the Long-Term Financial Plan

2. FINANCIAL MANAGEMENT OBJECTIVES
what are our 'guide rails' to keep us on track?

Spending	Infrastructure Investment	Reserves & Borrowings	Integrated Planning
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3, 4 & 5. CURRENT SITUATION AND FORECASTS
what is our performance against these objectives?

General Fund (base case)	Water Fund	Sewer Fund
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6. SENSITIVITY AND RISK ANALYSIS
what are the implications of our assumptions proving incorrect?

7. SCENARIOS
what are the implications of us taking a different path in future?

Higher Capital Works	Heated Pool
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APPENDIX 1
detailed numbers behind sections 3, 4 & 5

COUNCIL'S OBJECTIVE: SOUND FINANCIAL MANAGEMENT

INTRODUCTION

PARKES SHIRE COUNCIL FINANCIAL SUSTAINABILITY OBJECTIVES (MAY 2022)



Introduction

The **NSW Local Government Act** section 8B establishes principles of sound financial management as follows:

- a) Council **spending** should be responsible and sustainable, aligning general revenue and expenses
- b) Councils should invest in responsible and sustainable **infrastructure** for the benefit of the local community
- c) Councils should have effective **financial and asset management**, including sound policies and processes for the following:
 - (i) performance management and reporting,
 - (ii) asset maintenance and enhancement,
 - (iii) funding decisions,
 - (iv) risk management practices.
- d) Councils should have regard to achieving **intergenerational equity**, including ensuring the following:
 - (i) policy decisions are made after considering their financial effects on future generations,
 - (ii) the current generation funds the cost of its services (which also means the current generation shouldn't bear costs for benefit of future generations)

This LTFP and the Strategic Asset Management Plan (SAMP) that sits alongside it are evidence of Council's commitment to these principles.

Council recognises that it needs to (for example) minimise its deficit and, ideally, balance its operating budget, and this LTFP explains how Council intends to work towards this.

But in its current Delivery Program, Council's primary focus is maximising the value of the unprecedented, once-in-a-generation opportunities associated with the Special Activation Precinct and grants from State and Federal governments, while maintaining a relatively strong financial position.

This LTFP and the SAMP have been formulated to support Council's decision making in its Delivery Program to ensure it *does* maintain that strong financial position.

Council has identified four financial sustainability objectives (below) that will serve as 'guard rails' to help keep Council 'on track'. These are also reflected in Council's Delivery Program, so progress will be reported against these in Council's Annual Report.

Parkes Shire Council Financial Sustainability Objectives (May 2022)

Objective	Details
1 Adequate cash reserves and use of borrowings	<p>Council will maintain an appropriate level of cash reserves by:</p> <ul style="list-style-type: none"> • responsible and sustainable infrastructure investment (objective 2) • responsible and sustainable spending (objective 3) • using borrowings (debt) to overcome shortfalls in available funds to undertake priority works when and if this is required. <p><i>Section 3 shows Council can maintain adequate reserves and repay its debts. Section 7 highlights that if Council increases capital works much beyond what is in the SAMP, it will need to borrow, and may need to cut some services. Sections 4 and 5 show water and sewer can maintain adequate reserves.</i></p>
2 Responsible and sustainable infrastructure investment	<p>Council will:</p> <ul style="list-style-type: none"> • pursue grants wherever possible to minimise Council’s investment, but not vary its priorities significantly simply to obtain a grant • allocate funds to infrastructure and other assets in accordance with priorities identified in the Strategic Asset Management Plan (SAMP) with a focus on managing risk and renewing existing assets • identify priorities for new and upgraded assets, and opportunities to dispose of underutilised assets, in the SAMP • not prioritise funds for further new or upgraded assets over essential renewals except where new assets address unacceptable risks • only build new or upgraded assets if the LTFP shows this is affordable • pursue continuous improvement in the management of its assets and infrastructure, guided by actions in the SAMP. <p><i>Sections 3, 4 and 5 show that Council can afford to fund necessary investments in asset renewals, as well as priority upgrades/new assets. Section 7 highlights capital works beyond what is in the SAMP may need to be funded by debt or grants, and that service cuts may also be needed.</i></p>
3 Responsible and sustainable spending	<p>Council will work toward aligning general revenues and expenses by:</p> <ul style="list-style-type: none"> • continuing to improve the robustness of, and integration between, its long-term plans (objective 4 below) • exploring options to vary current service levels as part of an ongoing conversation with the community about their priorities. <p><i>Section 3 examines the main income and expense items, highlighting Council has an underlying operating deficit of \$2M+ p.a. At this stage, forecasts are that this will continue, but Council needs to explore options to reduce it. Sections 4 and 5 show both water and sewer funds are forecasting operating surpluses, but also highlight the need to refine key assumptions behind this.</i></p>
4 Integrated long-term planning	<p>Council will continue to improve the robustness of, and integration between, its plans <i>and</i> monitoring and reporting of performance against these to:</p> <ul style="list-style-type: none"> • drive efficiency and productivity gains (reduce expenses) • better manage corporate risks • better understand the costs of service delivery and options to vary services, to inform community engagement about priorities. <p><i>Future revisions of this Plan will explain Council’s management systems framework for IP&R and how this drives continuous improvement programs.</i></p>

GENERAL FUND

INTRODUCTION

BASE CASE

REVENUE

EXPENSES

INVESTMENT IN INFRASTRUCTURE

RESERVES AND BORROWING



Introduction

Under the NSW Local Government Act, councils must account for their water supply and sewerage functions as separate businesses. These are in section 4 and 5. The remainder of Council's functions fall under the scope of Council's 'general fund'.

Figure 1 summarises the main operating revenues and expenses in the Income Statement for Council's 2022/23 budget, which is a projected surplus of \$1.1M excluding \$37.8M for capital grants and contributions (which are not available to spend on operational activities).

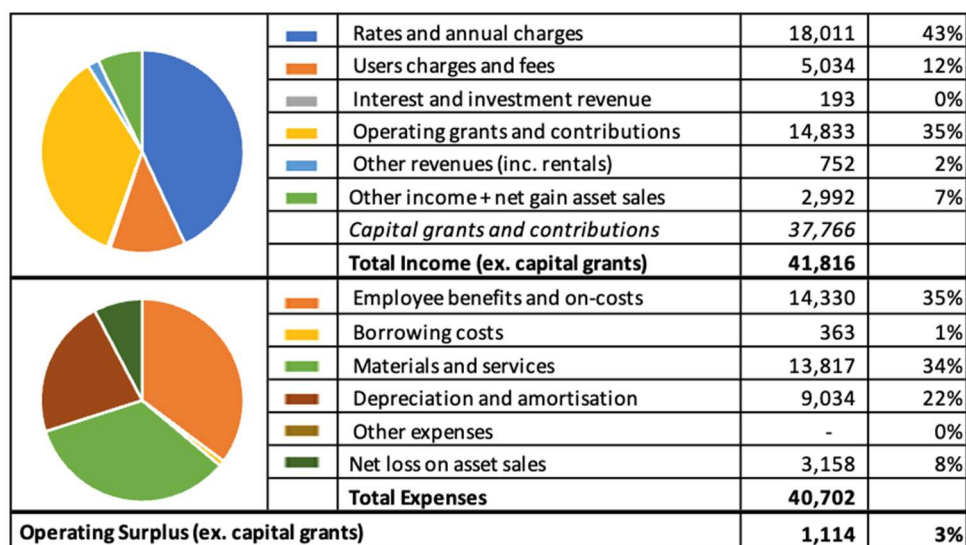


Figure 1: key income and expense items in 2022/23 general fund budget

It is good that Council is budgeting for a healthy surplus (3% of income), but it is important to recognise there are several 'one off' items in the budget (both the income and expenses).

A longer-term view (such as the 10 year horizon in this LTFP) is essential if Council's real *underlying* financial performance (and so its sustainability) is to be properly understood.

Base Case

The 'base case' is the *starting point* to develop a long-term plan for the future. It assumes:

- **operational activities** in the budget ('what Council does' excluding capital works – renewing, upgrading and building new assets) will continue in the future and
- priority **capital works** identified in the Strategic Asset Management Plan (SAMP) will be delivered as proposed.

The figure below summarises Council's financial performance over the long-term including:

- actual historic results over the past 5 years,
- current (as at 2nd quarterly budget review) and
- next year budgets and forecast results under this base case for the next 9 years.

Note that in charts throughout this LTFP, the financial years as shown are the financial year *ending in...* so, for example, the 2022/23 financial year is identified as "2023".

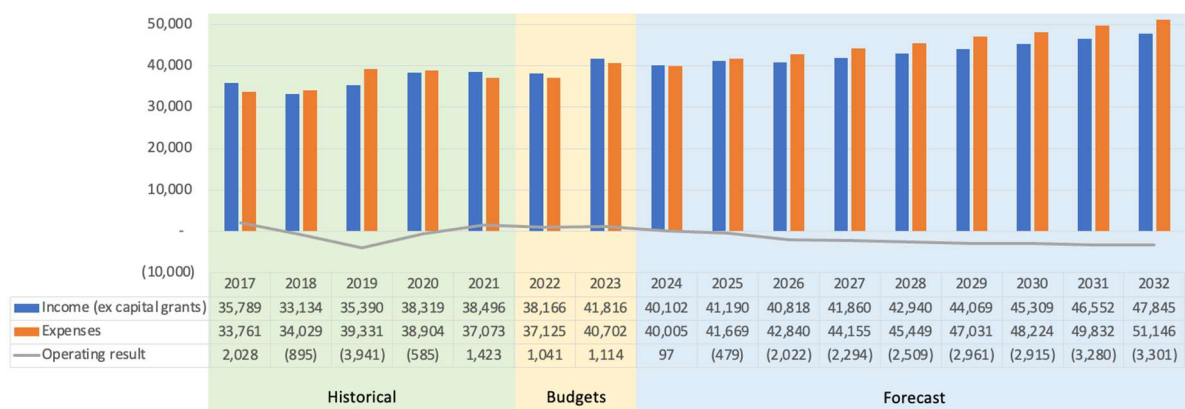


Figure 2: trends in income, expenses and operating result in general fund (base case)

In summary, the 'story' that Figure 2 (supplemented by the details in sections 3.1 and 3.2) is telling for the general fund is:

- Council's **historical income** (blue columns) ranged from \$33M to \$38M; grants and 'other income' (e.g. from Elvis) are the main items varying from year to year although income from investments decreased with lower reserves and interest rates
- Council's **historical expenses** (orange columns) ranged from \$33M to \$39M, but several 'one-off' items (capitalisation of employees and materials, writing off the 'book value' of assets being disposed of) are distorting these figures
- **Income is forecast to drop to a low of \$40.8M in 2026** and increase with CPI from then on, once the \$1.5M p.a. in natural disaster grants for flood repairs end in 2026, despite \$0.6M p.a. extra rates from the Special Activation Precinct (SAP) from 2024
- **Expenses are forecast to increase to \$42.8M in 2026** and increase with CPI from then on (the \$3M write off of 'book values' from asset sales in 2023 is a one off,

employee costs are lower in 2023-4 due to an assumption of 5% and 2% vacancies) and extra depreciation expenses from new assets built by Council and from the SAP

- This equates to an **‘underlying’ operating deficit** (income less expenses, excluding one-offs like grants, asset sales, etc.) **of around \$2M p.a.** (5% of operating income); this is forecast to grow over time with CPI and additional depreciation.

Council’s financial *performance* is only half of the ‘story’. Figure 3 below is the other half: Council’s financial *position* (reserves, borrowings, investment in assets/capital works).

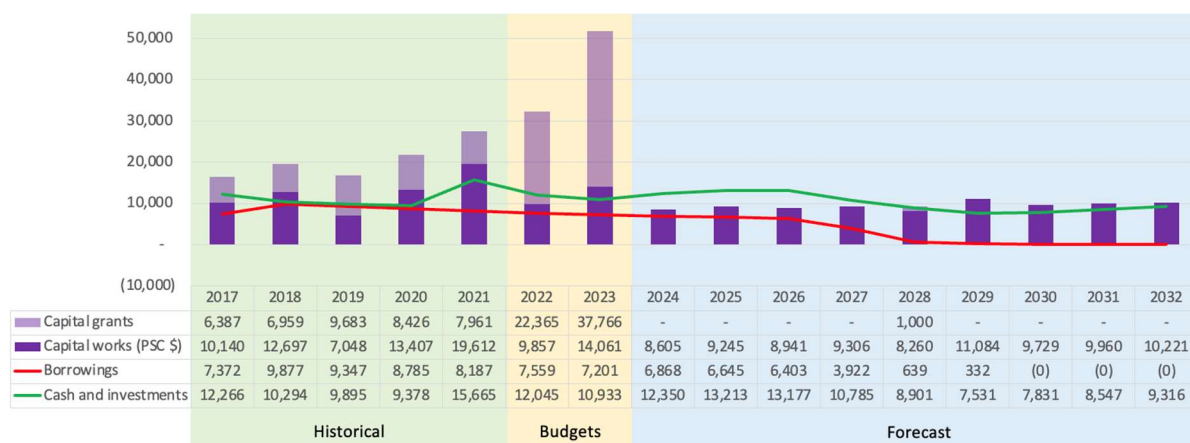


Figure 3: trends in capital works, grants and cash and investments (reserves) and borrowings in general fund

In summary, the ‘story’ that Figure 3 (supplemented by details in sections 3.3 and 3.4) is telling for the general fund is:

- Council is in the midst of a major **capital works** program (purple columns) that is far larger than it is forecast to undertake in future (based on the analysis in the Strategic Asset Management Plan, which at this stage only includes ‘priority’ capital works)
- While much of the capital works Council has been undertaking has been funded via **grants** (light purple portion of column) Council has also been drawing on its own funds (dark purple portion)
- At this stage, very few capital grants are forecast in future (if and when they are received, they are an ‘in and an out’ in this figure)
- Council’s **cash reserves** (green line) have stayed between \$10M and \$15M in recent years (higher amounts are largely unexpended grants), and are forecast to remain relatively healthy (based on the assumed level of spending in this base case)
- Council has relatively low levels of **debt** (red line) and is able to pay this off over the next 10 years as these loans expire.

The assumptions behind the overall general fund numbers in Figure 2 are summarised in the table below alongside the historic increases in these items in the last few years.

Income items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Rates and annual charges</i>	Rate peg average 2.2% p.a. Domestic waste only increased 1% p.a. 2018-2022.	2023-2032: rates increasing by 2.5% p.a. rate peg 2024: additional \$0.6M p.a. rates from SAP ongoing. <i>Actual rates from SAP uncertain until new land valuations (2023) and finalisation of the subdivision (estimated 2023).</i> 2024-2032: additional \$0.4M p.a. cumulative, each year associated with extra residential land. <i>Actual rates will depend on new development (estimate based on 2021 Housing Strategy).</i> 2024-2032: 3% p.a. increase in waste charges
<i>User fees and charges</i>	Varies: \$4.3-5.3M p.a.	\$5M in 2023, mostly increasing 3% p.a. for 10 years (slight drop off in RMCC works). <i>Main sources (\$M p.a.): RMCC 2.5, planning & building 0.6, waste (landfill) 0.5; pools, cemeteries, family day care, private works 0.2; others: airport, leaseback vehicles, tourism, Elvis.</i>
<i>Interest</i>	Varies with interest rates and cash reserves	Interest rate assumed at 2% p.a. in 2024 increasing 0.1% p.a. to 2.9% in 2032. <i>Actual revenues will depend on reserves and interest rates.</i>
<i>Operating grants</i>	Varies: \$11.4-15.2M p.a.	Dropping back to a low of \$13.6M p.a. in 2026 (\$1.5M p.a. in flood grants drop off) then 3% p.a. for remaining years. <i>Main sources (\$M p.a.): FAGs general 4.9, FAGs local roads 2.5, R2R 1.4, Block Grant 1.4, Family Day Care 2.2, other 1.1.</i> <i>There is a risk of tightening funding from other levels of government (e.g. another freeze on FAGs grants).</i>
<i>Other revenues</i>	Varies: \$0.7-1.6M p.a.	Increasing by 3% p.a. for 10 years. <i>Primarily rent from buildings + portion of Elvis income.</i>
<i>Other income</i>	\$0.2M p.a. in 2020-1	None (leases covered in other revenues)

Expense items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Employee costs</i>	Varied between \$13.1-13.8M p.a. (2017 and 2019 were higher due to inadequate capitalisation)	2023: calculated based on staff numbers in workforce plan less 5% vacancies. 2024: assumes 2% vacancies 2025-2032: full staff numbers, 2.5% p.a. increase. <i>Council's workforce plan is closely integrated with its capital works program (in the SAMP). This needs ongoing review as a significant number of FTEs are devoted to capital works (if capital works decrease, FTE numbers need to be reviewed).</i>
<i>Materials and services + other expenses</i>	\$10M p.a. 2017-18 \$14.5M p.a. 2019-21	Starting at \$13.8M p.a. in 2023, increasing at 3% p.a. for 10 years. <i>Will vary with work to be capitalised, flood repairs, RMCC (state roads).</i>

<i>Borrowing costs</i>	Decreasing as loans repaid	<i>Reducing in accordance with loan schedule. No new loans proposed in base case.</i>
<i>Depreciation</i>	Around \$8M, then \$8.5M following road revaluation	<i>Increases calculated based on capital works (new assets built) and contributed assets from SAP.</i>

Table 2: Summary of assumptions for operating revenues and expenses for the general fund (base case)

Sections 3.1 and 3.2 discuss each of the above items in detail, identifying issues that:

- have contributed to this year's operating result in the current budget (Figure 1), and
- are forecast to impact operating performance in future (Figure 2).

The detailed numbers for each item are in the income statement in Appendix 1.

Sections 3.3 and 3.4 discuss assumptions behind Figure 3 including capital works and grants and cash reserves and borrowings. Further details are also in the balance sheet and cashflow statement Appendix 1.

3.1 Revenues

This section reviews each of the main revenue items in Figure 1.

Rates, levies and annual charges

Of the \$18M total rates and charges in the 2023 budget:

- \$15M is ordinary (land) rates
- \$2.9M is waste management charges (domestic and non-domestic)
- \$180k is the stormwater management levy

Ordinary rates are forecast to increase by:

- \$0.6M p.a. (ongoing) from 2024, once stage 1 of the Special Activation Precinct (SAP) has been subdivided and is rateable as 'SAP developed' business land
- \$39k p.a. *each year* for 9 years from 2024 to 2032 (i.e. building to \$350k p.a.)
- A rate peg of 2.5% p.a. each year

The timing of the biggest unknown (SAP rates) is unlikely to change significantly (stage 2 is not forecast to occur by 2032). But the scale of the additional rates will only be clear once the new SAP land is valued and included in Council's property register. The NSW Valuer General is due to issue new land valuations in 2023 based on 2022 values, so the SAP won't be included then. It will only be added once the land is formally subdivided.

It is suggested that Council consider a comprehensive review of its rating system once the SAP land becomes rateable as there are a variety of other issues to consider. For example, Council may consider a move from the current minimum rate to the arguably fairer base rate (as recommended in the IPART Report on the Review of the Local Government Rating System, 2016). The footprint of the current (higher) CBD rate should also be reviewed.

The forecast growth in residential rates will be monitored via the number of development consents and further strategic planning to cater for growth in housing demand. Current forecasts are based on projections in the Parkes Housing Strategy 2021-2041 and average rates of \$1,000 per property.

Waste management charges are assumed to increase by 3% p.a. Any changes here will need to be in the context of Council's waste management strategy, considering the cost of service delivery. There are a number of issues to consider in this area such as the cost of switching existing landfills to transfer stations, and the potential for a rural access charge (which many other councils have in place) to help pay for the operation of these facilities.

The Stormwater Management Levy is set at \$25/property and is not indexed by CPI or the rate peg. The only growth is due to the assumed growth in residential properties.

Improving this Plan:

- Review timing and scale of the SAP rates
- Consider a review of Council’s rating structure once SAP stage 1 is rateable
- Review forecasts for additional residential rates, and the stormwater levy with it

Review forecasts for waste management charges informed by the Waste Strategy.

User fees and charges

Actual user fees and charges collected as reported in Council’s 2021 financial statements are shown in the figure below.



Figure 4: User fees and charges in general fund from 2021 financial statements

Comments on the above:

- Many of these such as Elvis, caravan park, aerodrome, tourism and library were impacted by COVID restrictions, and will improve in future years
- RMCC works on state roads are dependent on works identified by Transport for NSW and are done on a cost-recovery basis
- NSW government sets charges for planning and building regulation and certificates
- Waste management charges will be informed by the Waste Strategy

Improving this Plan:

- Ongoing review of the appropriateness of user fees and charges

Interest

Forecasts are based on cash reserves forecast at that time and interest rates growing from 2% p.a. in 2023 to 2.9% in 2032.

Improving this Plan:

- Review interest rate forecasts

Other revenues

The revenue streams accounted for as 'other income' includes fines, rebates, insurance claims and general sales, including some income from the Elvis festival.

Operating grants and contributions

The major *ongoing* grants and contributions for operational purposes, together with assumptions about trends over time, are summarised in the table below.

Source	\$M	Forecasts and comments
Financial Assistance Grants (general + local roads)	4.9 + 2.5	Forecast to continue, but timing could change if advance payments discontinue, or it wasn't indexed (see sensitivity and risk analysis, section 6).
Roads to Recovery	1.4	Forecast to continue, but could drop or not be indexed
Regional Roads	1.4	Block and Repair Grants. Forecast to continue.
Family Day Care	2.2	Forecast to continue, covers costs of operation
Other operating grants & contributions	1.1	Includes grants/contributions (from users and govt) for libraries, environmental weeds, street lights, traffic lights, North Parkes Mine, RFS hazard reduction, etc. Limited opportunity to increase. Basically used to fund service delivery, so if grants/contributions ceased so would expenditure on delivery, unless Council funded it internally
TOTAL (approx.)	13.4	

Table 3: summary of ongoing operating grants and contributions for general fund

Council often receives various 'one off' grants for specific operational projects, too. These vary considerably, and will generally be associated with additional expenses, so the net impact on Council's financial performance is negligible.

Natural disaster grants (flood repairs) of \$1.4M p.a. has been forecast from 2023 to 2025. Council has received such grants every few years, but the 'bar is being raised' in terms of applications (e.g. records of road condition prior to the event must be submitted). Council needs to keep pace with requirements to avoid missing out on this funding.

The sensitivity and risk analysis in section 6 explores the implications of an ‘austerity’ approach by other levels of government (i.e. reductions in grants to councils, such as the freeze on FAGs grants between 2015 and 2017).

Grants and contributions for capital purposes are discussed in section 3.3.

Improving this Plan:

- Monitor changes in requirements for natural disaster grants (e.g. record keeping)

Other income (including rentals)

The majority of income accounted for as ‘other income’ from rental charges on Council owned properties, including commercial properties and road reserves.

Improving this Plan:

- Review of commercial rent

Gain or loss on asset sales and disposals

The 2023 budget includes \$2.4M **income** from the sale of several Council buildings as well as the ongoing \$650k p.a. allowance for ‘ordinary’ asset sales (mostly plant and equipment), which is forecast to be ongoing for the 10 years.

There are further opportunities for Council to generate funds from asset sales, including developing some land holdings. These will be considered in future revisions of this Plan.

The net loss on asset sales is, like depreciation, a ‘non-cash’ item in the **expenses**. The ‘book value’ of the assets sold is ‘written off’. This is budgeted at \$3.2M in 2023, but then \$450k p.a. for the rest of the 10 years (mostly plant and equipment).

Improving this Plan:

- Identify further opportunities for asset sales

3.2 Expenses

This section reviews each of the main expense items in Figure 1.

Employee costs

Employee costs make up around a third of all expenses in 2023 (and more like 38% from 2026, once asset sales have dropped, and vacancies are eliminated from forecasts), and just over 50% of all cash expenses.

It is important to recognise FTE numbers don't directly correlate with employee costs. The level of capitalisation (the number of employees working on capital projects, rather than on operational activities) has a major impact, as does overtime.

The figure below shows that since 2020, Council's FTE numbers in general fund (excluding water and sewerage) have increased by 24 (21%), which closely follows the growth in capital works. As can be seen, employee costs in operations only increased by 4% (less than award and superannuation increases) over this period.

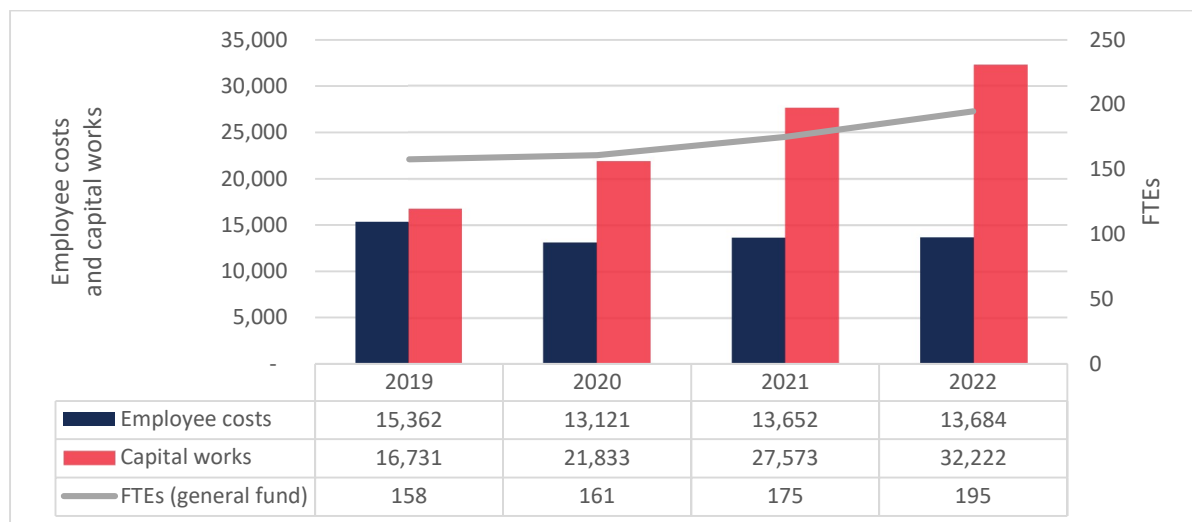


Figure 5: Trends in FTEs and employee costs in general fund

The strategic issue here is the link between workforce and capital works planning. Employee costs were high in 2020 due to low (inaccurate) capitalisation, but this sheds a little light on the impact of a significantly reduced capital works program in future.

It isn't considered there is any concern for the next few years at least. While capital works forecasts (in Figure 3) are low, it is certain that Council will continue to secure grants on top of these amounts. But this is something to bear in mind and review as forecasts for capital works in the SAMP are refined and if there is a major shift in future grant opportunities.

The figure below addresses another question that may arise in this context: how does Council's employee numbers compare with other councils? The only data available is 2020 figures published by OLG on a consolidated basis (general fund plus water and sewer).

The figure compares other councils classified in 'group 11' (large rural councils with a population between 10,000 and 20,000) on the basis of the number of staff for a given population. The trendline is to be understood as indicating the 'typical' number of staff for a given population.

As can be seen, the 2020 figures for Parkes Shire Council (182 staff serving a population of 14,800) suggests Council is right on the 'typical' FTE numbers for its population.

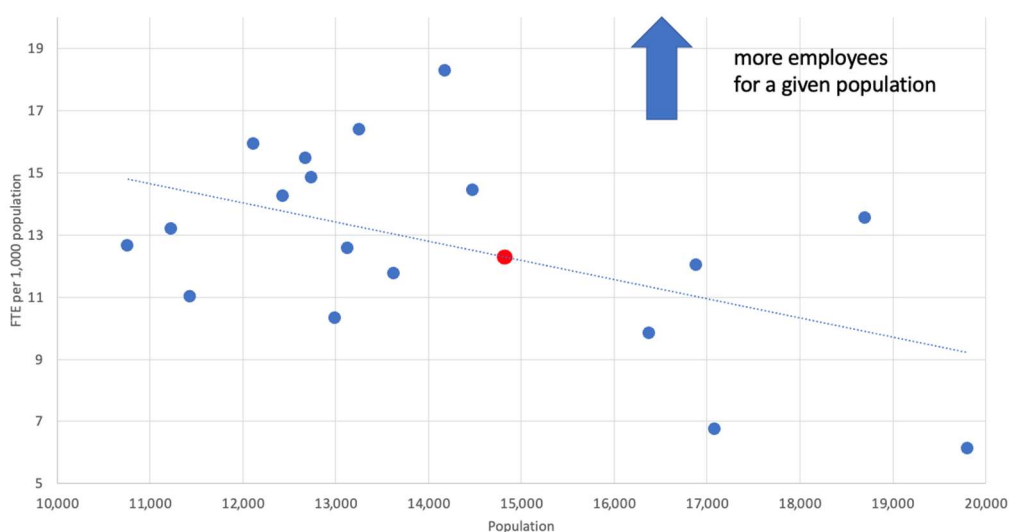


Figure 6: Comparisons between employee numbers for a given population (consolidated basis)

The additional staff employed since 2020 (24 FTEs) increases Council to 14 FTE per 1,000 population, which is still lower than many other councils, particularly given that Parkes is responsible for water supply and Family Day Care (which others may not be).

Other key metrics Council monitors in relation to employee costs include overtime, vacancies, employee leave entitlements / outstanding leave, and work health and safety performance. The following factors influence employee costs generally:

- State Award increases (2% in July 2022, beyond that subject to Award negotiations)
- Superannuation guarantee levy (+0.5% p.a. until 2025, i.e. 2% p.a. total on current)
- Employees progressing through salary steps
- Re-evaluation of positions (changing pay rates)
- Span of control / structure (number of employees per manager)
- Redundancy and termination payments
- Management of outstanding leave
- Amount of overtime
- Training programs

- Investment in safety programs
- Workers' compensation performance (number and severity of injuries, and rehabilitation), which impacts insurance costs.

Improving this Plan:

- Review and refine employee-related metrics
- Continue to monitor the FTE numbers in the context of variations in the capital works program (to better forecast workforce needs in future)

Materials and services + other expenses

Materials and services, alongside employee costs, make up another third of total operating expenses, and the other half of cash expenses from 2024 on (once asset sales are lower).

This includes things like:

- Contractor and consultant costs, including garbage collection, plant hire, etc.
- Raw materials including fuel, chemicals, gravel, guideposts, etc.
- Banking, office expenses, insurance, electricity, legal, advertising, etc.

As with employees, these costs have reduced since 2019 with more accurate capitalisation. They are simply forecast to increase by 3% p.a. into the future.

Historically, many items now accounted for as 'materials and services' were included under 'materials and contracts'. Other expenses are now primarily:

- contributions to other levels of government (RFS, SES, NSW Fire Brigade) and
- donations to community groups.

These are forecast to increase by 3% p.a., but it is important to note there was a proposal in recent years to increase contributions from local government to RFS operations.

Improving this Plan:

- Review forecasts for materials and services based on future operational activities.

Depreciation

Depreciation makes up around a quarter of all operating expenses. While it is sometimes dismissed as unimportant as it isn't a 'cash' expense, it is fundamental to sound financial management. It represents the 'cost of asset consumption'.

Depreciation is best understood as *the means by which Council generates cash to fund work on infrastructure and other assets* in the context of a balanced budget:

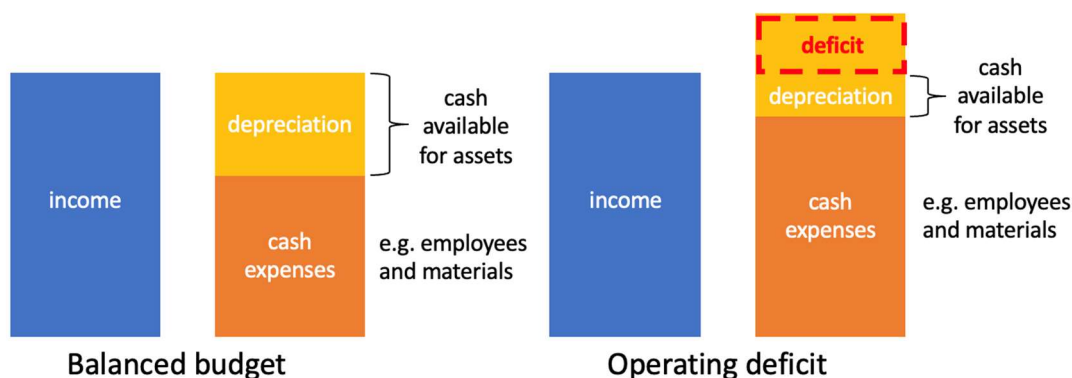


Figure 7: Why depreciation can be understood as the means of generating cash for work on assets

Council has an *underlying operating deficit* (income less expenses, excluding one-off items) of around \$2M p.a. This is visible in Figure 2 from 2026 onwards and it is growing. The problem is ‘masked’ over the period 2023-2025 due to asset sales and flood grants (on the income side) and lower employee costs (due to vacancies) on the expenses side.

This deficit means Council’s income is sufficient to cover its cash expenses (employees, materials, etc.) but not its depreciation. Since depreciation is the means by which Council generates cash for capital works, Council may struggle to afford priority capital works like renewing roads in poor condition over the longer term (as section 7 shows, Council is already unable to invest much in capital works over and above the ‘priorities’ in the SAMP).

It is important to note, though, that infrastructure investment needs vary considerably over time (as discussed in section 3.3). Cash generated ‘from’ depreciation won’t necessarily be spent in the year Council receives it. Works on Council’s assets are financed in 3 ways:

- *after* the income is received, so Council keeps it in a **reserve** until it is needed
- *at the same time* as the **income** is received (current year income, including grants)
- *before* the income is received, so Council will need to **borrow** to pay for the works, and then repay the loan as income comes in over time.

This LTFP shows that Council can fund the priority works identified in the SAMP over the next 10 years without any borrowing, and without ‘eating into’ reserves. But this is because forecast capital works needs are *less* than depreciation (section 3 of the SAMP discusses the ‘renewal ratio’, which compares renewal spending to depreciation), and because a considerable portion of the massive grant-funded program in 2023 is asset renewals.

The operating deficit is being exacerbated by the construction of new and upgraded assets over the past few years and 2023 budget, and the new assets being contributed from the Special Activation Precinct (the road will be a state road ‘owned’ by NSW Government, but other assets like drainage and paths will belong to Council). Depreciation is forecast to increase by 53% over 10 years (4.8% p.a. compounded). This accounts for new assets and some indexation over time, but actual increases could exceed this amount.

This doesn't mean Council *shouldn't* necessarily build new or upgraded assets, but rather that it needs to take the impacts of these into account in future planning. This is what the financial sustainability objectives in section 2 are all about.

The other side of this issue is that Council needs to ensure its depreciation expenses are reasonable (not too high or too low). Reasonable estimates are important in terms of:

- achieving intergenerational equity (so the current generation pays for the cost of its services, including infrastructure – not too much or too little, and future generations also pay their fair share of the costs of built services).
- financial sustainability (so Council is confident it will have sufficient money available when it needs it – either as cash reserves or as the capacity to repay borrowings).

Improving this Plan:

- Review depreciation expenses as part of asset revaluation processes
- Review forecasts for new and upgraded assets, and those contributed from the SAP.

Borrowing costs

Forecasts for borrowing costs are based on loan schedules for the existing loans, which are assumed, under this base case, to be fully repaid within 10 years (see section 3.4).

3.3 Investment in Infrastructure

As noted in section 2, responsible and sustainable infrastructure investment is one of Council's primary financial sustainability objectives.

The Strategic Asset Management Plan (SAMP) is the primary document to guide Council's pursuit of this objective, but it is critical that the numbers in the SAMP align with those in this LTFP and Council's other IP&R documents (section 3 of the SAMP explains how financial forecasts align between the documents).

How much do we need to spend on our infrastructure?

This 'base case' assumes Council will only spend \$9.6M p.a. on capital works, on average, over the 9 years 2024-2032 (after the \$52M program budgeted in 2023, \$38M of which is grants). This estimate comes from the SAMP, which identifies what 'needs' to be spent over the next 10 years to address high risk issues and renew assets in poor condition.

There is a minimal allowance for upgrades (\$750k p.a. for roads, \$0.2M p.a. for urban drainage and some funds for specific playground projects) but it is considerably less than the \$12M+ p.a. that Council has spent *of its own money*, on average, over the last 6 years (with grants averaging \$10M p.a. on top of this).

The 'higher capital works' scenario in section 7.1 shows that if, for example, Council wanted to spend \$1M p.a. on top of what is in the SAMP between 2024-2032 (average \$10.6M p.a., in other works an extra \$9M over 9 years) it could only afford to do so if it borrowed \$10M and cut operating expenses by 6% p.a. The scenario is included to highlight the type of 'balancing act' Council needs to undertake to prioritise its limited resources into the future.

Improvement Actions:

- Refine capital works forecasts via actions identified in the SAMP.

Capital grants

Council relies on a range of ongoing grants to help fund its asset-related activities. These are identified in section 3.1 of this LTFP.

Council also relies on specific one-off grants to help fund some projects. These are identified in the 'specific grants' (far left) column of the capital works program in section 3 of the SAMP for 2024 onwards. The extensive list of \$38M in capital grants in the 2023 year are identified in the Annual Budget for 2023 in the Operational Plan.

Total grants are also shown at 'capital grants' in the income statement and 'grants and contributions' in the cashflow statement in Appendix 1. If any unconfirmed grants are not

secured, the projects they relate to may not proceed unless Council resolves to fund them by other means, at which time this LTFP should be reviewed.

Council will also pursue additional capital grant opportunities as and when they arise, with a focus on asset renewals and priority projects (as noted in the objective in section 2).

Capital contributions

Council receives capital contributions from developers in the form of both donated assets (e.g. roads that become Council's responsibility) and cash contributions for the provision of infrastructure (roads, drainage, open space, etc.) utilised by the new development.

Improvement Actions:

- Include further details regarding contributions in future revisions of this LTFP.

3.4 Reserves and Borrowing

As noted in section 2, one of Council’s primary financial sustainability objectives is maintaining adequate cash reserves and using borrowings where required to supplement this. The two are closely related:

- Council builds up **cash reserves** when it receives income *ahead of* time compared to expenditure outlays
- Council utilises **borrowings** as a way of overcoming “timing mismatches”¹ where outlays need to occur *before the time* it receives income to pay for these.

The following sections outline key issues in relation to reserves and borrowing.

Cash reserves

Council had just over \$30M in reserves across the water, sewer and general funds as at 30 June 2021 (this is used as the starting point, as the 2022 year is in progress – in future, this LTFP may work from the Quarterly Budget Review instead).

The table below summarises these reserves. There are 3 main types:

- *externally restricted* (legislation restricts what Council can spend these funds on)
- *internally restricted* (Council has resolved to restrict the funds for specific things)
- *unrestricted* (cash available to spend on anything, in accord with Council’s budget)

Reserve type	Details	\$000’s
Total funds (all cash, investments and cash equivalents)		30,083
Externally restricted (water and sewer)	Funds within the water and sewer funds e.g. reserves, headworks developer contributions, grants	-14,418
Externally restricted (general fund other than grants)	Funds in the general fund, use restricted by legislation (e.g. domestic waste management, stormwater levy, developer contributions)	-3,350
Externally restricted (unexpended grants)	Unexpended grant funds in the general fund, use restricted for the specific purpose of the grant	-7,705
Total funds (excluding external restrictions)		4,610
Internal restrictions	Funds in the general fund, use restricted by resolution of council (e.g. employee leave entitlements, shire development, town improvement, risk, etc.)	-4,499
Total unrestricted funds (available for allocation to any purpose)		111

Table 4: Summary of reserves with external and internal restrictions

¹ *Debt is not a Dirty Word*, page 2 (Comrie, 2014).

Council can, by resolution, vary its internal restrictions at any time. **In other words, the \$4,610,000 above is available for Council to allocate to any operational or capital activity.** This is why the *Unrestricted Current Ratio* (one of the performance measures councils are required to report against in their annual financial statements) includes both ‘unrestricted’ and ‘internally restricted’ funds. Effectively, all such funds are ‘unrestricted’.

In the past, like most councils, Parkes Shire Council has used internal restrictions as a substitute for strategic planning. This use dates back to the era of cash accounting and absence of long-term planning.

Now that Council has an up-to-date SAMP (albeit in need of further refinement) and LTFP setting out what it *does* need into the future, there is good reason not to use reserves in this way. Doing so confuses the strategic planning framework established in this LTFP and accompanying SAMP.

Instead of putting funds aside in ‘biscuit tins’ for specific purposes, Council needs to focus on forecasting what it intends to *spend* to achieve its objectives, and to ensure it has sufficient *funds* overall to cover these outlays (whether these funds be current year earnings including grants, cash reserves and/or borrowings if reserves are insufficient).

This is best understood in the context of Figure 3 (showing forecasts for capital works as well as cash reserves and borrowings) and in the same charts for the scenarios in section 7.

A further reason to remove these internal restrictions is that the remaining unrestricted funds (\$111,000) are insufficient as a ‘float’ to cover short term needs (for example, payroll is around \$200,000 per week, in the first week of the new financial year, income received will be insufficient to cover the shortfall).

Two issues perhaps need clarifying in the context of this change in the way Council utilises internal reserves. Firstly, councils commonly hold **employee leave entitlements (ELE)** reserves. Council had \$579k in its ELE reserve as at 30 June 2021. This is only 28% of what it estimated would be settled in the next 12 months (\$2M, as reported note C3-4 of the financial statements). But if Council is managing employee leave appropriately, then ‘what goes in’ should equal ‘what comes out’ (e.g. an employee accrues 4 weeks annual leave in a year, but they should also be taking 4 weeks leave).

A second issue relates to functions Council wants to treat as a ‘self-funding business units’. It is less important to quarantine cash generated from such operations over and above their cash operating expenses (and only permit them to draw on this reserve, or to require it to borrow over and above this) than it is to ensure it achieves at least ‘break even’ operating performance including depreciation. So long as such operations do so, they are ‘paying its own way’. Any re-investment of funds by Council for capital works will be covered by depreciation. There may be circumstances where Council does need to establish internal

reserves for distinct operations, but for all such operations currently, internal reserves are unwarranted. A first step if Council does need/wish to do so is to ensure that these operations keep a distinct set of accounts. None are currently treated in this way.

Improvement Actions:

- Review internal reserves, removing internal restrictions in favour of long-term planning in terms of Council’s objectives and how to fund these.

Borrowings

The table below lists existing loans in Council’s general fund.²

Borrower (by Purpose)	Lender	Loan Term Years	Year Drawn	Date of Maturity	Interest Rate	Fixed Rate Period Years	Original Amount Borrowed \$	Principal 1 July 2023
Airport Runway Rehabilitation	NAB	20	2010	2030	8.21%	20	\$ 2,000,000	\$ 1,186,900
30 Welcome Street	NAB	20	2010	2030	8.21%	20	\$ 500,000	\$ 296,725
Henry Parkes Centre	NAB	20	2010	2030	8.01%	20	\$ 950,000	\$ 559,595
Parkes Swimming Pool Upgrade (*1)	ANZ	10	2012	2022	5.60%	9.5	\$ 2,000,000	\$ -
Renewable Energy	NAB	10	2012	2022	3.922%	3	\$ 700,000	\$ 46,787
Parkes Regional Airport Redevelopment	CBA	10	2014	2024	5.91%	10	\$ 1,000,000	\$ 249,132
Projects and IT	TCorp	10	2016	2026	3.485%	10	\$ 2,220,000	\$ 2,220,000
Transport Infrastructure	TCorp	10	2018	2028	3.670%	10	\$ 3,000,000	\$ 3,000,000
Total General Fund							\$ 12,370,000	\$ 7,559,139

Table 5: Summary of current borrowings general fund

As discussed in relation to depreciation (section 3.2) and cash reserves (above) it is best to think of borrowings simply as a means of supplementing a shortfall in cash reserves (i.e., Council should only borrow if it forecasts its cash reserves will drop below the minimum it determines it needs to have sufficient flexibility to overcome shocks).

Further risk analysis on the minimum ‘comfortable’ level is required, but at this stage it is suggested that \$7M of unrestricted and/or internally restricted funds should be sufficient.

Current modelling (Figure 3 above) suggests that Council won’t drop below this \$7M ‘minimum’ amount, so borrowing may not be required. *However*, this is based on the assumptions in this base case.

Section 7 explores the implications of alternative scenarios and highlights borrowings will be required under some of these in order to maintain sufficient cash. The 2022/23 budget includes no new loans.

NOT APPLICABLE – NO NEW LOANS REQUIRED.

Table 6: Summary of proposed borrowings general fund

² The Local Government Regulation requires Council to include a statement of borrowings in the Revenue Policy (part of the Operational Plan) but this information is also included in this LTFP for completeness.

WATER FUND

INTRODUCTION

ASSUMPTIONS FOR OPERATING INCOME AND EXPENSES

ASSUMPTIONS FOR CAPITAL WORKS, GRANTS AND CONTRIBUTIONS, AND
BORROWINGS



Introduction

Council accounts for its water supply function as a separate business, as required by the NSW Local Government Act and National Competition Policy.

The figure below summarises the main operating revenues and expenses in the Income Statement for Council's 2022/23 budget, including the projected surplus of \$1.1M. This excludes \$24.5M forecast to be received for capital grants and contributions.

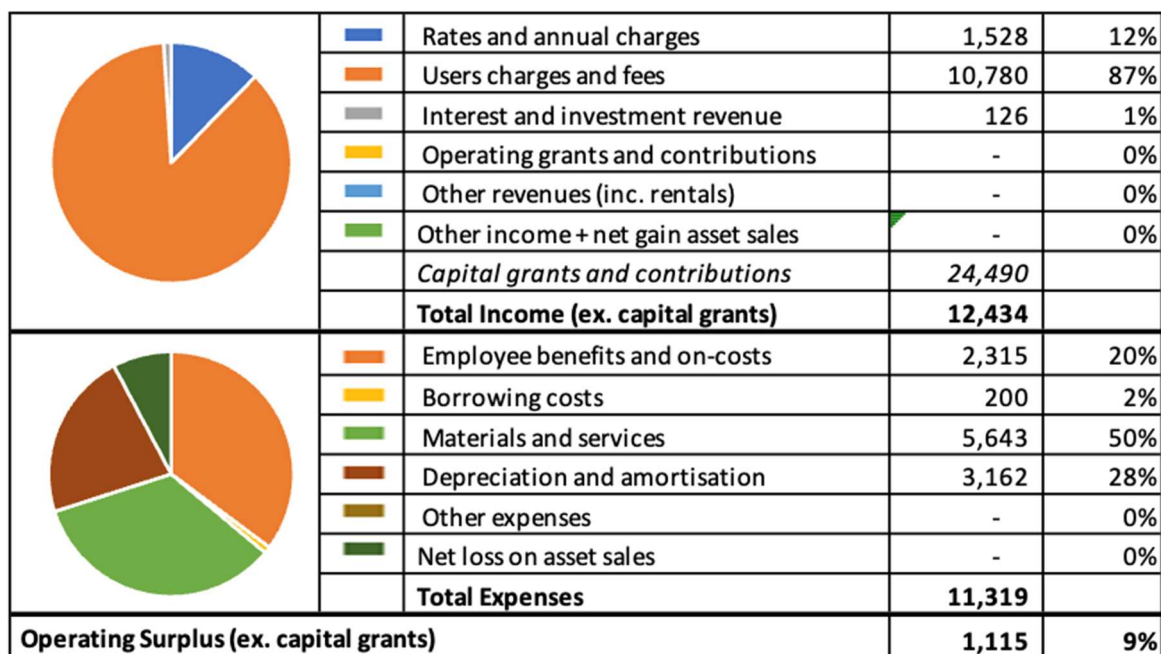


Figure 8: key income and expense items in 2022/23 water fund budget

A surplus of this size (9% of total revenues) should give some confidence the water fund is sustainable. But it is important to consider a longer-term view, in the figure below.

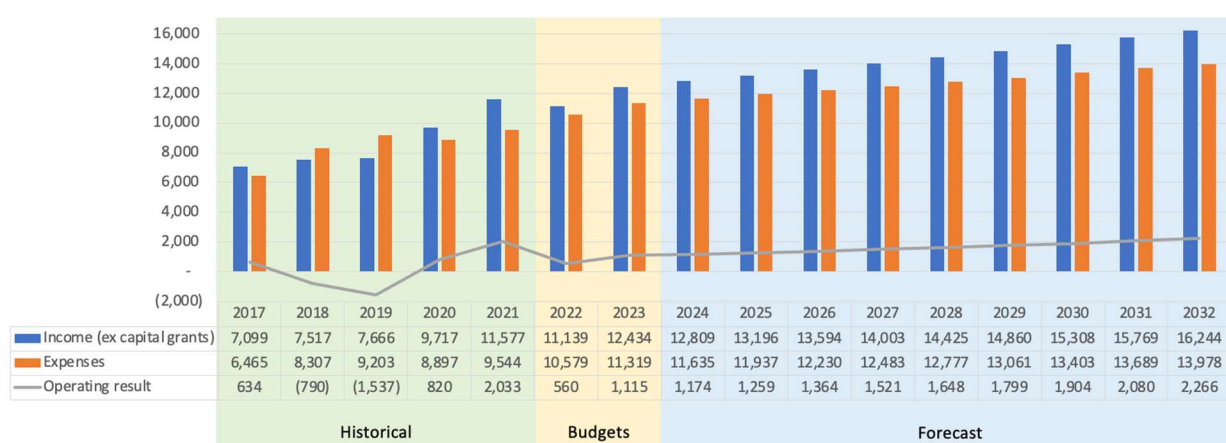


Figure 9: trends in income, expenses and operating result in water fund

In summary, the 'story' that Figure 9 is telling for the water fund is:

- Operating results (grey line) have varied considerably in the last 5 years due to changes in both income (blue columns) and expenses (orange columns)

- Council’s **income** increased in recent years due to revenues from user charges (primarily increasing charges for North Parkes Mine to parity with other customers)
- Income is forecast to continue to grow with higher demand from the Special Activation Precinct and North Parkes Mine expansion (although there is uncertainty around actual demand, so actual income may fall short of these forecasts)
- Council’s **expenses** have increased too, due to a combination of higher employee and materials costs (associated with the new water treatment plant and resourcing to improve reliability generally), as well as extra depreciation from new assets
- Financial performance of the water fund (operating result) is forecast to remain healthy in future with a surplus of 10%+, however this is largely dependent on future demand (which could be lower than forecast).

Council’s financial *performance* in Figure 9 is only part of the ‘story’. Figure 10 (below) presents the other part of the story: Council’s financial *position* (reserves, borrowings and investment in infrastructure).

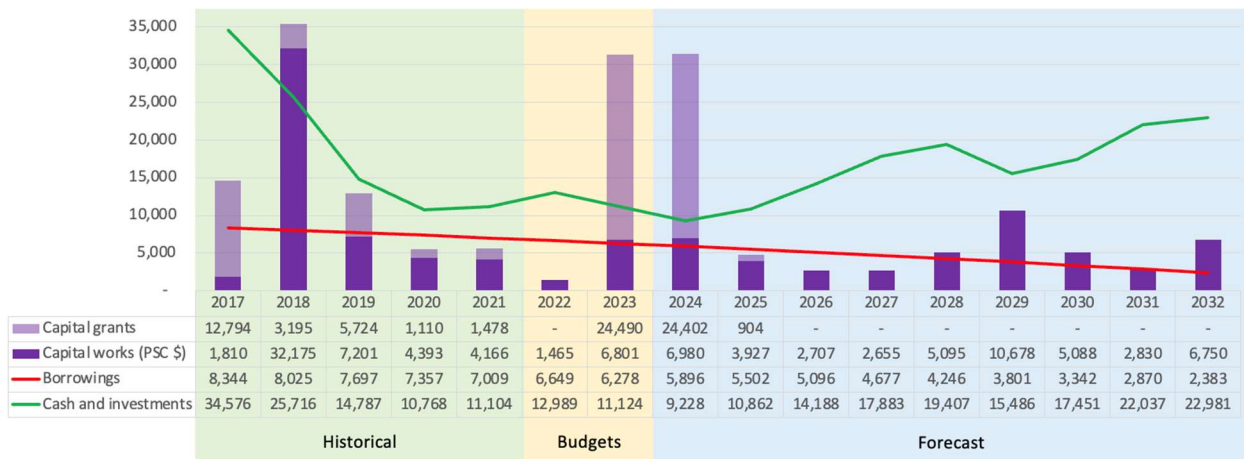


Figure 10: trends in capital works, grants and cash and investments (reserves) and borrowings in water fund

In summary, the ‘story’ that Figure 3 is telling is:

- Council had accumulated significant reserves (green line) prior to 2017
- Council utilised most of these funds to build the Parkes Water Treatment Plant, which is the major **capital works** in 2017-19 (purple columns)
- Council also received grant funding to help with this project (light purple) and funded some of it with borrowings (red line)
- Council is about to commence another major capital program in 2023-4, the Parkes Water Security Project, which is largely funded by grants
- Capital works forecasts over the remaining 8 years is lower, apart from the \$11M upgrade to the Water Treatment Plant in 2028-2030

- Council is forecasting it will build up its reserves *however* this is not certain: actual revenues may be lower than forecast (depending on demand) and Council may need to invest more in renewal of ageing pipelines (discussed in the SAMP).

It is important to recognise that 10 years is a short time in the life of most water supply infrastructure assets. Council's Integrated Water Cycle Management Strategy includes a 30-year financial plan with several scenarios and analysis of the sensitivity of the forecasts to a range of factors. Council will continue to refine financial modelling in this LTFP over time, supported by continued refinement of asset planning the SAMP.

4.1 Assumptions for Operating Income and Expenses

Assumptions behind the numbers in Figure 9 (and the Income Statement in Appendix 1) are summarised in the table below, with comments about risks and sensitivity. Historical information is also included to provide context of changes over the past 5 years.

Income items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Rates and annual charges</i>	Increases in fixed (access) charges were 3.5% p.a. 2017-21. The increase is due to new connections and increases in charges (residential charges only increased 2% p.a.).	3% p.a. increases over 10 years, due to a mix of increasing charges and new connections. <i>Forecasts will be impacted by the rate of new development.</i>
<i>User fees and charges</i>	User charges (consumption) doubled 2017 to 2021. The majority of this was because charges for North Parkes Mine were brought up to parity with other customers (they were charged less, historically). Actual increases for other customers were under 2% p.a. on average.	2023: the \$11.5M budgeted income is based on demand modelling in the IWCM. <i>Actual demand will be impacted by climatic conditions and demand growth from new industry. It could, potentially, be \$0.5-\$1M p.a. lower than what is forecast, particularly in the first few years.</i>
<i>Interest</i>	Varies with interest rates and cash reserves	2% p.a. in 2023 increasing 0.1% p.a. to 2.9% in 2032. <i>Actual \$ calculated on reserve balance.</i>
Expense items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Employee costs</i>	Increases in recent years are due to additional staff to address risk and reliability issues, and allocation of costs to better reflect staff across Council working for water fund	2.5% p.a. for entire period. <i>Difficulties in attracting and retaining qualified and experienced staff in the water industry are widely recognised.</i>
<i>Materials and services + other expenses</i>	Some increase associated with new water plant, and to address risk and reliability issues.	3% p.a. for entire period.
<i>Borrowing costs</i>	Decreasing with the repayment of loan for Water Plant.	Decreasing – no new loans required.
<i>Depreciation</i>	The 50%+ jump between 2017 and 2019 is attributable to the new Water Plant and revaluation of assets generally.	Further increases in 2023-4 account for new assets associated with Water Security Project.

Table 7: Summary of assumptions for operating revenues and expenses – water fund

Detailed numbers for each item are in the income statement in Appendix 1.

Improvement Actions:

- Refine forecasts for demand (water consumption) from SAP and North Parkes Mine.

4.2 Assumptions for Capital Works, Grants and Contributions, and Borrowings

Figure 10 above is a summary of key items in the Statement of Financial Position and Cashflow Statement in Appendix 1.

Capital works forecasts are taken from the Strategic Asset Management Plan (section 3), with an index of 2.5% p.a. applied on top of those figures.

Capital grants for the Water Security Project are budgeted at close to \$50M in 2023-4. No allowance has been made in future years for other projects (e.g. Water Treatment Plant Stage 2 in 2028-30), although Council will pursue opportunities as they arise.

The extent of capital contributions to help fund new assets is currently being finalised in updated *Developer Servicing Plans* and will be included in future revisions of this LTFP.

Improvement Actions:

- Refine capital works forecasts via actions identified in the SAMP.
- Include further details regarding contributions in future revisions of this LTFP.

An aerial photograph of a wastewater treatment plant. The top half of the image is overlaid with a semi-transparent red color. In this red area, there are three large, oval-shaped aeration tanks. The bottom half of the image shows the rest of the plant in natural colors, including a large rectangular aeration tank with several mechanical aerators, various pipes, walkways, and buildings. The surrounding area is dry and sandy with some sparse vegetation.

SEWER FUND

INTRODUCTION

ASSUMPTIONS FOR OPERATING INCOME AND EXPENSES

ASSUMPTIONS FOR CAPITAL WORKS, GRANTS AND BORROWINGS

Introduction

Council accounts for its sewerage function as a separate business, as required by the NSW Local Government Act and National Competition Policy.

The figure below summarises the main operating revenues and expenses in the Income Statement for Council's 2022/23 budget, including the projected surplus of \$1.1M. This excludes \$24.5M forecast to be received for capital grants and contributions.

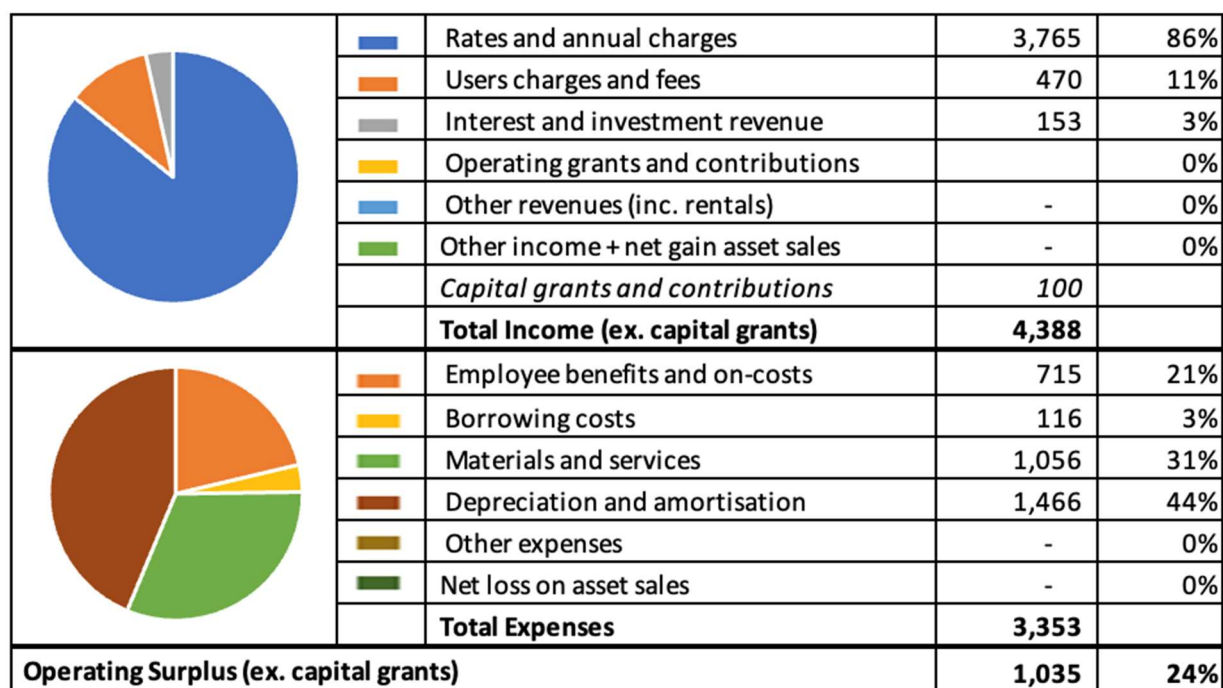


Figure 11: key income and expense items in 2022/23 sewer fund budget

A surplus of this size (24% of total revenues) should give some confidence the sewer fund is sustainable. But it is important to consider a longer term view, in the figure below.

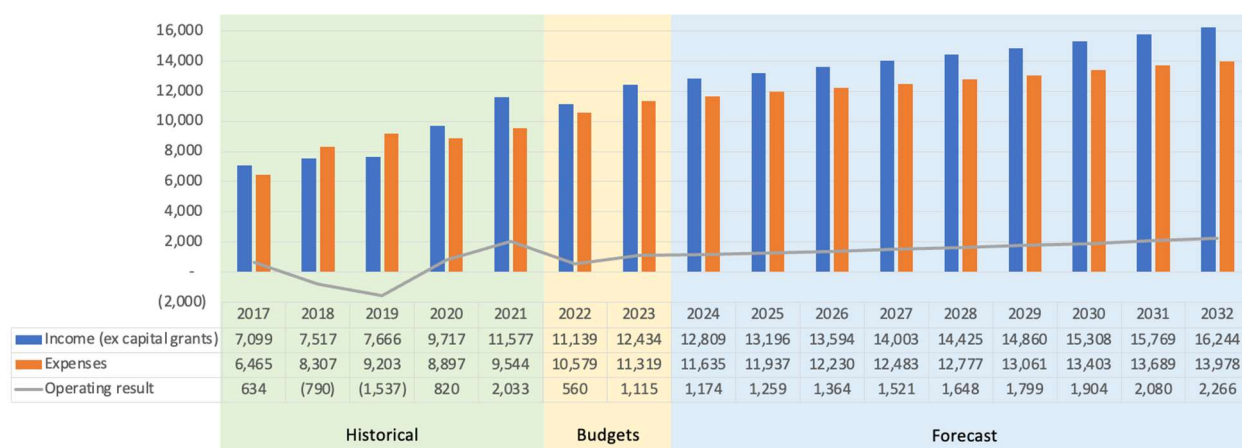


Figure 12: trends in income, expenses and operating result in sewer fund

In summary, the 'story' that Figure 12 is telling for the sewer fund is:

- Operating results (grey line) have varied considerably in the last 5 years due to changes in both income (blue columns) and expenses (orange columns)
- Council's **income** increased in recent years due to increases in annual charges, which were essential to build up reserves to repay a \$4M debt in 2026 (see below)
- Council's **expenses** have increased too, largely due to higher depreciation (with the new sewer treatment plant), employees and materials haven't increased significantly, but have varied from year to year
- Income and expenses are forecast to grow steadily in future years, with some additional income from interest on cash reserves (see below)
- Financial performance of the sewer fund (operating result) is forecast to remain very healthy in future with a surplus of 25-30%.

Council's financial *performance* in Figure 9 is only part of the 'story'. Figure 10 (below) presents the other part of the story: Council's financial *position* (reserves, borrowings and investment in infrastructure).

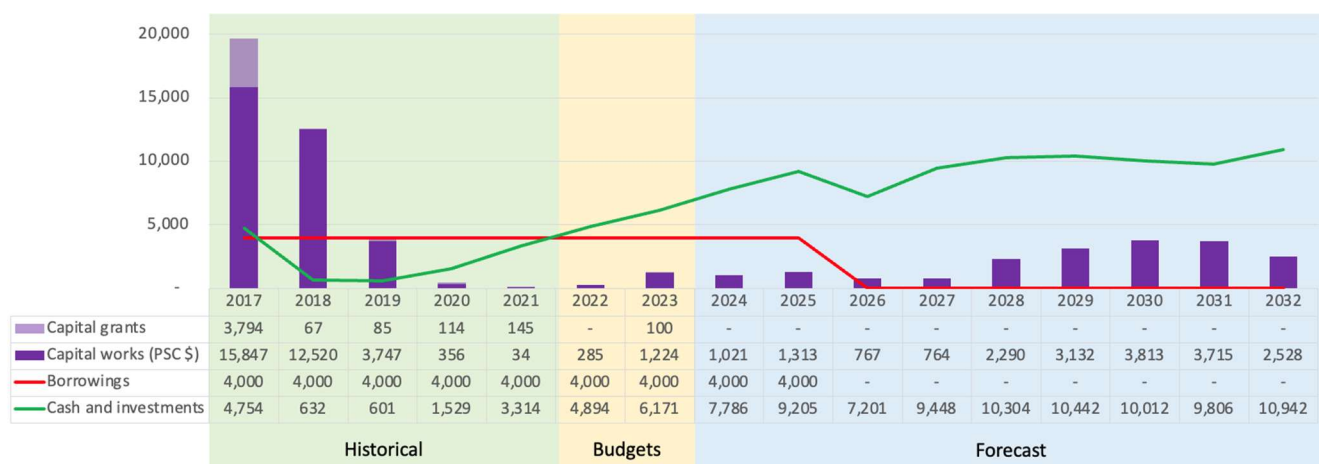


Figure 13: trends in capital works, grants and cash and investments (reserves) and borrowings in sewer fund

In summary, the 'story' that Figure 13 is telling is:

- Council used up virtually all of its cash reserves (green line) and borrowed \$4M on top of this (red line) to fund construction of the new Parkes Sewage Treatment Plant, which is the major **capital works** in 2017-8 (purple columns)
- Council also received grant funding to help with this project (light purple)
- Capital works forecasts over the next 10 years are focused on renewing assets in poor condition, with a particular focus on relining gravity pipelines from 2028-2032
- Council is forecasting it will build up its reserves slightly over the next 10 years, but actual amounts will depend on spending.

It is important to recognise that 10 years is a short time in the life of most sewerage infrastructure assets. Council's Integrated Water Cycle Management Strategy includes a 30-year financial plan with several scenarios and analysis of the sensitivity of the forecasts to a range of factors. Council will continue to refine financial modelling in this LTFP over time, supported by continued refinement of asset planning the SAMP.

5.1 Assumptions for Operating Income and Expenses

Assumptions behind the numbers in Figure 12 (and the Income Statement in Appendix 1) are summarised in the table below, with comments about risks and sensitivity. Historical information is also included to provide context of changes over the past 5 years.

Income items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Rates and annual charges</i>	Increases in annual charges between 2018 and 2022 for residential customers were around 30% in total (this was required to help pay for the new Parkes Sewage Treatment Plant)	3% p.a. increases over 10 years, due to a mix of increasing charges and new connections. <i>Forecasts will be impacted by the rate of new development.</i>
<i>User fees and charges</i>	User charges (based on the type of business and water consumption for non-residential customers) and trade waste charges have remained fairly steady over the past 5 years.	3% p.a. increases over 10 years. <i>Actual increases will be impacted by climatic conditions and demand growth from new industry. It could, potentially, be lower than what is forecast.</i>
<i>Interest</i>	Varies with interest rates and cash reserves	2% p.a. in 2023 increasing 0.1% p.a. to 2.9% in 2032. <i>Actual \$ calculated on reserve balance.</i>
Expense items	Historical context (5 years)	Assumptions for forecasts (comments, risks and sensitivity)
<i>Employee costs</i>	Minimal change (if anything, costs have decreased).	2.5% p.a. for entire period
<i>Materials and services + other expenses</i>	Fluctuates from year to year depending on operational projects and activities.	3% p.a. for entire period. 2028-2032 additional \$150k p.a. for CCTV and cleaning program ahead of relining program for sewer pipes and manholes
<i>Borrowing costs</i>	Consistent (as no loan principal has been repayed).	Eliminated from 2026 when \$4M 'balloon' repayment is made (loan finalised).
<i>Depreciation</i>	The jump between 2017 and 2019 is attributable to the new Sewage Treatment Plant and revaluation of assets generally.	Minimal increases 2-3%.

Table 8: Summary of assumptions for operating revenues and expenses – sewer fund

Detailed numbers for each item are in the income statement in Appendix 1.

5.2 Assumptions for Capital Works, Grants and Borrowings

Figure 13 above is a summary of key items in the Statement of Financial Position and Cashflow Statement in Appendix 1.

Capital works forecasts are taken from the Strategic Asset Management Plan (section 3), with an index of 2.5% p.a. applied on top of those figures.

No allowance has been made for capital grants as no suitable capital works are identified, although Council will pursue opportunities as they arise.

The extent of capital contributions to help fund new assets is currently being finalised in updated *Developer Servicing Plans* and will be included in future revisions of this LTFP.

Improvement Actions:

- Refine capital works forecasts via actions identified in the SAMP.
- Include further details regarding contributions in future revisions of this LTFP.

SENSITIVITY AND RISK ANALYSIS

IMPACT OF KEY PARAMETERS TO ACHIEVE FINANCIAL SUSTAINABILITY



Impact of Key Parameters to Achieve Financial Sustainability

The table below provides an indication of the impacts of key parameters on Council’s ability to achieve its financial sustainability objectives (in section 2), particularly minimising operating deficits and maintaining cash reserves, over the next 10 years.

These risks need to be monitored in an ongoing way. This section is referred to in terms of ‘risk’ not just ‘sensitivity’ as the uncertainty about these issues is considered most likely to result in Council failing to achieve its objectives (by definition, risk is ‘the effect of uncertainty on objectives’).

Parameter	10-year impact on Financial Sustainability Objectives (Operating deficit and maintaining cash reserves)
Increased employee costs	<p>The 2023 general fund budget for employee costs is \$14.3M. Vacancies of 5% and 2% are assumed in 2023 and 2024, but beyond this, annual increases in employee costs of 2.5% p.a. are assumed.</p> <p>If actual costs were to increase beyond this by, say, 0.5% p.a. (e.g. via a further tightening of the labour market, or by employees previously working on capital works moving to operational activities) the impact would be around \$80k p.a. in a single year. But if increases continued at 3% (not 2.5%) between 2025 and 2032, the cumulative impact on the deficit would be \$0.7M p.a. by 2032.</p> <p>The impact on Council’s cash reserves in 2032 would be around \$2.6M.</p>
Increased materials and services	<p>Since the 2023 budget for each item is similar (\$14.3M for employees, \$13.8M for materials), increases in materials and services over and above what is assumed (3% p.a.) would lead to similar impacts as with employee costs.</p>
Increased depreciation expenses (so higher capital works needs)	<p>As discussed in section 3.2, depreciation isn’t a cash expense, so any increase won’t impact reserves, but it should be expected to be accompanied by higher funding needs for capital works programs over the long-term (which will need to come from reserves or borrowings).</p> <p>It will also call into question Council’s financial sustainability (if its operating deficit isn’t eliminated) and whether it is equitable to future generations.</p>
Interest rates on cash reserves	<p>Interest rates are assumed to start at 2% in 2023 and increase at 0.1% p.a. to 2.9% in 10 years. If interest rates were to increase by an additional 0.1% (to 3.8% in 10 years) the positive impact on Council’s annual operating deficit</p>

	would be \$90k p.a. and on Council's cash reserves would be \$450k assuming a cash balance of around \$10M.
Cost shifting from other levels of government	Council's expenditure is increased by 'cost shifting' from other levels of government. Potential areas of concern are the Fire and Emergency Services Levy (which Council pays) or regulatory functions currently undertaken by NSW Government and/or additional compliance obligations (for which Council might need to add resources to achieve compliance).
Austerity approach by NSW and/or Australian governments	<p>As noted in Table 5, operating grants and contributions make up around \$13.4M (one third) of Council's operating revenues.</p> <p>If Council was to lose a significant portion of this income, either through a 'one-off' change or through gradual decreases over time, it would have a significant impact on its operating deficit.</p> <p>A recent example of such an impact was the freeze on Financial Assistance Grants (FAGs) by the Australian government for 3 years between 2015 and 2017. FAGs represents \$7.4M p.a. of total operating grants (more than half). If another 3 year freeze was implemented starting in, say, 2025, this would increase Council's operating deficit by \$0.6M p.a., and decrease its cash by \$4.5M in 2032.</p> <p>Other areas where Council could be impacted include Roads to Recovery (currently \$1.4M p.a.), Regional Roads (\$1.4M p.a.) and support for family day care services (\$2.2M p.a. although Council could increase fees to offset this).</p> <p>As discussed in section 3.3, Council has also forecast it will secure several grants for capital works (these are summarised in Table 8). Without these grants, Council would need to fund these works by drawing on its own cash reserves, or not proceed with the projects.</p>
Changes in the pace of residential development	As discussed in section 3.1, it is assumed residential development will add \$39k p.a. in rates <i>each year</i> for the next 10 years from 2024. If development is faster or slower, this will have a direct impact on revenues.
Rates from SAP land	As discussed in section 3.1, rates from the SAP development won't be clear until it is subdivided and valued, so there is currently uncertainty about the rates that will be generated.
Demand for water at SAP and NP Mine	As discussed in section 4.1, demand for water from businesses at the SAP and North Parkes Mine are uncertain at present. This will potentially have a significant impact on future revenues.

Increasing energy costs	Council spends around \$1.5M p.a. on electricity, so higher costs will an impact. The renewable energy initiative is intended to reduce Council’s risks here.
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Table 9: Key parameters for sensitivity or ‘risk’ analysis

ALTERNATIVE SCENARIOS FOR THE GENERAL FUND

ALTERNATIVE SCENARIOS FOR THE GENERAL FUND

HIGHER CAPITAL WORKS SCENARIO

HEATED POOL SCENARIO



Alternative Scenarios for the General Fund

Two alternatives to the 'base case' in section 3 are explored in the following sections:

- a 'higher capital works' scenario, which explores the implications of Council spending an extra \$1M p.a. on capital works on top of 'priority' works identified in the SAMP
- a 'heated pool' scenario, which explores the implications of Council building a new facility with subsequent increased operating expenses, both with and without a loan to help with the initial construction.

These should be viewed as *indicative examples* of the implications of such decisions on Council's financial position over time, not *definite alternatives* to the base case in section 3.

The key point to note is that Council needs to revise and update this LTFP annually, and whenever it is considering a course of action that will divert it significantly from the base case. For example, the SAMP includes improvement actions to develop longer term prioritised capital works programs for sealed road upgrades and urban drainage improvements. Once these are finalised, Council will need to determine its priorities and what is affordable (potentially with borrowings and service cuts to operations).

7.1 Higher Capital Works Scenario

This scenario explores the impacts on Council’s financial position of spending an additional \$1M p.a. on capital works over and above the forecasts in the SAMP from 2024 onwards (\$9.6M p.a.), noting that Council has spent an average of over \$12M p.a. of its own funds (over and above \$10M p.a. in grants) in the past 6 years.

The figure below shows the additional \$1M p.a. in capital works over and above that shown in Figure 3 (in section 3). Note that Council’s cash reserves drop below the ‘minimum’ desirable amount of \$7M by 2027 (paying off \$6M in loan principal in 2027-8 is a key reason for the drop) and are exhausted completely in 2031.

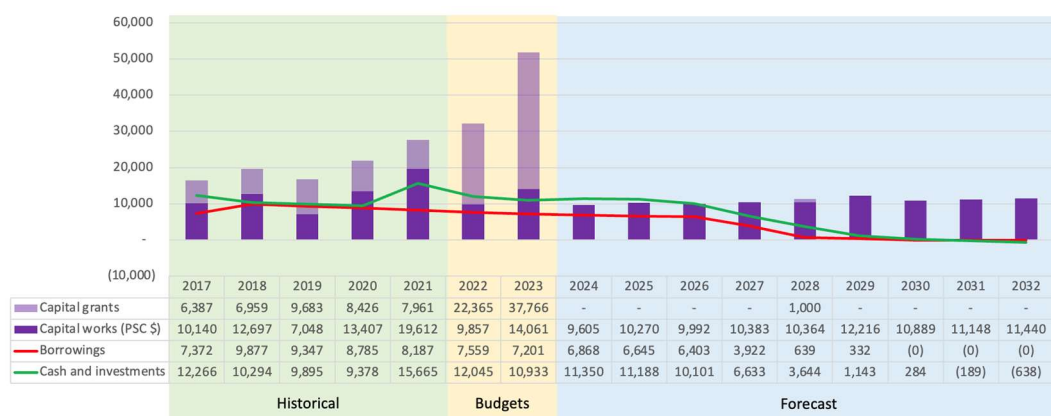


Figure 14: trends in general fund capital, grants and cash and investments – ‘Higher Capital Works’ Scenario

The first response to this is, obviously, to borrow money. The figure below assumes a loan of \$10M at 5% for 10 years. The cash reserves are better, but still drop below the ‘minimum’ by 2030 due to principal and interest repayments. Council would be on a path to ‘running out’ of cash completely within the following 2 years.

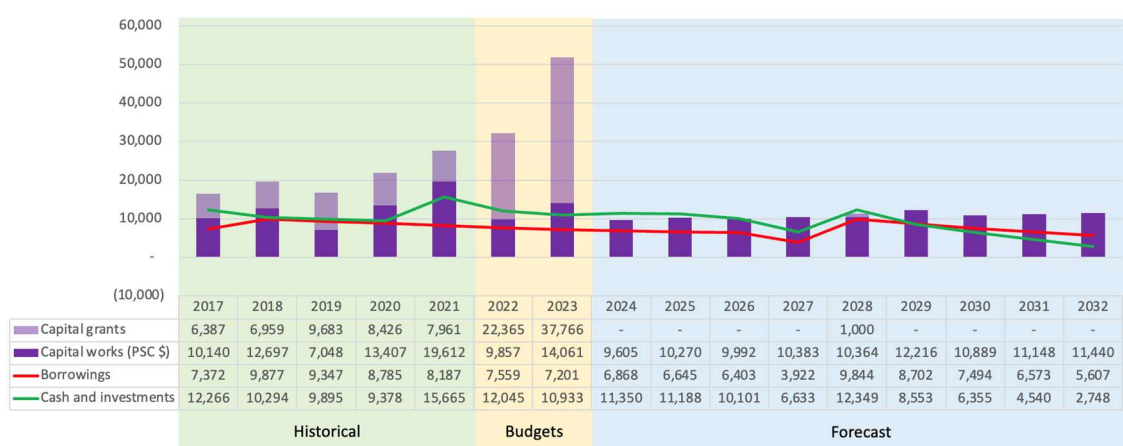


Figure 15: trends in general fund capital, grants and cash and investments – ‘Higher Capital Works’ Scenario with \$10M loan

The next most obvious response is to reduce operating expenses. The figure below assumes savings of 1% p.a. each year on employee costs and materials and services (the two main 'cash' expenses) from 2028-30. The 3% cumulative savings (equivalent to around \$1M p.a. in savings) are then 'built in' as the 'new normal' for Council's operations. The operating deficit in 2032 is now \$2.9M (compared to \$3.3M for the base case) because, even though expenses have been cut, there is additional interest charges from the loan.

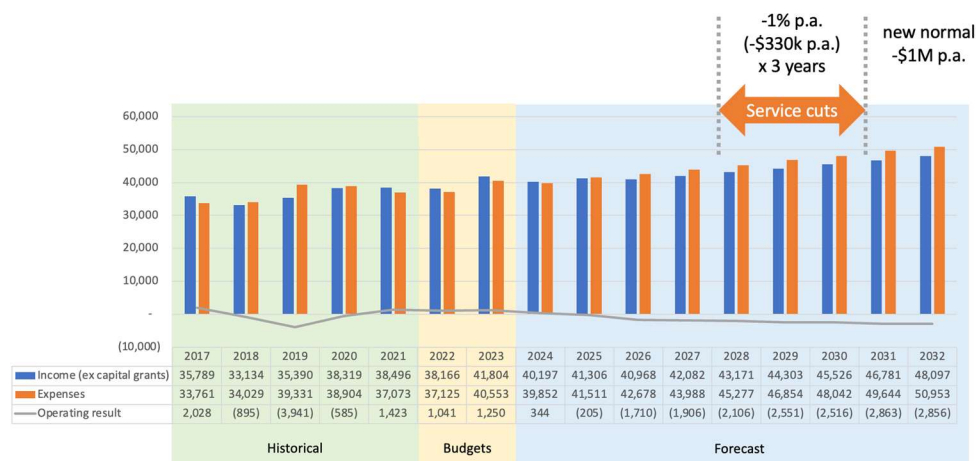


Figure 16: trends in income, expenses and operating result in 'Higher Capital Works' Scenario (including loan and service cuts)

The implications for Council's financial position, in terms of cash reserves, is shown in the figure below. As can be seen, reserves are just dipping below the \$7M 'minimum' that Council is aiming for, but they don't go much lower until the loan is paid off.

This highlights the importance of the objective 'minimising the deficit' (section 2).



Figure 17: trends in general fund capital, grants and cash and investments - 'Higher Capital Works' Scenario with \$10M loan and service cuts

As noted at the start of this section, the goal of this scenario isn't to detail a path that can be 'locked in' for the future, but rather to highlight some of the issues that Council needs to weigh up when it is considering significant investment over and above that proposed in the SAMP, and also activities that will increase operating expenses.

This is where Council needs to understand its financial sustainability objectives (section 2) as the 'guide rails' to support its decision-making.

7.2 Heated Pool Scenario

This scenario explores the impacts on Council’s financial position of:

- constructing a \$20M heated pool, funded either by a \$20M loan or a \$10M loan plus \$10M in grants (other capital works limited to priorities in SAMP as per base case)
- operating the new facility, with additional operating costs of \$1M p.a. offset by \$0.2M p.a. in additional revenues.

The figure below shows the \$20M capital works in 2025 and \$20M loan. As can be seen, Council’s reserves are used up within 4 years.

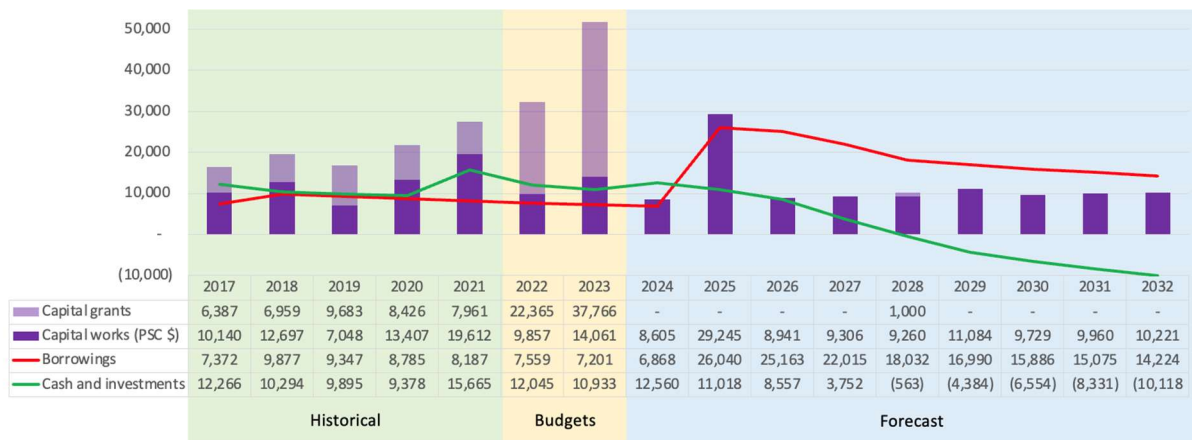


Figure 18: trends in general fund capital, grants and cash and investments – ‘Heated Pool’ Scenario

The figure below shows the implications of a \$10M grant to offset the capital cost (and reduce the loan). Council’s cash is still used up within 5 years (cash is drawn down via a combination of additional operating costs and loan repayments).

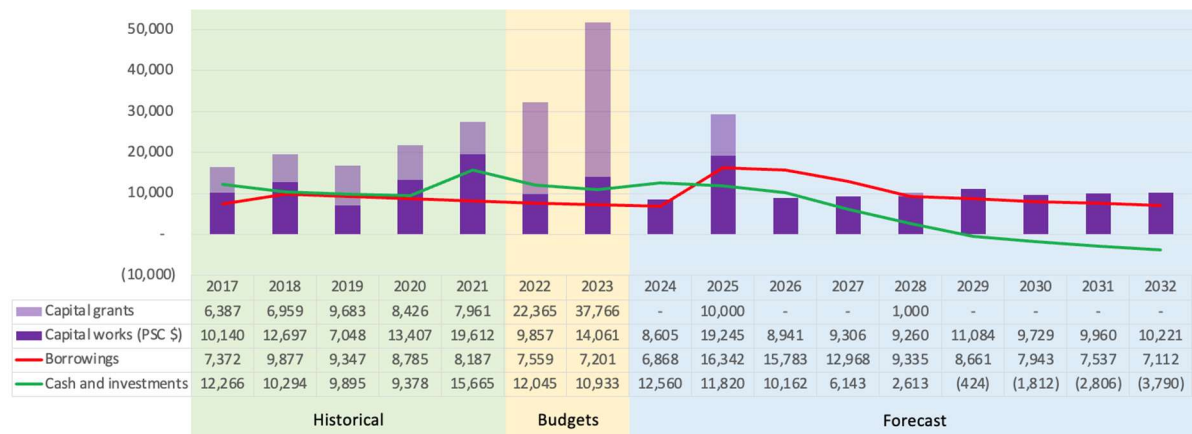


Figure 19: trends in general fund capital, grants and cash and investments – ‘Heated Pool’ Scenario with \$10M grant

The scale of cuts to operational expenses required to address the \$4M+ operating deficit (the increase is partly due to the operating costs of the facility, partly due to interest on the loan) is considered too great to bridge simply with service cuts.

To afford this facility, Council would need to consider, for example, a combination of, say:

- \$1.5M p.a. cuts to services *other than* pool operations (this is equivalent to around 5% cuts to employees and materials, which will directly translate to service levels)
- \$1.5M p.a. Special Rate Variation (equivalent to a 10% increase above the rate peg)

Given the sacrifices that would need to be made in terms of service cuts in other areas, increased rates and the very constrained capital works for the entire 10 years, this is unlikely to be an option the community would feel delivers 'best value' from Council overall.

As noted at the start of this section, the key point of this scenario is to show how important such scenarios are to inform Council about the implications of its decisions, and how important its financial sustainability objectives are to act as 'guide rails' for decision-making, not to explore the viability of the heated pool as such.

APPENDIX DOCUMENTATION

APPENDIX 1: FORECAST FINANCIAL STATEMENTS



Appendix 1: Forecast Financial Statements

The detail behind the analysis in sections 3, 4 and 5 of this LTFP are in the 3 primary financial statements:

- an **Income Statement**, or Profit and Loss Statement, which forecasts income and expenditure
- a **Statement of Financial Position**, or Balance Sheet, which forecasts changes in Council's assets (cash reserves and infrastructure) and liabilities (borrowings) over time, particularly as Council invests in its infrastructure
- a **Cash Flow Statement**, which shows where Council generates and spends its cash.

Detailed statements aren't included for the scenarios in section 7.

Each of the statements includes actual historic figures to put the current situation and future forecasts into context.

Notes:

- All figures in \$000's
- A basic version only of statement of financial position has been developed (showing the key information – borrowings and cash position) as the production of further detail here requires substantial further work, and is considered to contribute little to decision-making (specific issues can be analysed as required)
- Historic actual figures in the income statement and statement of financial position are taken from annual financial statements (historic cashflows are not included as this isn't reported separately by fund in statements)
- "Total Capital Works" line below the balance sheet is based on:
 - Historic from note C1-5 or equivalent of financial statements (plus an estimate of work in progress, although this isn't clear in all years – the key problem is that a cashflow statement is not produced by fund)
 - Forecasts for capital works in section 3 the SAMP (which are in 2023 dollars), indexed at 2.5% p.a.

"Materials and contracts" was reclassified in the NSW Local Government Code of Accounting Practice and Financial Reporting as "materials and services" in 2021 (in the income statement) and the majority of "other expenses" transferred there

	Historic Actuals							Budget			Forecast						
GENERAL FUND INCOME STATEMENT	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Rates & Annual Charges	15,284	15,668	16,206	16,678	16,785	17,061	18,011	19,112	19,686	20,233	20,795	21,372	21,967	22,577	23,204	23,849	
User Charges & Fees	4,543	4,588	5,300	5,097	5,084	4,335	5,034	4,959	5,057	5,209	5,365	5,526	5,692	5,862	6,038	6,230	
Interest and investment revenue	1,077	726	626	280	90	68	193	264	300	317	278	247	231	252	286	322	
Other Revenues	1,048	767	1,644	706	881	895	752	775	798	822	847	872	898	925	953	982	
Grants & Contributions: Operating	13,837	11,385	11,614	15,295	15,221	15,807	14,833	14,373	14,729	13,617	13,955	14,303	14,661	15,071	15,451	15,842	
Grants & Contributions: Capital Purposes	6,387	6,959	9,683	8,426	7,961	22,365	37,766	-	-	-	-	1,000	-	-	-	-	
Other income	-	-	-	263	187	-	-	-	-	-	-	-	-	-	-	-	
Net Gains Asset Disposals	-	-	-	-	248	-	2,992	620	620	620	620	620	620	620	620	620	
Total Income from Continuing Operations	42,176	40,093	45,073	46,745	46,457	60,531	79,581	40,102	41,190	40,818	41,860	43,940	44,069	45,309	46,552	47,845	
TOTAL INCOME (ex. Capital)	35,789	33,134	35,390	38,319	38,496	38,166	41,816	40,102	41,190	40,818	41,860	42,940	44,069	45,309	46,552	47,845	
Employee Benefits & On-Costs	14,458	13,889	15,362	13,121	13,652	13,684	14,330	15,176	15,887	16,280	16,682	17,094	17,516	17,949	18,392	18,846	
Materials & Contracts/Services	6,862	6,930	11,147	10,310	13,576	13,619	13,817	14,230	14,655	15,093	15,543	16,007	16,486	16,978	17,485	18,007	
Borrowing Costs	475	432	492	537	471	396	363	341	317	299	240	180	46	20	-	-	
Depreciation & Amortisation	8,280	7,997	8,112	8,590	8,562	9,376	9,034	9,808	10,359	10,719	11,240	11,718	12,532	12,827	13,505	13,843	
Other expenses	2,875	3,053	3,367	3,987	812	-	-	-	-	-	-	-	-	-	-	-	
Net loss on sale of assets	811	1,728	851	2,359	-	50	3,158	450	450	450	450	450	450	450	450	450	
TOTAL EXPENSES: Continuing Operations	33,761	34,029	39,331	38,904	37,073	37,125	40,702	40,005	41,669	42,840	44,155	45,449	47,031	48,224	49,832	51,146	
Net Operating Result for the Year	8,415	6,064	5,742	7,841	9,384	23,406	38,880	97	(479)	(2,022)	(2,294)	(1,509)	(2,961)	(2,915)	(3,280)	(3,301)	
OPERATING SURPLUS/DEFICIT ex. Capital	2,028	(895)	(3,941)	(585)	1,423	1,041	1,114	97	(479)	(2,022)	(2,294)	(2,509)	(2,961)	(2,915)	(3,280)	(3,301)	

GENERAL FUND BALANCE SHEET	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2031
Cash & Cash Equivalents	1,163	3,084	7,874	4,388	10,709	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547	9,316
Investments	6,634	278	(3,167)	2,714	3,421	-	-	-	-	-	-	-	-	-	-	-
Receivables	4,521	5,072	6,913	4,573	4,043	-	-	-	-	-	-	-	-	-	-	-
Inventories	5,480	5,999	1,900	1,396	2,187	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	2,052	1,479	-	-	-	-	-	-	-	-	-	-	-
Other	141	161	76	224	407	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	17,939	14,594	13,596	15,347	22,246	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547	9,316
Investments	4,469	6,932	5,188	2,276	1,535	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	4,069	4,247	3,198	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	464,280	471,545	477,501	497,524	528,901	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	1,565	1,538	1,403	1,214	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	468,749	480,042	488,296	505,450	534,848	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	486,688	494,636	501,892	520,797	557,094	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547	9,316
Payables	2,187	2,371	2,378	3,270	4,794	-	-	-	-	-	-	-	-	-	-	-
Income received in advance/contract liabilities	433	639	646	717	7,705	-	-	-	-	-	-	-	-	-	-	-
Borrowings	495	529	562	598	628	7,559	7,201	6,868	6,645	6,403	3,922	639	332	(0)	(0)	(0)
Employee benefit provision	-	-	-	-	4,403	-	-	-	-	-	-	-	-	-	-	-
Provisions	4,671	5,281	5,875	5,266	91	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	7,786	8,820	9,461	9,851	17,621	7,559	7,201	6,868	6,645	6,403	3,922	639	332	(0)	(0)	(0)
Payables	74	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	6,877	9,348	8,785	8,187	7,559	-	-	-	-	-	-	-	-	-	-	-
Employee benefit provision	-	-	-	-	258	-	-	-	-	-	-	-	-	-	-	-
Provisions	816	771	1,922	1,276	2,208	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	7,767	10,193	10,707	9,463	10,025	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	15,553	19,013	20,168	19,314	27,646	7,559	7,201	6,868	6,645	6,403	3,922	639	332	(0)	(0)	(0)
Net Assets	471,135	475,623	481,724	501,483	529,448	4,486	3,732	5,482	6,568	6,773	6,863	8,262	7,198	7,831	8,547	9,316
TOTAL CAPITAL WORKS (FROM SAMP, CURRENT YEAR \$)								8,190	8,585	8,100	8,225	7,985	9,325	7,985	7,975	7,985
ESTIMATED WORKS CARRIED FORWARD FROM CURRENT YEAR																
TOTAL CAPITAL WORKS (indexed 2.5% p.a.)	16,527	19,656	16,731	21,833	27,573	32,222	51,826	8,605	9,245	8,941	9,306	9,260	11,084	9,729	9,960	10,221

GENERAL FUND CASHFLOW STATEMENT	Actual			Budget			Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032				
Cash Flows from Operating Activities																
Receipts:																
Rates & Annual Charges	16,785	17,061	18,011	19,112	19,686	20,233	20,795	21,372	21,967	22,577	23,204	23,849				
User Charges & Fees	5,084	4,335	5,034	4,959	5,057	5,209	5,365	5,526	5,692	5,862	6,038	6,230				
Investment & Interest Revenue Received	90	68	193	264	300	317	278	247	231	252	286	322				
Grants & Contributions	23,182	38,172	52,599	14,373	14,729	13,617	13,955	15,303	14,661	15,071	15,451	15,842				
Other revenues + other income (not incl. asset disposals)	1,068	895	752	775	798	822	847	872	898	925	953	982				
Payments:																
Employee Benefits & On-Costs	(13,652)	(13,684)	(14,330)	(15,176)	(15,887)	(16,280)	(16,682)	(17,094)	(17,516)	(17,949)	(18,392)	(18,846)				
Materials & Contracts	(13,576)	(13,619)	(13,817)	(14,230)	(14,655)	(15,093)	(15,543)	(16,007)	(16,486)	(16,978)	(17,485)	(18,007)				
Borrowing Costs	(471)	(396)	(363)	(341)	(317)	(299)	(240)	(180)	(46)	(20)	-	-				
Other	(812)	-	-	-	-	-	-	-	-	-	-	-				
Net Cash from Operating Activities	17,698	32,832	48,080	9,735	9,711	8,526	8,775	10,039	9,401	9,742	10,055	10,371				
Cash Flows from Investing Activities																
Receipts:																
Sale of Investment Securities																
Sale of Infrastructure, Property, Plant & Equipment	248	-	2,992	620	620	620	620	620	620	620	620	620				
Payments:																
Purchase of Investment Securities																
Purchase of Infrastructure, Property, Plant & Equipment	(27,573)	(32,222)	(51,826)	(8,605)	(9,245)	(8,941)	(9,306)	(9,260)	(11,084)	(9,729)	(9,960)	(10,221)				
Net Cash from Investing Activities	(27,325)	(32,222)	(48,834)	(7,985)	(8,625)	(8,321)	(8,686)	(8,640)	(10,464)	(9,109)	(9,340)	(9,601)				
Cash Flows from Financing Activities																
Receipts:																
Proceeds from Borrowings & Advances																
Payments:																
Repayment of Borrowings & Advances	(598)	(628)	(358)	(333)	(223)	(241)	(2,482)	(3,283)	(306)	(332)	-	-				
Net Cash from Financing Activities	(598)	(628)	(358)	(333)	(223)	(241)	(2,482)	(3,283)	(306)	(332)	-	-				
Net Increase/(Decrease) in Cash & Cash Equivalents	(10,225)	(18)	(1,112)	1,417	863	(36)	(2,392)	(1,884)	(1,370)	301	715	770				
Plus: Cash & Cash equivalents - beginning of year	9,378	15,665	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547				
Investments, Cash & Cash Equivalents - end of the year	(847)	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547	9,316				
Investments - end of the year																
Total Cash at End of Year	15,665															
Representing:																
- External Restrictions	3698	4769	2942	4763	11,055											
- Internal Restrictons	7211	5415	6873	4546	4,499											
- Unrestricted	352	109	33	69	111											
TOTAL CASH	12,266	10,294	9,895	9,378	15,665	12,045	10,933	12,350	13,213	13,177	10,785	8,901	7,531	7,831	8,547	9,316

WATER FUND INCOME STATEMENT	Historic Actuals					Budget		Forecast								
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Rates & Annual Charges	1,274	1,275	1,370	1,347	1,470	1,471	1,621	1,669	1,723	1,778	1,833	1,888	1,944	2,006	2,069	2,133
User Charges & Fees	4,928	5,808	5,834	8,134	10,046	9,627	11,534	11,933	12,565	13,110	13,504	13,909	14,326	14,756	15,198	15,654
Interest and investment revenue	755	308	267	110	25	31	222	194	239	326	429	485	403	471	617	666
Other Revenues	86	71	45	53	5	10										
Grants & Contributions: Operating	56	55	150													
Grants & Contributions: Capital Purposes	12,794	3,195	5,724	1,110	1,478		24,490	24,402	904	-	-	-	-	-	-	-
Other income				73	14											
Net Gains Asset Disposals					17											
Total Income from Continuing Operations	19,893	10,712	13,390	10,827	13,055	11,139	37,868	38,198	15,430	15,215	15,766	16,282	16,672	17,233	17,884	18,453
TOTAL INCOME (ex. Capital)	7,099	7,517	7,666	9,717	11,577	11,139	13,377	13,796	14,527	15,215	15,766	16,282	16,672	17,233	17,884	18,453
Employee Benefits & On-Costs	876	1,521	1,293	987	1,397	2,254	2,199	2,325	2,432	2,493	2,555	2,619	2,684	2,751	2,820	2,891
Materials & Contracts/Services	2,231	2,770	2,146	2,563	4,701	4,964	5,643	5,812	5,986	6,166	6,351	6,542	6,738	6,940	7,148	7,363
Borrowing Costs	221	252	320	154	218	211	200	188	177	164	152	139	126	112	98	84
Depreciation & Amortisation	2,117	2,456	3,317	3,197	3,148	3,150	3,976	4,625	4,722	4,787	4,811	4,911	5,351	5,540	5,563	5,656
Other expenses	1,019	1,237	2,125	1,976	80											
Net loss on sale of assets	1	71	2	20												
TOTAL EXPENSES: Continuing Operations	6,465	8,307	9,203	8,897	9,544	10,579	12,017	12,950	13,317	13,610	13,869	14,211	14,899	15,344	15,630	15,993
Net Operating Result for the Year	13,428	2,405	4,187	1,930	3,511	560	25,851	25,248	2,114	1,605	1,897	2,071	1,773	1,889	2,255	2,460
OPERATING SURPLUS/DEFICIT exc. Capital	634	(790)	(1,537)	820	2,033	560	1,361	846	1,210	1,605	1,897	2,071	1,773	1,889	2,255	2,460

WATER FUND BALANCE SHEET	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2031
Cash & Cash Equivalents	582	5,081	212	8,465	7,593	12,989	11,153	7,672	10,527	13,524	16,470	17,112	11,028	11,800	15,611	14,472
Investments	31,759	20,635	14,575	1,244	3,142											
Receivables	1,845	2,819	2,568	2,371	2,302											
Inventories	50	48	41	57	51											
Contract assets					203											
Other																
Total Current Assets	34,236	28,583	17,396	12,137	13,291	12,989	11,153	7,672	10,527	13,524	16,470	17,112	11,028	11,800	15,611	14,472
Investments	2,235			1,059	369											
Receivables																
Inventories																
Infrastructure, Property, Plant & Equipment	128,902	141,219	159,615	158,189	148,610											
Intangible Assets	1,261	1,261	1,296	1,586	2,181											
Total Non-Current Assets	132,398	142,480	160,911	160,834	151,160	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	166,634	171,063	178,307	172,971	164,451	12,989	11,153	7,672	10,527	13,524	16,470	17,112	11,028	11,800	15,611	14,472
Payables	936	1,351	1,049	328	563											
Income in advance/contract liabilities	121	61	89	587												
Borrowings	319	329	339	349	360	6,649	6,278	5,896	5,502	5,096	4,677	4,246	3,801	3,342	2,870	2,383
Employee benefit provision					532											
Provisions	276	305	287	301	73											
Total Current Liabilities	1,652	2,046	1,764	1,565	1,528	6,649	6,278	5,896	5,502	5,096	4,677	4,246	3,801	3,342	2,870	2,383
Payables																
Borrowings	8,025	7,696	7,358	7,008	6,649											
Employee benefit provision					32											
Provisions			1,495	1,511	1,776											
Total Non-Current Liabilities	8,025	7,696	8,853	8,519	8,457	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	9,677	9,742	10,617	10,084	9,985	6,649	6,278	5,896	5,502	5,096	4,677	4,246	3,801	3,342	2,870	2,383
Net Assets	156,957	161,321	167,690	162,887	154,466	6,340	4,875	1,776	5,025	8,429	11,793	12,867	7,227	8,457	12,741	12,089
Retained Earnings	104,056	106,461	110,648	112,020	115,531											
Revaluation Reserves	52,901	54,860	57,042	50,867	38,935											
Total Equity	156,957	161,321	167,690	162,887	154,466	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL WORKS (FROM SAMP, CURRENT YEAR \$)							31,292	31,383	3,330	2,707	2,955	5,095	10,738	5,088	2,830	6,850
ESTIMATED WORKS CARRIED FORWARD FROM CURRENT YEAR																
TOTAL CAPITAL WORKS (indexed 2.5% p.a.)	14,604	35,370	12,925	5,503	5,644	1,465	31,292	32,971	3,586	2,988	3,343	5,909	12,764	6,200	3,534	8,769

	Actual	Budget			Forecast									
WATER FUND CASHFLOW STATEMENT	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
Cash Flows from Operating Activities														
Receipts:														
Rates & Annual Charges	1,470	1,471	1,621	1,669	1,723	1,778	1,833	1,888	1,944	2,006	2,069	2,133		
User Charges & Fees	10,046	9,627	11,534	11,933	12,565	13,110	13,504	13,909	14,326	14,756	15,198	15,654		
Investment & Interest Revenue Received	25	31	222	194	239	326	429	485	403	471	617	666		
Grants & Contributions	1,478	-	24,490	24,402	904	-	-	-	-	-	-	-		
Other	36	10	-	-	-	-	-	-	-	-	-	-		
Payments:														
Employee Benefits & On-Costs	(1,397)	(2,254)	(2,199)	(2,325)	(2,432)	(2,493)	(2,555)	(2,619)	(2,684)	(2,751)	(2,820)	(2,891)		
Materials & Contracts	(4,701)	(4,964)	(5,643)	(5,812)	(5,986)	(6,166)	(6,351)	(6,542)	(6,738)	(6,940)	(7,148)	(7,363)		
Borrowing Costs	(218)	(211)	(200)	(188)	(177)	(164)	(152)	(139)	(126)	(112)	(98)	(84)		
Other	(80)	-	-	-	-	-	-	-	-	-	-	-		
Net Cash from Operating Activities	6,659	3,710	29,827	29,873	6,835	6,392	6,708	6,983	7,125	7,430	7,818	8,116		
Cash Flows from Investing Activities														
Receipts:														
Sale of Investment Securities														
Sale of Infrastructure, Property, Plant & Equipment														
Payments:														
Purchase of Investment Securities														
Purchase of Infrastructure, Property, Plant & Equipment	(5,644)	(1,465)	(31,292)	(32,971)	(3,586)	(2,988)	(3,343)	(5,909)	(12,764)	(6,200)	(3,534)	(8,769)		
Net Cash from Investing Activities	(5,644)	(1,465)	(31,292)	(32,971)	(3,586)	(2,988)	(3,343)	(5,909)	(12,764)	(6,200)	(3,534)	(8,769)		
Cash Flows from Financing Activities														
Receipts:														
Proceeds from Borrowings & Advances														
Payments:														
Repayment of Borrowings & Advances	(679)	(360)	(371)	(382)	(394)	(406)	(419)	(431)	(445)	(458)	(472)	(487)		
Net Cash from Financing Activities	(679)	(360)	(371)	(382)	(394)	(406)	(419)	(431)	(445)	(458)	(472)	(487)		
Net Increase/(Decrease) in Cash & Cash Equivalents	336	1,885	(1,836)	(3,481)	2,855	2,997	2,946	642	(6,084)	772	3,811	(1,139)		
Plus: Cash & Cash equivalents - beginning of year	10,768	11,104	12,989	11,153	7,672	10,527	13,524	16,470	17,112	11,028	11,800	15,611		
Investments, Cash & Cash Equivalents - end of the year	11,104	12,989	11,153	7,672	10,527	13,524	16,470	17,112	11,028	11,800	15,611	14,472		

SEWER FUND INCOME STATEMENT	Historic Actuals					Budget		Forecast								
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Rates & Annual Charges	2,457	2,555	2,654	2,718	3,167	3,831	3,765	3,881	4,000	4,122	4,249	4,378	4,512	4,650	4,792	4,938
User Charges & Fees	448	597	526	588	476	130	470	484	499	514	529	545	561	578	595	613
Interest and investment revenue	121	39	35	11	4	5	153	230	261	207	252	299	330	348	376	430
Other Revenues	22	13	14		16	14										
Grants & Contributions: Operating	48	48														
Grants & Contributions: Capital Purposes	3,794	67	85	114	145		100									
Other income				17	15											
Net Gains Asset Disposals					(1)											
Total Income from Continuing Operations	6,890	3,319	3,314	3,448	3,822	3,980	4,488	4,594	4,759	4,843	5,029	5,222	5,403	5,576	5,764	5,982
TOTAL INCOME (ex. Capital)	3,096	3,252	3,229	3,334	3,677	3,980	4,388	4,594	4,759	4,843	5,029	5,222	5,403	5,576	5,764	5,982
Employee Benefits & On-Costs	760	762	705	661	588	992	715	756	790	810	830	851	872	894	916	939
Materials & Contracts/Services	946	1,467	1,584	792	1,156	1,007	1,056	1,088	1,120	1,154	1,189	1,224	1,261	1,299	1,338	1,378
Borrowing Costs	607	113	32	190	116	116	116	116	116	116	-	-	-	-	-	-
Depreciation & Amortisation	509	884	1,603	1,609	1,581	1,713	1,466	1,495	1,529	1,565	1,596	1,769	1,807	1,859	1,882	1,891
Other expenses	10	176	212	216												
Net loss on sale of assets	-	16	71	1												
TOTAL EXPENSES: Continuing Operations	2,832	3,418	4,207	3,469	3,441	3,828	3,353	3,454	3,556	3,645	3,615	3,844	3,940	4,052	4,136	4,208
Net Operating Result for the Year	4,058	(99)	(893)	(21)	381	152	1,135	1,140	1,204	1,198	1,415	1,378	1,463	1,524	1,627	1,774
OPERATING SURPLUS/DEFICIT exc. Capital	264	(166)	(978)	(135)	236	152	1,035	1,140	1,204	1,198	1,415	1,378	1,463	1,524	1,627	1,774

SEWER FUND BALANCE SHEET	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2031
Cash & Cash Equivalents	194	87	9	1,145	2,267	4,894	6,171	7,786	9,205	7,201	9,448	10,304	10,442	10,012	9,806	10,942
Investments	3,815	545	592	207	937											
Receivables	384	1,109	1,020	1,085	1,136											
Inventories	16	19	20	6	6											
Contract assets																
Other																
Total Current Assets	4,409	1,760	1,641	2,443	4,346	4,894	6,171	7,786	9,205	7,201	9,448	10,304	10,442	10,012	9,806	10,942
Investments	745			177	110											
Receivables																
Inventories																
Infrastructure, Property, Plant & Equipment	52,392	55,911	58,368	58,088	57,509											
Intangible Assets																
Total Non-Current Assets	53,137	55,911	58,368	58,265	57,619	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	57,546	57,671	60,009	60,708	61,965	4,894	6,171	7,786	9,205	7,201	9,448	10,304	10,442	10,012	9,806	10,942
Payables	384	17	33	62	25											
Contract liabilities																
Borrowings									4,000							
Employee benefit provision					221											
Provisions	127	142	156	157	116											
Total Current Liabilities	511	159	189	219	362	-	-	-	4,000	-	-	-	-	-	-	-
Payables																
Borrowings	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000								
Employee benefit provision					13											
Provisions			2,333	2,480	2,815											
Total Non-Current Liabilities	4,000	4,000	6,333	6,480	6,828	4,000	4,000	4,000	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	4,511	4,159	6,522	6,699	7,190	4,000	4,000	4,000	4,000	-	-	-	-	-	-	-
Net Assets	53,035	53,512	53,487	54,009	54,775	894	2,171	3,786	5,205	7,201	9,448	10,304	10,442	10,012	9,806	10,942
Retained Earnings	37,558	37,459	36,566	36,545	38,926											
Revaluation Reserves	15,477	16,053	16,921	17,464	17,849											
Total Equity	53,035	53,512	53,487	54,009	56,775	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL WORKS (FROM SAMP, CURRENT YEAR \$)							1,325	971	1,220	695	675	1,975	2,635	3,129	2,975	1,975
ESTIMATED WORKS CARRIED FORWARD FROM CURRENT YEAR																
TOTAL CAPITAL WORKS (indexed 2.5% p.a.)	15,847	12,587	3,832	470	179	285	1,324	1,021	1,313	767	764	2,290	3,132	3,813	3,715	2,528

					Actual	Budget			Forecast							
SEWER FUND CASHFLOW STATEMENT					2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash Flows from Operating Activities																
Receipts:																
Rates & Annual Charges					3,167	3,831	3,765	3,881	4,000	4,122	4,249	4,378	4,512	4,650	4,792	4,938
User Charges & Fees					476	130	470	484	499	514	529	545	561	578	595	613
Investment & Interest Revenue Received					4	5	153	230	261	207	252	299	330	348	376	430
Grants & Contributions					145	-	100	-	-	-	-	-	-	-	-	-
Other					30	14	-	-	-	-	-	-	-	-	-	-
Payments:																
Employee Benefits & On-Costs					(588)	(992)	(715)	(756)	(790)	(810)	(830)	(851)	(872)	(894)	(916)	(939)
Materials & Contracts					(1,156)	(1,007)	(1,056)	(1,088)	(1,120)	(1,154)	(1,189)	(1,224)	(1,261)	(1,299)	(1,338)	(1,378)
Borrowing Costs					(116)	(116)	(116)	(116)	(116)	(116)	-	-	-	-	-	-
Other					-	-	-	-	-	-	-	-	-	-	-	-
Net Cash from Operating Activities					1,962	1,865	2,601	2,635	2,733	2,763	3,011	3,147	3,270	3,383	3,509	3,664
Cash Flows from Investing Activities																
Receipts:																
Sale of Investment Securities																
Sale of Infrastructure, Property, Plant & Equipment																
Payments:																
Purchase of Investment Securities																
Purchase of Infrastructure, Property, Plant & Equipment					(179)	(285)	(1,324)	(1,021)	(1,313)	(767)	(764)	(2,290)	(3,132)	(3,813)	(3,715)	(2,528)
Net Cash from Investing Activities					(179)	(285)	(1,324)	(1,021)	(1,313)	(767)	(764)	(2,290)	(3,132)	(3,813)	(3,715)	(2,528)
Cash Flows from Financing Activities																
Receipts:																
Proceeds from Borrowings & Advances																
Payments:																
Repayment of Borrowings & Advances										(4,000)						
Net Cash from Financing Activities					-	-	-	-	-	(4,000)	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents					1,783	1,580	1,277	1,614	1,419	(2,004)	2,247	856	138	(430)	(206)	1,136
Plus: Cash & Cash equivalents - beginning of year						3,314	4,894	6,171	7,786	9,205	7,201	9,448	10,304	10,442	10,012	9,806
Investments, Cash & Cash Equivalents - end of	4,754	632	601	1,529	3,314	4,894	6,171	7,786	9,205	7,201	9,448	10,304	10,442	10,012	9,806	10,942

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