



Long Term Financial Plan

2013–2023

Attachment 3 – Long Term Financial Plan 2013-2023

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Introduction

The Long Term Financial Plan forms part of a Resourcing Strategy that provides the link between the Community Strategic Plan outcomes and Council's Delivery Program and Operational Plan (four and one year budgets). It explains how the organisation will meet its obligations now and in the future, taking into account our workforce, our finances and our assets. The Resourcing Strategy enables us to deliver our services to the community in the most sustainable way.

The Budget 2013-2014 and the Long Term Financial Plan 2013-2023 was reviewed by Council's auditors, Hill Rogers Spencer Steer. Hill Rogers Spencer Steer have provided an Independent Assurance Report dated 12 June 2013. The inclusion of the auditor's review is in line with better practice and benefits our stakeholders. The Independent Assurance Report is [here](#).

The Long Term Financial Plan was amended to incorporate changes approved at the Council meeting on 10 December 2013 in support of an application for a multi-year Special Rate Variation commencing in 2014-2015. The Long Term Financial Plan models two scenarios:

- Scenario 1 - Improve service levels incorporating a special rate variation
- Scenario 2 - Decline in service levels (the base case) where rates would only increase in line with the rate cap

For further information on the scenarios see [Scenario Modelling](#)

In forecasting to 2023 we take into account a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long Term Financial Plan is important because it:

- Reflects our future financial position based on delivering service levels defined in the Community Strategic Plan
- Allows the costs of long term strategic decisions to be quantified and debated
- Assesses the financial sustainability of service levels
- Determines the risk of future strategic directions
- Allows scenario testing of different policies and service levels
- Enables testing of sensitivity and robustness of key assumptions

The Long Term Financial Plan is an extension of the four-year plan (Financial Forecast 2013-2017). It shows a surplus before capital grants and contributions over the next ten years.

The Long Term Financial Plan has been developed based on:

- Fully funding the infrastructure renewal program
- New loan borrowings
- Additional maintenance costs and increased depreciation as a result of major facilities upgrades

In this section:

- [Scenario Modelling](#)
- [Forecasting Future Budgets](#)
- [Surplus/\(deficit\) before Capital Grants and Contributions](#)
- [Financial Planning Assumptions](#)
- [Sensitivity Analysis](#)
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Scenario Modelling

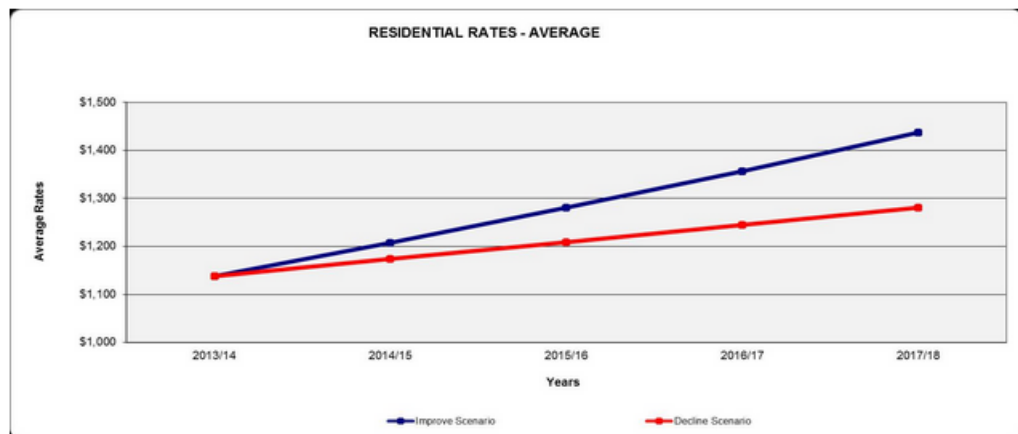
The financial models are:

- Scenario 1 - Improve Service Levels** (financially sustainable). This allows for a four-year Special Rate Variation from 2014-2015 to 2017-2018 of 6.1%, 6.0%, 6.0% and 5.9% including the estimated rate cap, which equates to a 26.25% cumulative rate increase. In addition to maintaining existing service levels, this scenario allows for a mixture of new operational funds for increased service levels and capital funds for new community assets. Click to view details of the [impact on rates](#), [projected Surplus before Capital Grants and Contributions](#) and [additional operational and capital expenditure](#) over 10 years in this scenario.
- Scenario 2 - Decline in Service Levels** is the base case (financially unsustainable). This scenario allows for rates to only increase in line with the estimated rate cap set by IPART with no increases in service levels in either new operational and capital projects to further improve service levels. The estimated rate cap from 2014-2015 to 2017-2018 is 3.1%, 3.0%, 3.0% and 2.9%, which equates to a 12.55% cumulative rate increase. Whilst this maintains service levels to the community it is not sustainable as Council's budget would be in an operating deficit from 2018-2019. Click to view details of the [impact on rates](#) in this scenario.

The models detail rate paths, works and sustainability outcomes. Each rate path considers current services and service levels, workforce planning and asset management. The scenarios also include increases in income and expenditure as a result of growth. For effective analysis of the scenarios consideration must be given to principles included in Council's [Financial Planning and Sustainability Policy](#).

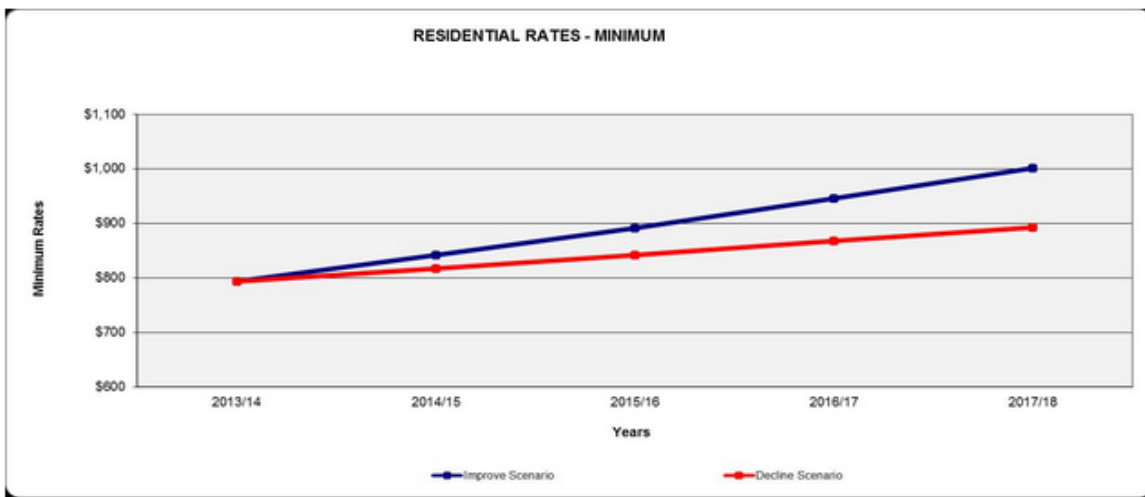
The impact on the average residential rate under the proposed scenarios is as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
Scenario 1 - Improve Service	\$1,138.23	\$1,207.66	\$1,280.12	\$1,356.93	\$1,436.99
Scenario 2 - Decline in Service	\$1,138.23	\$1,173.52	\$1,208.72	\$1,244.98	\$1,281.09



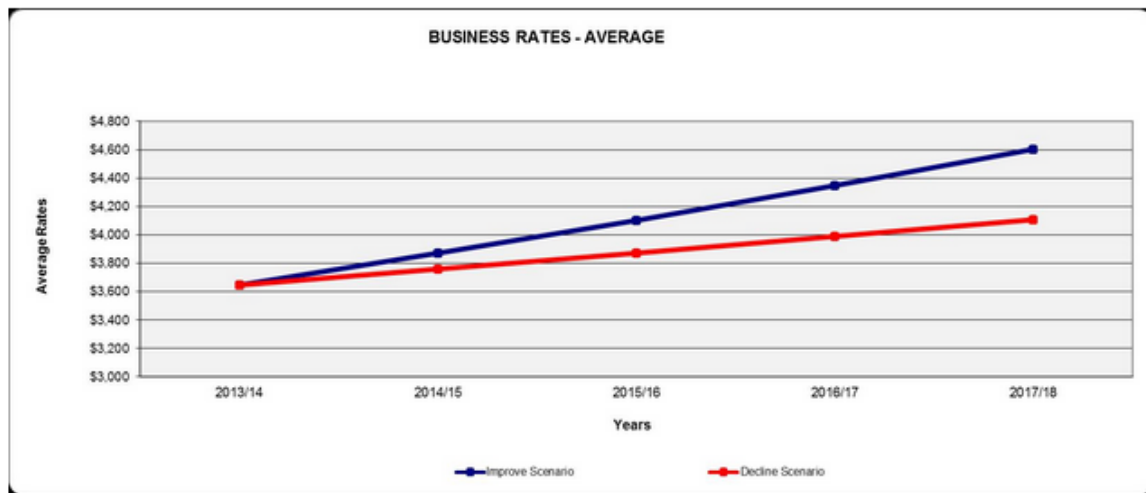
The impact on the minimum residential rate under the proposed scenarios is as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
Scenario 1 - Improve Service	\$793.17	\$841.55	\$892.05	\$945.57	\$1,001.36
Scenario 2 - Decline in Service	\$793.17	\$817.76	\$842.29	\$867.56	\$892.72



The impact on the average business rate under the proposed scenarios is as follows:

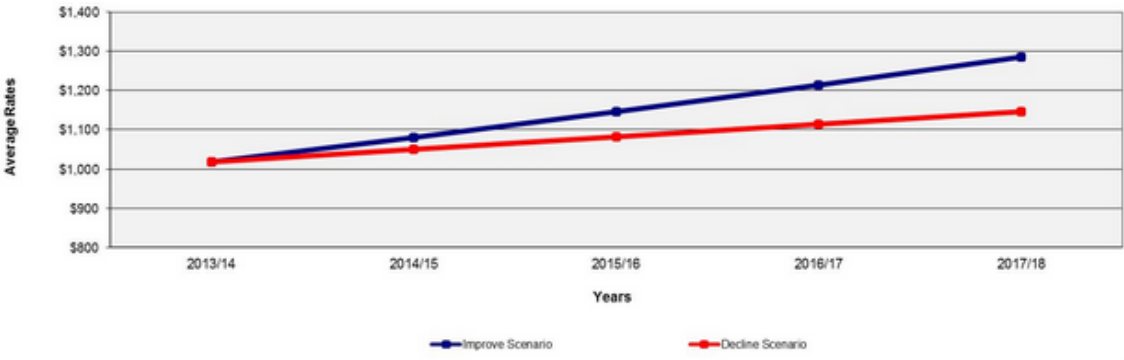
	2013/14	2014/15	2015/16	2016/17	2017/18
Scenario 1 - Improve Service	\$3,646.85	\$3,869.31	\$4,101.46	\$4,347.55	\$4,604.06
Scenario 2 - Decline in Service	\$3,646.85	\$3,759.90	\$3,872.70	\$3,988.88	\$4,104.55



The impact on the minimum business rate under the proposed scenarios is as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
Scenario 1 - Improve Service	\$1,018.32	\$1,080.44	\$1,145.26	\$1,213.98	\$1,285.60
Scenario 2 - Decline in Service	\$1,018.32	\$1,049.89	\$1,081.38	\$1,113.83	\$1,146.13

BUSINESS RATES - MINIMUM



Forecasting Future Budgets

In planning for the financial year 2013-2014 and beyond, we have made the best possible assumptions about factors outside of our control such as inflation, wage increases and rate capping. In other words, our current budget and long term outlook is based on the most likely scenarios. To illustrate how further negative movements in these factors could affect our budgets in coming years, we have included a separate [sensitivity analysis](#).

We recognise industry leaders have sound financial policies for responsible resource planning, rating, debt, infrastructure and service delivery strategies. Likewise, our budget and financial forecasts have been prepared in accordance with Council's [Financial Planning and Sustainability Policy](#). It provides a strategic framework for prudent management of our finances that facilitates public scrutiny of performance and represents leading financial planning practice.

Revenue Forecasts

In determining the likely revenue that will be available to meet the community's long-term objectives, we have considered the following:

Capacity for rating

As this is a major component of Council's revenue base, the planning process will continue to include an assessment of the community's capacity and willingness to pay rates and whether there is potential for changes to the rate path. In making that judgement, Council will review the potential to reduce the reliance on rates through:

- Increased revenues from other sources
- The projected impact of the rate cap
- Changes in rating revenues from changing demographics and industry makeup
- Opportunities for a special variation to general income
- Any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies

Fees and charges

A number of the services provided by Council are offered on a user pays basis. In preparing the Long Term Financial Plan Council has considered possible future income from fees and charges, including opportunities to reduce reliance on other forms of income.

Grants and subsidies

Council receives an annual Financial Assistance Grant allocation from the Commonwealth and also receives other grants for specific programs. In preparing the Long Term Financial Plan Council has assumed that it will continue to receive grants. Should these grants and subsidies be reduced, Council's ability to provide the same level of service will be impacted.

Borrowings

Council is currently exploring requirements in relation to infrastructure projects at Council's waste landfill site at Kimbriki. These include the renewal of access roads which currently represent an infrastructure backlog. It is anticipated that the renewal of the access roads will cost \$7.815m which Council is proposing to undertake in 2013-2014. Council will borrow for the full cost of the works, however, these borrowings will not change the financial sustainability of Council over the 10 years of the Long Term Financial Plan. Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates inter-generational equity and smoothes out long term expenditure peaks and troughs.

Under Scenario 1, Improve Service Levels works are also proposed in 2017-2018 to redevelop the Warringah Aquatic Centre. The works would be funded by a loan of \$10m over 10 years and the loan repayments funded by a Special Rate Variation. These borrowings will not change the financial sustainability of Council over the 10 years of the Long Term Financial Plan.

Expenditure forecasts

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This has included costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets and appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance.

Financial modelling

The development process for the Long Term Financial Plan has included financial modelling taking account of different scenarios. The particular difficulties confronting Council have been presented in the sensitivity analysis.

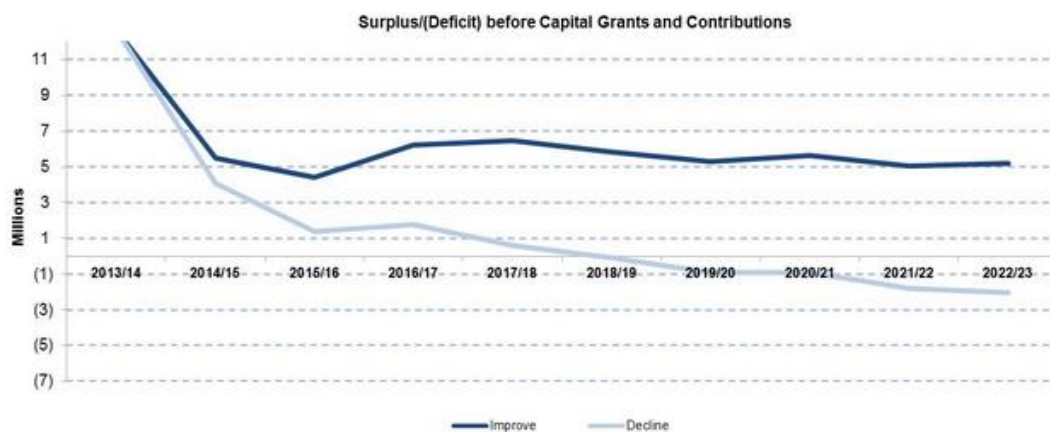
Performance monitoring

Council not only monitors its performance against the Long Term Financial Plan and the annual budget, but has also developed measures to assess its long term financial sustainability. Council uses financial health check performance indicators including the unrestricted current ratio, operating result, debt service ratio and capital renewal ratio. The statement of performance measures is in accordance with Note 13 – Statement of Performance Measures of the current Local Government Code of Accounting Practice.

Surplus/(deficit) before Capital Grants and Contributions

Surplus/(deficit) before Capital Grants and Contributions

The chart below shows the impact of not receiving additional income over and above existing revenue streams from 2014-2015 to 2017-2018. The increase in income is based on special rate increases above the rate capping level of 3% per annum for the four years.



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In preparing the Council's budget, consideration was given to a range of economic and political factors that affect our finances and in turn our capability to maintain existing levels of service and long term financial sustainability.

Based on reputable sources such as Access Economics, we have made the following assumptions while putting together this year's budget and long term financial outlook:

- Between 2013 and 2016 the Consumer Price Index (CPI) for goods and services is forecasted to be 3%, 2.6%, 2.5% and 2.7% respectively.
- Rate capping will continue to limit our ability to raise necessary income to maintain levels of service to the community. The 2013-2014 increase is capped at 3.4%, with increases over the following three years assumed to be 3.1%, 3.0% and 3.0% respectively. The State Government is currently limiting rate increases, effectively decreasing relative rate levels while there is also no significant additional funding being provided by the State and Federal Government to support ongoing service delivery.
- Interest and investment revenues are forecast at 4% per annum for 2013-2014 increases over the following three years assumed to be 4.19%, 4.44% and 4.55% respectively.
- Wages comprise approximately 39.2% of our operating costs (excluding capital works) from year to year. Wages are expected to grow by 3.5% in 2013-2014 after taking into account productivity savings of 0.2% per annum. The equivalent increase is anticipated in 2014-2015 and is then anticipated to increase to 3.75% in 2015-2016. This takes into account the Australian Government's increase to the Superannuation Guarantee Levy.
- Materials and contracts (with the exception of Domestic Waste Management) and other expenses which represent the principal costs used to deliver services to the community are forecast to increase in line with the Consumer Price Index. While the rate of growth projected is uneven it is forecast to average 2.6% per annum. Materials and contracts for Domestic Waste Management are forecast to increase by an average of 19.84% between 2014-2015 and 2017-2018 reflecting additional tipping costs associated with the closure of the Belrose Resource Recovery Centre landfill facility.
- Council is currently exploring requirements in relation to access road infrastructure at the waste landfill site at Kimbriki. It is anticipated the access roads will cost \$7.815m and be fully funded from borrowings.
- Council's rating will include special rate increases above the rate capping level of 3% per annum for the four years from 2014-2015 to 2017-2018 (Scenario 1 - Improve service levels). The Special Rate Variation will be utilised by Council to increase the level of services to be delivered to the community. The Independent Pricing and Regulatory Tribunal (IPART) will consider Council's application for a Special Rate Variation and make a determination by mid June 2014.
- The redevelopment of the Warringah Aquatic Centre would be funded from the special rate variation (Scenario 1 Improve Service Levels). The works would cost \$10m and be fully funded from borrowings.
- An increase in the domestic waste management charge of \$164 in 2015-2016 to cover anticipated collection and disposal cost increases and new bin system roll-out associated with the closure of the Belrose landfill site.
- The funding of the Dee Why Town Centre Parking and Community Facility will partially come from the proceeds from the disposal of the Kiah site in 2013-2014 which is estimated at \$9 million.
- The creation of a cultural hub at Glen Street to be funded by the disposal of part of the Library site and adjoining land and \$2m to be funded from the Special Rate Variation in Scenario 1.

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Included is a Cash and Investment Statement and Capital Budget Statement to show clearly the movement of funds over the years, the source of funds for capital works projects and any restrictions against projected cash and investments.

The four Key Financial Indicators listed under Financial Performance and Sustainability demonstrate that the community's funds are being prudently managed. These measures have been prepared in accordance with the Local Government Financial Health Check, an industry accepted benchmark.

In this section:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Simplified Cash Flow Statement
- Capital Budget Statement
- Cash and Investment Statement

Below are the financial statements for Scenario 1 - Improve Service.

Financial statements are also available for [Scenario 2 - Decline in Service](#).

Financial statements for – [Scenario 2 – Decline in Service](#) can be found following financial statements for Scenario 1

Ten Year Financial Plan - Income Statement

Projected Income Statement for the Years Ending 30 June 2013/14 to 2022/23	Adopted Budget		Long Term Financial Plan Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Income from Continuing Operations										
Rates & Annual Charges	93,233	98,726	114,547	120,408	126,862	130,701	134,637	139,043	143,586	148,287
User Charges & Fees	44,320	45,561	46,791	48,054	49,256	50,438	51,648	53,043	54,475	55,946
Interest & Investment Revenues	3,403	3,725	2,887	2,475	2,214	2,484	2,476	2,584	2,627	2,745
Other Revenues	7,279	7,482	7,684	9,123	9,351	9,576	9,806	10,070	10,342	10,622
Grants & Contributions - Operating Purposes	7,377	7,783	8,121	7,788	8,111	8,456	9,097	8,777	9,014	9,368
Grants & Contributions - Capital Purposes	4,034	3,503	3,597	3,695	3,787	3,878	3,971	4,078	4,188	4,301
Gains on Disposal of Assets	8,394	314	323	332	340	348	356	366	376	386
Share of interests in Joint Venture using Equity Method	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	168,039	167,094	183,951	191,874	199,920	205,880	211,991	217,962	224,608	231,655
Expenses from Continuing Operations										
Employee Benefits & On-Costs	(59,375)	(61,515)	(63,721)	(66,040)	(68,495)	(71,040)	(73,679)	(76,413)	(78,897)	(81,461)
Borrowing Costs	(1,003)	(1,338)	(1,331)	(1,322)	(1,658)	(1,953)	(1,884)	(1,812)	(1,735)	(1,652)
Materials & Contracts	(57,526)	(60,645)	(74,929)	(77,615)	(81,634)	(84,366)	(87,414)	(89,239)	(92,838)	(96,001)
Depreciation & Amortisation	(15,167)	(15,865)	(16,680)	(17,130)	(17,559)	(17,980)	(18,411)	(18,909)	(19,419)	(19,943)
Other Expenses	(17,956)	(18,423)	(18,967)	(19,517)	(19,975)	(20,475)	(20,966)	(21,527)	(22,108)	(22,705)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interests in Joint Venture using Equity Method	(302)	(310)	(319)	(327)	(336)	(344)	(352)	(361)	(371)	(381)
Total Expenses from Continuing Operations	(151,329)	(158,095)	(175,946)	(181,952)	(189,655)	(196,157)	(202,705)	(208,261)	(215,368)	(222,143)
Surplus/(Deficit) from Continuing Operations	16,711	8,999	8,004	9,922	10,265	9,724	9,286	9,701	9,240	9,512
Minority Interests	(984)	(1,011)	(1,039)	(1,067)	(1,093)	(1,120)	(1,147)	(1,178)	(1,209)	(1,242)
Surplus/(Deficit) attributable to Council	15,727	7,988	6,966	8,855	9,172	8,604	8,140	8,523	8,031	8,270
Surplus/(Deficit) before Capital Grants & Contributions	12,677	5,496	4,407	6,228	6,478	5,846	5,315	5,622	5,052	5,210

Ten Year Financial Plan - Balance Sheet

Projected Balance Sheet for the Years Ending 30 June 2013/14 to 2022/23	Adopted Budget		Long Term Financial Plan Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	22,451	14,544	11,147	9,101	8,995	8,481	8,476	8,512	8,367	8,222
Investments	67,354	43,631	33,441	27,302	26,985	25,444	25,427	25,535	25,102	24,667
Receivables	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Inventories	90	90	90	90	90	90	90	90	90	90
Other	862	862	862	862	862	862	862	862	862	862
Non-current assets classified as "held for resale"	2,862	2,862	2,862	2,862	-	-	-	-	-	-
Total Current Assets	101,119	69,488	55,902	47,716	44,432	42,377	42,354	42,499	41,921	41,341
Non-Current Assets										
Investments	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Receivables	497	497	497	497	497	497	497	497	497	497
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	2,415,823	2,456,554	2,478,258	2,496,496	2,519,839	2,531,040	2,539,740	2,548,660	2,557,806	2,567,184
Investments Accounted for using the equity method	700	700	700	700	700	700	700	700	700	700
Investment Property	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Intangible	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
Total Non-Current Assets	2,422,190	2,462,921	2,484,625	2,502,863	2,526,206	2,537,407	2,546,107	2,555,027	2,564,173	2,573,551
TOTAL ASSETS	2,523,310	2,532,409	2,540,527	2,550,579	2,570,637	2,579,783	2,588,461	2,597,526	2,606,093	2,614,892
LIABILITIES										
Current Liabilities										
Payables	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044
Borrowings	1,025	1,025	1,025	1,722	2,419	2,419	2,419	2,419	2,419	1,792
Provisions	11,267	11,409	11,555	11,705	11,860	12,019	12,183	12,353	12,529	12,710
Total Current Liabilities	25,336	25,478	25,624	26,471	27,323	27,482	27,646	27,816	27,992	27,546
Non-Current Liabilities										
Payables	400	400	400	400	400	400	400	400	400	400
Borrowings	6,643	6,033	5,389	4,011	12,244	10,745	9,150	7,452	5,645	4,348
Provisions	17,956	18,918	19,934	21,010	22,145	23,345	24,615	25,966	27,396	28,910
Total Non-Current Liabilities	24,999	25,351	25,723	25,421	34,789	34,490	34,165	33,818	33,441	33,658
TOTAL LIABILITIES	50,335	50,829	51,347	51,892	62,112	61,972	61,811	61,634	61,433	61,203
NET ASSETS	2,472,975	2,481,580	2,489,180	2,498,687	2,508,525	2,517,811	2,526,650	2,535,892	2,544,661	2,553,689
EQUITY										
Retained Earnings	2,353,752	2,361,739	2,368,705	2,377,560	2,386,732	2,395,336	2,403,475	2,411,998	2,420,030	2,428,299
Revaluation Reserves	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929
Council Equity Interest	2,464,681	2,472,668	2,479,634	2,488,489	2,497,661	2,506,265	2,514,404	2,522,927	2,530,959	2,539,228
Minority Equity Interest	8,294	8,912	9,546	10,198	10,864	11,547	12,245	12,964	13,702	14,461
TOTAL EQUITY	2,472,975	2,481,580	2,489,180	2,498,687	2,508,525	2,517,811	2,526,650	2,535,892	2,544,661	2,553,689

Ten Year Financial Plan - Cash Flow

Projected Statement of Cash Flows for the Years Ending 30 June 2013/14 to 2022/23	Adopted Budget		Long Term Financial Plan Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	93,233	98,726	114,547	120,408	126,862	130,701	134,637	139,043	143,586	148,287
User Charges & Fees	44,320	45,561	46,791	48,054	49,256	50,438	51,648	53,043	54,475	55,946
Interest & Investment Revenues	3,403	3,725	2,887	2,475	2,214	2,484	2,476	2,584	2,627	2,745
Grants & Contributions	11,411	11,286	11,718	11,483	11,898	12,334	13,067	12,855	13,203	13,669
Other	15,673	7,797	8,007	9,455	9,691	9,924	10,162	10,436	10,718	11,008
Payments										
Employee Benefits & On-Costs	(58,326)	(60,411)	(62,559)	(64,813)	(67,205)	(69,681)	(72,244)	(74,893)	(77,291)	(79,766)
Materials & Contracts	(57,526)	(60,645)	(74,929)	(77,615)	(81,634)	(84,366)	(87,414)	(89,239)	(92,838)	(96,001)
Borrowing Costs	(894)	(922)	(950)	(979)	(1,006)	(1,032)	(1,060)	(1,091)	(1,123)	(1,157)
Other	(18,258)	(18,733)	(19,285)	(19,845)	(20,310)	(20,818)	(21,318)	(21,888)	(22,479)	(23,086)
Net Cash provided by (or used in) Operating Activities	33,036	26,383	26,227	28,622	29,765	29,983	29,955	30,851	30,877	31,645
Cash Flows from Investing Activities										
Receipts										
Sale of Investments	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Sale of Non-current assets classified as "held for resale"	6,448	-	-	-	2,862	-	-	-	-	-
Payments										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(36,367)	(58,245)	(40,034)	(37,018)	(42,551)	(30,831)	(28,761)	(29,479)	(30,215)	(30,972)
Purchase of Intangibles	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used in) Investing Activities	(26,821)	(56,595)	(38,384)	(35,368)	(38,039)	(29,181)	(27,111)	(27,829)	(28,565)	(29,322)
Cash Flows from Financing Activities										
Receipts										
Proceeds from Borrowings & Advances	7,815	-	-	-	10,000	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of Borrowings & Advances	(256)	(1,025)	(1,025)	(1,025)	(1,722)	(2,419)	(2,419)	(2,419)	(2,419)	(2,419)
Repayment of Finance Lease Liabilities	(441)	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-
Dividend Paid to Minority Interests	(384)	(394)	(405)	(415)	(427)	(437)	(448)	(459)	(471)	(484)
Net cash provided by (or used in) Financing Activities	6,734	(1,419)	(1,430)	(1,440)	7,851	(2,856)	(2,867)	(2,878)	(2,890)	(2,903)
Net Increase/(Decrease) in Cash & Investments	12,949	(31,631)	(13,587)	(8,186)	(423)	(2,054)	(23)	145	(578)	(579)
Add: Cash & Investments - beginning of year	78,657	91,606	59,975	46,389	38,203	37,779	35,725	35,702	35,847	35,270
Cash & Investments - end of year	91,606	59,975	46,389	38,203	37,779	35,725	35,702	35,847	35,270	34,690

Ten Year Financial Plan - Simplified Cash Flow

Projected Statement of Simplified Cash Flows for the Years Ending 30 June 2013/14 to 2022/23	Adopted		Long Term Financial Plan							
	Budget		Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash & Investments at the start of the year	78,657	91,605	59,974	46,388	38,202	37,779	35,725	35,702	35,847	35,269
Surplus/(Deficit) from Continuing Operations	16,711	8,999	8,004	9,922	10,265	9,724	9,286	9,701	9,240	9,512
Add/(Less): Non Cash Items in Income Statement										
Depreciation	15,167	15,865	16,680	17,130	17,559	17,980	18,411	18,909	19,419	19,943
Accrued Interest	109	415	381	344	652	920	824	721	612	495
Movement in Provisions	1,048	1,104	1,162	1,226	1,291	1,359	1,434	1,521	1,605	1,694
	33,034	26,382	26,227	28,623	29,766	29,983	29,956	30,851	30,877	31,644
Inflow of Funds										
Proceeds from Sale of Plant & Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Proceeds from sale of assets classified as "held for resale"	6,448	-	-	-	2,862	-	-	-	-	-
Proceeds from Borrowings and Advances	7,815	-	-	-	10,000	-	-	-	-	-
	17,362	1,650	1,650	1,650	14,511	1,650	1,650	1,650	1,650	1,651
Outflow of Funds										
Capital Works Expenditure	(36,367)	(58,245)	(40,034)	(37,018)	(42,551)	(30,831)	(28,761)	(29,479)	(30,215)	(30,972)
Repayment of Payables	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(697)	(1,025)	(1,025)	(1,025)	(1,722)	(2,419)	(2,419)	(2,419)	(2,419)	(2,419)
Dividend Paid to Minority Interests	(384)	(394)	(405)	(415)	(427)	(437)	(448)	(459)	(471)	(484)
	(37,448)	(59,663)	(41,464)	(38,458)	(44,700)	(33,687)	(31,628)	(32,356)	(33,105)	(33,874)
Cash & Investments at the end of the year	91,605	59,975	46,389	38,203	37,779	35,725	35,702	35,847	35,270	34,690

Ten Year Financial Plan - Capital Budget Statement

Capital Budget Statement for the Years Ending 30 June 2013/14 to 2022/23	Long Term Financial Plan									
	Adopted Budget	Forward Estimates								
	2013/14 \$ '000	2014/15 \$ '000	2015/16 \$ '000	2016/17 \$ '000	2017/18 \$ '000	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000
Capital Funding										
Rates & Other Untied Funding	-	-	-	-	-	-	-	-	-	-
Working Capital	4,773	20,488	12,415	10,710	17,400	7,060	7,229	7,425	7,625	7,831
Depreciation	15,125	18,268	15,601	14,740	17,301	17,229	17,682	18,204	18,740	19,291
Capital Grants Contributions	1,834	1,160	1,160	1,160	-	-	-	-	-	-
External Restrictions										
- S94	4,222	5,952	5,018	6,442	4,000	2,692	-	-	-	-
- S94A	5,302	2,487	2,297	2,315	2,200	2,200	2,200	2,200	2,200	2,200
- DWM	-	2,190	1,870	-	-	-	-	-	-	-
Internal Restrictions										
- Loan	1,815	6,000	-	-	-	-	-	-	-	-
- Other	198	50	24	-	-	-	-	-	-	-
Income from Sales of Assets										
- Plant and Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
- Land and Buildings	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	36,367	58,245	40,034	37,018	42,551	30,831	28,761	29,479	30,215	30,972
Capital Expenditure										
Plant & Equipment	5,336	8,683	7,561	3,488	515	-	-	-	-	-
Office Equipment	1,416	802	455	520	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Operational Land	-	-	-	-	-	-	-	-	-	-
Community Land	-	2,320	-	-	-	-	-	-	-	-
Land Improvements	1,500	1,842	2,720	1,452	-	-	-	-	-	-
Buildings	12,456	25,841	15,355	6,887	42,036	30,831	28,761	29,479	30,215	30,972
Other Structures	5,996	4,778	5,834	2,656	-	-	-	-	-	-
Roads, Bridges & Footpaths	6,173	10,411	5,123	11,015	-	-	-	-	-	-
Stormwater Drainage	2,965	3,044	2,463	10,475	-	-	-	-	-	-
Library Books	524	524	524	524	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	36,367	58,245	40,034	37,018	42,551	30,831	28,761	29,479	30,215	30,972

Ten Year Financial Plan - Cash and Investment Statement

Cash & Investments Statement for the Years Ending 30 June 2013/14 to 2022/23	Adopted Budget		Long Term Financial Plan Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Total Cash and Investments	91,606	59,975	46,389	38,203	37,779	35,725	35,702	35,847	35,270	34,690
Represented by:										
Externally Restricted										
Developer Contributions	24,513	19,171	14,794	8,760	5,085	2,583	2,718	2,864	3,020	3,193
Specific Purpose Unexpected Grants	19	19	19	19	19	19	19	19	19	19
Domestic Waste Management	2,708	2,483	1,327	1,895	1,895	1,895	1,895	1,895	1,895	1,895
Total Externally Restricted	27,239	21,672	16,140	10,674	6,998	4,497	4,631	4,777	4,934	5,106
Internally Restricted										
Deposits, Retentions & Bonds	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Employee Leave Entitlement	2,355	2,432	2,511	2,592	2,676	2,763	2,853	2,946	3,042	3,141
Insurance Reserve	1,419	1,459	1,498	1,539	1,577	1,615	1,654	1,698	1,744	1,791
Compulsory Open Space Acquisition Reserve	625	625	625	625	625	625	625	625	625	625
Other	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Total Internally Restricted	10,299	10,415	10,534	10,656	10,778	10,903	11,032	11,169	11,311	11,457
Total Restricted Cash	37,538	32,088	26,673	21,330	17,777	15,400	15,663	15,947	16,244	16,563
Total Unrestricted / Available Cash	54,068	27,888	19,715	16,873	20,003	20,325	20,039	19,901	19,025	18,127

FINANCIAL FORECAST 2013-2023 (Scenario 2 – Decline in Service)

Ten Year Financial Plan – Income Statement

Projected Income Statement for the Years Ending 30 June 2013/14 to 2022/23	Long Term Financial Plan									
	Adopted Budget 2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Income from Continuing Operations										
Rates & Annual Charges	93,233	96,561	110,020	113,310	116,977	120,540	124,192	128,284	132,505	136,873
User Charges & Fees	44,320	45,561	46,791	48,054	49,256	50,438	51,648	53,043	54,475	55,946
Interest & Investment Revenues	3,403	3,714	2,846	2,351	2,132	2,228	2,175	2,225	2,206	2,235
Other Revenues	7,279	7,482	7,684	9,123	9,351	9,576	9,806	10,070	10,342	10,622
Grants & Contributions - Operating Purposes	7,377	7,783	8,121	7,788	8,111	8,456	9,097	8,777	9,014	9,368
Grants & Contributions - Capital Purposes	4,034	3,503	3,597	3,695	3,787	3,878	3,971	4,078	4,188	4,301
Gains on Disposal of Assets	8,394	314	323	332	340	348	356	366	376	386
Share of interests in Joint Venture using Equity Method	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	168,039	164,918	179,382	184,653	189,954	195,464	201,245	206,843	213,106	219,731
Expenses from Continuing Operations										
Employee Benefits & On-Costs	(59,375)	(61,155)	(63,297)	(65,602)	(68,043)	(70,573)	(73,197)	(75,916)	(78,383)	(80,930)
Borrowing Costs	(1,003)	(1,338)	(1,331)	(1,322)	(1,311)	(1,296)	(1,280)	(1,266)	(1,250)	(1,232)
Materials & Contracts	(57,526)	(60,255)	(73,831)	(75,288)	(78,348)	(81,001)	(83,968)	(85,700)	(89,204)	(92,268)
Depreciation & Amortisation	(15,167)	(15,865)	(16,680)	(17,130)	(17,559)	(17,980)	(18,411)	(18,909)	(19,419)	(19,943)
Other Expenses	(17,956)	(18,423)	(18,967)	(19,517)	(19,975)	(20,475)	(20,966)	(21,527)	(22,108)	(22,705)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interests in Joint Venture using Equity Method	(302)	(310)	(319)	(327)	(336)	(344)	(352)	(361)	(371)	(381)
Total Expenses from Continuing Operations	(151,329)	(157,345)	(174,424)	(179,186)	(185,570)	(191,669)	(198,174)	(203,678)	(210,734)	(217,460)
Surplus/(Deficit) from Continuing Operations	16,711	7,573	4,958	5,467	4,384	3,795	3,071	3,165	2,371	2,271
Minority Interests	(984)	(1,011)	(1,039)	(1,067)	(1,093)	(1,120)	(1,147)	(1,178)	(1,209)	(1,242)
Surplus/(Deficit) attributable to Council	15,727	6,562	3,919	4,400	3,290	2,675	1,924	1,987	1,162	1,029
Surplus/(Deficit) before Capital Grants & Contributions	12,677	4,070	1,361	1,772	597	(83)	(900)	(913)	(1,817)	(2,031)

Ten Year Financial Plan – Balance Sheet

Projected Balance Sheet for the Years Ending 30 June 2013/14 to 2022/23	Long Term Financial Plan									
	Adopted Budget	Forward Estimates								
	2013/14 \$ '000	2014/15 \$ '000	2015/16 \$ '000	2016/17 \$ '000	2017/18 \$ '000	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	22,451	14,625	10,904	8,444	8,180	7,494	7,284	7,081	6,662	6,198
Investments	67,354	43,874	32,712	25,331	24,540	22,481	21,852	21,244	19,985	18,594
Receivables	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Inventories	90	90	90	90	90	90	90	90	90	90
Other	862	862	862	862	862	862	862	862	862	862
Non-current assets classified as "held for resale"	2,862	2,862	2,862	2,862	-	-	-	-	-	-
Total Current Assets	101,119	69,812	54,930	45,089	41,172	38,427	37,588	36,778	35,099	33,244
Non-Current Assets										
Investments	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Receivables	497	497	497	497	497	497	497	497	497	497
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	2,415,823	2,454,804	2,474,758	2,490,196	2,498,639	2,505,340	2,509,432	2,513,619	2,517,905	2,522,292
Investments Accounted for using the equity method	700	700	700	700	700	700	700	700	700	700
Investment Property	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Intangible	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
Total Non-Current Assets	2,422,190	2,461,171	2,481,125	2,496,563	2,505,006	2,511,707	2,515,799	2,519,986	2,524,272	2,528,659
TOTAL ASSETS	2,523,310	2,530,983	2,536,055	2,541,651	2,546,178	2,550,134	2,553,387	2,556,764	2,559,371	2,561,903
LIABILITIES										
Current Liabilities										
Payables	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044	13,044
Borrowings	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	748
Provisions	11,267	11,409	11,555	11,705	11,860	12,019	12,183	12,353	12,529	12,710
Total Current Liabilities	25,336	25,478	25,624	25,774	25,929	26,088	26,252	26,422	26,598	26,502
Non-Current Liabilities										
Payables	400	400	400	400	400	400	400	400	400	400
Borrowings	6,643	6,033	5,389	4,708	3,988	3,227	2,423	1,573	674	1
Provisions	17,956	18,918	19,934	21,010	22,145	23,345	24,615	25,966	27,396	28,910
Total Non-Current Liabilities	24,999	25,351	25,723	26,118	26,533	26,972	27,438	27,939	28,470	29,311
TOTAL LIABILITIES	50,335	50,829	51,347	51,892	52,462	53,060	53,690	54,361	55,068	55,812
NET ASSETS	2,472,975	2,480,154	2,484,708	2,489,759	2,493,716	2,497,074	2,499,697	2,502,403	2,504,303	2,506,090
EQUITY										
Retained Earnings	2,353,752	2,360,313	2,364,233	2,368,633	2,371,923	2,374,598	2,376,522	2,378,510	2,379,672	2,380,701
Revaluation Reserves	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929	110,929
Council Equity Interest	2,464,681	2,471,242	2,475,162	2,479,562	2,482,852	2,485,527	2,487,451	2,489,439	2,490,601	2,491,630
Minority Equity Interest	8,294	8,912	9,546	10,198	10,864	11,547	12,245	12,964	13,702	14,461
TOTAL EQUITY	2,472,975	2,480,154	2,484,708	2,489,759	2,493,716	2,497,074	2,499,697	2,502,403	2,504,303	2,506,090

Ten Year Financial Plan – Cash Flow

Projected Statement of Cash Flows for the Years Ending 30 June 2013/14 to 2022/23	Long Term Financial Plan									
	Adopted Budget	Forward Estimates								
	2013/14 \$ '000	2014/15 \$ '000	2015/16 \$ '000	2016/17 \$ '000	2017/18 \$ '000	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	93,233	96,561	110,020	113,310	116,977	120,540	124,192	128,284	132,505	136,873
User Charges & Fees	44,320	45,561	46,791	48,054	49,256	50,438	51,648	53,043	54,475	55,946
Interest & Investment Revenues	3,403	3,714	2,846	2,351	2,132	2,228	2,175	2,225	2,206	2,235
Grants & Contributions	11,411	11,286	11,718	11,483	11,898	12,334	13,067	12,855	13,203	13,669
Other	15,673	7,797	8,007	9,455	9,691	9,924	10,162	10,436	10,718	11,008
Payments										
Employee Benefits & On-Costs	(58,326)	(60,051)	(62,135)	(64,375)	(66,753)	(69,214)	(71,762)	(74,395)	(76,778)	(79,235)
Materials & Contracts	(57,526)	(60,255)	(73,831)	(75,288)	(78,348)	(81,001)	(83,968)	(85,700)	(89,204)	(92,268)
Borrowing Costs	(894)	(922)	(950)	(979)	(1,006)	(1,032)	(1,060)	(1,091)	(1,123)	(1,157)
Other	(18,258)	(18,733)	(19,285)	(19,845)	(20,310)	(20,818)	(21,318)	(21,888)	(22,479)	(23,086)
Net cash provided by (or used in) Operating Activities	33,036	24,957	23,181	24,167	23,536	23,398	23,137	23,769	23,523	23,984
Cash Flows from Investing Activities										
Receipts										
Sale of Investments	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Sale of Non-current assets classified as "held for resale"	6,448	-	-	-	2,862	-	-	-	-	-
Payments										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(36,367)	(56,495)	(38,284)	(34,218)	(27,651)	(26,331)	(24,153)	(24,746)	(25,355)	(25,980)
Purchase of Intangibles	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used in) Investing Activities	(26,821)	(54,845)	(36,634)	(32,568)	(23,139)	(24,681)	(22,503)	(23,096)	(23,705)	(24,330)
Cash Flows from Financing Activities										
Receipts										
Proceeds from Borrowings & Advances	7,815	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of Borrowings & Advances	(256)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)
Repayment of Finance Lease Liabilities	(441)	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-
Dividend Paid to Minority Interests	(384)	(394)	(405)	(415)	(427)	(437)	(448)	(459)	(471)	(484)
Net cash provided by (or used in) Financing Activities	6,734	(1,419)	(1,430)	(1,440)	(1,452)	(1,462)	(1,473)	(1,484)	(1,496)	(1,509)
Net Increase/(Decrease) in Cash & Investments	12,949	(31,307)	(14,883)	(9,842)	(1,055)	(2,745)	(840)	(811)	(1,678)	(1,855)
Add: Cash & Investments - beginning of year	78,657	91,606	60,299	45,417	35,575	34,520	31,775	30,935	30,125	28,447
Cash & Investments - end of year	91,606	60,299	45,417	35,575	34,520	31,775	30,935	30,125	28,447	26,591

Ten Year Financial Plan – Simplified Cash Flow

Projected Statement of Simplified Cash Flows for the Years Ending 30 June 2013/14 to 2022/23	Adopted		Long Term Financial Plan							
	Budget		Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash & Investments at the start of the year	78,657	91,605	60,298	45,416	35,574	34,520	31,774	30,935	30,125	28,446
Surplus/(Deficit) from Continuing Operations	16,711	7,573	4,958	5,467	4,384	3,795	3,071	3,165	2,371	2,271
Add/(Less): Non Cash Items in Income Statement										
Depreciation	15,167	15,865	16,680	17,130	17,559	17,980	18,411	18,909	19,419	19,943
Accrued Interest	109	415	381	344	305	264	221	175	126	75
Movement in Provisions	1,048	1,104	1,162	1,226	1,291	1,359	1,434	1,521	1,605	1,694
	33,034	24,956	23,181	24,167	23,538	23,398	23,137	23,769	23,522	23,983
Inflow of Funds										
Proceeds from Sale of Plant & Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Proceeds from sale of assets classified as "held for resale"	6,448	-	-	-	2,862	-	-	-	-	-
Proceeds from Borrowings and Advances	7,815	-	-	-	-	-	-	-	-	-
	17,362	1,650	1,650	1,650	4,511	1,650	1,650	1,650	1,650	1,651
Outflow of Funds										
Capital Works Expenditure	(36,367)	(56,495)	(38,284)	(34,218)	(27,651)	(26,331)	(24,153)	(24,746)	(25,355)	(25,980)
Repayment of Payables	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings & Advances	(697)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)
Dividend Paid to Minority Interests	(384)	(394)	(405)	(415)	(427)	(437)	(448)	(459)	(471)	(484)
	(37,448)	(57,913)	(39,714)	(35,658)	(29,103)	(27,793)	(25,626)	(26,230)	(26,851)	(27,489)
Cash & Investments at the end of the year	91,605	60,299	45,417	35,575	34,520	31,775	30,935	30,125	28,447	26,591

Ten Year Financial Plan – Capital Budget Statement

Capital Budget Statement for the Years Ending 30 June 2013/14 to 2022/23	Long Term Financial Plan									
	Adopted Budget	Forward Estimates								
	2013/14 \$ '000	2014/15 \$ '000	2015/16 \$ '000	2016/17 \$ '000	2017/18 \$ '000	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000
Capital Funding										
Rates & Other Untied Funding	-	-	-	-	-	-	-	-	-	-
Working Capital	4,773	18,738	10,665	7,910	2,500	2,560	2,621	2,692	2,765	2,840
Depreciation	15,125	18,268	15,601	14,740	17,301	17,229	17,682	18,204	18,740	19,291
Capital Grants Contributions	1,834	1,160	1,160	1,160	-	-	-	-	-	-
External Restrictions										
- S94	4,222	5,952	5,018	6,442	4,000	2,692	-	-	-	-
- S94A	5,302	2,487	2,297	2,315	2,200	2,200	2,200	2,200	2,200	2,200
- DWM	-	2,190	1,870	-	-	-	-	-	-	-
Internal Restrictions										
- Loan	1,815	6,000	-	-	-	-	-	-	-	-
- Other	198	50	24	-	-	-	-	-	-	-
Income from Sales of Assets										
- Plant and Equipment	3,098	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
- Land and Buildings	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	36,367	56,495	38,284	34,218	27,651	26,331	24,153	24,746	25,355	25,980
Capital Expenditure										
Plant & Equipment	5,336	8,683	7,561	3,488	515	-	-	-	-	-
Office Equipment	1,416	802	455	520	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Operational Land	-	-	-	-	-	-	-	-	-	-
Community Land	-	2,320	-	-	-	-	-	-	-	-
Land Improvements	1,500	1,842	2,720	1,452	-	-	-	-	-	-
Buildings	12,456	24,091	13,605	4,087	27,136	26,331	24,153	24,746	25,355	25,980
Other Structures	5,996	4,778	5,834	2,656	-	-	-	-	-	-
Roads, Bridges & Footpaths	6,173	10,411	5,123	11,015	-	-	-	-	-	-
Stormwater Drainage	2,965	3,044	2,463	10,475	-	-	-	-	-	-
Library Books	524	524	524	524	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	36,367	56,495	38,284	34,218	27,651	26,331	24,153	24,746	25,355	25,980

Ten Year Financial Plan – Cash and Investment Statement

Cash & Investments Statement for the Years Ending 30 June 2013/14 to 2022/23	Adopted Budget		Long Term Financial Plan Forward Estimates							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Cash and Investments	91,606	60,299	45,417	35,575	34,520	31,775	30,935	30,125	28,447	26,591
Represented by:										
Externally Restricted										
Developer Contributions	24,513	19,171	14,794	8,760	5,085	2,583	2,718	2,864	3,020	3,193
Specific Purpose Unexpected Grants	19	19	19	19	19	19	19	19	19	19
Domestic Waste Management	2,708	2,483	1,327	1,895	1,895	1,895	1,895	1,895	1,895	1,895
Total Externally Restricted	27,239	21,672	16,140	10,674	6,998	4,497	4,631	4,777	4,934	5,106
Internally Restricted										
Deposits, Retentions & Bonds	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Employee Leave Entitlement	2,355	2,432	2,511	2,592	2,676	2,763	2,853	2,946	3,042	3,141
Insurance Reserve	1,419	1,459	1,498	1,539	1,577	1,615	1,654	1,698	1,744	1,791
Compulsory Open Space Acquisition Reserve	625	625	625	625	625	625	625	625	625	625
Other	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Total Internally Restricted	10,299	10,415	10,534	10,656	10,778	10,903	11,032	11,169	11,311	11,457
Total Restricted Cash	37,538	32,088	26,673	21,330	17,777	15,400	15,663	15,947	16,244	16,563
Total Unrestricted / Available Cash	54,068	28,212	18,743	14,245	16,744	16,375	15,272	14,178	12,202	10,028

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Sensitivity Analysis

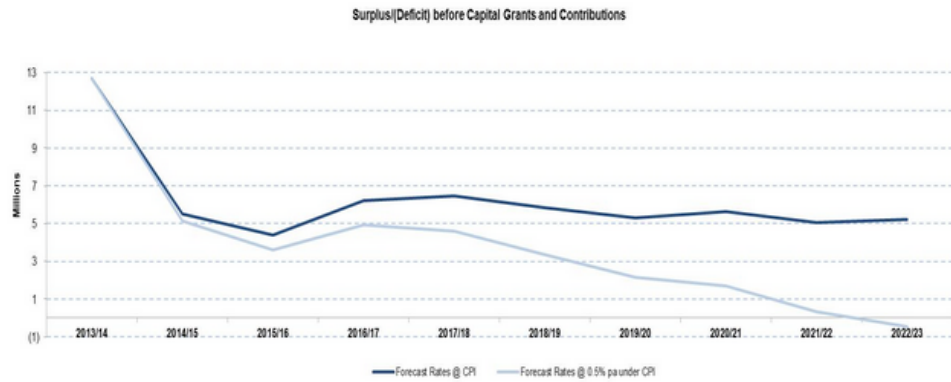
Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control.

Developing our Long Term Financial Plan has included financial modelling taking into account the impact on our finances if trends worsen. The modelling below is for Scenario 1 - Improve Service.

Modelling is also available for [Scenario 2 - Decline in Service](#).

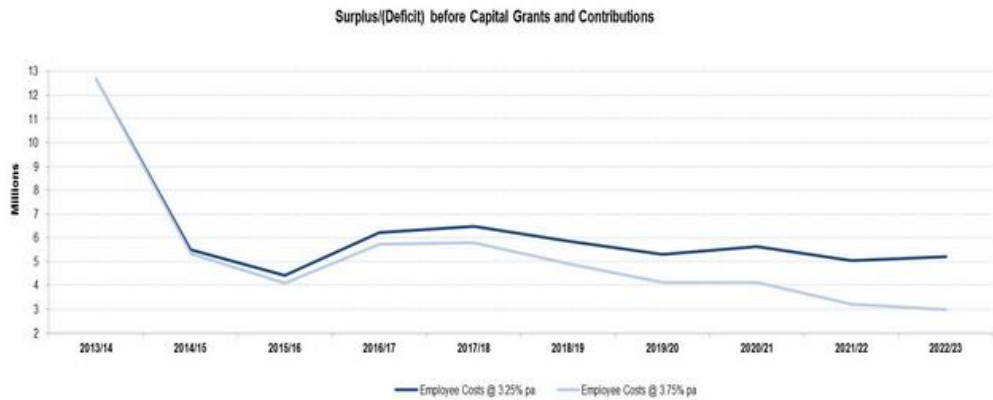
Rates

Rates comprise 42.9% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a special increase. If rates are held 0.5% per annum below the Consumer Price Index the budget surplus would decline from 2017-2018.



Employee costs

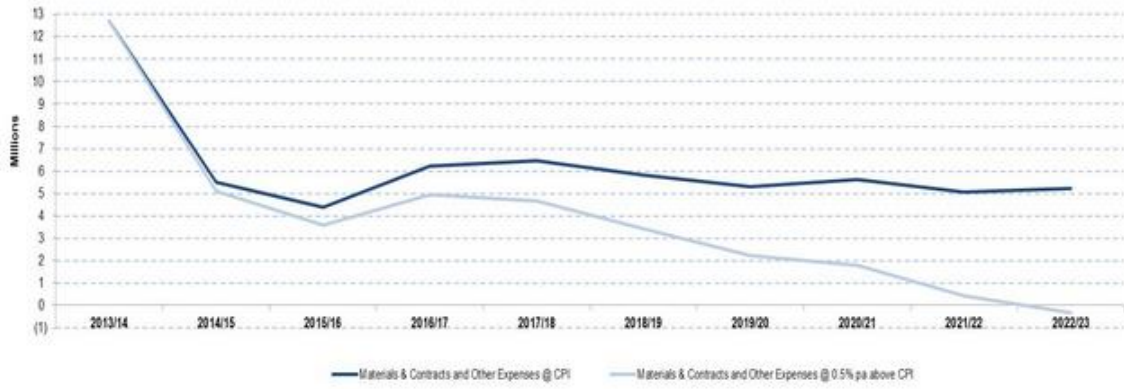
Salary growth is largely subject to the NSW Local Government Award. The current Award includes an increase of 3.25% before step increases and a 0.25% increase in the Superannuation Guarantee Levy. However, if the Award and other increases were 4.00% per annum the budget surplus would decline from 2017-2018.



Materials, contracts and other expenses

While our budget shows we are in a good financial position, fluctuating market conditions could affect the price of certain Materials and Contracts. The chart shows the impact of a 0.5% per annum increase in Material, Contracts and Other Expenses above the Consumer Price Index. Significant increases are possible, for example electricity costs.

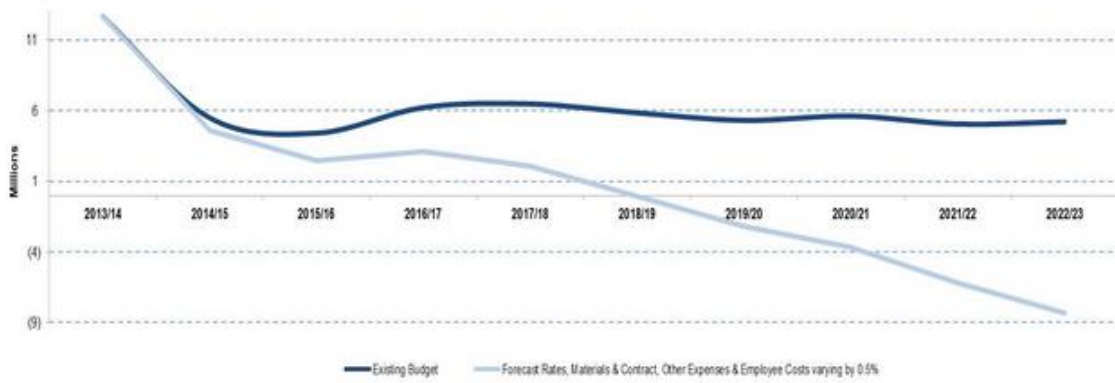
Surplus/(Deficit) before Capital Grants and Contributions



Combined impact

The chart shows the combined impact of factors discussed above.

Surplus/(Deficit) before Capital Grants and Contributions

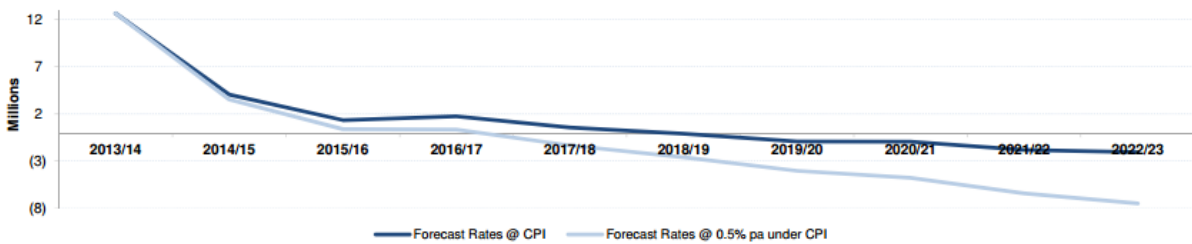


Scenario 2- Decline in Service

Scenario Modelling – Decline in Service

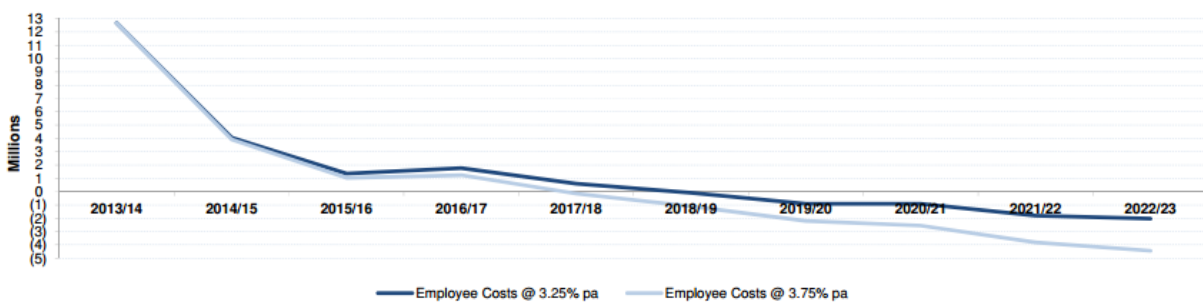
Rates

Surplus/(Deficit) before Capital Grants and Contributions



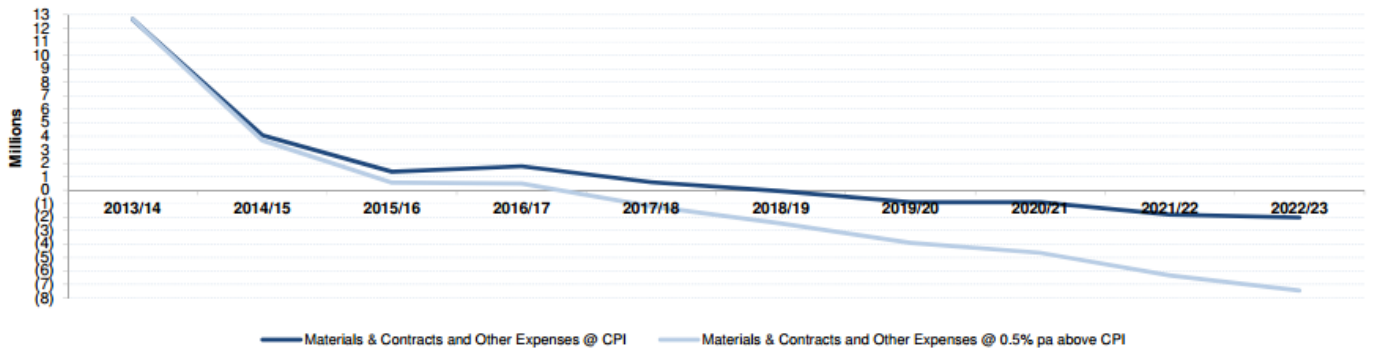
Employee costs

Surplus/(Deficit) before Capital Grants and Contributions



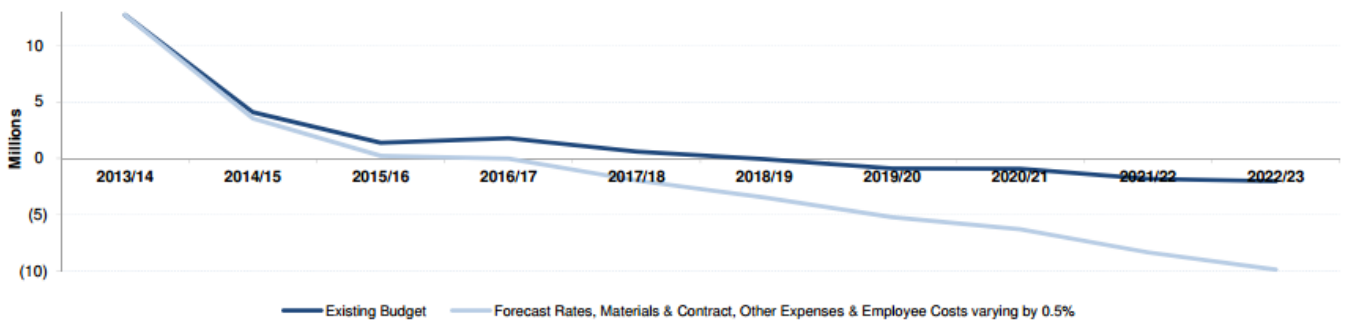
Materials, contracts and other costs

Surplus/(Deficit) before Capital Grants and Contributions



Combined impact

Surplus/(Deficit) before Capital Grants and Contributions



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Financial Performance and Sustainability

We not only monitor our performance against the Long Term Financial Plan and the annual budget, but we have also developed measures to assess our long term financial sustainability. We use Financial Health Check Performance Indicators including the unrestricted current ratio, operating result, debt service ratio and capital expenditure ratio. The Statement of Performance Measures is in accordance with Note 13 – Statement of Performance Measures of the current Local Government Code of Accounting Practice.

As a forecast of our financial performance, the following four Key Financial Indicators are listed below for Scenario 1 - Improve Service:

- Cash/liquidity position
- Operating result
- Asset renewal expenditure
- Debt service ratio

Key Financial Indicators are also available for [Scenario 2 - Decline in Service](#).

CASH / LIQUIDITY POSITION											
Indicator # 1 - Cash / Liquidity Position - after accounting for external reserves											
Indicator Title:		Unrestricted Current Ratio									
Indicator Definition:		Current Assets less Externally Restricted Current Assets / Current Liabilities less Specific Purpose Current Liabilities									
Indicator / Local Government Benchmark:		Greater than 2:1 Between 1:1 and 2:1 Less than 1:1 Successive years > 10:1									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
3.75	4.22	2.74	2.29	2.06	2.01	2.04	2.04	2.05	2.01	2.05	
Commentary:											
Council's liquidity is satisfactory which is enhanced by Special Rate Variations of 3% per annum above the Rate Cap from 2014/15 to 2017/18.											

OPERATING RESULT											
Indicator # 2 - Operating Result - using trend analysis											
Indicator Title:		Result from Continuing Operations before Capital Grants & Contributions									
Indicator Definition:		Result from ordinary operations before receipt of Capital Grants and Contributions ie. Operating Result or 'Profit' after depreciation									
Indicator / Local Government Benchmark:		Three (3) successive surplus' Surplus Deficit									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
2,266	12,677	5,496	4,407	6,228	6,478	5,846	5,315	5,622	5,052	5,210	
Commentary:											
Council continues to generate sufficient revenue subject to Special Rate Variations of 3% per annum from 2014/15 to 2017/18.											

ASSET RENEWAL EXPENDITURE											
Indicator # 3 - Asset Renewal Expenditure											
Indicator Title:		Asset Renewal Expenditure									
Indicator Definition:		Capital Renewal Capacity - amount of funds spent on renewing assets (as opposed to maintaining them = Capital Expenditure on Existing Assets/Annual Depreciation)									
Indicator / Local Government Benchmark:		1 to 1 Less than 1:1									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
2.18	1.45	1.71	1.10	1.02	1.30	1.05	1.05	1.05	1.05	1.05	
Commentary:											
This is a longer term indicator of the condition and cost to maintain public infrastructure assets. A strategic approach to asset management has now been adopted and Council will be able to meet its ongoing asset renewal requirements.											

DEBT SERVICE RATIO											
Indicator # 4 - Debt Service Ratio											
Indicator Title:		Debt Service Ratio									
Indicator Definition:		Net Debt Service Cost/Total Revenue from Ordinary Activities									
Indicator / Local Government Benchmark:		<10% 10%-15% >15% 									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
0.06%	0.16%	0.63%	0.58%	0.55%	0.89%	1.21%	1.18%	1.14%	1.11%	1.08%	
Commentary: This indicator shows the amount of annual revenue necessary to service annual debt obligations (loan repayments).											

Scenario 2- Decline in Service

Key Financial Indicators (Scenario 2 - Decline in Service)

CASH / LIQUIDITY POSITION

Indicator # 1 - Cash / Liquidity Position - after accounting for external reserves											
Indicator Title:		Unrestricted Current Ratio									
Indicator Definition:		Current Assets less Externally Restricted Current Assets / Current Liabilities less Specific Purpose Current Liabilities									
Indicator / Local Government Benchmark:		Greater than 2:1 Between 1:1 and 2:1 Less than 1:1 Successive years > 10:1 									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
3.75	4.22	2.76	2.24	1.99	1.98	1.98	1.92	1.88	1.78	1.69	

OPERATING RESULT

Indicator # 2 - Operating Result - using trend analysis											
Indicator Title:		Result from Continuing Operations before Capital Grants & Contributions									
Indicator Definition:		Result from ordinary operations before receipt of Capital Grants and Contributions ie. Operating Result or 'Profit' after depreciation									
Indicator / Local Government Benchmark:		Three (3) successive surplus' Surplus Deficit 									
Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
June	June	June	June	June	June	June	June	June	June	June	June
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
2,266	12,677	4,070	1,361	1,772	597	(83)	(900)	(913)	(1,817)	(2,031)	

ASSET RENEWAL EXPENDITURE

Indicator # 3 - Asset Renewal Expenditure

Indicator Title: Asset Renewal Expenditure
Indicator Definition: Capital Renewal Capacity - amount of funds spent on renewing assets (as opposed to maintaining them = Capital Expenditure on Existing Assets/Annual Depreciation)

Indicator / Local Government Benchmark: 1 to 1
 Less than 1:1

Year ended June 2012/13	Year ended June 2013/14	Year ended June 2014/15	Year ended June 2015/16	Year ended June 2016/17	Year ended June 2017/18	Year ended June 2018/19	Year ended June 2019/20	Year ended June 2020/21	Year ended June 2021/22	Year ended June 2022/23
2.18	1.45	1.71	1.10	1.02	1.08	1.05	1.05	1.05	1.05	1.05

DEBT SERVICE RATIO

Indicator # 4 - Debt Service Ratio

Indicator Title: Debt Service Ratio
Indicator Definition: Net Debt Service Cost/Total Revenue from Ordinary Activities

Indicator / Local Government Benchmark: <10%
 10%-15%
 >15%

Year ended June 2012/13	Year ended June 2013/14	Year ended June 2014/15	Year ended June 2015/16	Year ended June 2016/17	Year ended June 2017/18	Year ended June 2018/19	Year ended June 2019/20	Year ended June 2020/21	Year ended June 2021/22	Year ended June 2022/23
0.06%	0.16%	0.64%	0.59%	0.57%	0.56%	0.54%	0.53%	0.51%	0.50%	0.48%

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Statement of Borrowings

The Long Term Financial Strategy adopted in 2006 and our [Financial Planning and Sustainability Policy](#) recognises debt as an important source of funds for large capital projects. Council currently has no borrowings.

Over the next ten years, debt will be an important funding source to deliver community projects. Council is currently exploring requirements in relation to infrastructure projects at Council's waste landfill site at Kimbriki. These include the renewal of access roads which currently represent an infrastructure backlog. It is anticipated that the renewal of the access roads will cost \$7.815m which Council is proposing to undertake in 2013-2014. Council will borrow for the full cost of the works, however, these borrowings will not change the financial sustainability of Council over the 10 years of the Long Term Financial Plan. Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs.

Under Scenario 1 - Improve Service, works are also proposed in 2017-2018 to redevelop the Warringah Aquatic Centre. The works would be funded by a loan of \$10m over 10 years and the loan repayments funded by the Special Rate Variation. These borrowings will not change the financial sustainability of Council over the 10 years of the Long Term Financial Plan.

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Commercial Activities

A number of activities conducted by Council are defined as businesses for the purpose of National Competition Policy. We are required to report on and adopt principles of competitive neutrality in respect to these activities.

Competitive neutrality is the principle of creating a level playing field so there is no advantage over other businesses because of public ownership.

Category 1 Businesses are activities with operating revenue greater than \$2 million. We are required to determine the full costs of carrying out the business activity as far as possible including tax equivalent regime payments and return on capital. Businesses with operating revenue of less than \$2 million are Category 2 Businesses and while reporting requirements are less rigorous, for consistency, we apply the same accounting treatment. The following activities have been identified as commercial activities.

Business Activity	NCP Category
Children's Services	1
Kimbriki Environmental Enterprises Pty Ltd	1
Glen Street Theatre	1
Certification Services	2