City of Canterbury
City of Cultural Diversity

SUSTAINABLE
CANTERBURY

Long Term Financial Plan 2014 - 2023

Adopted 13 February 2014

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Community Languages

If you have difficulty reading this document, our community language staff are happy to assist you. Call us on 9789 9300.

ARABIC

إذا كنت تجد صعوبة في قراءة هذه الوثيقة، فإنه من دواعي سرور موظفينا الذين يتكلمون لغات المجتمع تقديم المساعدة لك. يرجى الاتصال بنا على الرقم 9789 9300.

CHINESE

如果您閱讀本文件時感到困難，我們的社區語言職員會很樂意為您提供協助。請致電9789 9300給我們。

GREEK

Αν δυσκολεύεστε να διαβάσετε αυτό το έγγραφο, το προσωπικό κοινοτικών γλωσσών μας ευχαρίστως θα σας βοηθήσει. Παρακαλείστε να μας τηλεφωνήσετε στο 9789 9300.

ITALIAN

Se avete difficoltà a leggere questo documento, il nostro personale bilingue sarà lieto di aiutarvi. Chiamateci al numero 9789 9300.

KOREAN

이 문서를 이해하시는데 어려움이 있을 경우 언어 담당 직원이 도와 드릴 수 있습니다. 9789 9300 으로 전화해 주십시오.

VIETNAMESE

Nếu quý vị gặp khó khăn trong việc đọc tài liệu này, chúng tôi có nhân viên ngôn ngữ cộng đồng rất vui lòng giúp đỡ quý vị. Xin điện thoại đến chúng tôi ở số 9789 9300.

Contents

FOREWORD

The purpose of this 10 year Long Term Financial Plan is to provide a framework to assist future decision making that will secure the economic sustainability of the organisation and ensure adequate funds are generated into the future to achieve desirable outcomes for the community.

The integrated planning and reporting framework for NSW local government includes a requirement to prepare a long term Community Strategic Plan and Resourcing Strategy.

The Resourcing Strategy is made up of this Long Term Financial Plan, the Workforce Management Plan and the Asset Management Plan.

The 10 year Long Term Financial Plan establishes a framework, mechanism and financial targets for Council. It is the benchmark to guide decision making processes across multiple years. It contains guiding philosophies to promote a consistent financial direction for the future. This Financial Plan is an iteration of the original plan adopted by Council on 26 May 2011.

The financial model predicts future funding requirements in order to maintain a satisfactory financial position and deliver the facilities and services expected by our community. Setting the strategic direction promotes the sustainability of the organisation and ensures the availability of funds in future years to achieve all of Council's goals and objectives on behalf of the residents of the City of Canterbury.

Jim Montague PSM
GENERAL MANAGER

A quick guide to our Integrated Plans

The Community Strategic Plan identifies the long-term aspirations our community has for life and work in Canterbury City. It describes the City's future through five themes, each with Long Term Goals and Outcomes, which cover the broad range of topics that are important for our City and our communities. Alongside the Outcomes are Strategies – which Council, partner organisations and individuals can use to work towards achieving the Outcomes, and Trend Indicators – things that can be monitored to determine if progress toward the Outcomes is being made. The State of the City reports on the implementation and effectiveness of the Community Strategic Plan.

The Resource Strategy outlines Council's capacity to manage assets and deliver services over the next ten years. The Resource Strategy includes three key elements – a Strategic Asset Management Plan describing infrastructure policies and requirements, a Workforce Management Strategy describing staff policies and requirements, and a Long Term Financial Plan, which sets policy directions for rates, borrowing, investments, service levels and additional infrastructure.

The Council Delivery Program is the strategic document which guides the action of Council for the next four years. It outlines the Activities – services, initiatives and infrastructure programs – that Council intends to undertake, and the Resources (people and money) needed to do so. The Council Delivery Program is structured around Outcomes, showing those Activities that are part of Council Strategies working towards achieving an Outcome. The Council Function responsible for undertaking the Activity and Council Performance Indicators are also shown.

The Council Annual Budget and Operational Plan supports the Council Delivery Program by providing specific information on the Activities that Council will undertake and measures of performance. In particular the details of Council Strategies (and associated Strategy Indicators), Services (and associated Output Estimates and Service Standards), and Initiatives to be delivered by each Function, Infrastructure Projects to be delivered, and the assignment of responsibility for implementation and reporting for these items, are included in the Operational Plan. The details of income and expenditure for the next year are included in the Annual Budget. Each year performance in relation to these things is reported in the Annual Report.

1 LONG TERM FINANCIAL PLAN

1.1 INTRODUCTION

The purpose of this Long Term Financial Plan for Canterbury City Council is to provide a framework to assist decision making that will secure Council's financial sustainability; ensuring adequate funds are generated to achieve desirable outcomes for the community.

This plan forms part of Councils' Resourcing Strategy. The Resourcing Strategy is made up of the Long Term Financial Plan, the Workforce Management Plan and the Asset Management Plan.

The financial model within the plan predicts Council's future funding requirements ensuring the availability of funds in future years to achieve all of Council's goals and objectives laid out in Council's Community Strategic Plan.

This plan also contains guiding principles to promote a consistent financial direction spanning 10 financial years.

1.2 DISCUSSION

1.2.1 New South Wales Treasury Corporation Financial Assessment

The NSW Treasury (TCorp) in its letter dated 10 April 2013 reported the following financial assessment:

Financial Sustainability Rating (FSR)	Moderate
Outlook	Negative

The FSR of Council has been determined by TCorp's review (Report dated 12 March 2013) and consideration of the historical and forecast financial results and against a set of benchmark indicators. The Outlook is TCorp's assessment of the potential movement of a Council's FSR within the next three years. Council's "Negative" outlook assessment is an indication of a deteriorating position and that we are at risk of being downgraded from Moderate to Weak. As TCorp considers an FSR of lower than Moderate to be at much greater risk of being unsustainable, Councils in our position need to be considering options for addressing the areas of poor performance that are contributing to Council's assessed FSR and Outlook.

TCorp's outlook assessment and the potential movement of Council's FSR will change as Council undertakes actions to reduce perceived risks, such as completing Asset Management Plans, continuing with the implementation of the Service Review Program and obtaining approval for a Special Rate Variation to address the shortcomings of the Local Government revenue system.

TCorp in a letter dated 26 June 2013 stated "As your work progresses in such areas as obtaining approval for a Special Rate Variation that is able to generate additional funds for either asset renewal and/or addressing the forecast on-going operating deficits, we would expect that the Outlook for Canterbury City Council could improve."

1.2.2 External Auditor's Financial Assessment

Each year, as part of the statutory audit of Council's financial statements, our auditors provide an assessment of our financial position.

Hills Rogers Spencer Steer in their report dated 30 September 2013 regarding the 30 June 2013 Financial Statements commented:

1. Working Capital – Satisfactory
2. Overall Financial Position – Satisfactory
3. Employee Leave Entitlements Reserve – Sufficient
4. Security Deposits Reserve – Adequate.

These indicators, whilst providing a level of assurance, do not take into account Council's progress towards delivering its Strategic Plan. Importantly, the auditor's report does not report on Council's ability to maintain and renew its infrastructure assets.

1.2.3 Council's General Purpose Financial Statements

To analysis Council's General Purpose Financial Statements (GPFS), it is necessary to have an understanding of their composition.

In reality, the GPFS are a consolidation of several distinct operations. Importantly these operations are not allowed to cross subsidise any other operations.

Recurrent Operations	These include funds like rates and operational grants. The expenses cover most of the operations of Council. Funds from recurrent operations are also used to: - fund the operational costs of any new assets; - cover the cost of renewing assets; - fund loan repayments; and - provide adequate levels of working capital.
Domestic Waste Management	The income is from the Domestic Waste Levy and the expenses related to the collection and disposal of domestic waste.
Infrastructure Renewal Levy	This is a special rate that can only be used for renewal works. Expenditure is shown as additions to infrastructure assets on the balance sheet.

Section 94 Contributions	These contributions are recognised as income when received and must be spent on new infrastructure. Expenditure is shown as additions to infrastructure on the balance sheet.
Capital Grants and Contributions	These grants and contributions are recognised as income when received and must be spent on new infrastructure. Expenditure is shown as additions to infrastructure on the balance sheet.

The financial model which supports the long term financial plan provides for the separate modelling of each of the above components.

1.2.4 Ability to fund Infrastructure Renewal

Whilst our financial performance and financial position is technically satisfactory, this has been achieved by continually reducing the amount spent on infrastructure renewal. The current level of spending is now at a minimum which equates to the funds raised by the Infrastructure Renewal Levy of approximately $4.0m per annum. This levy ceases after the 2018/19 financial year.

The Asset Management Plan indicates that the annual depreciation expense for our infrastructure assets should be around $13m. The financial statements have previously recorded depreciation of infrastructure assets of $7.7m. However our Asset Management Plan has been extensively revised during 2013 using the expertise of external independent specialists in this field, Jeff Roorda and Associates.

In recent years, Council has reported very minor recurrent operating surpluses and deficits. In light of the new information from the Asset Management Plan, Council has not been generating sufficient funds to renew its existing assets. In fact it has been generating an operating deficit of about $5M.

This deficit has manifested itself in the Infrastructure Renewal Backlog which represents deferred maintenance/renewal of our assets.

1.2.5 Acquisition of New Assets

We have over recent years built several new facilities like the Punchbowl Multipurpose Centre, The Morris Iemma Recreation Centre and upgrades to Belmore Sports Ground and Peter Moore Oval and the restoration of Rotary Park.

All of these facilities have been funded from capital grants, capital contributions and s94 contributions.

Although Council has had to fund the operation, maintenance and renewal of these facilities from its recurrent operations, placing more pressure on recurrent operations, these facilities deliver significant community benefits.

In recent times our capital works program has been limited to works funded by the infrastructure renewal levy, s94 contributions, capital grants or borrowings.

1.2.6 Use of Debt

On question that has been raised is "has Council used debt sufficiently?"

Our debt service ratio is very low with only $0.016 of every $1 of recurrent revenue being used to service our debt. Also, our borrowing policy has been to repay our debts over a 10 year period. Therefore over this long term financial plan, all existing debts would be repaid.

During a meeting with the Independent Pricing and Regulatory Tribunal (IPART), we were challenged on our previous LTFP where we were increasing rates income via a special rate variation and decreasing our debt levels.

From discussions with our financier, the penalty or break costs for our existing loans ($6.6M excluding our LIRS loan) would be $125k. The annual repayments over 30 years would become $480k per annum (based on 6% interest). Our current average repayment for the existing loans over the 10 year LTFP is $832k per annum. Refinancing our debt would produce an annual saving in cash outflows, as predicted by IPART. However, this annual cash saving needs to be weighed against to total repayments and the fact that the purpose of these loans where not for income producing assets. The total cost of the existing loans over the LTFP would be $8.3M compared to $14.4M for the refinanced loans plus interest rate risk. The use of long term debt is also discussed in the section on Intergenerational Equity.

Another issue is that the debt service ratio is only concerned with loans and does not take into account other liabilities and off-balance sheet financing.

Other Debts (Liabilities):
Our Builders Retention Deposits total $6.7M (as at 30 June 2013) with the unfunded portion being $4.5m.

Our Employee Leave Entitlements total $21M (as at 30 June 2013) with the unfunded portion being $14.8M.

Out of a fleet of 110 motor vehicles, we have 92 vehicles rented through a leasing company. Effectively this has moved $2.7m debt off our balance sheet.

Therefore, Council has a total of $22M in unfunded debt in addition to is bank loans of $9M.

Effectively, rather than formally borrow funds, Council has chosen to run down its internal reserves; increasing its unfunded liabilities and to rent equipment rather than borrowing to purchase.

The long term financial plan has assumed that the level of unfunded debt remains at $22M.

1.2.7 Intergenerational Equity

It has been suggested that we consider increasing our use of debt as a means of lessening the impact of rate increases on our current ratepayers and acknowledging the benefits infrastructure assets will provide future generations.

The following simplistic example shows the level of debt required in order to reduce cash outflows by $1M per year for 10 years.

Rather than spend $3.65M per year over the next 10 years (in today's dollars) on infrastructure renewal, borrow $36.5M @ 6% over a 30 year period. The annual repayments for such a loan would be $2.65M.

Effectively we have saved $10M in the cash outflows over the next 10 years. The downside is that the repayments over the subsequent 20 years total $53M ($79.5M over the total 30 years).

Currently, we have $290M in accumulated depreciation of which $265M relates to infrastructure assets. We also have circa $50M in deferred infrastructure maintenance/renewal. In a way these amounts represent unfunded liabilities which must be paid by the next generation if they wish to replace the existing assets.

At a more detailed level, our buildings were recently valued and their conditioned assessed. The valuation reported a current replacement cost of $112M and accumulated depreciation of $60M. As we do not have any funds set aside for the replacement of our buildings; the renewal of significant assets such as the aquatic centres, administration building and other community buildings will require an intergenerational equity strategy to fund the projects.

Therefore, intergenerational equity strategies will come into play as our significant building assets require replacement.

1.2.8 Productivity Factor

IPART determines the rate cap by subtracting a predetermined productivity factor for councils from the Local Government Cost Index.

Over several years we have been undertaking a service review program in order to achieve productivity savings. In each of the scenarios we have presented in the LTFP, we have factored in continuation of this program, delivering further continuing savings of $1M.

Therefore our LTFP has factored in significant ongoing productivity savings.

1.2.9 Current Values or Inflated Values

The LTFP outcomes have been presented in present day dollars as opposed to future dollars which take into account inflation.

The reasons for this are:

- The funds required to maintain and renew our assets are in presented in today's dollars;
- Inflation is low between 2.5% and 3.0% therefore the impact is minimal;
- There is a close relationship between increases in income and expenses so relativities remain the same;
- The use of estimates for Local Government CPI, general inflation, and wage costs decreases the reliability of the LTFP;
- Loan repayments are the only cash flow items that remain the same irrespective of the rate of inflation. This benefit is offset by the need to increase our working capital to maintain our working capital ratio; and
- Sensitivity analysis can be used to estimate the impact of differences between the inflation factors.

1.2.10 Internal Borrowings

The LTFP has assumed that we would only use external borrowings. In reality we would use internal borrowings where possible to take advantage of the differential between term deposit interest rates and loan interest rates. Typically there is a minimum of 1.5% difference between the term deposit interest rates and loan interest rates.

As an example, using internal borrowings instead of external borrowings to fund a loan of $1M repayable over 30 years would result in a saving of $337k based on foregoing investment interest at 4.5% p.a. rather than paying loan interest at 6%p.a.

Other factors to consider would include forecast interest rates and the Council's cash flow requirements.

1.3 POLICY FRAMEWORK

A policy framework is necessary to help guide the development of Council is budgeting and long term financial planning. Future resource use and decision making can be guided by the structure provided in the policy framework. Council's Long Term Financial Plan has been drafted to comply with the following policies:

1.3.1 Unrestricted Current Ratio

This is a measure of liquidity. Council, as a prudent financial manager should set a minimum level at which its Unrestricted Current Ratio should be maintained.

The Unrestricted Current Ratio provides a guide to Council's ability to pay its debts as and when they fall due. The ratio reports the assets available to fund each one dollar of debt.

	30-Jun-13	30-Jun-12	30-Jun-11
Unrestricted Current Ratio	1.99 : 1	2.09 : 1	1.88 : 1

It is recommended that Council aims to maintain a ratio in excess of 1.50 : 1 which, within the Local Government Sector, is considered a satisfactory result.

1.3.2 Unrestricted Working Funds Balance

This is a measure of liquidity or net financial position. Council, as a prudent financial manager, should set a minimum level at which its Working Funds should be maintained. A minimum level of Working Funds ensures Council retains an appropriate level of liquidity on an ongoing basis.

The unrestricted working funds balance provides an appropriate buffer for unforeseen circumstances and to provide the necessary cash to fund Council's day-to-day operations. A target which is linked to Council's level of activities would be appropriate.

	30-Jun-13	30-Jun-12	30-Jun-11
	$'000	$'000	$'000
Working Funds Balance	4,716	4,140	2,514
Total Income from Continuing Operations	101,340	99,256	96,261
Working Capital Ratio	4.7%	4.2%	2.6%

Whilst Working Funds are not reported in the statutory financial accounts, the level of working funds is used by the external auditors when assessing Council's short-term financial position.

It is recommended that Council aims to maintain a Working Capital Ratio of between 2.5% and 5.0%.

1.3.3 Untaken Employee Leave Entitlements Coverage

At any point in time there will be untaken leave entitlements owed to the employees of Council. These untaken entitlements create a liability that needs to be met at some time.

In the past we have not maintained cash reserves to fully fund these liabilities, rather we have budgeted for known retirements on an annual basis and maintained a cash reserve of at least 15% to fund unbudgeted retirements. This is no longer a sound strategy as there is a wave of baby boomers who are eligible to retire and it is not possible to fund their entitlements from the current year's budget. Also, with historically low interest rates and the effect of the GFC on retirement savings, many employees have decided to postpone their retirement. This is creating an even greater backlog of entitlements which will need to be funded. The current level of cash reserves covers all employees who are 60 years and older.

This plan proposes that increases in untaken employee leave entitlements be matched by increases in cash reserves. This is a prudent financial strategy as the full cost of operations are met from recurrent operations and effectively caps the unfunded component at $15.7m.

	30-Jun-13	30-Jun-12	30-Jun-11
	$'000	$'000	$'000
Untaken Employee Leave Entitlements	20,938	20,534	18,107
Cash Reserves	6,168	4,801	2,650
Unfunded Liability	14,769	15,733	15,457
Employee Leave Entitlement Ratio	29.5%	23.4%	14.6%

The proposed changes will ensure that the industry minimum target of 15% will be exceeded.

We will monitor the coverage of the Untaken Employee Leave Entitlements by employee age to ensure adequate funds are available for employees of retirement age.

The Long Term Financial model has incorporated this proposed policy change.

1.3.4 Investment Fund (including a Strategic Property Fund)

An Investment Fund provides a reserve of cash to allow Council to fund projects that result in additional recurrent income or reduced recurrent costs.

Whilst Council does not currently have an Investment Fund, it is prudent to have a policy in case Council has a windfall gain or allocates strategic properties, enabling the establishment of such a fund.

All unrestricted revenues from non-recurrent sources will be added to the Investment Fund. For example, the proceeds from a one off sale of an under-utilised asset would be directed into the Investment Fund. Expenditure from the Fund should be limited to projects with identifiable financial benefits, targeting opportunities that aim to generate recurring revenue.

An annual dividend will be paid from the Investment Fund to unrestricted funds equivalent to 50% of the benefits realised by investments from the fund. The dividend from income generated by the Investment Fund will provide an additional revenue stream for the Council to relieve the burden placed on Council by the impact of rate-pegging and cost transfers from other governments.

The remaining income generated by the Investment Fund will remain in the Investment Fund. This reinvestment will provide capital for future investments, enabling the fund to grow over time and provide a growing revenue stream for Council.

1.3.5 Security Deposits and Retentions Coverage

Similar to untaken employee leave entitlements, it is unlikely that Council would need to repay all its security deposits in one year.

In the past we have not maintained cash reserves to fully extinguish these liabilities, rather we have budgeted to maintain a cash reserve of at least 20% to fund decreases in the level of security deposits held.

This plan proposes that increases in the level of security deposits held be matched by increases in cash reserves. This is a prudent financial strategy as the full cost of operations are met for our recurrent operations and effectively caps the unfunded component at $4.5m. The previous policy was suited to a Council which was in a growth phase and the cash reserves were better spent creating much needed infrastructure, however as the Council is maturing, it becomes more important to ensure that increases in unfunded liabilities are kept to a minimum.

	30-Jun-13	30-Jun-12	30-Jun-11
	$'000	$'000	$'000
Security Deposits and Retentions	6,765	5,992	5,592
Cash Reserves	2,253	1,484	1,100
Unfunded Liability	4,512	4,508	4,492
Coverage	33.3%	24.8%	19.7%

The proposed changes will ensure that the minimum target of 20% will be exceeded. The Long Term Financial model has incorporated the proposed changes.

1.3.6 External Borrowings

Council currently has external debt of $9.1m which has been used to fund capital works and plant replacements. Council's debt is currently being serviced from our recurrent operations and our debt service ratio level of is very low by comparison with other Councils

A loan of $1.8m was obtained under the Local Infrastructure Renewal Scheme (LIRS). The period of this loan is 3 years (final payment 2 May 2016) and the interest will be subsidised up to 4% per annum. The proceeds from this loan were used to accelerate the redevelopment of the Earlwood Town Centre. This work would have been funded by the Infrastructure Renewal program. As such the loan principal and interest will be funded by the Infrastructure Renewal Levy.

Council's remaining borrowing capacity performs an important risk management role by providing a source of emergency funds. For example, to fund significant, unforeseen infrastructure repairs.

Council would assess the merits of any future borrowings on a case by case basis taking into consideration our ability to fund the repayments. Borrowings are not a source of funds, they are a financial tool to bridge gaps between revenue and the outflow of funds. In relation to intergenerational equity, the term of any borrowing (i.e. 20-30 years) can be used to spread the repayment burden to future generations.

1.3.7 Infrastructure Reserve

In 2005, Council and was granted a special rate levy to fund the maintenance and renewal of its ageing infrastructure assets. A 15 year plan was developed including a detailed list of projects regarded as essential to the maintenance of our infrastructure assets.

These projects along with the related funding are included as a non-negotiable commitment in long term financial plans. This means we will continue to give priority to these works in accordance with the Infrastructure Renewal Plan.

Importantly, the LTFP has factored in the continuation of this revenue stream of approximately $4.5m beyond the 15 year limit.

1.3.8 Election Reserve

Currently Local Government elections are held every 4 years with the next election due in September 2016.

The long term financial plan has included $200k per year for Council elections as an operating expense. This sum represents 25% of the expected future costs. In reality Council will transfer this sum into an internal restriction on an annual basis, ensuring funds are available when required.

1.3.9 Plant & Vehicle Replacement Reserve

Council's current policy is that it owns its fleet of trucks, plant, executive and councillors' vehicles. Other vehicles such as utilities and staff lease back vehicles are acquired by way of an operating lease.

Council does not maintain a Plant and Vehicle Replacement Reserve. Rather plant replacements are factored into the annual budget.

1.3.10 Information & Technology Expenses

Council's current policy is that it owns all IT equipment with the exception of some multifunction devices in our libraries and administration centre which are subject to operating leases. These are operating leases with a term of either 3 or 4 years which corresponds to the equipment's life span.

Council also has a significant investment in computer software and licences. Generally IT software upgrades are covered through the annual licensing fees. Every few years there is a need to substantially upgrade the IT platform or acquire new products. As these purchases involve a significant period of planning, they can be factored into Council's recurrent budget over a two year period.

1.3.11 Investment Income

Council's investment income is determined by the level of funds available for investment and the prevailing interest rates.

Council should only budget to receive investment income on its unrestricted cash balance. Any interest earned on its restricted cash balances (Internal or External Restrictions) should be transferred back to those restrictions to maintain the purchasing power of the funds.

Reference should also be made to Council's Investment Policy for suitable investments and procedures.

1.3.12 Building & Infrastructure Renewal Ratio

Whilst Council focuses on managing the decline of assets and ensuring the level of unperformed maintenance is not increasing, Council is required to calculate the Building & Infrastructure Renewal Ratio each year.

A key component in the calculation of the Building & Infrastructure Renewal Ratio is the amount spent on Buildings & Infrastructure.

In order to ensure Council maximises this ratio:

1. The complete cost of works should include administration costs such as the employee costs associated with the design, design review and supervision of the project. All salary costs should include on-costs for leave entitlements, superannuation and workers compensation insurance;
2. Council's maintenance program should be reviewed to better identify works which have extended the useable life of assets and therefore can be capitalised;
3. The works program should be delivered within the year to minimise any carried forward works; and
4. Review the factors, such as the remaining service life of assets, which determine the annual depreciation charge; ensuring the depreciation charge is not overstated.

The Asset Management Plan is the key tool in assessing whether Council is allocating sufficient financial resources to meet our objectives.

1.3.13 Rating Policy

Council's rating policy is that 78% of rate revenue comes from residential properties and 22% from business properties. Council has a goal to increase the average business rate to be closer to the middle of the Group 3 councils. To gradually implement this goal, historically Council has opted to split of any rate increase on a 70/30 basis.

As the rating legislation limits the amount of rating revenue which Council can raise, changes to Council's rating policy or land values will not have any effect on the overall income generated from rates.

Other Council policies relating to rates include:

- providing the mandatory level of pensioner rebates;
- withholding legal action to recover rate debts from pensioners provided they have entered into a repayment agreement; and
- Allowing pensioners to accumulate rate debts where repayments are not sufficient to repay the existing debt. These types of debts are not significant [in relation to the value of the property or in terms of adversely impacting Council's ability to fund its operations], are accruing interest and are secured by the property.

These policies have resulted in our outstanding rate debtors being slightly higher than the average of Group 3 councils.

1.3.14 Financial Assistance Grant

Although there is an allocation of the Financial Assistance Grant to the road network, the Financial Assistance Grant is completely untied revenue. Council's policy is to include the full grant in its recurrent operations.

1.3.15 Asset Replacement Reserve

Council does not currently have an Asset Replacement policy or an associated reserve. An Asset Replacement policy will be prepared in the near future and the financial implications incorporated in future reviews of this plan.

1.4 CURRENT FINANCIAL POSITION OF COUNCIL

Council has maintained a sound financial position with working funds of $4.2M and satisfactory KPI's.

Council has $25M of unspent s94 contributions and little in the way of other restrictions.

Council does not have an Investment Fund or any significant assets which generate non-rate income. As such Council is very reliant on rates and annual charges to fund its recurrent operations.

As per our latest GPFS, our Infrastructure, Property, Plant and Equipment have a carrying value of $905M. In relation to our infrastructure, Council has reported an "estimated cost to bring up to a satisfactory condition" of $51M and an underfunding of the "required annual maintenance" of $17M.

1.5 SIGNIFICANT FORECASTING ASSUMPTIONS

The following assumptions, risks and uncertainties have been prepared in accordance with legislative requirements, and in reference to Council's Community Strategic Plan. Uncertainty increases as the number of years of prospective financial information increases. These forecast financial statements must be read with caution utilising the details of financial assumptions contained in this statement. Financial years 2018/19 to 2023/24 must be read with considerable caution even though in broad terms the business of the Council should continue as has been forecast in the Community Strategic Plan.

Uncontrollable external events will significantly affect the forecast. The most significant risks that may impact on the forecast financial statements include unexpected changes to legislation and/or regulations including climate change and carbon pricing.

It has been assumed that the organisational structure of Canterbury City Council and the environmental conditions will not significantly change over the next 10 years.

1.5.1 WorkForce Plan

The workforce plan has forecast that there will not be any significant change in our staffing numbers, demographic or skill base.

1.5.2 Asset Management Plan

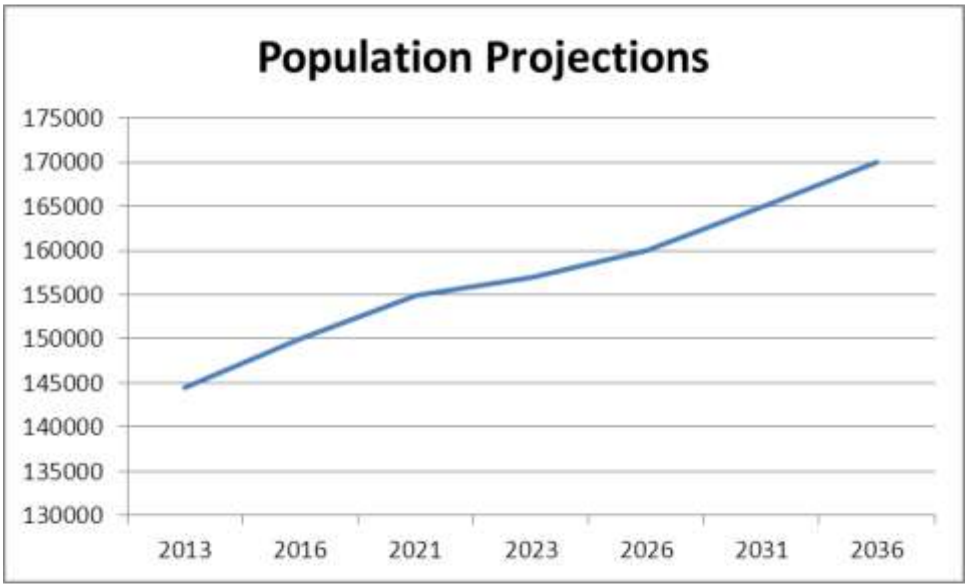
The asset management plan has provided estimates of the level of funding required to maintain our infrastructure assets at a satisfactory level.

1.5.3 Service Priorities

It is assumed that the community will continue to endorse the current range of services that the Council provides. Extensive community engagement that has been conducted as part of Integrated Planning (and which is described in detail in the Community Strategic Plan) indicates strong support for the range and quality of services provided by Council.

1.5.4 Population Growth Projections

The following graph provides the population projections, extracted from the Community Plan.



The actual level of growth is likely to exceed these projections as a result of the State Government's planning policies encouraging urban consolidation.

This LTFP has not made any allowance for population growth, however this is a key risk to the plan and further work will be required to quantify the impact of this growth on Council's financial standing. Preliminary analysis, however, indicates that population growth has significant impact on the demand on Council services, but without a corresponding increase in rate income.

1.5.5 Asset Ownership and Management

There are no major asset sales or change in the management of significant assets forecasted in this plan. Any sale funds will be dealt with in accordance with the financial policy framework previously laid out in this plan.

Canterbury City Council will continue to manage its large infrastructure stock in accordance with the Asset Management Plan detailed as part of the Resourcing Strategy. Technology and further asset information may impact on Council's Asset Management Strategy. However, significant changes to Council's strategy are not anticipated over the life of this plan.

1.5.6 Natural Disasters

The funding provisions in this plan assume that there will be no major natural disaster of a type that causes widespread and significant damage to the City of Canterbury's infrastructure.

1.5.7 External Factors

There will be no unexpected changes to legislation, national standards, or other external factors which alter the nature or extent of services provided by Council.

1.5.8 Investment Income

Investment income is allocated to the source of the investment funds. As such nominal interest has been estimated in this plan and the interest income has been allocated to the historical sources of funds.

1.5.9 Loan Interest Rates

All of Council's loans are fixed interest loans however Council has several loans which will require refinancing over the term of this plan.

This plan has been developed of the assumption that loans will be refinanced at similar interest rates as the original loans.

1.5.10 Depreciation and Useful Lives

Estimates are based on Council's accounting policies and useful lives as stated in Council's Asset Management Plan.

Future revaluations will have an impact on infrastructure remaining lives as well as future depreciation charges and therefore the Building & Infrastructure Renewal ratio. This plan does not anticipate significant valuation movements that would significantly change depreciation charges.

1.5.11 Outsourcing

Where Council outsources physical works and professional services, it is assumed this practice will continue over the life of the plan.

1.5.12 Changes to Planned Service Levels

The plan assumes that the services mentioned in the Community Plan which are not provided for, or not fully provided for, will be considered by the Council in the future, and in a manner that is consistent with the requirements of the Local Government Act. In doing so it is assumed that the capacity of Council to fund these services will be assessed against the key financial management ratios and financial policy framework stated in this plan.

Specific consideration of the financial and city strategic plan impacts will be presented to Council will all reports presented to Council on service issues.

Where LTFP has factored in savings from service reductions, these savings have been allocated between categories of expenditure, rather, they have been shown as reductions in material costs.

1.5.13 Rate-Pegging

In 2010 the NSW Government announced that the Independent Pricing and Regulatory Tribunal of New South Wales (IPART) would determine the rate cap that applies to councils' general income. Previously the Minister for Local Government determined the rate cap.

IPART determines the rate cap that will apply to all councils for the year using a Local Government Cost Index. This Index attempts to calculate the changes in the operational costs of councils in New South Wales.

The rate cap percentage is then calculated by subtracting a predetermined productivity factor for councils from the Local Government Cost Index.

The following table provides the history of rate-caps.

2014/15 – 2.3%
2013/14 – 3.4%
2012/13 – 3.6%
2011/12 – 2.8%
2010/11 - 2.6%
2009/10 - 3.5%
2008/09 - 3.2%
2007/08 - 3.4%
2006/07 - 3.6%
2005/06 - 3.5%

We have assumed that the rate-cap over the next few years will be 2.9% which is the average over the last 5 years.

Please also see the section 1.2.9 Current Values or Inflated Values which discusses the basis of the LTFP model.

1.5.14 Rates Growth

Whilst there is expected to be significant population growth, the current rating legislation and structure does not yield any significant increase in rates income due to growth.

Over the past 10 years rate growth has only been 2.2% which equates to 0.22% per annum whilst the City's population has increased 6.6% from 136k to 145k.

In the LTFP, no allowance has been made for rate growth.

1.5.15 Infrastructure Renewal Levy

In 2005, Council was granted a 7.5% special rate levy (for 15 years up to and including 2018/19) to fund the maintenance and renewal of its ageing infrastructure assets. A 15 year plan was developed including a detailed list of projects regarded as essential to the maintenance of our infrastructure assets.

The long term financial plan has factored in the requirement to seek an extension on this levy.

1.5.16 Special Rate Variations (SRV)

SRV's are a means of eliminating funding caps, ensuring that Council's financial projections are sustainable.

This LTFP includes a new SRV to address the funding gap, ensuring we remain sustainable.

1.5.17 Stormwater Management Charge

Council does not charge a Stormwater Manager Charge and there is no provision within the plan for such a charge to be levied.

1.5.18 Domestic Waste Management Charge

The Domestic Waste Management (DWM) charge is not subject to rate capping. Rather the DWM charge is set to recover the costs associated with the DWM service.

A major cost of the service is the waste tipping fees. These fees include an Environmental Protection Act levy which increases each year significantly more than CPI as a means of encouraging the use of advanced material recovery systems rather than landfill sites. Additionally, tipping fees attracted a Carbon Pricing component based on the greenhouse gases produced by decaying waste.

Unlike SRV's, Council determines the increase in DWM charge each year as part of the annual budget process.

There has been concern over the last few years of a continual decline in the level of the DWM reserves. Minor increases in the DWM charge have been factored into the LTFP to maintain a satisfactory reserve balance.

1.5.19 Service Review Program

The Service Review Program has identified several opportunities to reduce costs and other opportunities to realise income. The LTFP has included ongoing annual savings of $1,000,000 and ongoing income of $300,000 representing sale of drainage reserves and revenue generating activities.

1.5.20 Inflation - CPI

As our income is linked to Local Government Sector CPI, it is appropriate to use the same factor for inflating costs as we use for the rate-cap.

Please also see the section 1.2.9 Current Values or Inflated Values which discusses the basis of the LTFP model.

Note: TCorp – Local Government Services, Economic Forecasts November 2013. (Average of long term Headline CPI – 2.50% and Building Price Index – 3.00%).

1.5.21 Carbon Price

The Carbon Price was passed by the Commonwealth Government in November 2011 and came into effect on 1 July 2012. The ramification of the carbon price on Council's finances has not been fully assessed. Future reviews of the LTFP should consider the impact of the carbon price on the costs of operations and the degree this will be offset by future increases in the rate-cap.

1.5.22 Environmental Sustainability, Balance Scorecard, QBL Reporting

These important considerations have not been specifically addressed in the current key performance indicators. Future reviews of the LTFP should consider incorporating these indicators.

1.5.23 Section 94 Contributions (including Voluntary Planning Agreements)

As the timing of the receipt of contributions is outside Council's control and the fact that Section 94 contributions must be used for specific purposes, contributions have been included each year based on historical levels and an equivalent amount expended on new assets.

The LTFP has made no allowance for Council to contribute towards projects identified in the Section 94 plans.

1.5.24 Capital Grants

As the timing of the receipt of capital grants is outside Council's control and the fact that capital grants must be used for specific purposes, capital grant income has been included each year based on historical levels with an equivalent amount expended on new assets.

The LTFP has made no allowance for Council to contribute towards projects which have attracted a capital grant. Minor contributions for road works and the like will need to be funded from infrastructure renewal funds. Major projects requiring significant contributions will need to be assessed in accordance with the Division of Local Government (DLG) Expenditure guidelines. Funding for these projects may require borrowing funds and a SRV to cover the loan repayments.

1.5.25 Employee Costs and Superannuation

The annual award increases have been included at the rate of 3.25% per annum which is the annual increase provided for in the current award. Based on the 2013/14 budget, the same increase effectively increased employee costs by 3.75% after allowing for performance increases and wage creep on existing untaken leave entitlements.

The government has announced changes that will gradually increase the superannuation guarantee rate (charge percentage) from 9% to 12%.

Council has also recently negotiated a new salary system which will reduce the impact of performance increases for new employees. This will not have any significant impact on wages in the short-term so no allowance has been made in this LTFP.

The award increase on 1 July 2102 was the final increment in the current award. The LTFP will need to be amended once a new award has been negotiated.

In this LTFP the following assumptions have been used:

1. Increases in the Award rates of pay including any additional superannuation contributions will be capped at CPI which is 2.5%;
2. Increases due to progression will be an additional 0.5%;
3. As it is assumed any superannuation contribution increases will be included in the CPI amount, there are no increases in superannuation factored into this LTFP

No differentiation has been made between the Defined Benefits Scheme and the Accumulation Fund contributions.

1.5.26 **Workers' Compensation Insurance**

Our Workers' Compensation Premium remains largely dependent on our claims experience. Historically we have budgeted 5.5% of our employment cost to cover our Workers' Compensation Premium.

1.5.27 Infrastructure Maintenance

Accounting standards require asset maintenance to be expensed through the operating statement, whilst expenditure of a capital nature to be added to the balance sheet.

Additionally, the structure of Council's financial system does not clearly differentiate between infrastructure maintenance and infrastructure renewals.

Based on an analysis of prior years' expenditure patterns, the LTFP assumes that $2.75m [2013/14 value] of recurrent expenditure relates to infrastructure renewals and maintenance.

1.6 SENSITIVITY ANALYSIS

1.6.1 Increasing Population Density

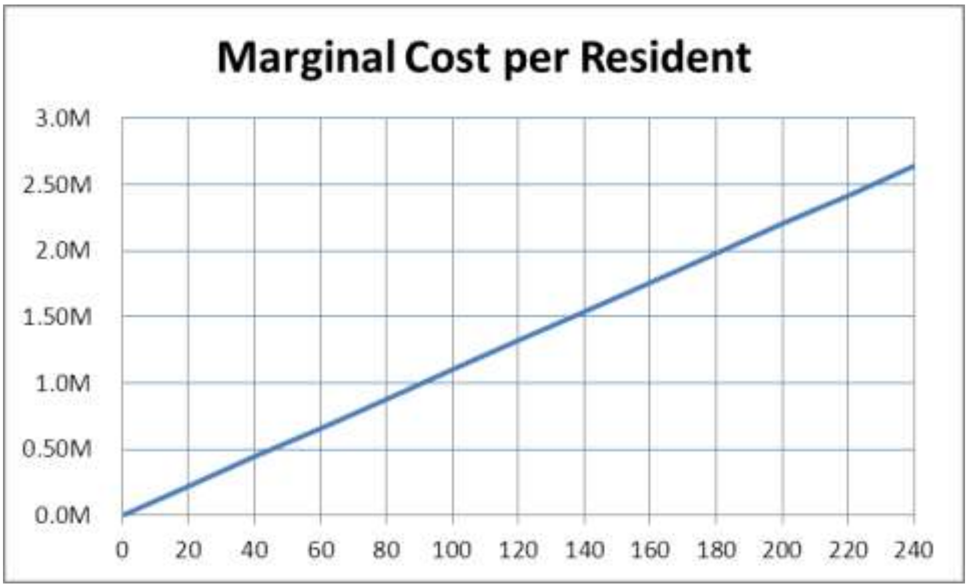
Currently there are 7 large developments in the City including the Department of Housing development at Riverwood.

These developments are likely to increase the City's population by 4,000 residents with an annual increase in general rates of $522,000. This is an average of $130 per resident. This compares poorly with the current average rate per resident of $365.

Whilst there should be some economies of scale enjoyed from servicing a larger population, there will be increasing demand for all of Council's services including the road network, parks, recreation centres and community services.

The following graph shows the annual impact of the projected increase in population over the period of this plan (11,000 residents) at varying levels of subsidy.

For example, if the cost of providing our existing services to a new resident is $230 per annum, then there is a subsidy of $100 per annum. For the projected new 11,000 residents, we will need to fund an additional $1.1m per annum at the end of the LTFP. [All amounts are in today's values]



Currently we have no way of accurately calculating the marginal cost per resident however we can estimate the impact to be up-to $2.5m per annum by the end of this LTFP.

1.6.2 Impact of Inflation

Our experience has been that our employee costs increase more than the rate cap and this is largely due to:

1. our salary system which provides for staff to progress to higher rates of pay depending on their skills and performance; and
2. the flow on effect of an increase in hourly rates of pay on the untaken employee leave entitlements. As this liability is largely unfunded, we do not have the interest income to offset increases in pay rates.

The following table shows that a 1% difference between CPI and our increase in employee costs will result in our employee costs growing $4.5M more that the revenue by year 10 at 0% CPI.

At a more realistic 3% CPI the difference becomes $5.4M.

Importantly, the difference between $4.5M and $5.4M (in 203/24) is not really that significant and therefore the financial model projections will remain in today's dollars – i.e. assuming 0% inflation.

The financial model has included a 0.5% increase in employee costs each year.

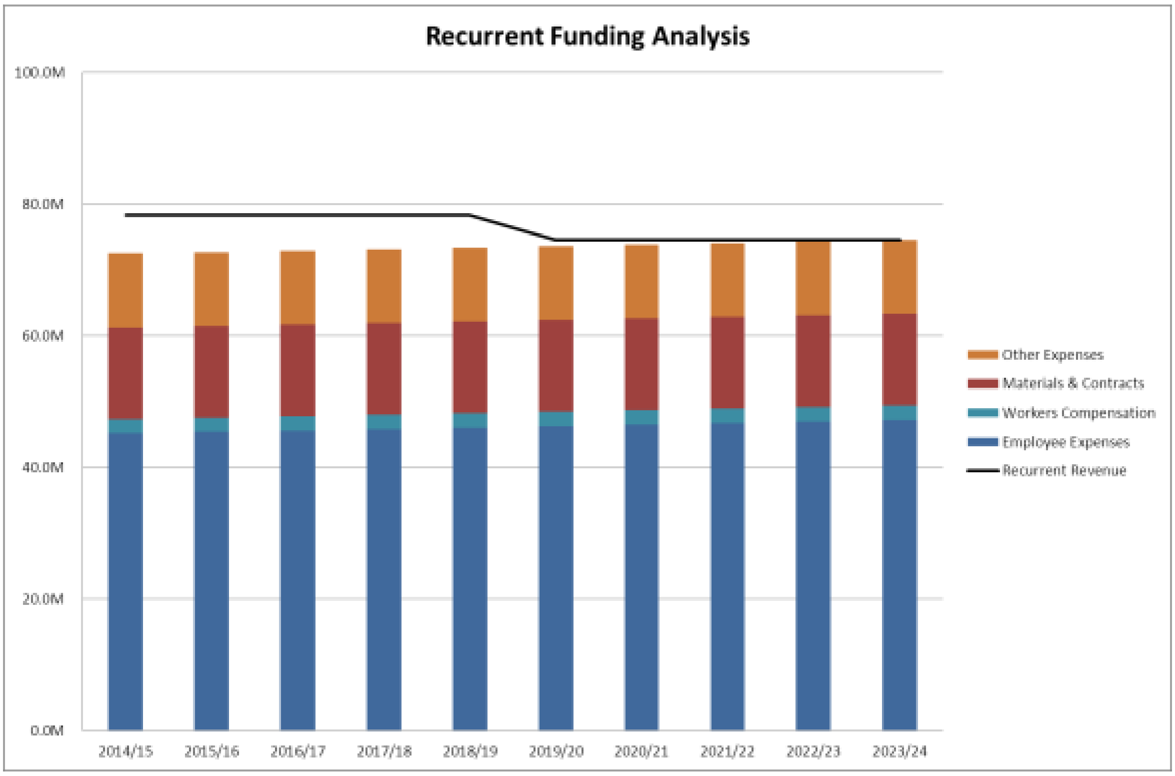
Wages	0% CPI + 0% Wages	0% CPI + 1% Wages	3% CPI + 3% Wages	3% CPI + 4% Wages
First Year	45.0M	45.0M	46.8M	46.8M
Last Year	45.0M	49.5M	60.4M	66.3M
Difference	0.0M	4.5M	14.1M	19.5M
Impact over 10 Years		4.5M		5.4M

1.7 ISSUES TO ADDRESS

1.7.1 Surplus from Recurrent Operations

A surplus from Recurrent Operations is necessary to repay debt, fund our Infrastructure Renewal and Maintenance programs and acquire new assets.

The following graph shows that the revenue from Recurrent Operations is not sufficent to fund our current level of services and maintain our assets.



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Recurrent Revenue	78.4M	78.4M	78.4M	78.4M	78.4M	74.6M	74.6M	74.6M	74.6M	74.6M
Recurrent Expenses	72.5M	72.8M	73.0M	73.2M	73.5M	73.7M	73.9M	74.2M	74.4M	74.6M
Surplus from Recurrent Operations	5.9M	5.6M	5.4M	5.2M	4.9M	0.9M	0.7M	0.4M	0.2M	0.0M

1.7.2 Required Level of Recurrent Surpluses

The following table is an extract from the financial model for the 2014/15 financial years.

Recurrent Revenue including the Infrastructure Renewal Levy	78.4M
Recurrent Expenses (excluding loan interest & depreciation)	72.5M
Surplus from Recurrent Operations available to fund the following items:	5.9M
Acquire New Assets	0.6M
Plant Replacement	0.7M
Repay Loans	1.2M
Fund Asset Renewal ($13M less estimate of $2.7 already in Recurrent Expenses)	10.3M
Additional Recurrent Expenditure required to operate and maintain new capital assets	2.0M
Continuing the Infrastructure Renewal Program to address the backlog	3.6M
Total of Items to be funded from Recurrent Operations	18.4M
Shortfall per annum	12.5M

This table shows that there is a current shortfall in our Recurrent Surplus from Operations of approximately $12.5m.

The target operating surplus (before depreciation, loan interest and excluding capital items) is $18.4M ($5.9M plus $12.5M). This can be achieved by increasing income and/or reducing expenses.

The target operating surplus of $18.4M can be lowered through increasing unfunded liabilities, borrowing, accepting a lower standard of assets and/or letting assets deteriorate.

1.8 SCENARIOS PRESENTED IN THE LTFP

The following is an extract from a report to Councillors on ways to address the shortfall of $12.5M. These are the 3 scenarios which have been included in the LTFP.

The option preferred by the Community Working Group and supported by Council is as follows:

SCENARIO 1

OPTION PREFERRED BY COMMUNITY WORKING GROUP	
Initiative	Benefit
Increase income through commercial activities or user fees	$0.2 million
Service reductions	$0.5 million
Achieve further efficiencies in council operations	$1 million
Infrastructure deterioration - Accept some deterioration in roads, footpaths, parks and buildings	$1.5 million
Borrowing - Borrow $36.5 million for infrastructure backlog rather than spend $3.65 million per year for 10 years, and repay over 30 years. This spreads the burden of backlog over a longer period, and reduces the impact on current ratepayers. - Repayments are $2.65 million per year, so the net benefit per year in the first ten years is $1 million. - Over the thirty year period total interest paid is $43 million, an extra $1.43 million per year, and the debt service ratio would increase from 1.6% to 4.3%.	$1 million
Rate increase - 4.6% per year for 3 years above the rate cap - Average residential rate in 2016 $1,297 - Increase above the rate cap by 2016 $157	$8.3 million
Total	$12.5 million

Alternative options

Whilst the group discussed many different options as they worked towards a preferred one, there are two that provide a useful comparison in understanding implications of the challenge facing council. These are no rate increase, or no service reductions, and are detailed below.

SCENARIO 2

NO RATE INCREASE	
Initiative	Benefit
Increase income through commercial activities or user fees As for the preferred option plus: - Introduce pay for parking in car parks and town centres	$0.5 million
Service reductions - As for the preferred option plus: - Close branch libraries - Close one aquatic centre, either at Canterbury or Roselands	$4 million
Achieve further efficiencies in council operations As for the preferred option.	$1 million
Infrastructure deterioration ($7 million) - Accept serious deterioration in roads, footpaths, parks and buildings, resulting in major failures and extreme repair costs at some future time.	$7 million
No borrowing	nil
No rate increase	nil
Total	$12.5 million

SCENARIO 3

NO SERVICE REDUCTIONS	
Initiative	Benefit
No increases in user fees	nil
No service reductions	nil
Achieve further efficiencies in council operations As for the preferred option.	$1 million
No infrastructure deterioration	nil
No borrowing	nil
Rate increase - 6.3% per year for 3 years above the rate cap - Average residential rate in 2016 $1,244 - Increase above the rate cap by 2016 $204	$11.5 million
Total	$12.5 million

It is important to note that the Community Working Group, representative of the Canterbury community, were not able to support the following aspects of these options:

- A rate increase of more than 4.6%.
- Pay for parking in either car parks or town centres.
- Serious deterioration in infrastructure.
- Closure of libraries or aquatic centres.

The following table summarises have the identified shortfall is addressed in each of the Scenarios.

	Current	Scenario 1	Scenario 2	Scenario 3
Recurrent Revenue including the Infrastructure Renewal Levy	78.4M	86.7M	78.4M	89.9M
Recurrent Expenses (excluding loan interest & depreciation)***	72.5M	70.8M	67.0M	71.5M
Surplus from Recurrent Operations available to fund the following items:	5.9M	15.9M	11.4M	18.4M
Acquire New Assets	0.6M	0.6M	0.6M	0.6M
Plant Replacement	0.7M	0.7M	0.7M	0.7M
Repay Loans	1.2M	3.8M	1.2M	1.2M
Fund Asset Renewal Required = $10.3M ($13M less estimate of $2.7 already in Recurrent Expenses)	10.3M	8.8M	3.3M	10.3M
Additional Recurrent Expenditure required to operate and maintain new capital assets	2.0M	2.0M	2.0M	2.0M
Continuing the Infrastructure Renewal Program to address the backlog	3.6M	Funded from loan	3.6M	3.6M
Total of Items to be funded from Recurrent Operations	18.4M	15.9M	11.4M	18.4M
Shortfall per annum	12.5M	Nil	Nil	Nil
Surplus from Recurrent Operations for 10 years		159M	114M	184M
LTFP Model – Surplus Delivered		134M	97M	155M
Difference ^^^		25M	17M	29M

*** Includes service reductions, productivity savings net of any additional revenue strategies.

^^^ This difference is the result of:

1. It is estimated that the expenditure savings through service reductions will take 3 years to implement which delays delivering the surpluses;

2. The special rate increases are staggered over 3 years which delays delivering the surpluses;
3. The impact of employee costs generally exceeding the rate cap means that is not possible to maintain the planned level of surpluses;

The shortfall will most likely result in underfunding asset renewal projects and therefore the infrastructure renewal program will need to continue beyond this ten year financial plan.

1.9 CONCLUSION

This long-term financial plan has been prepared to illustrate Council's capacity to optimally meet our community's affordable service level preferences and the associated financial implications.

Many of Council's services are asset based. Council, like other local governments, is responsible for managing a very large stock of assets relative to its annual income level. These assets are typically long-lived but as they age they require additional maintenance to preserve preferred minimum service levels. At a particular point in time it is necessary and cost effective that they be replaced. The long-term financial plan acknowledges the financial projections for future asset maintenance and renewal consistent with that identified in Council's Asset Management Plan. The current level of confidence in our Asset Management Plan is considered low as Council is undergoing a program to improve this.

Council has embarked on a strategy to improve its ongoing financial sustainability. This will assist it to be able to accommodate asset renewal needs as they fall due. The level of surplus funds from recurrent operations in recent years has been decreasing and this directly impacts our ability to fund asset maintenance and renewal. Council is proposing to progressively turn this around. The long-term financial plan projects that over a 10 year period a significant level of funds will be available to fund asset maintenance and renewal. Whilst it is acknowledged that this level of funding does not match the Asset Management Plan per se, the long-term financial plan does provide for a comprehensive program of works. Future revisions of this plan will take into account revisions of the Asset Management Plan and benefit from improvements in our Asset Management systems and forecasting.

Key measures proposed to help achieve ongoing financial stability are as follows:

- Continuation of the Service Review Program, identifying additional revenue opportunities, efficiency savings and reviews of services and service levels currently provided;
- Establishment of a Strategic Property Portfolio to generate recurrent income;
- Increasing rates revenue (in real terms) each year over the next three years.

In all other material respects, the long-term financial plan accommodates key priority projects and service levels identified in Council's Strategic Plan.

Council's level of borrowings is currently very low when considered in the context of infrastructure and other assets for which Council is responsible. Whilst this Long Term Financial Plan does contemplate borrowing in one scenario for the purpose of reducing the infrastructure backlog more quickly but order to keeping rate increases as low as possible, council may consider other means of achieving this. Council may also consider borrowing in order to meet cashflow needs arising from proposed capital works associated with provision of new assets and asset renewal. These borrowings will enable Council to cost-effectively and equitably satisfy community service level preferences.

A sensitivity analysis has been undertaken showing the impact of growth of Council's financial performance. The results are included in this document and indicate that population growth can adversely impact on Council's financial position. Again, future revisions of this plan will take into account the effect of State Government planning policies once they can be more confidently measured.

This Long-Term Financial Plan will be used to model scenarios during the consultation process and will be updated following a determination by IPART.

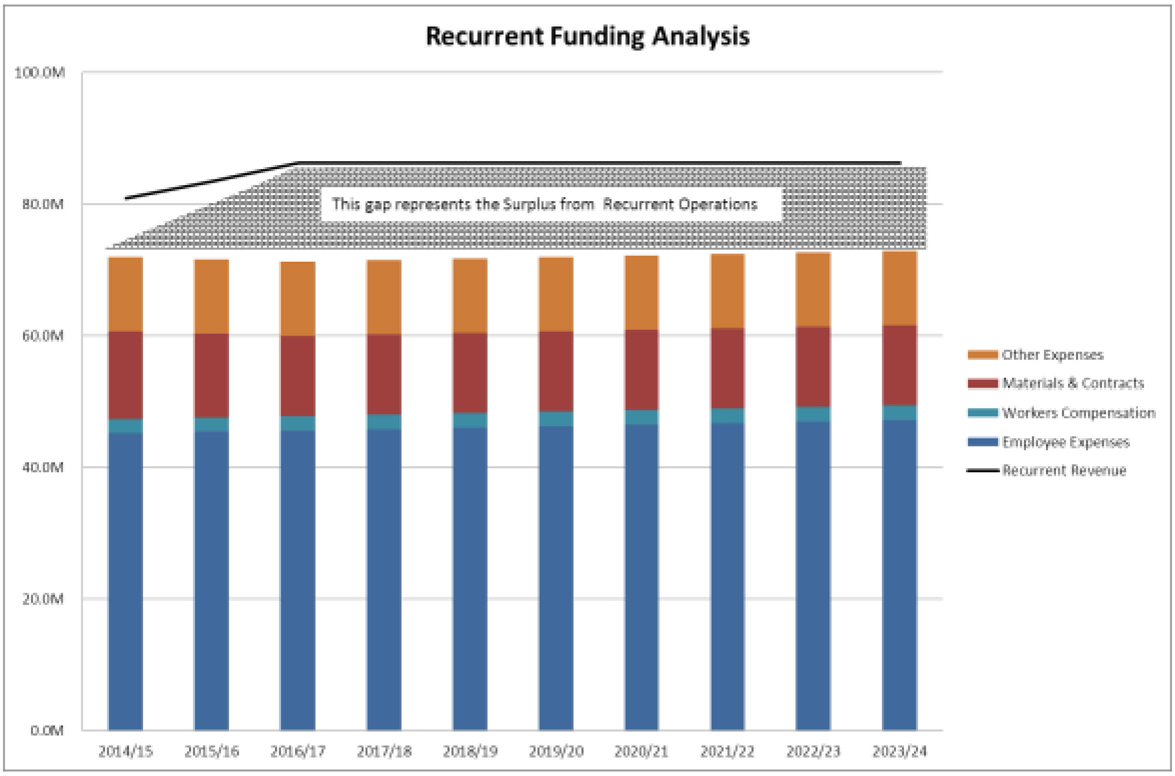
APPENDICES

1.10 APPENDIX – SCENARIO 1

OPTION PREFERRED BY COMMUNITY WORKING GROUP	
Initiative	**Benefit**
Increase income through commercial activities or user fees	$0.2 million
Service reductions	$0.5 million
Achieve further efficiencies in council operations	$1 million
Infrastructure deterioration - Accept some deterioration in roads, footpaths, parks and buildings	$1.5 million
Borrowing - Borrow $36.5 million for infrastructure backlog rather than spend $3.65 million per year for 10 years, and repay over 30 years. This spreads the burden of backlog over a longer period, and reduces the impact on current ratepayers. - Repayments are $2.65 million per year, so the net benefit per year in the first ten years is $1 million. - Over the thirty year period total interest paid is $43 million, an extra $1.43 million per year, and the debt service ratio would increase from 1.6% to 4.3%.	$1 million
Rate increase - **4.6%** per year for 3 years above the rate cap - Average residential rate in 2016 **$1,297** - Increase above the rate cap by 2016 **$157**	$8.3 million
Total	**$12.5 million**

The outcome of this scenario is that we would be financially sustainable with healthy key financial indicators.

This scenario also results in a debt of $30M remaining after the end of this 10 year plan.



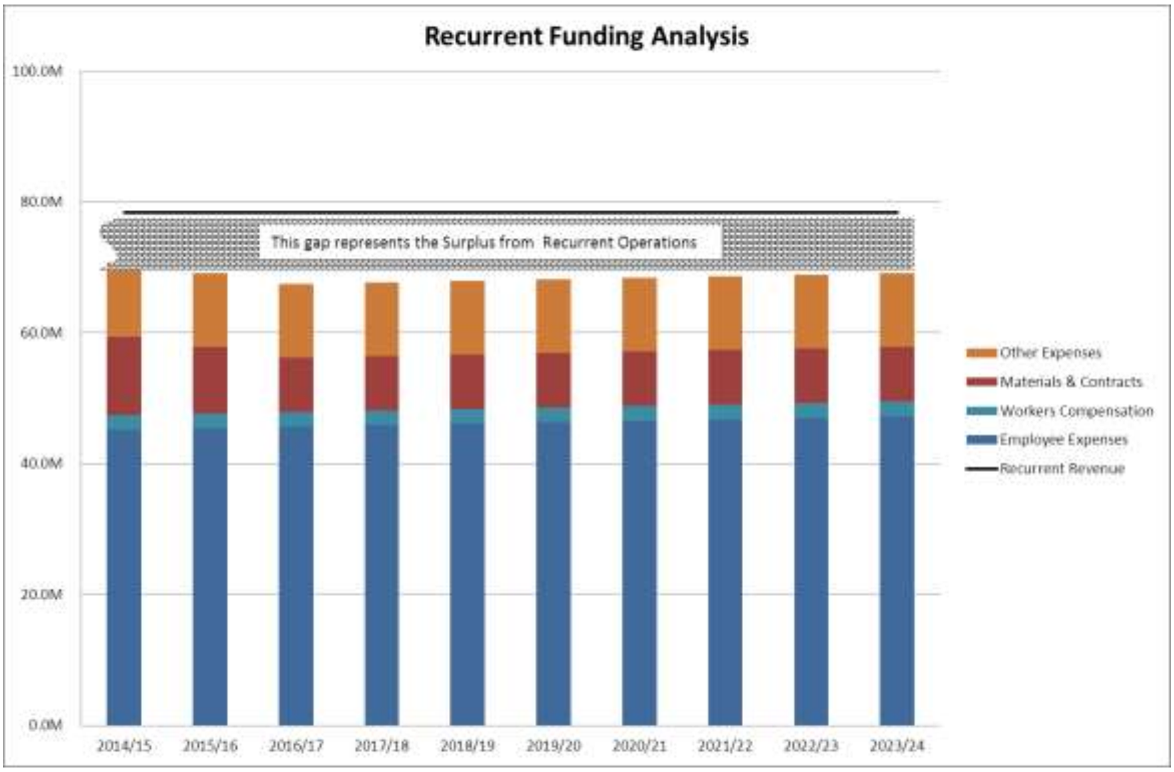
	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24	Total
Recurrent Revenue	80.9M	83.5M	86.3M	86.3M	86.3M	86.3M	86.3M	86.3M	86.3M	86.3M	
Recurrent Expenses	72.M	71.6M	71.3M	71.5M	71.8M	72.M	72.2M	72.5M	72.7M	72.9M	
Surplus from Recurrent Operations	8.9M	11.9M	15.M	14.8M	14.5M	14.3M	14.1M	13.8M	13.6M	13.4M	134.3M

1.11 APPENDIX – SCENARIO 2

NO RATE INCREASE	
Initiative	**Benefit**
Increase income through commercial activities or user fees As for the preferred option plus: - Introduce pay for parking in car parks and town centres	$0.5 million
Service reductions - As for the preferred option plus: - Close branch libraries - Close one aquatic centre, either at Canterbury or Roselands	$4 million
Achieve further efficiencies in council operations As for the preferred option.	$1 million
Infrastructure deterioration ($7 million) - Accept serious deterioration in roads, footpaths, parks and buildings, resulting in major failures and extreme repair costs at some future time.	$7 million
No borrowing	nil
No rate increase	nil
Total	**$12.5 million**

The outcome of this scenario is that we would be financially sustainable with healthy key financial indicators.

This scenario results in a growing backlog of infrastructure maintenance and renewal and a significant loss of community services.

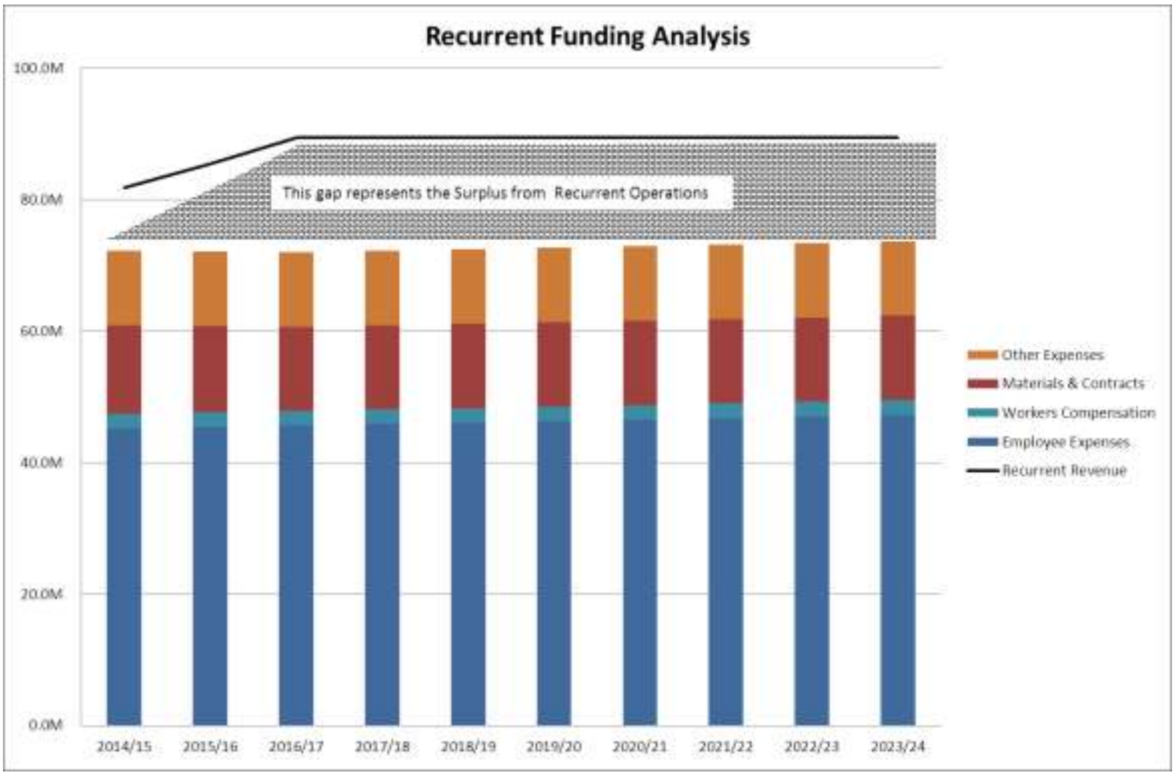


	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24	Total
Recurrent Revenue	78.4M	78.4M	78.4M	78.4M	78.4M	78.4M	78.4M	78.4M	78.4M	78.4M	
Recurrent Expenses	70.7M	69.1M	67.5M	67.7M	68.M	68.2M	68.4M	68.7M	68.9M	69.1M	
Surplus from Recurrent Operations	7.7M	9.3M	10.9M	10.7M	10.4M	10.2M	10.M	9.7M	9.5M	9.3M	97.7M

1.12 APPENDIX – SCENARIO 3

NO SERVICE REDUCTIONS	
Initiative	**Benefit**
No increases in user fees	nil
No service reductions	nil
Achieve further efficiencies in council operations As for the preferred option.	$1 million
No infrastructure deterioration	nil
No borrowing	nil
Rate increase - **6.3%** per year for 3 years above the rate cap - Average residential rate in 2016 **$1,351** - Increase above the rate cap by 2016 **$221**	$11.5 million
Total	**$12.5 million**

The outcome of this scenario is that we would be financially sustainable with healthy key financial indicators.



	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24	Total
Recurrent Revenue	81.8M	85.5M	89.4M	89.4M	89.4M	89.4M	89.4M	89.4M	89.4M	89.4M	
Recurrent Expenses	72.2M	72.1M	72.M	72.2M	72.5M	72.7M	72.9M	73.2M	73.4M	73.6M	
Surplus from Recurrent Operations	9.6M	13.4M	17.4M	17.2M	16.9M	16.7M	16.5M	16.2M	16.M	15.8M	155.7M

1.13 APPENDIX – KEY FINANCIAL INDICATOR DESCRIPTIONS

	Description
Working Capital Ratio	Available Working Funds as a percentage of the Total Revenue from Continuing Operations. A ratio of between 2.5% and 5% is sufficient to fund the day to day operations of Council
Unrestricted Current Ratio	Current Assets less all External Restrictions as a ratio of Current Liabilities less Specific Purpose Liabilities. In this model, we have assumed the 75% of all Untaken Employee Leave Entitlements and Security Deposits will not be paid in the next 12 Months. A ratio in excess of 1.50 : 1 is considered satisfactory
Debt Service Ratio	Total debt servicing outlays divided by Recurrent Revenue excluding specific purpose grants
Net Financial Liabilities	Total Liabilities net of Total Financial Assets
Net Financial Liabilities Ratio	Net Financial Liabilities as a percentage of Recurrent Revenue. This ratio provides a gauge for the magnitude of unfunded liabilities.
Unfunded Employee Leave Provision	Total Untaken Employee Leave Entitlements less funds set aside for this liability
Employee Leave Entitlement Ratio	Funds set aside for this liability divided by the Total Untaken Employee Leave Entitlement A minimum ratio of 15% should be maintained to fund retirement benefits.

LTFP Scenario 1

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Income Statement													
Revenue													
Rates & Annual Charges	64,979,892	68,405,819	70,785,363	73,300,689	75,931,720	78,683,778	78,872,563	79,063,236	79,255,816	79,450,321	79,450,321	79,450,321	79,450,321
User Charges & Fees	7,240,946	8,142,006	7,968,053	7,968,053	7,968,053	7,968,053	7,968,153	7,968,254	7,968,356	7,968,459	7,968,459	7,968,459	7,968,459
Interest & Investment Revenue	1,967,747	1,735,769	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500
Profit on Sale of Assets	172,928	280,762	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Revenue	4,002,438	3,730,070	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500
Grants & Contributions - Operating - General	8,192,319	6,281,412	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750
Grants & Contributions - Operating - Specific	6,119,643	6,491,005	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802
Grants & Contributions - Capital	6,498,724	6,716,291	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Grants & Contributions - Capital Works Program	81,000	82,677	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167
Revenue Total	**99,255,636**	**101,865,810**	**101,488,135**	**104,003,461**	**106,634,492**	**109,386,550**	**109,575,435**	**109,766,209**	**109,958,891**	**110,153,499**	**110,153,499**	**110,153,499**	**110,153,499**
Expenses													
Employee Benefits & On Costs	41,769,031	43,180,365	45,898,421	46,119,873	46,342,433	46,566,105	46,790,895	47,016,810	47,243,854	47,472,033	47,701,353	47,931,820	48,163,439
Employee Entitlement Discounting	1,647,830	(515,666)	0	0	0	0	0	0	0	0	0	0	0
Workers Compensation	1,784,963	1,557,297	2,222,075	2,233,185	2,244,351	2,255,573	2,266,851	2,278,185	2,289,576	2,301,024	2,312,529	2,324,092	2,335,712
Borrowing Costs	407,581	546,613	482,927	1,154,616	1,809,208	2,439,607	2,344,879	2,243,652	2,138,687	2,043,489	1,971,236	1,914,359	1,870,221
Materials & Contracts	25,820,946	26,649,029	29,820,763	29,254,096	28,687,429	28,120,762	28,120,762	28,120,762	28,120,762	28,120,762	28,120,762	28,120,762	28,120,762
Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Other Expenses	13,405,086	14,739,763	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563
Expenses Total	**95,036,387**	**96,081,807**	**103,454,749**	**103,792,334**	**104,113,984**	**104,412,610**	**104,553,950**	**104,689,972**	**104,823,442**	**104,967,871**	**105,136,444**	**105,321,596**	**105,520,698**
Operating Result	**4,219,249**	**5,784,003**	**(1,966,614)**	**211,127**	**2,520,508**	**4,973,941**	**5,021,485**	**5,076,237**	**5,135,449**	**5,185,628**	**5,017,056**	**4,831,903**	**4,632,802**
Operating Result before Capital Items	**(2,360,475)**	**(1,014,965)**	**(5,626,781)**	**(3,449,040)**	**(1,139,659)**	**1,313,774**	**1,361,318**	**1,416,070**	**1,475,282**	**1,525,461**	**1,356,889**	**1,171,736**	**972,635**
Balance Sheet													
Current Assets													
Cash and cash equivalents	2,077,292	3,982,332	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778
Investments	45,580,299	52,515,427	52,226,290	52,546,819	52,868,147	53,190,275	53,702,095	54,405,498	55,302,396	56,394,720	57,487,867	58,581,839	59,676,641
Receivables	4,256,785	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867
Stores and Materials	229,279	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942
Other Current Assets	812,091	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743
Receipt Clearing Accounts	10,547	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421
Total Current Assets	**52,966,293**	**61,541,732**	**61,285,041**	**61,605,570**	**61,926,898**	**62,249,026**	**62,760,846**	**63,464,249**	**64,361,147**	**65,453,471**	**66,546,618**	**67,640,590**	**68,735,392**
Non-Current Assets													
Receivables	1,256,145	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445
Infrastructure, Property, Plant & Equipment	814,560,186	905,390,179	904,629,592	916,601,333	930,511,631	946,965,681	951,021,545	954,848,021	958,516,369	962,486,208	966,420,262	970,526,132	974,393,450
Total Non-Current Assets	**815,816,331**	**906,791,624**	**906,031,037**	**918,002,778**	**931,913,076**	**948,367,126**	**952,422,990**	**956,249,466**	**959,917,814**	**963,887,653**	**967,821,707**	**971,927,577**	**975,794,895**
Total Assets	**868,782,624**	**968,333,356**	**967,316,078**	**979,608,349**	**993,839,974**	**1,010,616,152**	**1,015,183,836**	**1,019,713,715**	**1,024,278,961**	**1,029,341,124**	**1,034,368,325**	**1,039,568,167**	**1,044,530,288**
Current Liabilities													
Payables	5,938,001	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711
Deposits	5,992,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000
Borrowings	746,395	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611
Provisions	20,193,637	20,612,669	22,371,232	23,431,645	24,497,361	25,568,405	26,644,805	27,726,586	28,813,776	29,906,402	31,004,492	32,108,071	33,217,169
Total Current Liabilities	**32,870,033**	**35,118,991**	**36,877,554**	**37,937,967**	**39,003,683**	**40,074,727**	**41,151,127**	**42,232,908**	**43,320,098**	**44,412,724**	**45,510,814**	**46,614,393**	**47,723,491**
Non-Current Liabilities													
Borrowings	7,437,656	7,772,739	6,963,512	17,984,242	28,629,643	39,360,837	37,830,636	36,202,496	34,545,103	33,329,012	32,241,068	31,505,427	30,725,648
Provisions	340,328	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467
Total Non-Current Liabilities	**7,777,984**	**8,096,206**	**7,286,979**	**18,307,709**	**28,953,110**	**39,684,304**	**38,154,103**	**36,525,963**	**34,868,570**	**33,652,479**	**32,564,535**	**31,828,894**	**31,049,115**
Total Liabilities	**40,648,017**	**43,215,197**	**44,164,533**	**56,245,676**	**67,956,793**	**79,759,031**	**79,305,229**	**78,758,871**	**78,188,668**	**78,065,203**	**78,075,349**	**78,443,287**	**78,772,606**
Net Assets	**828,134,607**	**925,118,159**	**923,151,545**	**923,362,673**	**925,883,181**	**930,857,121**	**935,878,607**	**940,954,844**	**946,090,293**	**951,275,921**	**956,292,977**	**961,124,880**	**965,757,682**
Equity													
Accumulated (Surplus) / Deficit	4,219,249	5,784,003	(1,966,614)	211,127	2,520,508	4,973,941	5,021,485	5,076,237	5,135,449	5,185,628	5,017,056	4,831,903	4,632,802
Asset Revaluation Reserve	418,616,000	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549
Retained Earnings	405,299,358	409,518,607	415,302,610	413,335,996	413,547,124	416,067,632	421,041,572	426,063,057	431,139,295	436,274,744	441,460,372	446,477,427	451,309,331
Total Equity	**828,134,607**	**925,118,159**	**923,151,545**	**923,362,673**	**925,883,181**	**930,857,121**	**935,878,606**	**940,954,844**	**946,090,293**	**951,275,921**	**956,292,976**	**961,124,880**	**965,757,682**

LTFP Scenario 1

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Cash Flow Statement													
Cash Inflows													
Operating Result	4,219,249	5,784,003	(1,966,614)	211,127	2,520,508	4,973,941	5,021,485	5,076,237	5,135,449	5,185,628	5,017,056	4,831,903	4,632,802
Non-cash Adjustments													
- Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
- Increase in Employee Leave Entitlements	2,428,070	1,337,053	1,758,563	1,767,356	1,776,193	1,785,074	1,793,999	1,802,969	1,811,984	1,821,044	1,830,149	1,839,300	1,848,496
Proceeds - Sale of Plant	1,112,000	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600
New Loans	3,000,000	0	0	12,166,667	12,166,667	12,166,667	0	0	0	0	0	0	0
Total Cash Inflows	**20,960,269**	**17,467,063**	**11,213,549**	**25,566,750**	**27,884,968**	**30,347,281**	**18,237,084**	**18,300,806**	**18,369,033**	**18,428,272**	**18,268,805**	**18,092,803**	**17,902,898**
Cash Outflows													
Payments from Emlpoyee Leave Entitlements				706,942	710,477	714,029	717,600	721,188	724,794	728,417	732,060	735,720	739,398
Loan Principal Repayments	768,638	696,352	809,227	1,145,937	1,521,266	1,435,473	1,530,201	1,628,140	1,657,393	1,216,091	1,087,944	735,641	779,779
Acquire New Assets													
- Computer Equipment at Cost		227,500	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
- Library Items at Cost		410,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
- Office Equipment at Cost													
- New Assets from Capital Grants	6,883,953	1,217,813	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167
- New Assets as per S94 Plan	5,742,297	2,060,548	1,867,000	2,724,625	2,724,248	2,723,869	2,723,489	2,723,106	2,722,722	2,722,335	2,721,947	2,721,557	2,721,164
- Infrastructure Renewal	5,174,381	2,964,883	5,623,346	17,498,049	19,436,982	21,981,114	9,583,308	9,354,303	9,196,559	9,498,437	9,463,041	9,635,246	9,397,086
- Plant Replacement	0	1,049,800	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500
Total Cash Outflows	**18,569,270**	**8,626,895**	**11,470,240**	**25,246,221**	**27,563,641**	**30,025,152**	**17,725,265**	**17,597,403**	**17,472,134**	**17,335,947**	**17,175,658**	**16,998,831**	**16,808,095**
Net Cash Inflows	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Opening Cash	45,266,592	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617
Closing Cash	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617	63,691,419
Increase (Decrease) in Cash	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Note:													
Movement in Employee Leave Entitlements		1,337,053	1,758,563	1,060,413	1,065,716	1,071,044	1,076,399	1,081,781	1,087,190	1,092,626	1,098,089	1,103,580	1,109,098
Key Performance Indicators													
Working Capital %	**3.52%**	**3.95%**	**4.00%**	**3.90%**	**3.80%**	**3.71%**	**3.70%**	**3.70%**	**3.69%**	**3.68%**	**3.68%**	**3.68%**	**3.68%**
Unrestricted Current Ratio	**2.19**	**2.21**	**2.10**	**2.14**	**2.18**	**2.21**	**2.25**	**2.28**	**2.31**	**2.34**	**2.37**	**2.40**	**2.43**
Debt Service Ratio	**1.78%**	**1.86%**	**1.89%**	**3.25%**	**4.55%**	**5.12%**	**5.12%**	**5.11%**	**4.75%**	**4.08%**	**3.83%**	**3.32%**	**3.32%**
Net Financial Liabilities	**13,179,579**	**11,641,698**	**12,970,323**	**23,991,053**	**34,636,454**	**45,367,648**	**43,837,447**	**42,209,307**	**40,551,914**	**39,335,823**	**38,247,879**	**37,512,238**	**36,732,459**
Net Financial Liabilities Ratio	**18.33%**	**15.95%**	**17.36%**	**31.13%**	**43.56%**	**55.27%**	**53.41%**	**51.42%**	**47.00%**	**45.59%**	**44.33%**	**43.48%**	**42.58%**
Unfunded Employee Leave Provision	**15,732,965**	**14,768,136**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**

LTFP Scenario 2

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Income Statement													
Revenue													
Rates & Annual Charges	64,979,892	68,405,819	70,785,363	70,785,363	70,785,363	70,785,363	70,974,148	71,164,821	71,357,400	71,551,906	71,551,906	71,551,906	71,551,906
User Charges & Fees	7,240,946	8,142,006	7,968,053	7,968,053	7,968,053	7,968,053	7,968,153	7,968,254	7,968,356	7,968,459	7,968,459	7,968,459	7,968,459
Interest & Investment Revenue	1,967,747	1,735,769	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500
Profit on Sale of Assets	172,928	280,762	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Revenue	4,002,438	3,730,070	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500
Grants & Contributions - Operating - General	8,192,319	6,281,412	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750
Grants & Contributions - Operating - Specific	6,119,643	6,491,005	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802
Grants & Contributions - Capital	6,498,724	6,716,291	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Grants & Contributions - Capital Works Progran	81,000	82,677	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167
Revenue Total	**99,255,636**	**101,865,810**	**101,488,135**	**101,488,135**	**101,488,135**	**101,488,135**	**101,677,020**	**101,867,794**	**102,060,475**	**102,255,084**	**102,255,084**	**102,255,084**	**102,255,084**
Expenses													
Employee Benefits & On Costs	41,769,031	43,180,365	45,898,421	46,119,873	46,342,433	46,566,105	46,790,895	47,016,810	47,243,854	47,472,033	47,701,353	47,931,820	48,163,439
Employee Entitlement Discounting	1,647,830	(515,666)	0	0	0	0	0	0	0	0	0	0	0
Workers Compensation	1,784,963	1,557,297	2,222,075	2,233,185	2,244,351	2,255,573	2,266,851	2,278,185	2,289,576	2,301,024	2,312,529	2,324,092	2,335,712
Borrowing Costs	407,581	546,613	482,927	424,616	368,918	308,205	244,593	176,349	106,345	48,207	15,237	0	0
Materials & Contracts	25,820,946	26,649,029	29,820,763	27,987,430	26,154,097	24,320,764	24,320,764	24,320,764	24,320,764	24,320,764	24,320,764	24,320,764	24,320,764
Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Other Expenses	13,405,086	14,739,763	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563
Expenses Total	**95,036,387**	**96,081,807**	**103,454,749**	**101,795,668**	**100,140,362**	**98,481,210**	**98,653,666**	**98,822,671**	**98,991,102**	**99,172,591**	**99,380,447**	**99,607,239**	**99,850,479**
Operating Result	**4,219,249**	**5,784,003**	**(1,966,614)**	**(307,533)**	**1,347,773**	**3,006,925**	**3,023,354**	**3,045,123**	**3,069,373**	**3,082,493**	**2,874,637**	**2,647,845**	**2,404,605**
Operating Result before Capital Items	**(2,360,475)**	**(1,014,965)**	**(5,626,781)**	**(3,967,700)**	**(2,312,394)**	**(653,242)**	**(636,813)**	**(615,044)**	**(590,794)**	**(577,674)**	**(785,530)**	**(1,012,322)**	**(1,255,562)**
Balance Sheet													
Current Assets													
Cash and cash equivalents	2,077,292	3,982,332	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778
Investments	45,580,299	52,515,427	52,226,290	52,546,819	52,868,147	53,190,275	53,702,095	54,405,498	55,302,396	56,394,720	57,487,867	58,581,839	59,676,641
Receivables	4,256,785	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867
Stores and Materials	229,279	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942
Other Current Assets	812,091	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743
Receipt Clearing Accounts	10,547	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421
Total Current Assets	**52,966,293**	**61,541,732**	**61,285,041**	**61,605,570**	**61,926,898**	**62,249,026**	**62,760,846**	**63,464,249**	**64,361,147**	**65,453,471**	**66,546,618**	**67,640,590**	**68,735,392**
Non-Current Assets													
Receivables	1,256,145	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445
Infrastructure, Property, Plant & Equipment	814,560,186	905,390,179	904,629,592	904,244,506	905,463,533	908,302,499	910,909,945	913,288,004	915,507,934	918,029,356	920,514,993	923,172,445	925,591,346
Total Non-Current Assets	**815,816,331**	**906,791,624**	**906,031,037**	**905,645,951**	**906,864,978**	**909,703,944**	**912,311,390**	**914,689,449**	**916,909,379**	**919,430,801**	**921,916,438**	**924,573,890**	**926,992,791**
Total Assets	**868,782,624**	**968,333,356**	**967,316,078**	**967,251,522**	**968,791,876**	**971,952,970**	**975,072,236**	**978,153,697**	**981,270,526**	**984,884,272**	**988,463,056**	**992,214,480**	**995,728,183**
Current Liabilities													
Payables	5,938,001	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711
Deposits	5,992,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000
Borrowings	746,395	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611
Provisions	20,193,637	20,612,669	22,371,232	23,431,645	24,497,361	25,568,405	26,644,805	27,726,586	28,813,776	29,906,402	31,004,492	32,108,071	33,217,169
Total Current Liabilities	**32,870,033**	**35,118,991**	**36,877,554**	**37,937,967**	**39,003,683**	**40,074,727**	**41,151,127**	**42,232,908**	**43,320,098**	**44,412,724**	**45,510,814**	**46,614,393**	**47,723,491**
Non-Current Liabilities													
Borrowings	7,437,656	7,772,739	6,963,512	6,146,075	5,272,940	4,356,065	3,375,578	2,330,135	1,290,400	729,027	335,084	335,084	335,084
Provisions	340,328	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467
Total Non-Current Liabilities	**7,777,984**	**8,096,206**	**7,286,979**	**6,469,542**	**5,596,407**	**4,679,532**	**3,699,045**	**2,653,602**	**1,613,867**	**1,052,494**	**658,551**	**658,551**	**658,551**
Total Liabilities	**40,648,017**	**43,215,197**	**44,164,533**	**44,407,509**	**44,600,090**	**44,754,259**	**44,850,171**	**44,886,510**	**44,933,965**	**45,465,218**	**46,169,365**	**47,272,944**	**48,382,042**
Net Assets	**828,134,607**	**925,118,159**	**923,151,545**	**922,844,013**	**924,191,786**	**927,198,711**	**930,222,065**	**933,267,188**	**936,336,561**	**939,419,054**	**942,293,691**	**944,941,536**	**947,346,141**
Equity													
Accumulated (Surplus) / Deficit	4,219,249	5,784,003	(1,966,614)	(307,533)	1,347,773	3,006,925	3,023,354	3,045,123	3,069,373	3,082,493	2,874,637	2,647,845	2,404,605
Asset Revaluation Reserve	418,616,000	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549
Retained Earnings	405,299,358	409,518,607	415,302,610	413,335,996	413,028,464	414,376,237	417,383,162	420,406,516	423,451,639	426,521,012	429,603,505	432,478,142	435,125,987
Total Equity	**828,134,607**	**925,118,159**	**923,151,545**	**922,844,013**	**924,191,786**	**927,198,711**	**930,222,065**	**933,267,188**	**936,336,561**	**939,419,054**	**942,293,691**	**944,941,536**	**947,346,141**

LTFP Scenario 2

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Cash Flow Statement													
Cash Inflows													
Operating Result	4,219,249	5,784,003	(1,966,614)	(307,533)	1,347,773	3,006,925	3,023,354	3,045,123	3,069,373	3,082,493	2,874,637	2,647,845	2,404,605
Non-cash Adjustments													
- Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
- Increase in Employee Leave Entitlements	2,428,070	1,337,053	1,758,563	1,767,356	1,776,193	1,785,074	1,793,999	1,802,969	1,811,984	1,821,044	1,830,149	1,839,300	1,848,496
Proceeds - Sale of Plant	1,112,000	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600
New Loans	3,000,000	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	**20,960,269**	**17,467,063**	**11,213,549**	**12,881,423**	**14,545,566**	**16,213,599**	**16,238,953**	**16,269,692**	**16,302,957**	**16,325,136**	**16,126,386**	**15,908,745**	**15,674,701**
Cash Outflows													
Payments from Emlpoyee Leave Entitlements				706,942	710,477	714,029	717,600	721,188	724,794	728,417	732,060	735,720	739,398
Loan Principal Repayments	768,638	696,352	809,227	817,437	873,135	916,875	980,487	1,045,443	1,039,735	561,373	393,943	0	0
Acquire New Assets													
- Computer Equipment at Cost		227,500	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
- Library Items at Cost		410,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
- Office Equipment at Cost													
- New Assets from Capital Grants	6,883,953	1,217,813	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167
- New Assets as per S94 Plan	5,742,297	2,060,548	1,867,000	2,724,625	2,724,248	2,723,869	2,723,489	2,723,106	2,722,722	2,722,335	2,721,947	2,721,557	2,721,164
- Infrastructure Renewal	5,174,381	2,964,883	5,623,346	5,141,222	6,745,711	8,366,029	8,134,891	7,905,885	7,748,142	8,050,019	8,014,623	8,186,829	7,948,669
- Plant Replacement	0	1,049,800	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500
Total Cash Outflows	**18,569,270**	**8,626,895**	**11,470,240**	**12,560,894**	**14,224,239**	**15,891,470**	**15,727,133**	**15,566,289**	**15,406,059**	**15,232,812**	**15,033,240**	**14,814,772**	**14,579,899**
Net Cash Inflows	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Opening Cash	45,266,592	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617
Closing Cash	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617	63,691,419
Increase (Decrease) in Cash	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Note:													
Movement in Employee Leave Entitlements		1,337,053	1,758,563	1,060,413	1,065,716	1,071,044	1,076,399	1,081,781	1,087,190	1,092,626	1,098,089	1,103,580	1,109,098
Key Performance Indicators													
Working Capital %	**3.52%**	**3.95%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**3.99%**	**3.98%**	**3.97%**	**3.97%**	**3.97%**	**3.97%**	**3.97%**
Unrestricted Current Ratio	**2.19**	**2.21**	**2.10**	**2.14**	**2.18**	**2.21**	**2.25**	**2.28**	**2.31**	**2.34**	**2.37**	**2.40**	**2.43**
Debt Service Ratio	**1.78%**	**1.86%**	**1.89%**	**1.82%**	**1.82%**	**1.79%**	**1.79%**	**1.79%**	**1.59%**	**0.85%**	**0.57%**	**0.00%**	**0.00%**
Net Financial Liabilities	**13,179,579**	**11,641,698**	**12,970,323**	**12,152,886**	**11,279,751**	**10,362,876**	**9,382,389**	**8,336,946**	**7,297,211**	**6,735,838**	**6,341,895**	**6,341,895**	**6,341,895**
Net Financial Liabilities Ratio	**18.33%**	**15.95%**	**17.36%**	**16.27%**	**15.10%**	**13.87%**	**12.56%**	**11.16%**	**9.31%**	**8.59%**	**8.09%**	**8.09%**	**8.09%**
Unfunded Employee Leave Provision	**15,732,965**	**14,768,136**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**

LTFP Scenario 3

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Income Statement													
Revenue													
Rates & Annual Charges	64,979,892	68,405,819	70,785,363	74,230,266	77,892,198	81,784,831	81,973,616	82,164,289	82,356,869	82,551,374	82,551,374	82,551,374	82,551,374
User Charges & Fees	7,240,946	8,142,006	7,968,053	7,968,053	7,968,053	7,968,053	7,968,153	7,968,254	7,968,356	7,968,459	7,968,459	7,968,459	7,968,459
Interest & Investment Revenue	1,967,747	1,735,769	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500	1,583,500
Profit on Sale of Assets	172,928	280,762	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Revenue	4,002,438	3,730,070	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500	3,989,500
Grants & Contributions - Operating - General	8,192,319	6,281,412	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750	6,503,750
Grants & Contributions - Operating - Specific	6,119,643	6,491,005	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802	6,697,802
Grants & Contributions - Capital	6,498,724	6,716,291	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Grants & Contributions - Capital Works Program	81,000	82,677	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167	1,210,167
Revenue Total	**99,255,636**	**101,865,810**	**101,488,135**	**104,933,038**	**108,594,970**	**112,487,603**	**112,676,488**	**112,867,262**	**113,059,944**	**113,254,552**	**113,254,552**	**113,254,552**	**113,254,552**
Expenses													
Employee Benefits & On Costs	41,769,031	43,180,365	45,898,421	46,119,873	46,342,433	46,566,105	46,790,895	47,016,810	47,243,854	47,472,033	47,701,353	47,931,820	48,163,439
Employee Entitlement Discounting	1,647,830	(515,666)	0	0	0	0	0	0	0	0	0	0	0
Workers Compensation	1,784,963	1,557,297	2,222,075	2,233,185	2,244,351	2,255,573	2,266,851	2,278,185	2,289,576	2,301,024	2,312,529	2,324,092	2,335,712
Borrowing Costs	407,581	546,613	482,927	424,616	368,918	308,205	244,593	176,349	106,345	48,207	15,237	0	0
Materials & Contracts	25,820,946	26,649,029	29,820,763	29,487,430	29,154,097	28,820,764	28,820,764	28,820,764	28,820,764	28,820,764	28,820,764	28,820,764	28,820,764
Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Other Expenses	13,405,086	14,739,763	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563	14,030,563
Expenses Total	**95,036,387**	**96,081,807**	**103,454,749**	**103,295,668**	**103,140,362**	**102,981,210**	**103,153,666**	**103,322,671**	**103,491,102**	**103,672,591**	**103,880,447**	**104,107,239**	**104,350,479**
Operating Result	**4,219,249**	**5,784,003**	**(1,966,614)**	**1,637,370**	**5,454,608**	**9,506,394**	**9,522,822**	**9,544,591**	**9,568,842**	**9,581,961**	**9,374,106**	**9,147,313**	**8,904,074**
Operating Result before Capital Items	**(2,360,475)**	**(1,014,965)**	**(5,626,781)**	**(2,022,797)**	**1,794,441**	**5,846,227**	**5,862,655**	**5,884,424**	**5,908,675**	**5,921,794**	**5,713,939**	**5,487,146**	**5,243,907**
Balance Sheet													
Current Assets													
Cash and cash equivalents	2,077,292	3,982,332	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778	4,014,778
Investments	45,580,299	52,515,427	52,226,290	52,546,819	52,868,147	53,190,275	53,702,095	54,405,498	55,302,396	56,394,720	57,487,867	58,581,839	59,676,641
Receivables	4,256,785	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867	3,880,867
Stores and Materials	229,279	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942	226,942
Other Current Assets	812,091	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743	929,743
Receipt Clearing Accounts	10,547	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421	6,421
Total Current Assets	**52,966,293**	**61,541,732**	**61,285,041**	**61,605,570**	**61,926,898**	**62,249,026**	**62,760,846**	**63,464,249**	**64,361,147**	**65,453,471**	**66,546,618**	**67,640,590**	**68,735,392**
Non-Current Assets													
Receivables	1,256,145	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445	1,401,445
Infrastructure, Property, Plant & Equipment	814,560,186	905,390,179	904,629,592	906,189,409	911,515,271	920,853,705	929,960,620	938,838,147	947,557,546	956,578,436	965,563,542	974,720,463	983,638,832
Total Non-Current Assets	**815,816,331**	**906,791,624**	**906,031,037**	**907,590,854**	**912,916,716**	**922,255,150**	**931,362,065**	**940,239,592**	**948,958,991**	**957,979,881**	**966,964,987**	**976,121,908**	**985,040,277**
Total Assets	**868,782,624**	**968,333,356**	**967,316,078**	**969,196,425**	**974,843,614**	**984,504,176**	**994,122,911**	**1,003,703,841**	**1,013,320,138**	**1,023,433,352**	**1,033,511,604**	**1,043,762,498**	**1,053,775,669**
Current Liabilities													
Payables	5,938,001	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711	6,399,711
Deposits	5,992,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000	6,765,000
Borrowings	746,395	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611	1,341,611
Provisions	20,193,637	20,612,669	22,371,232	23,431,645	24,497,361	25,568,405	26,644,805	27,726,586	28,813,776	29,906,402	31,004,492	32,108,071	33,217,169
Total Current Liabilities	**32,870,033**	**35,118,991**	**36,877,554**	**37,937,967**	**39,003,683**	**40,074,727**	**41,151,127**	**42,232,908**	**43,320,098**	**44,412,724**	**45,510,814**	**46,614,393**	**47,723,491**
Non-Current Liabilities													
Borrowings	7,437,656	7,772,739	6,963,512	6,146,075	5,272,940	4,356,065	3,375,578	2,330,135	1,290,400	729,027	335,084	335,084	335,084
Provisions	340,328	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467	323,467
Total Non-Current Liabilities	**7,777,984**	**8,096,206**	**7,286,979**	**6,469,542**	**5,596,407**	**4,679,532**	**3,699,045**	**2,653,602**	**1,613,867**	**1,052,494**	**658,551**	**658,551**	**658,551**
Total Liabilities	**40,648,017**	**43,215,197**	**44,164,533**	**44,407,509**	**44,600,090**	**44,754,259**	**44,850,171**	**44,886,510**	**44,933,965**	**45,465,218**	**46,169,365**	**47,272,944**	**48,382,042**
Net Assets	**828,134,607**	**925,118,159**	**923,151,545**	**924,788,916**	**930,243,524**	**939,749,917**	**949,272,740**	**958,817,331**	**968,386,173**	**977,968,134**	**987,342,240**	**996,489,553**	**1,005,393,627**
Equity													
Accumulated (Surplus) / Deficit	4,219,249	5,784,003	(1,966,614)	1,637,370	5,454,608	9,506,394	9,522,822	9,544,591	9,568,842	9,581,961	9,374,106	9,147,313	8,904,074
Asset Revaluation Reserve	418,616,000	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549	509,815,549
Retained Earnings	405,299,358	409,518,607	415,302,610	413,335,996	414,973,367	420,427,975	429,934,368	439,457,191	449,001,782	458,570,624	468,152,585	477,526,691	486,674,004
Total Equity	**828,134,607**	**925,118,159**	**923,151,545**	**924,788,916**	**930,243,524**	**939,749,917**	**949,272,740**	**958,817,331**	**968,386,173**	**977,968,134**	**987,342,240**	**996,489,553**	**1,005,393,627**

LTFP Scenario 3

	Actual 2011/12	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Cash Flow Statement													
Cash Inflows													
Operating Result	4,219,249	5,784,003	(1,966,614)	1,637,370	5,454,608	9,506,394	9,522,822	9,544,591	9,568,842	9,581,961	9,374,106	9,147,313	8,904,074
Non-cash Adjustments													
- Depreciation & Amortisation	10,200,950	9,924,407	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
- Increase in Employee Leave Entitlements	2,428,070	1,337,053	1,758,563	1,767,356	1,776,193	1,785,074	1,793,999	1,802,969	1,811,984	1,821,044	1,830,149	1,839,300	1,848,496
Proceeds - Sale of Plant	1,112,000	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600	421,600
New Loans	3,000,000	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	**20,960,269**	**17,467,063**	**11,213,549**	**14,826,326**	**18,652,401**	**22,713,067**	**22,738,421**	**22,769,160**	**22,802,426**	**22,824,605**	**22,625,855**	**22,408,213**	**22,174,170**
Cash Outflows													
Payments from Emlpoyee Leave Entitlements				706,942	710,477	714,029	717,600	721,188	724,794	728,417	732,060	735,720	739,398
Loan Principal Repayments	768,638	696,352	809,227	817,437	873,135	916,875	980,487	1,045,443	1,039,735	561,373	393,943	0	0
Acquire New Assets													
- Computer Equipment at Cost		227,500	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
- Library Items at Cost		410,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
- Office Equipment at Cost													
- New Assets from Capital Grants	6,883,953	1,217,813	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167	1,460,167
- New Assets as per S94 Plan	5,742,297	2,060,548	1,867,000	2,724,625	2,724,248	2,723,869	2,723,489	2,723,106	2,722,722	2,722,335	2,721,947	2,721,557	2,721,164
- Infrastructure Renewal	5,174,381	2,964,883	5,623,346	7,086,125	10,852,546	14,865,498	14,634,360	14,405,354	14,247,610	14,549,488	14,514,092	14,686,297	14,448,138
- Plant Replacement	0	1,049,800	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500	1,120,500
Total Cash Outflows	**18,569,270**	**8,626,895**	**11,470,240**	**14,505,797**	**18,331,074**	**22,390,938**	**22,226,602**	**22,065,757**	**21,905,527**	**21,732,280**	**21,532,708**	**21,314,241**	**21,079,368**
Net Cash Inflows	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Opening Cash	45,266,592	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617
Closing Cash	47,657,591	56,497,759	56,241,068	56,561,597	56,882,925	57,205,053	57,716,873	58,420,276	59,317,174	60,409,498	61,502,645	62,596,617	63,691,419
Increase (Decrease) in Cash	**2,390,999**	**8,840,168**	**(256,691)**	**320,529**	**321,327**	**322,129**	**511,819**	**703,403**	**896,898**	**1,092,324**	**1,093,146**	**1,093,972**	**1,094,802**
Note:													
Movement in Employee Leave Entitlements		1,337,053	1,758,563	1,060,413	1,065,716	1,071,044	1,076,399	1,081,781	1,087,190	1,092,626	1,098,089	1,103,580	1,109,098
Key Performance Indicators													
Working Capital %	**3.52%**	**3.95%**	**4.00%**	**3.87%**	**3.74%**	**3.61%**	**3.60%**	**3.59%**	**3.59%**	**3.58%**	**3.58%**	**3.58%**	**3.58%**
Unrestricted Current Ratio	**2.19**	**2.21**	**2.10**	**2.14**	**2.18**	**2.21**	**2.25**	**2.28**	**2.31**	**2.34**	**2.37**	**2.40**	**2.43**
Debt Service Ratio	**1.78%**	**1.86%**	**1.89%**	**1.74%**	**1.66%**	**1.56%**	**1.56%**	**1.55%**	**1.38%**	**0.73%**	**0.49%**	**0.00%**	**0.00%**
Net Financial Liabilities	**13,179,579**	**11,641,698**	**12,970,323**	**12,152,886**	**11,279,751**	**10,362,876**	**9,382,389**	**8,336,946**	**7,297,211**	**6,735,838**	**6,341,895**	**6,341,895**	**6,341,895**
Net Financial Liabilities Ratio	**18.33%**	**15.95%**	**17.36%**	**15.60%**	**13.87%**	**12.20%**	**11.04%**	**9.81%**	**8.16%**	**7.54%**	**7.10%**	**7.10%**	**7.10%**
Unfunded Employee Leave Provision	**15,732,965**	**14,768,136**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**	**15,826,699**