December 2020

# DELIVERY PROGRAM 2018-2021

## *ADDENDUM*

## *for adoption at Council meeting 3.02.2021*



## ADDENDUM

Council's Delivery Program for 2018-2021 was prepared and adopted in 2018. The 2020-2021 year is the final year in the Delivery Program.

In its adopted Operational Plan for 2020-2021, Council included a statement about proposed Special Rate Variation (SRV) as follows:

‘In January 2020 Council engaged Professor Joseph Drew from the University of Technology Sydney to prepare a submission for the Local Government Boundaries Commission proposal to re-establish the pre-merger councils.

In preparing the submission, Professor Drew conducted a full review of Council’s finances. The review observed that Council’s rates are significantly lower than the average of our class (OLG Group 11) and recommended Special Rate Variations (SRV) of 17.5% in each of the 2021/22 and 2022/23 years and 10% in the 2023/24 year, before returning to the rate peg the following year.’

Council has updated fiscal data since the time of Professor Drew’s original report. In addition, Council has carefully re-examined its long term financial plan (LTFP), and asset management plans.

Following community consultation it is now recommended that Council submit an application to IPART in early February 2021, for a SRV under S508A of the Local Government Act (1993) to be retained permanently in the rate base, commencing 2021/2022 as per the tables below:

### *Table 1. Impact on Total Rate Revenue of an Expiring Special Rate Variation and a s508A Special Variation of 20%, 16%, 5%, 5%*

| **Notional Rates Income** | **Base Year** | **YEAR 1** | **YEAR 2** | **YEAR 3** | **YEAR 4** | **Cumulative Increase** |
|---|---|---|---|---|---|---|
| **Financial Year** | **20/21** | **21/22** | **22/23** | **23/24** | **24/25** | |
| Rate Peg | | 1.02 | 1.025 | 1.025 | 1.025 | |
| No SRV | $7,653,564 | $7,806,635 | $8,001,801 | $8,201,846 | $8,406,892 | |
| ***Baseline Scenario*** | | | | | | |
| Total Notional Rates Income ($) under Rate Peg with no SRV (removes existing SRV) | $7,266,232 | $7,411,556 | $7,596,845 | $7,786,766 | $7,981,435 | $715,204 |
| Annual Increase (%) | | 2.0% | 2.5% | 2.5% | 2.5% | 9.8% |
| ***Status Quo Scenario*** | | | | | | |
| Total Notional Rates Income ($) Under Rate Peg with an Expiring SRV | $7,653,564 | $7,806,635 | $8,001,801 | $8,201,846 | $7,981,435 | $327,871 |
| Annual Increase (%) | | 2.0% | 2.5% | 2.5% | -2.7% | 4.3% |
| ***Proposed SV*** | | | | | | |
| Total Notional Rates Income ($) With both Expiring SV and Requested New SV | $7,653,564 | $9,184,277 | $10,653,761 | $11,186,449 | $11,745,772 | $4,092,208 |
| Annual Increase (%) | | 20.0% | 16.0% | 5.0% | 5.0% | 53.5% |
| Cumulative Impact on Notional Income of Proposed SV | | $1,530,713 | $3,000,197 | $3,532,885 | $4,092,208 | |
| Difference between Proposed SV and Status Quo Scenario | | $1,377,642 | $2,651,960 | $2,984,603 | $3,764,336 | |

### *Table 2. Impact on Average Farmland Rate of an Expiring Special Rate Variation and s508A Special Variation of 20%, 16%, 5%, 5%*

| Proposed Rates | Base Year | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | Cumulative Increase |
|---|---|---|---|---|---|---|
| **Financial Year** | **20/21** | **21/22** | **22/23** | **23/24** | **24/25** | |
| ***Farmland Category*** | | | | | | |
| Assumed rate peg with expiring SRV (Gundagai Main Street Upgrade) | $2,900 | $2,958 | $3,032 | $3,108 | $3,024 | $124 |
| Annual increase (%) | | 2.0% | 2.5% | 2.5% | -2.7% | 4.3% |
| Proposed SRV with Main Street SRV expiring 23/24 and SRV increases 20%, 16%. 5%, 9% over 4 years commencing 21/22 | $2,900 | $3,480 | $4,037 | $4,239 | $4,450 | $1,551 |
| Annual increase (%) | | 20.0% | 16.0% | 5.0% | 5.0% | 53.5% |
| Cumulative impact of SRV above Base year and expiry of Gundagai Main Street Upgrade SRV | | $580 | $1,137 | $1,339 | $1,551 | |
| Difference between SRV and rate peg only scenarios | | $522 | $1,005 | $1,131 | $1,426 | |

### *Table 3. Impact on Average Residential Rate of an Expiring Special Rate Variation and s508A Special Variation of 20%, 16%, 5%, 5%*

| Proposed Rates | Base Year | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | Cumulative Increase |
|---|---|---|---|---|---|---|
| **Financial Year** | **20/21** | **21/22** | **22/23** | **23/24** | **24/25** | |
| ***Residential Category*** | | | | | | |
| Assumed rate peg with expiring SRV (Gundagai Main Street Upgrade) | $675 | $689 | $706 | $724 | $704 | $29 |
| Annual increase (%) | | 2.0% | 2.5% | 2.5% | -2.7% | 4.3% |
| Proposed SRV with Main Street SRV expiring 23/24 and SRV increases 20%, 16%. 5%, 9% over 4 years commencing 21/22 | $675 | $810 | $940 | $987 | $1,037 | $361 |
| Annual increase (%) | | 20.0% | 16.0% | 5.0% | 5.0% | 53.5% |
| Cumulative impact of SRV above Base year and expiry of Gundagai Main Street Upgrade SRV | | $135 | $265 | $312 | $361 | |
| Difference between SRV and rate peg only scenarios | | $122 | $234 | $263 | $332 | |

### *Table 4. Impact on Average Business Rate of an Expiring Special Rate Variation and s508A Special Variation of 20%, 16%, 5%, 5%*

| Proposed Rates | Base Year | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | Cumulative Increase |
|---|---|---|---|---|---|---|
| **Financial Year** | **20/21** | **21/22** | **22/23** | **23/24** | **24/25** | |
| ***Business Category*** | | | | | | |
| Assumed rate peg with expiring SRV (Gundagai Main Street Upgrade) | $1,560 | $1,591 | $1,631 | $1,672 | $1,627 | $67 |
| Annual increase (%) | | 2.0% | 2.5% | 2.5% | -2.7% | 4.3% |
| Proposed SRV with Main Street SRV expiring 23/24 and SRV increases 20%, 16%. 5%, 9% over 4 years commencing 21/22 | $1,560 | $1,872 | $2,172 | $2,280 | $2,394 | $834 |
| Annual increase (%) | | 20.0% | 16.0% | 5.0% | 5.0% | 53.5% |
| Cumulative impact of SRV above Base year and expiry of Gundagai Main Street Upgrade SRV | | $312 | $612 | $720 | $834 | |
| Difference between SRV and rate peg only scenarios | | $281 | $541 | $608 | $767 | |

It should be noted that the presentation of cumulative rate data is strictly controlled by IPART. These tables have been produced to conform to Table 3.4 on page 9 of the 2020-21 *Community Awareness and Engagement for Special Variation and Minimum Rate Increases* document.

# PURPOSE OF PROPOSED SRV

On page 4 of the Guidelines IPART (2020) lists a number of possible purposes for a SRV including, *inter alia*: 'improving financial sustainability', 'maintaining existing services and service levels generally', and 'meeting special cost pressures faced by council' (IPART, 2020, p. 4).

Accordingly, the purpose of this SRV application is to try to assure financial sustainability, with a view to maintaining service levels wherever possible, in response to very significant cost pressures imposed by the May 2016 forced amalgamation and subsequent rate path freeze (Local Government Act, 1993).

## IMPACT OF POTENTIAL RATE INCREASES

Examining and reporting on the community's capacity to pay higher rates is a central component of the SRV application process. Council has commissioned Professor Joseph Drew to undertake a financial impact analysis of the proposed rate increase which can be found in his Capacity to Pay report on the Council website at the following link: https://www.cgrc.nsw.gov.au/special-rate-variation-srv/

Professor Drew conducted a comparison of the 2020-21 Cootamundra Gundagai average rates to the 2018-19 time series data reported by the OLG. To ensure fair comparisons, Professor Drew increased the average rate data for each category and each Council in 2018-19 by the two respective rate caps that were employed in the relevant intervening periods. The data for Cootamundra-Gundagai 2020-21 is taken directly from Council adopted plans.

***Table 5. Comparison of Cootamundra-Gundagai Average Rates in 2020-21 to Other OLG11 Councils.***

| 2020-21 | Residential | Farm | Business |
|---|---|---|---|
| Average OLG11 (including cap) | 981.64 | 3,466.63 | 2,245.98 |
| Standard deviation OLG11 (including cap) | 505.19 | 2,070.97 | 1,469.98 |
| Median OLG11 (including cap) | 897.75 | 2,900.00 | 1,672.71 |
| Quartile 1 OLG11 (including cap) | 714.01 | 2,699.42 | 957.60 |
| Quartile 3 OLG11 (including cap) | 1,033.36 | 3,636.74 | 3,066.40 |
| Inter Quartile Range OLG11 (including cap) | 319.35 | 937.32 | 2,108.80 |
| Cootamundra-Gundagai Post Harmonisation | $675.00 | $2,900.00 | $1,560.00 |
| Factor Required to Achieve Median | 133.00 | 100.00 | 107.22 |
| Factor Required to Achieve Mean | 145.43 | 119.54 | 143.97 |
| Factor Required to Achieve Quartile 3 | 153.09 | 125.40 | 196.56 |

It is important to be mindful of a number of things when interpreting this table. First, the 2018-19 OLG data was the most recent available at the time of writing; but is clearly not ideal (because changes to property valuations will have had an effect on averages). Each category of each OLG11 Council has been increased by the relevant rate cap, except for Muswellbrook which had a s508(2) SRV of 15.13% in 2019-20. Second, the use of averages by the OLG can be quite misleading (it would be more helpful if the OLG collated data by employing the median), given that averages are easily skewed by outliers. One or two very large assessments can easily skew the mean to the right (thus making the average look far more than a true measure of center would show[1]). One only needs to look at Moree Plains 'farmland' (average $11,134 in 2018-19), or Gunnedah 'business' (average $4,739 in 2018-19) to see the effect of skewing on the average data reported. This point is particularly important for interpreting the average business rate in CGRC which is not skewed as much as some local government areas by the presence of very large business land values. Third, the implicit assumption in any comparative work is that the comparator local governments have distributed the burden of taxation fairly and also set taxes according to capacity to pay. However, there is no reason to suggest that these assumptions are indeed valid in New South Wales (see, Drew and Dollery, 2015; Drew, 2020).

Indeed, as noted in the rate harmonisation work (see Table 6) the taxation burden in CGRC already falls disproportionately on the business and residential categories. This suggests that whilst *prima facie* there appears to be little scope to increase farmland rates (according to the comparison in Table 5) this is not reflective of the dictates of distributive justice:

***Table 6. Adopted Rates 2020/21.***

| Category | Number of Assessments | Ad Valorem | Base Rate | Base Amount % | Land Value | 2020/21 Estimated Income | Yield % |
|---|---|---|---|---|---|---|---|
| Farmland | 1277 | 0.2102605 | $307.11 | 10.59% | $1,574,719,960 | $3,703,194 | 48.41% |
| Residential | 4632 | 0.4881518 | $307.11 | 45.47% | $349,466,660 | $3,128,461 | 40.90% |
| Business | 524 | 1.2009279 | $307.11 | 19.68% | $54,677,951 | $817,568 | 10.69% |
| Mining | 0 | - | - | - | - | - | - |
| Totals | 6433 | | | | $1,978,864,571 | $7,649,223 | |

In terms of how the proposed SRV would be applied, we must be mindful of the theoretical rationale applied in the rates harmonisation process. The base rate is the overheads of the Council shared equally between all ratepayers because all benefit equally from having a local government. This base rate should be ideally recalculated on an annual basis and provides an important price signal to residents and Council alike. Therefore the bulk of the SRV increase should be applied to the *ad valorem* in a way such that each ratepayer takes on the burden in equal proportion. Indeed, we must be mindful that arbitrary increases to the base rate undermine the theoretical rationale of an unimproved land tax and in fact result in the people who gain the least unearned wealth paying a relatively higher share as a taxation impost.

[1] The best measure of central tendency for skewed data is the median, augmented by the interquartile range to show the spread of data.

# LONG TERM FINANCIAL PLAN 2020/21 TO 2029/30:

## ADDENDUM FOR SRV PROPOSAL

Following the preparation of Draft Financial Statements for the 2019/20 financial year, the financial projections for the Long Term Financial Plan have been updated. The liquidity of the general fund continues to be a major concern, with unrestricted cash projected to be exhausted in the 2021/22 financial year.
The detail following applies only to the general fund, as the water, sewer and waste operations will be unaffected by the SRV proposal.

Some adjustments have been made to the projection based on the Draft Financial Statements, and are consistent with the independent report produced by Deloitte Touch Tohmatsu for the Boundaries Commission (with data updated based on the Draft Financial Statements 19/20 and budget review to date 20/21) and the submission prepared by Professor Joseph Drew. The material changes are as follows:

## MATERIAL CHANGES AND UNDERLYING ASSUMPTIONS

*Material Changes*

The material changes from the adopted 2020-21 to 2029-30 Long Term Financial Plan for the General Fund are as follows:

- Increase in other revenues of around $500,000 per year from 2020/21. This is a more realistic figure based on historic receipts.
- Increase in capital grants of $500,000 per year from 2021/22, and indexed thereafter. This is to allow for unknown but reasonably probable grant receipts, and is to apply to capital works already budgeted.
- Include savings of materials and contracts of $2,100,000 in 2020/21 and $2,400,000 pa thereafter.
- Increase depreciation by around $277,000 from 2020/21 and indexed thereafter. The 2019/20 revaluation of transport assets resulted in the recognition of a significantly increased value, and annual depreciation expense.
- Employee costs have been reduced by $500,000 in 2022/23 and increase by only 1% pa thereafter as Council continues to seek ongoing productivity improvements. Employee costs have increased by approximately 18% since merger. The proposed savings in 2022/23 will reduce post-merger wage increase to a level consistent with other merged Councils.
- Capital expenditure on roads has been reduced by $1,000,000 in 2020/21 and $800,000 in 2021/22. The adjusted figure is the same as that recommended by the previous Moloney report, and similar to the recently updated 2020 version.
- Borrow $1,000,000 in the general fund to provide for co-contributions required by budgeted capital grants. Repayments over 10 years with fixed interest.

*Underlying Assumptions*

The following underlying assumptions have been made:

- User charges and fees are increased by 4% pa with the exception of RMCC Income which is increased by 1% pa from 2022/23, because this is outside Council control.
- Interest on investments has been included at 1% pa.
- Employee costs are indexed at 2% pa beyond 2022/23 Scenario 3 (1% in Scenarios 1. & 2.)[2]
- Materials and Contracts are indexed at 2.5% pa from 2022/23.
- Other expenses are indexed at 2.5% pa.
- Depreciation has been adjusted for the 2019/20 result, and is indexed at 1% pa.

[2] Sensitivity analysis suggests this is still ambitious but is a more realistic assumption.

# Scenario 3: Proposed SRV for Application to IPART

The following increases to rates via special rate variation are proposed:

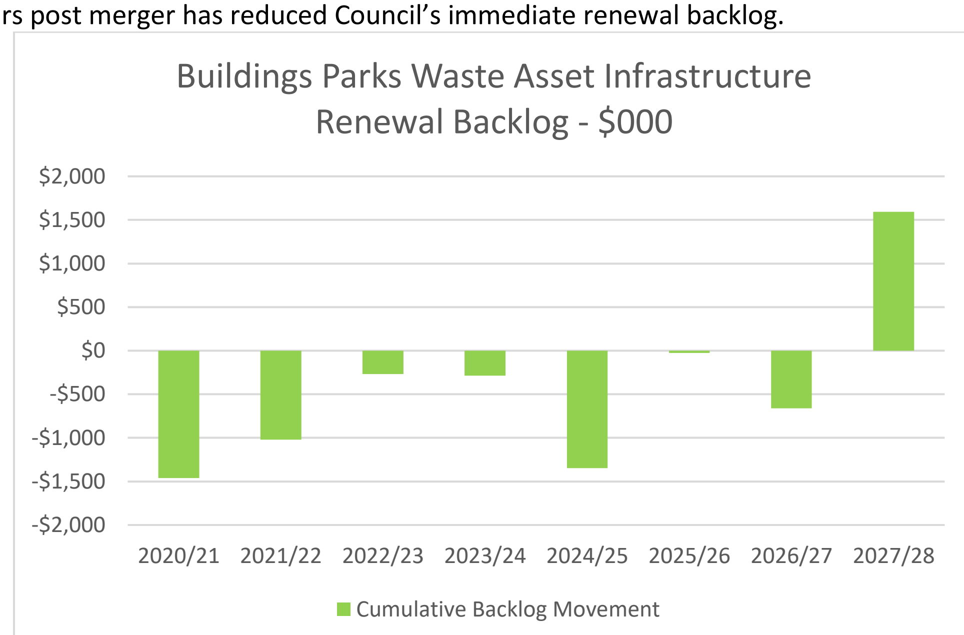
| Year | Increase |
|---|---|
| 2021/22 | 20.00% |
| 2022/23 | 16.00% |
| 2023/24 | 5.00% |
| *2024/25 | 5.00% |

*In 2024/25 the increase is net of expiring Gundagai Main Street SRV. This represents a cumulative increase of 53.5% over the 4-year period.

In this scenario, general fund operating losses before capital income are still projected after 10 years in the order of $1.5 million pa. This scenario will not deliver long term financial sustainability without additional sources of revenue or cost savings. However, it does secure Council's cash position while opportunities are identified.

Unrestricted cash remains uncomfortably tight in the early years reducing to a low of $831,000 in 2020/21 before increasing to remain steady around $2.2 million.

Additional funding of $310,000 is invested in building renewals from 2024/25 and additional $400,000 in renewals for the Buildings, Parks & Waste (Other) Asset Class in 2024/25, then $800,000 per annum in 2025/26 through to 2028/29 and $1.2 million in 2029/30. The projected increase of Infrastructure Renewal Backlog in this asset class in Scenario 3 is reduced to $1.595 million, compared to the increase of renewal backlog in the Status Quo Scenario (Scenario 1) of $5.8 million. Forecast expenditure is not sufficient to meet the cost of predicted asset renewals, however the very significant capital grant funding provided by the State Government in the four years post merger has reduced Council's immediate renewal backlog.




The easing liquidity pressures later in the projection also allow capital works on transport assets to be increased to $4,488,000 pa from the amount of $4,290,000 pa included in the Status Quo Scenario.

Cumulative rate increases for Scenario 3 are lower than Scenario 2 by $401,736 by 2025/26.

# Proposed SRV Income Statement & Unrestricted Cash

## General fund - Financial Statement

| | Operational Plan 2020/21 | Delivery Program 2021/22 | Delivery Program 2022/23 | Delivery Program 2023/24 | Long Term Financial Plan 2024/25 | Long Term Financial Plan 2025/26 | Long Term Financial Plan 2026/27 | Long Term Financial Plan 2027/28 | Long Term Financial Plan 2028/29 | Long Term Financial Plan 2029/30 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income from continuing operations** | | | | | | | | | | |
| Rates | 7,653,564 | 9,184,277 | 10,653,761 | 11,186,449 | 11,745,772 | 12,039,416 | 12,340,401 | 12,648,911 | 12,965,134 | 13,289,262 |
| User charges and fees | 4,058,911 | 4,687,467 | 4,793,588 | 4,903,140 | 5,016,252 | 5,133,058 | 5,253,698 | 5,378,317 | 5,507,065 | 5,640,100 |
| Interest and investment revenue | 65,000 | 65,065 | 65,130 | 65,130 | 65,195 | 65,195 | 65,260 | 65,260 | 65,326 | 65,326 |
| Other revenues | 885,649 | 888,306 | 890,971 | 893,644 | 896,325 | 899,014 | 901,711 | 904,416 | 907,129 | 909,850 |
| Operating grants and contributions | 10,101,458 | 8,029,498 | 8,109,793 | 8,190,891 | 8,272,800 | 8,355,528 | 8,439,083 | 8,523,474 | 8,608,709 | 8,694,796 |
| Capital grants and contributions | 5,313,054 | 1,565,650 | 571,307 | 577,020 | 582,790 | 588,618 | 594,504 | 600,449 | 606,453 | 612,518 |
| Recovery of corporate overhead expenditure | 1,877,561 | 1,894,691 | 1,912,018 | 1,929,544 | 1,947,272 | 1,965,204 | 1,983,341 | 2,001,688 | 2,020,245 | 2,039,016 |
| Rental income | - | - | - | - | - | - | - | - | - | - |
| Net gain from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| **Total Income** | **29,955,197** | **26,314,954** | **26,996,568** | **27,745,818** | **28,526,405** | **29,046,032** | **29,577,999** | **30,122,515** | **30,680,061** | **31,250,868** |
| **Expenses from continuing operations** | | | | | | | | | | |
| Employee benefits and on-costs | 10,700,609 | 11,048,560 | 10,823,014 | 11,039,474 | 11,260,263 | 11,485,469 | 11,715,178 | 11,949,482 | 12,188,471 | 12,432,241 |
| Borrowing costs | 86,487 | 76,259 | 59,781 | 40,391 | 26,263 | 15,320 | 15,320 | 15,320 | 15,320 | 15,320 |
| Materials and contracts | 5,684,527 | 5,501,640 | 5,621,681 | 5,744,723 | 5,870,841 | 6,000,112 | 6,132,615 | 6,268,431 | 6,407,641 | 6,550,332 |
| Depreciation and amortisation | 8,171,135 | 8,252,847 | 8,335,375 | 8,418,729 | 8,502,916 | 8,587,945 | 8,673,825 | 8,760,563 | 8,848,169 | 8,936,650 |
| Other expenses | 2,987,250 | 3,061,931 | 3,138,480 | 3,216,942 | 3,297,365 | 3,379,799 | 3,464,294 | 3,550,902 | 3,639,674 | 3,730,666 |
| Corporate overhead costs | 432,000 | 436,320 | 440,683 | 445,090 | 449,541 | 454,036 | 458,577 | 463,162 | 467,794 | 472,472 |
| Easement rental expense | | - | - | - | - | - | - | - | - | - |
| Net loss from the disposal of assets | - | - | - | - | - | - | - | - | - | - |
| **Total Expenses** | **28,062,008** | **28,377,557** | **28,419,014** | **28,905,348** | **29,407,190** | **29,922,682** | **30,459,809** | **31,007,859** | **31,567,070** | **32,137,682** |
| **Net Operating Result** | **1,893,189** | **(2,062,603)** | **(1,422,446)** | **(1,159,530)** | **(880,785)** | **(876,650)** | **(881,810)** | **(885,344)** | **(887,008)** | **(886,814)** |
| **Net operating result before grants and contributions provided for capital purposes** | (3,419,865) | (3,628,253) | (1,993,753) | (1,736,550) | (1,463,574) | (1,465,268) | (1,476,314) | (1,485,793) | (1,493,462) | (1,499,332) |
| Unrestricted Cash | 831,692 | 1,215,897 | 1,250,706 | 1,801,817 | 1,977,847 | 2,029,625 | 2,161,856 | 2,177,348 | 2,279,176 | 2,270,422 |
| Percentage Increase | | 20.00% | 16.00% | 5.00% | 5.00% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |

# Proposed SRV Balance Sheet

## General fund - Balance Sheet

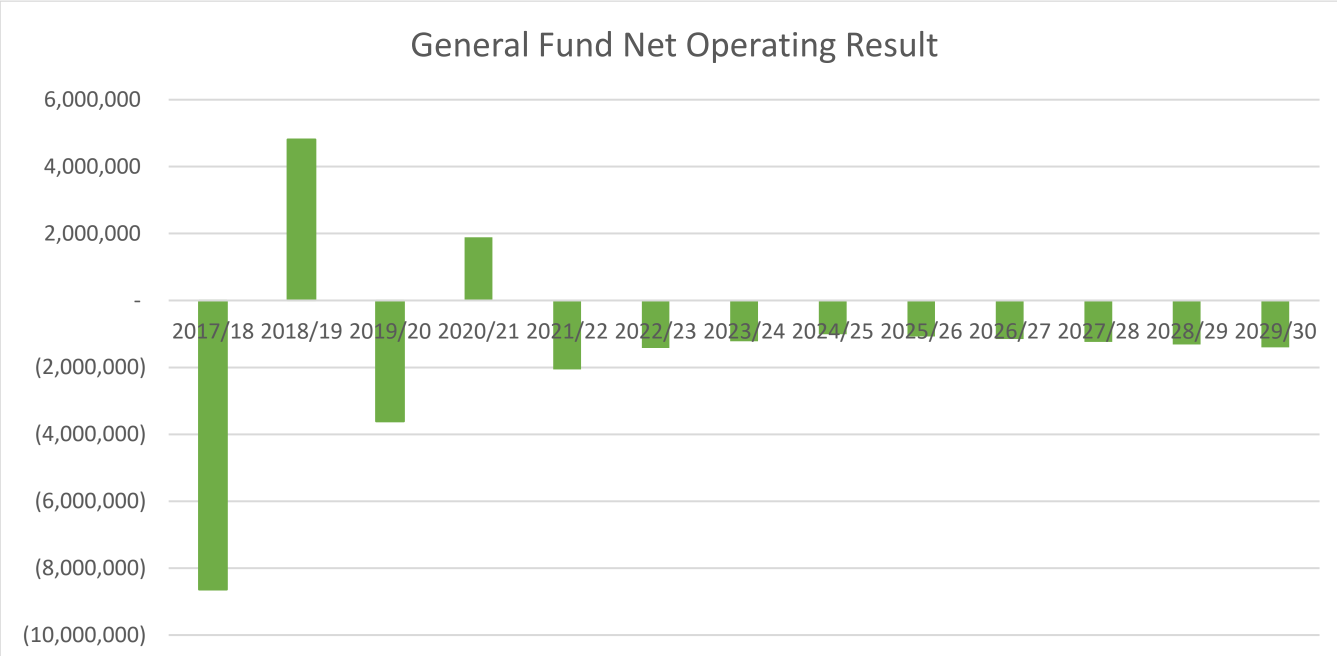
| | Operational Plan 2020/21 | Delivery Program 2021/22 | Delivery Program 2022/23 | Delivery Program 2023/24 | Long Term Financial Plan 2024/25 | Long Term Financial Plan 2025/26 | Long Term Financial Plan 2026/27 | Long Term Financial Plan 2027/28 | Long Term Financial Plan 2028/29 | Long Term Financial Plan 2029/30 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| **Current Assets** | | | | | | | | | | |
| Cash & Equivalents | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Investments | 5,952,446 | 6,959,715 | 8,197,757 | 9,539,231 | 10,127,448 | 10,412,194 | 10,424,253 | 11,242,005 | 11,598,946 | 12,610,251 |
| Receivables | 1,347,500 | 1,320,550 | 1,294,139 | 1,268,256 | 1,242,891 | 1,218,033 | 1,193,673 | 1,169,799 | 1,146,403 | 1,123,475 |
| Inventories | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 | 808,000 |
| Other | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| **Total Current Assets** | **13,107,946** | **14,088,265** | **15,299,896** | **16,615,487** | **17,178,339** | **17,438,227** | **17,425,926** | **18,219,805** | **18,553,349** | **19,541,726** |
| **Non-Current Assets** | | | | | | | | | | |
| Receivables | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 | 89,000 |
| Inventories | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 | 1,302,000 |
| IPP&E | 505,648,217 | 504,419,223 | 504,077,118 | 504,343,008 | 504,962,353 | 504,714,607 | 505,017,851 | 504,771,520 | 504,438,254 | 493,984,539 |
| Intangible Assets | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 |
| **Total Non-Current Assets** | **507,211,217** | **505,982,223** | **505,640,118** | **505,906,008** | **506,525,353** | **506,277,607** | **506,580,851** | **506,334,520** | **506,001,254** | **495,547,539** |
| **Total Assets** | **520,319,163** | **520,070,488** | **520,940,014** | **522,521,495** | **523,703,693** | **523,715,835** | **524,006,777** | **524,554,324** | **524,554,603** | **515,089,265** |
| **Liabilities** | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | |
| Payables | 3,692,160 | 3,690,622 | 3,689,068 | 3,687,498 | 3,685,913 | 3,684,313 | 3,682,696 | 3,681,063 | 3,679,413 | 3,677,747 |
| Contract Liabilities | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Borrowings | 536,594 | 607,211 | 435,998 | 450,126 | 92,959 | 92,959 | 92,959 | 92,959 | 92,959 | - |
| Provisions | 4,098,000 | 3,998,000 | 3,898,000 | 3,798,000 | 3,698,000 | 3,698,000 | 3,698,000 | 3,698,000 | 3,698,000 | 3,698,000 |
| **Total Current Liabilities** | **9,326,754** | **9,295,832** | **9,023,066** | **8,935,625** | **8,476,873** | **8,475,272** | **8,473,655** | **8,472,022** | **8,470,373** | **8,375,747** |
| **Non-Current Liablilities** | | | | | | | | | | |
| Provisions | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 | 1,086,000 |
| Borrowings | 1,958,133 | 1,350,922 | 914,923 | 464,797 | 371,838 | 278,878 | 185,919 | 92,959 | - | - |
| **Total Non-Current Liabilities** | **3,044,133** | **2,436,922** | **2,000,923** | **1,550,797** | **1,457,838** | **1,364,878** | **1,271,919** | **1,178,959** | **1,086,000** | **1,086,000** |
| **Total Liabilities** | **12,370,886** | **11,732,754** | **11,023,990** | **10,486,422** | **9,934,711** | **9,840,150** | **9,745,574** | **9,650,982** | **9,556,373** | **9,461,747** |
| **Net Assets** | **507,948,276** | **508,337,734** | **509,916,024** | **512,035,073** | **513,768,982** | **513,875,684** | **514,261,202** | **514,903,343** | **514,998,230** | **505,627,517** |
| **Equity** | | | | | | | | | | |
| Accumulated Surplus | 331,576,476 | 333,272,004 | 336,156,364 | 339,594,628 | 342,661,079 | 344,109,835 | 345,847,106 | 347,850,885 | 349,317,489 | 341,328,765 |
| Revaluation Reserves | 176,371,800 | 175,065,730 | 173,759,660 | 172,440,445 | 171,107,903 | 169,765,849 | 168,414,097 | 167,052,458 | 165,680,740 | 164,298,752 |
| **Total Equity** | **507,948,276** | **508,337,734** | **509,916,024** | **512,035,073** | **513,768,982** | **513,875,684** | **514,261,202** | **514,903,343** | **514,998,230** | **505,627,517** |

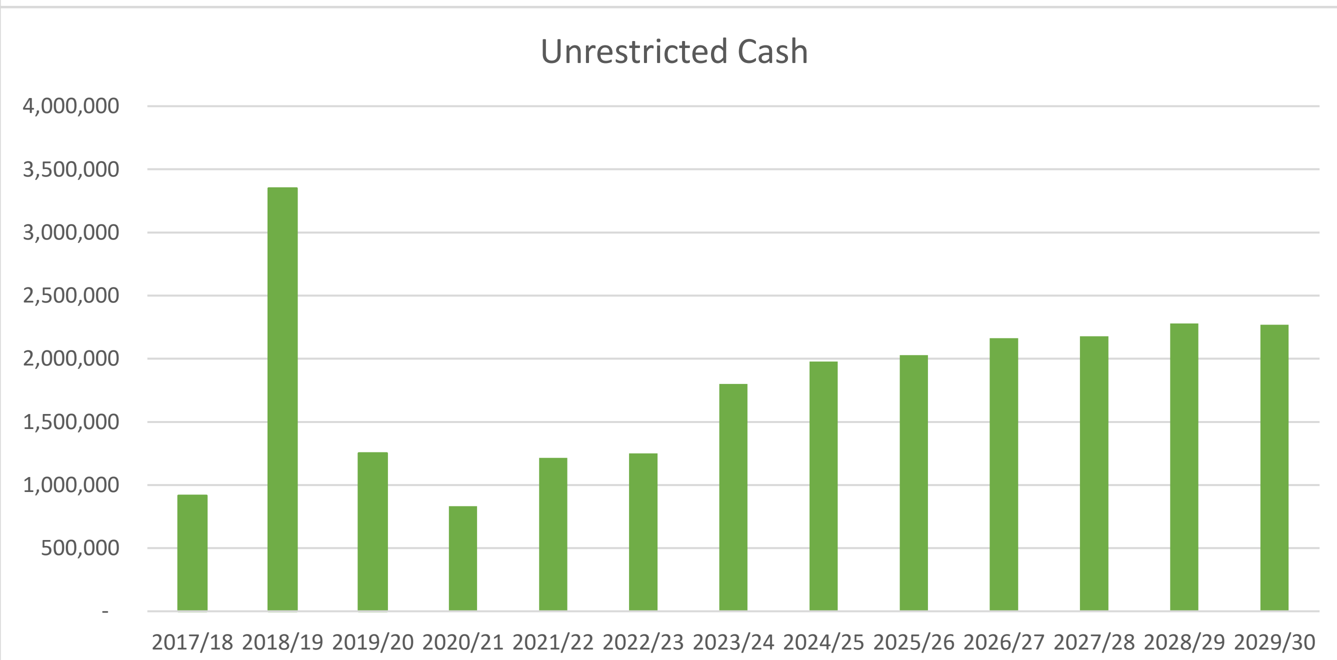
# Proposed SRV Cashflow Report

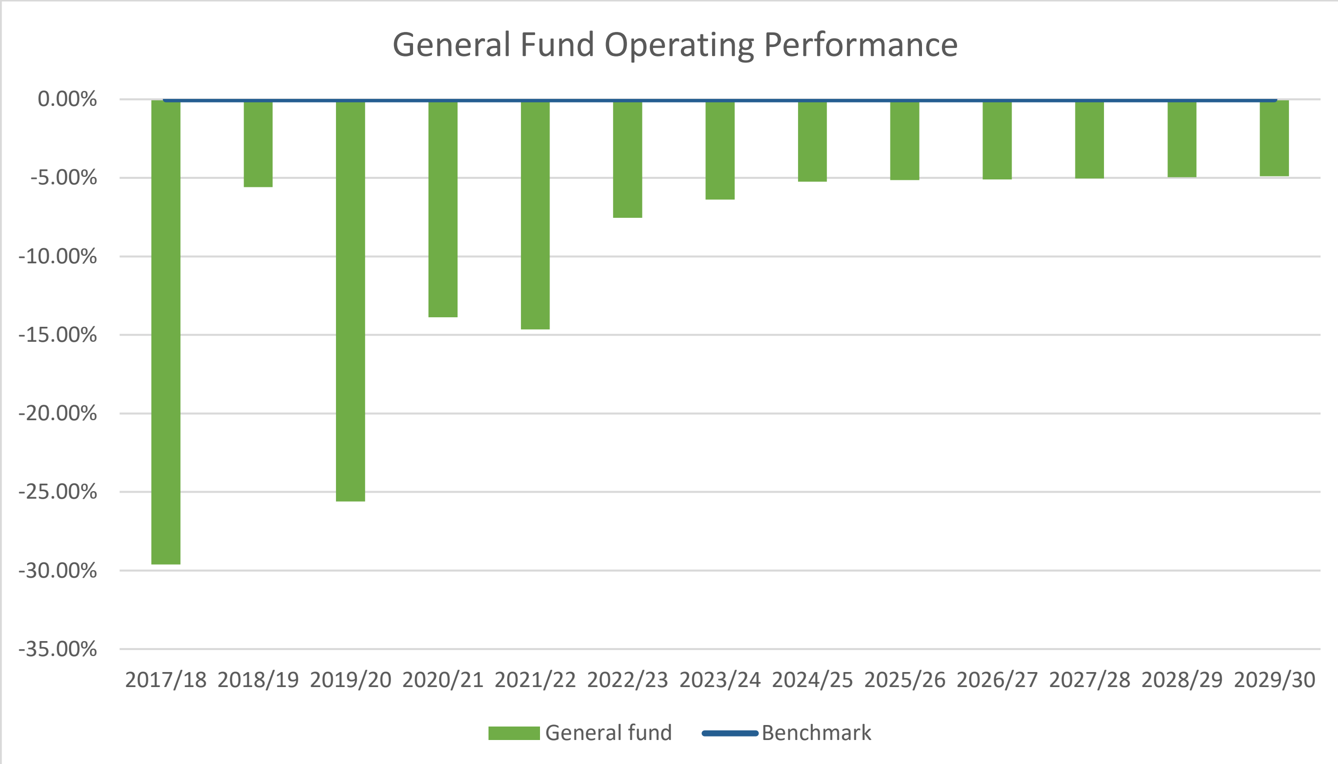
## Cash flow report

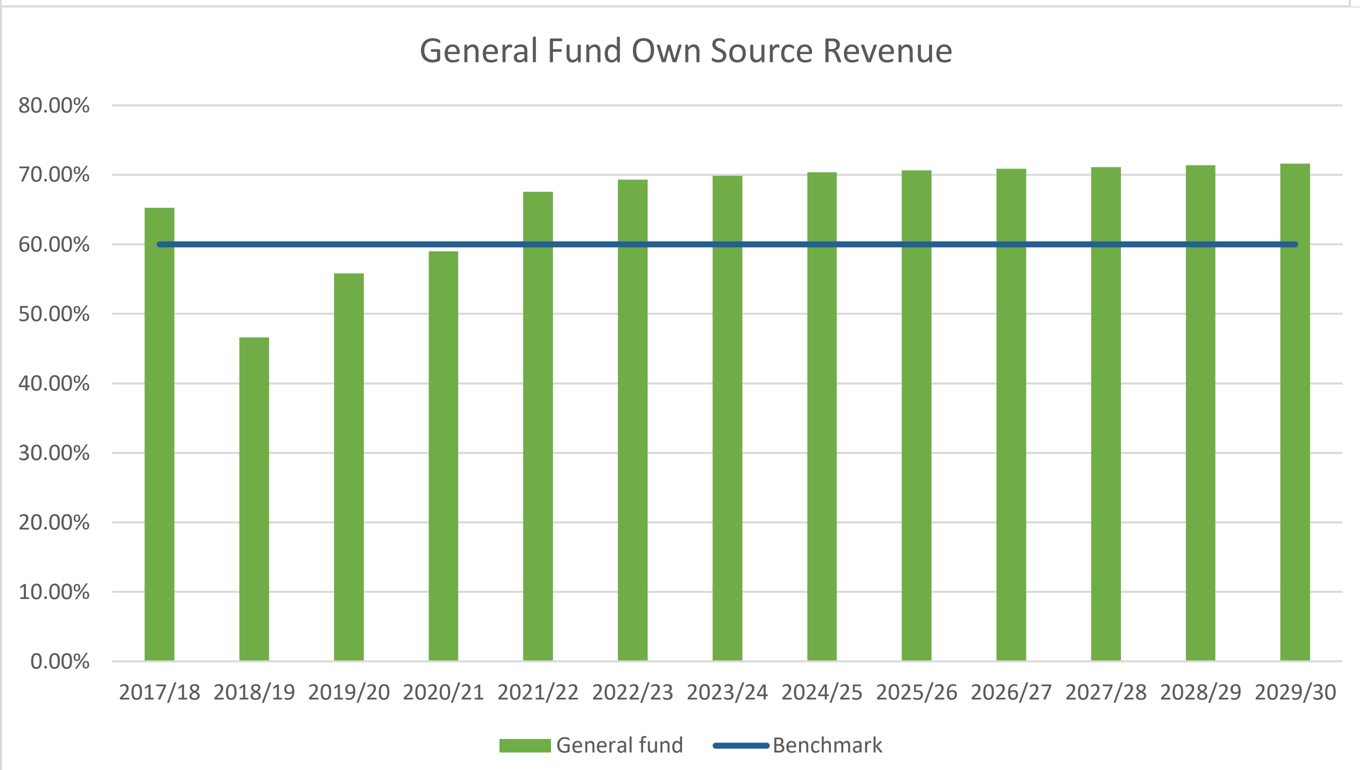
| General fund | Operational Plan 2020/21 Budget | Delivery Program 2021/22 Forecast | Delivery Program 2022/23 Forecast | Delivery Program 2023/24 Forecast | Long Term Financial Plan 2024/25 Forecast | Long Term Financial Plan 2025/26 Forecast | Long Term Financial Plan 2026/27 Forecast | Long Term Financial Plan 2027/28 Forecast | Long Term Financial Plan 2028/29 Forecast | Long Term Financial Plan 2029/30 Forecast |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash in bank at the start of the year** | **11,226,000** | **8,385,204** | **9,135,166** | **9,580,226** | **10,357,714** | **10,450,807** | **10,219,103** | **9,693,197** | **9,951,283** | **9,726,669** |
| **Funds received** | | | | | | | | | | |
| Rates and annual charges | 7,653,564 | 9,184,277 | 10,653,761 | 11,186,449 | 11,745,772 | 12,039,416 | 12,340,401 | 12,648,911 | 12,965,134 | 13,289,262 |
| User fees and charges | 4,058,911 | 4,687,467 | 4,793,588 | 4,903,140 | 5,016,252 | 5,133,058 | 5,253,698 | 5,378,317 | 5,507,065 | 5,640,100 |
| Grant income | 15,414,512 | 9,595,148 | 8,681,099 | 8,767,910 | 8,855,590 | 8,944,145 | 9,033,587 | 9,123,923 | 9,215,162 | 9,307,314 |
| Interest income | 65,000 | 65,065 | 65,130 | 65,130 | 65,195 | 65,195 | 65,260 | 65,260 | 65,326 | 65,326 |
| Other income | 885,649 | 888,306 | 890,971 | 893,644 | 896,325 | 899,014 | 901,711 | 904,416 | 907,129 | 909,850 |
| Overhead income | 1,877,561 | 1,894,691 | 1,912,018 | 1,929,544 | 1,947,272 | 1,965,204 | 1,983,341 | 2,001,688 | 2,020,245 | 2,039,016 |
| Easement income | - | - | - | - | - | - | - | - | - | - |
| Sale of assets | 696,500 | 528,000 | 495,000 | 952,000 | 798,000 | 718,000 | 580,500 | 499,000 | 567,000 | 647,550 |
| Proceeds from loans | | 1,000,000 | | | | | | | | |
| **Total funds received** | **30,651,697** | **27,842,954** | **27,491,568** | **28,697,818** | **29,324,405** | **29,764,032** | **30,158,499** | **30,621,515** | **31,247,061** | **31,898,418** |
| **Funds spent** | | | | | | | | | | |
| Salaries and wages | 10,700,609 | 11,048,560 | 10,823,014 | 11,039,474 | 11,260,263 | 11,485,469 | 11,715,178 | 11,949,482 | 12,188,471 | 12,432,241 |
| Materials and contracts | 5,684,527 | 5,501,640 | 5,621,681 | 5,744,723 | 5,870,841 | 6,000,112 | 6,132,615 | 6,268,431 | 6,407,641 | 6,550,332 |
| Other | 2,987,250 | 3,061,931 | 3,138,480 | 3,216,942 | 3,297,365 | 3,379,799 | 3,464,294 | 3,550,902 | 3,639,674 | 3,730,666 |
| Overhead costs | 432,000 | 436,320 | 440,683 | 445,090 | 449,541 | 454,036 | 458,577 | 463,162 | 467,794 | 472,472 |
| Easement costs | - | - | - | - | - | - | - | - | - | - |
| Repayment of loans | 558,712 | 612,853 | 666,992 | 476,389 | 476,389 | 108,280 | 108,280 | 108,280 | 108,280 | 108,280 |
| Capital works | 13,129,395 | 6,431,688 | 6,355,658 | 6,997,712 | 7,876,912 | 8,568,040 | 8,805,461 | 8,023,173 | 8,659,814 | 8,196,747 |
| **Total funds spent** | **33,492,493** | **27,092,992** | **27,046,507** | **27,920,330** | **29,231,312** | **29,995,737** | **30,684,405** | **30,363,429** | **31,471,675** | **31,490,738** |
| **Funds generated / (used)** | **(2,840,796)** | **749,962** | **445,060** | **777,488** | **93,093** | **(231,705)** | **(525,906)** | **258,086** | **(224,614)** | **407,680** |
| Cash in bank at year end | **8,385,204** | **9,135,166** | **9,580,226** | **10,357,714** | **10,450,807** | **10,219,103** | **9,693,197** | **9,951,283** | **9,726,669** | **10,134,349** |

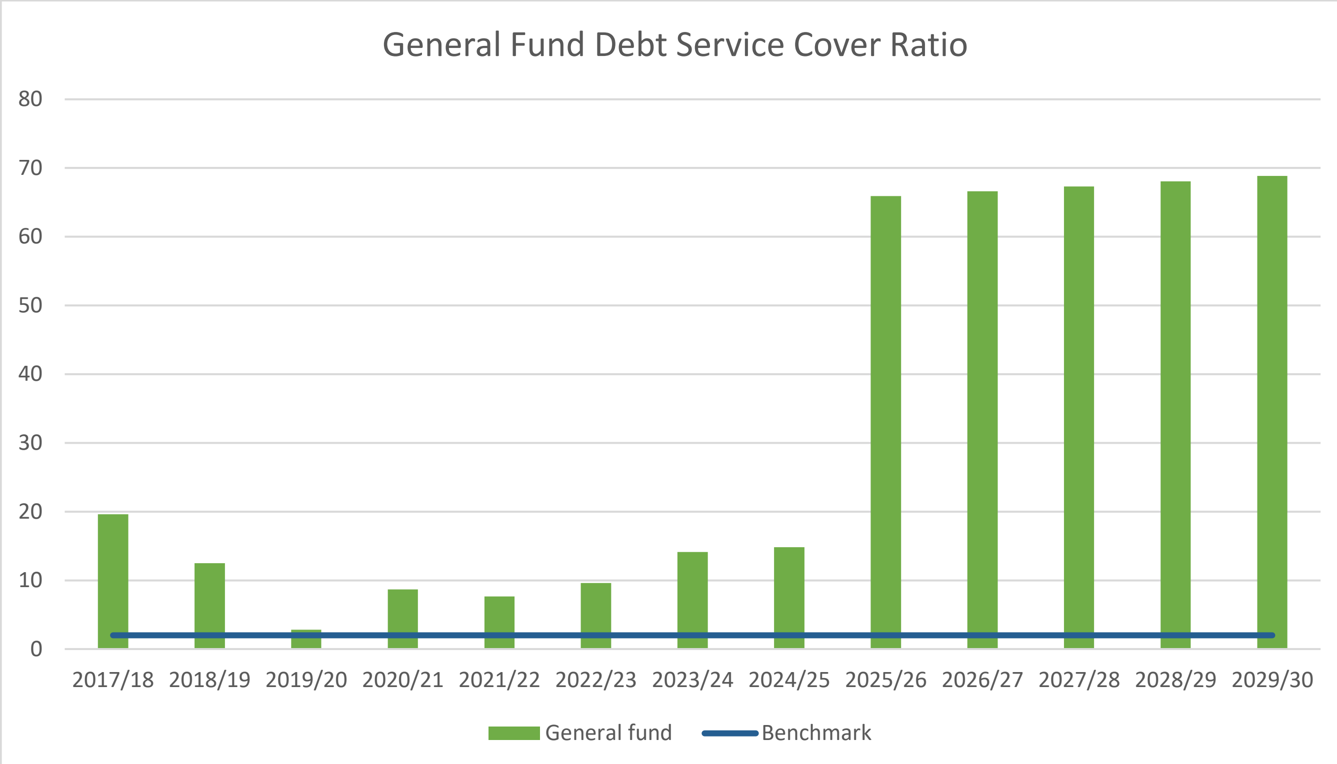
# Proposed SRV Graphs

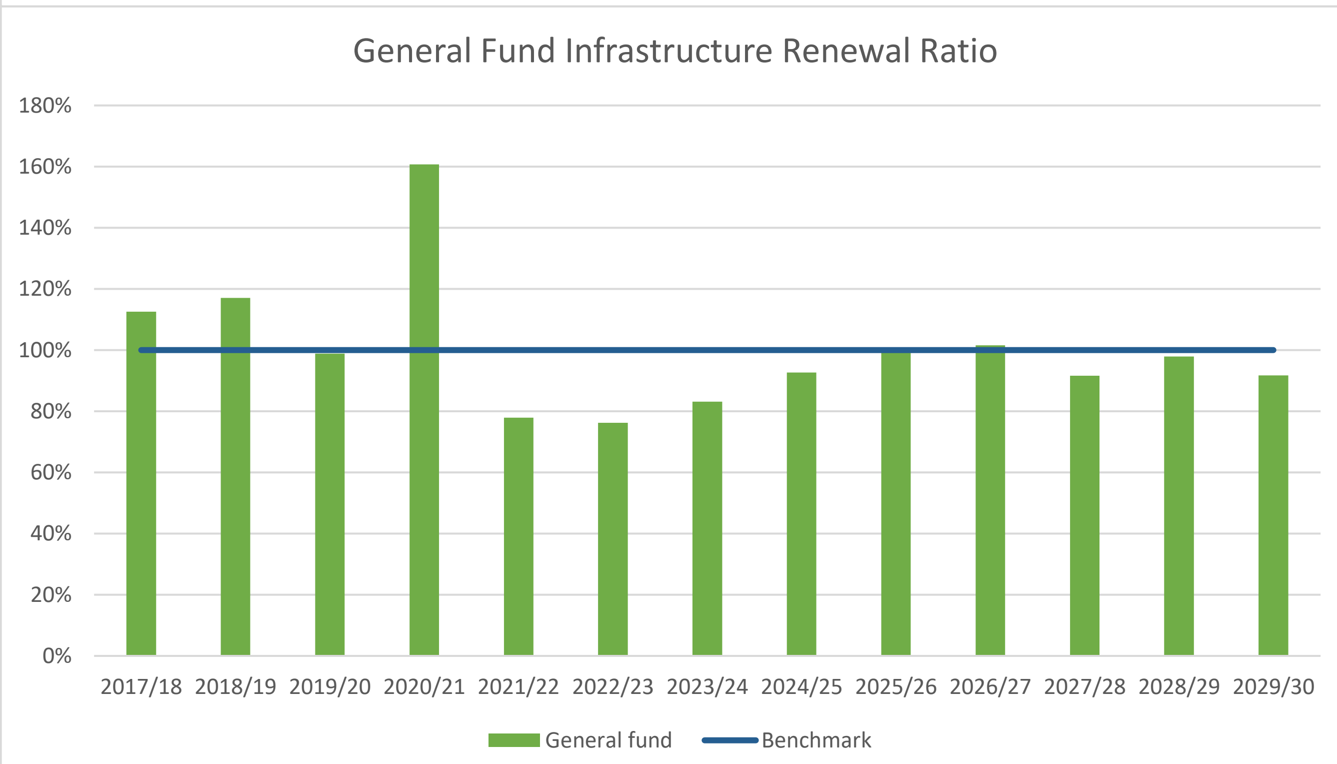



General Fund Operating Performance
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
-25.00%
-30.00%
-35.00%
2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30
General fund
Benchmark


General Fund Own Source Revenue
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
2017/18 2018/19 2019/20 2020/21 2021/22 2022/23 2023/24 2024/25 2025/26 2026/27 2027/28 2028/29 2029/30
General fund
Benchmark


General Fund Debt Service Cover Ratio
80
70
60
50
40
30
20
10
0
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
General fund
Benchmark


General Fund Infrastructure Renewal Ratio
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
General fund
Benchmark

## Hardship Policy and Debt Recovery Policy

Council has reviewed its Hardship Policy and Debt Recovery Policy, and placed drafts on public exhibition for 28 days. In the absence of community feedback they are to be adopted as drafted.

**References**

*Drew, J. (2020). Reforming Local Government. Springer Palgrave: Singapore.*

*Drew, J. (2020b). Report for the Boundaries Commission.*

*Drew, J. and Dollery, B (2015). A Fair Go? A Response to the Independent Local Government Review Panel's Assessment of Municipal Taxation in New South Wales. Australian Tax Forum, 30(3): 471-489.*

*Independent Pricing and Regulatory Tribunal (IPART) (2020)[3]. Application for a Special variation for 2020-21 Guide for Special Variation Application Form Part B. IPART: Sydney.*

[3] It should be noted that this was the most up-to-date version available at the time of writing and we have placed reliance on it according to the advice of Sheridan Rapmund from IPART (pers com Tuesday 24th November, 2020).

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