DUNGOG SHIRE COUNCIL

LONG TERM FINANCIAL PLAN

2022/23 to 2032/33

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1. EXECUTIVE SUMMARY

1.1 Who We Are?

The local government area of Dungog is classified as a large rural, agricultural council, located centrally within the Hunter Region and bound by the Mid Coast Council to the north-east, Port Stephens and Maitland Councils to the South, Singleton Council to the west and Upper Hunter Shire Council to the north-west.

The upper reaches of the Dungog Shire Council area are part of the Barrington Tops National Park World Heritage Area. 17% of the total land area is protected conservation area, comprising of National Parks, state conservation areas and nature reserves. An additional 6% of the land area is NSW State Forests.

The Shire's estimated population in 2021 is 9,400, with some $400 million of infrastructure assets, including 317km of sealed local roads, 273km of unsealed roads, 123km regional roads, 71 hectares of open public space, 32 timber bridges, community halls, stormwater drainage and waste infrastructure.

1.2 What Are the Challenges We Face?

Like other councils in rural New South Wales, Dungog's annual rate income is subject to rate pegging, with each year's percentage increase determined by the Independent Pricing and Regulatory Tribunal (IPART). Council is encouraged to continually strive to achieve efficiencies and find better ways to do things. Annual expenditure levels have often been based on what Council can afford with the funding that is available.

The main challenge facing Council is the need to remain financially sustainable and able to generate sufficient funding to deliver current services and renew essential community assets, in particular timber bridges and roads. Local government costs continually increase at a higher rate than the rates and other revenue, and community expectations and environmental standards are also continually increasing.

1.3 What We Know

All councils are required to complete a Long-Term Financial Plan (LTFP) as part of the Resourcing Strategy that supports its Delivery Program. As part of preparing its LTFP, Council has determined where it sits – and there are some challenges ahead.

Council is currently three years through implementing a five-year special rate variation (SRV). The SRV commenced in 2019/20 and will be fully implemented in 2023/24. The annual increase including rate peg are 15% per annum for years one and two and 10% for each of the remaining three years, all including an estimated rate peg amount of 2.5%.

The purpose of the SRV is to help Council become financially sustainable once the SRV is fully implemented and fund the timber bridge replacement program and increased asset renewal expenditure on other infrastructure assets. After the SRV approval, Council has secured $16.4 million in grants to assist with the funding of the timber bridge replacement program.

The ongoing challenge is collecting enough money each year to adequately cover the increasing cost of normal operations and maintain the community infrastructure. Council aims to continually make modest productivity gains each year through service reviews and associated improvement program. If Council does not provide new services or uplift service levels for the services provided and achieve service review improvements, it can continue to deliver current services and adequately invest in renewing its existing assets.

In accounting terms, Council is aiming for small operating surpluses, meaning that enough funding is collected to fund the cost of normal operations plus a share of the cost of replacing assets. This includes collecting sufficient revenue to cover the cost of depreciation, which is an accounting calculation that measures the value of the community's assets consumed or used during any given year. The funds collected for depreciation enable asset renewal expenditure to be funded, thereby ensuring the community's assets do not deteriorate.

In 2021/22, Council is on track for its budgeted consolidated operating deficit of $0.7 million when capital revenues are excluded. Deficits will peak next year at $1.8 million, mainly due to take up of additional staff to deliver on SRV requirements and depreciation expense relating to capital expenditure on new assets ($19.3 million 2021-22,2022-23 and 2023-24 financial years). The operating deficits will then gradually reduce until a small surplus is achieved in 2032-33. The assumptions built into the LTFP also factor in the expected average population growth of 0.2% over the period.

Council's financial position is sound within the context of the SRV implementation. As at 30 June 2021 Council has low debt of $4.1 million and cash reserves of $23.1 million, however there is no unrestricted cash, all being allocated to reserves, with most of Council's assets in a satisfactory condition, however all asset classes require additional renewal investment.

It is noted that Council applied for a seven-year SRV, however IPART only granted a five-year SRV due to inherent uncertainties over a seven-year period. Should that application have been successful, Council would achieve a consolidated operating surplus (excluding capital income) in the 2026-27 year (and a general fund surplus in the 2028-29 year), due to an additional $0.8 million added to the rate base.

1.4 What are our scenarios?

For the purpose of the LTFP model, Council has only modelled one scenario that reflects the funding of Council's current service levels and asset renewal program that improves the infrastructure asset condition.

The sustainable assets and services scenario, the base case, is premised on Council enhancing its asset condition so that the assets are fit for purpose and for Council to be in a position to deliver services to the current expected standard. Assets are critical in the delivery of Council services and if not maintained to standard, this can often lead to deterioration of asset condition and the intensification of complaints from users.

Under the base case scenario, the LTFP asset renewal program has been developed to address the deterioration of Council's current asset base, in particular timber bridges and roads, and at the same time structured to ensure all classes of assets have funds allocated to deal with the timely renewal of current assets. The total infrastructure renewal program for the forecast period is $116.1 million, along with an asset maintenance program that aims to have assets in a fit for purpose condition over the medium term.

The financial outcome of a sustainable assets and services scenario is that there is an operating deficit of $1.8 million in 2022/23, and the level of operating deficits decline for the entire forecast period, with a small surplus being achieved only in 2032-33. This, combined with the capital expenditure program, will lead to an ongoing reduction in Council's unrestricted cash position over the term of the LTFP. Council through service reviews and improvement programs aims to be in an operating surplus position prior to the 2032-33 period.

In summary

Scenario one: 'sustainable assets and services' - the base case:

- includes the last two years of the five-year SRV
- broadly models the continuation of Council's services as currently provided with additional staff
- provides funding for the asset renewal program with the objective of having all asset classes fit for purpose
- will continue to operate within the annual rate peg
- utilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure
- includes service reviews and improvement programs.

1.5 What is the proposed approach and why?

Council proposes to operate under the base case scenario 'sustainable assets and services' for the next three years after which it will reassess the ongoing financial sustainability position of Council given the implementation of the full SRV. This will provide an opportunity to reassess the effectiveness of the current asset renewal program, assess the community demand for and the financial capacity to deliver enhanced services and associated assets and implement service review improvements.

2. INTRODUCTION

The NSW Government requires councils to have:

- a Community Strategic Plan (of at least ten years)
- a Delivery Program (four years)
- an Operational Plan (one year)
- a Resourcing Strategy containing:
    - Long-Term Financial Plan
    - Workforce Management Plan
    - Asset Management Plan.

Councils are required to prepare a Resourcing Strategy for at least ten years to identify the resources it needs to implement the Community Strategic Plan. An essential element of the Resourcing Strategy is that it must include provisions for long-term financial planning.

The Long-Term Financial Plan must be for a minimum of ten years and include the following:

- the planning assumptions used to develop the plan

- projected income and expenditure, balance sheet and cash-flow statement
- sensitivity analysis and testing
- financial modelling for different scenarios
- methods of monitoring financial performance.

The Long-Term Financial Plan forecasts must be updated annually, together with preparation of the Operational Plan. On adoption of a revised Community Strategic Plan and new Delivery Program every four years, a detailed review of the Long-Term Financial Plan should be undertaken.

2.1 Our Plan for the future

The Dungog community have developed a community vision statement:

“A vibrant united community, with a sustainable economy. An area where rural character, community safety and lifestyle are preserved.”

The vision for the future is built around five key community values:

1. Our Community – “That we all enjoy a safe, supportive community, characterised by vibrant cultural life and a strong sense of local heritage.”
2. Our Environment and Planning – “That we balance the needs of the natural and built environment, by ensuring the natural environment is enhanced and that growth is achieved through a balanced mix of development which acknowledges our unique scenic qualities, rural amenity and lifestyle.”
3. Our Economy – “Our economy is strong, innovative and sustainable; it provides us with jobs, business opportunities and easy access to goods and services.”
4. Our Infrastructure – “That we aim to provide safe, functional, accessible and well maintained infrastructure and transport networks and that we all have access to a range of activities and facilities that cater for our sporting and recreational needs.”
5. Our Leadership – “That we aim for strong community leadership, financial sustainability and ethical, accountable and responsive governance.”

All Council’s programs and activities are aligned with these seven themes and seek to achieve the aims of the community’s vision. Council’s Delivery Program incorporates the vision objectives and activities that will provide the programs, services and projects that ensure our residents enjoy where they live and work.

2.2 Purpose of the Long-Term Financial Plan

The Long-Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained in the Community Strategic Plan, through its Delivery Program. The Long-Term Financial Plan seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

This Long-Term Financial Plan supports Council to implement the community vision. In order to live sustainably, the Council has to look into the future and provide future generations with sustainable finances, infrastructure and environment without the burden of excessive debt.

This Financial Plan promotes this sustainability by ensuring that decision makers understand the link and alignment between the Community Strategic Plan and Delivery Program strategies and activities and the Resourcing Strategy, which allocates and aligns resources. This resource provides information on assets, people and dollars and illustrates the long term cumulative effects of their decisions, in particular Council’s financial position.

2.3 Long-Term Financial Plan

Council has a long-term financial forecasting model. This provides a budgetary projection (from a surplus and loss perspective) for a ten-year period. The model was used to prepare this LTFP and will be reviewed on an annual basis.

The model has now been updated to include the latest actual results and budget information. It has also been informed by current asset management planning documents, Workforce Management Plan and by a range of assumptions based on the best available data to guide forward projections. This forms the basis for the ten-year projections presented in this LTFP.

The aim of the Long-Term Financial Plan is to place a structure for financial decision making at a high level by providing guiding principles for the short, medium and long term. This LTFP is being prepared to support the new 2022/23 Delivery Program for Dungog Shire Council.

3. LONG TERM FINANCIAL SUSTAINABILITY

3.1 How do we define long term financial sustainability?

A financially sustainable Council is one that has the ability to fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure, and ensuring cash reserves are set asides for those works yet to be identified.

3.2 How financially sustainable is Council currently?

The most recent Audited Consolidated Financial Statements, as at 30 June 2021, resulted in a $4.3 million operating deficit (excluding income for capital purposes). Noting that is only year two of a five-year SRV. Further, Council has no unrestricted cash, with all cash allocated to external and internal reserves.

The following performance indicators measure Council's broader financial performance and position and confirm that Council needs to achieve a positive operating performance ratio as a result of implementing the SRV. This will also significantly improve Council's own source revenue percentage. There is adequate funding for the renewal asset program with the renewal ratio 160% above the target, however the backlog ratio currently is well below the target. The indicators measure both recurrent operations and capital sustainability. These same indicators have been used to review Council's Long-Term Financial Plan forecasts as part of assessing the long-term financial health of the organisation and its capacity to fund any proposed delivery program.

Table 1: 2020/21 Financial Performance Ratios

RATIO	CALCULATION	WHAT IS BEING MEASURED?	SUSTAINABLE TARGET	2020/21 ACTUAL RATIO
Operating performance ratio	Total operating result excluding revenue for capital purposes divided by total operating revenue excluding revenue for capital purposes.	Is the council sustainable in terms of its operating result?	Greater than zero	-13.9%
Own source operating revenue	Total operating revenue excluding all grants and contributions divided by total operating expenditure	Council's ability to fund its short-term expenditure needs.	Over 60% Sustainable Less than 60% overly reliant on grants and contributions	42.7%
Unrestricted current ratio	Current assets less external restrictions divided by current liabilities	Does the council have enough unrestricted cash to meet its short-term debt servicing needs?	>1.5	4.2
Cash expense cover ratio	Current years cash and cash equivalents plus term deposits divided by monthly payments from cash flow operating and financing activities	How many months could the council fund its operation from its current cash and deposits?	>3 months	17.5 months
Debt service cover ratio		Can the council cover its debt repayments from cash generated from operations?	>2	7.1
Asset renewal ratio (buildings and infrastructure)	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Benchmark 100%	260.9%
Infrastructure backlog ratio	Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets - reflects success of strategies to invest in asset renewals.	Benchmark 2%	10%
Asset maintenance ratio	Actual maintenance costs divided by required maintenance costs	Measures the level of maintenance required to maintain current assets.	Benchmark 100%	73.1%

4. FINANCIAL MANAGEMENT IN COUNCIL

4.1 Regulatory environment

Council operates in a highly regulated environment driven by legislation and state strategies such as:

- Local Government Act 1993
  - The Act defines the scope and boundaries of Council's role and the way it must conduct its business.
- NSW State Plan
  - The State Plan: A New direction for NSW defines the overarching goals and outcomes that the NSW Government has set for this state and which should shape public policy.
- Hunter Regional Plan 2036
  - The plan sets out a long-term strategy for the Hunter Region of Upper and Lower Hunter and Mid-Coast areas.

4.2 Financial environment - rate pegging

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by IPART NSW.

4.3 Financial environment – the state of the Council's finances

While the Council faces challenges in generating sufficient revenue to balance the budget, it is currently in a strong financial position.

As at 30 June 2021, Council had external borrowings of $4.1 million and cash reserves of $23.1 million, noting there is no unrestricted cash. Total carrying value of infrastructure and land assets was $396 million while the total liabilities were only $19.4 million.

The key financial ratios outlined in the table in section 3.2 are below industry benchmarks, however Council is expected to achieve some of these benchmarks following the full implementation of the five-year SRV.

The operating performance ratio will improve, meeting the 0% benchmark 2032-33. The own source revenue ratio is expected to exceed the 60% benchmark in 2026-27.

The backlog ratio reduces from 9.6% in 2020/21 to 6.8% by 2025/26 and remains stable for the balance of the forecast period, with a renewal program of $116.1 million planned for the next ten years. This is due to an increase in the estimated cost to bring assets to a satisfactory standard to $37.5 million as at 30 June 2021 (from $27.9 million as at 30 June 2020). Asset maintenance ratio is expected to remain consistent with prior financial years at 67% to 72%.

Council has a sound balance sheet base and an ability to borrow for key infrastructure if required. The fundamental issue faced by Dungog Shire and other NSW councils is the restriction on the rate at which revenue can be increased. While Council is able to borrow to fund new works and renewals, it is not able to increase revenues to service the additional debt.

Council also faces a fundamental imbalance between its annual operating revenues and the annual operating costs, inclusive of depreciation. This was recognised by the NSW Government recently when it announced a one-off Additional Service Variation (ASV) to compensate for the low rate peg increase of 0.7% for 2022/23. This imbalance is projected to grow over the term of this LTFP, despite the SRV.

It is noted that Council applied for a seven-year SRV, however IPART only granted a five-year SRV due to inherent uncertainties over a seven-year period. Should that application have been successful, Council would achieve a consolidated operating surplus (excluding capital income) in the 2026-27 year (and a general fund surplus in the 2028-29 year), due to an additional $0.8m added to the rate base.

4.4 Financial environment - balancing the budget

Council's budget and Long-Term Financial Plan faces significant pressures including:

- an increasing burden as a result of cost shifting from other levels of government
- additional costs to maintain current regulatory obligations
- additional costs to maintain current service levels in line with community expectations in terms of construction, in particular Council's asset renewal program for timber bridges, along with operating and maintaining new assets
- upward pressure on Councils cost structure resulting from higher inflation

- increasing costs to procure goods and services have been consistently higher than rate pegging increases as determined by IPART
- downward pressure on investment income
- generation of adequate unrestricted cash
- greater competition in the allocation of external funding such as the Financial Assistance Grants.

The above factors mean that, as with many expanding rural councils in NSW, Dungog Shire Council is currently faced with an income gap, with costs increasing at a greater rate than revenues. This income gap in the medium term will be addressed by way of the SRV and, for the longer productivity gains and efficiency, savings will need to be considered and implemented. Council also actively pursues grants, works collaboratively with neighbouring councils and carefully manages its income and expenditure through the use of sound financial reporting systems and regular budgetary monitoring.

It is expected that Council will achieve a small operating surplus in 2032-33. This is based on delivering the same service levels and the asset renewal program over the forecast period. As discussed above, this surplus would have been achieved earlier had the seven-year SRV application been successful.

Council will undertake service reviews aimed to identify and absorb productivity and efficiency improvements that aim to sustain and improve the financial capacity of Council over the forecast period.

4.5 Financial management principles

In preparing the 2023-33 Long-Term Financial Plan, the following underpinning principles have been used:

- Council will implement the final three years of the SRV.
- Council will endeavour to maintain its existing service levels to residents.
- Management will continually look for ways to structurally realign resources and/or explore income and efficiency opportunities without changes to service standards.
- Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision-making.
- Council will manage within the existing financial constraints as much as possible.

In conjunction with these principles, Council's Long-Term Financial Plan is guided by a number of policies and strategies that are outlined below.

4.6 Rating income strategy

Rating income is generated by a levy on properties within the council area in order to provide local government services. Council continually reviews its rating structure to ensure it is fair and equitable, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources. Council's rates comprise:

- ordinary residential rate
  - base amount per separate residential parcel of land for 2021/22 as detailed in the following table
- ordinary business and farmland rate
  - base amount per separate business and farmland parcel of land for 2021/22 as detailed in the following table
- Stormwater Management Service Charge for residential and business.

4.6.1 Residential 2021-22

Table 2: Residential rate 2021-22

BASIS	AMOUNT	AD VALOREM – CENTS IN $	YIELD	% OF YIELD
Residential	$493.45	0.3459	$3,231,337	38.50%
Residential - Clarence Town	$386.40	0.4062	$352,521	4.21%
Residential - Dungog	$230.20	0.7303	$1,011,238	12.1%
Residential - Village	$386.80	0.324	$308,202	3.70%

4.6.2 Business and Farmland 2021-22

Table 3: Business and Farmland rate 2021-22

BASIS	AMOUNT	AD VALOREM – CENTS IN $	YIELD	% OF YIELD
Business	$669.00	0.35853	$241,800	2.90%
Business - Clarence Town	$565.00	0.5101	$28,463	0.14%
Business - Dungog	$556.10	0.7069	$148,717	1.80%
Business - Village	$493.60	0.4278	$48,580	0.54%
Farmland	$484.00	0.4049	$3,031,849	36.10%

4.7 Domestic Waste Management Charges

In addition, Council charges a Domestic Waste Management Charge to owners of rateable properties. This covers the cost of general garbage, recycling and household clean-up and includes the full cost of administration, service provision, state government charges and tipping fees.

4.8 Investment principles

Council has an Investment Policy that reinforces its ongoing commitment to maintaining a conservative risk/return portfolio, an important component of its ongoing prudent financial management practices. The overall objectives of the policy are to ensure that Council invests its funds:

- in accordance with the requirements of the Local Government Act (1993) and Council's investment policy
- in a conservative manner where preservation of capital is the principal objective
- in a manner that seeks to ensure the security of Council's cash and investment portfolio, achieve appropriate earnings and manage cash resources to ensure there is sufficient liquidity to meet Council's business objectives.

The policy outlines:

- the manner in which Council may invest funds
- the institutions and products which Council can invest in
- delegations
- the reporting requirements, including benchmarking, of Council's investment portfolio.

Interest on investments is received on three types of funding:

- General Fund revenues raised through the year from all sources of revenue, excluding reserves and developer contributions
- reserves held until expended
- developer contributions held until expended.

Council has control over the interest it earns on General Fund revenues and reserves, but developer contribution interest on investments must be used for the purpose for which the contribution relates. The interest Council earns on General Fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

4.9 Loan borrowings

Council has a low level of loan borrowings at present, with no new borrowings proposed in the LTFP.

The Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and the required level of asset renewals (guided by the level of the annual depreciation charge) should be funded out of operating revenues.

4.10 Cash reserves and restrictions

Council has a number of cash reserves that are either a legislative requirement (externally restricted) or were made through a Council decision (internally restricted).

Establishing cash reserves is a financial management strategy to provide funds for future expenditure that could not otherwise be financed during a single year without having a material impact on the budget. For example, local government elections occur every four years, so Council sets aside one quarter of the estimated cost of this activity each financial year.

The balance of cash reserves as at 30 June 2021 is $23,064,00 comprising:

- externally restricted reserves $ 9,807,000
- internally restricted reserves $13,257,000
- unrestricted cash $ Nil.

The table on the following page outlines the various reserves Council has established, the funds available in each, and the purpose of the reserve. Externally restricted reserves can only be used for the purpose for which they were collected.

Table 4: External Restrictions as at 30 June 2021

RESERVE	BALANCE 30/06/2021 $'000	PURPOSE OF RESERVE
Externally restricted reserves		
Developer contributions – general	$6,906	In accordance with s7.11, 7.12 and 7.4 of the *Environmental Planning and Assessment Act* all unexpended developer contributions are to be restricted and only used for the purpose for which they were collected under the various contribution plans Council has adopted.
Unexpended grant funding	$2,016	This holds the balance of grants received for specific purposes that are yet to be spent. These funds can only be used for the purpose for which they were granted to Council.
Domestic Waste Management	$615	This reserve holds the balance of the Domestic Waste Management charges that have not yet been spent.
Unexpended deposits/contracts	$270	This reserve holds the balance of the unexpended deposits and contract liabilities relating to civil infrastructure.
Total external reserves	**$9,807**	

Table 5: Internal Restrictions as at 30 June 2021

RESERVE	BALANCE 30/06/2021 $'000	PURPOSE OF THE RESERVE
Internally restricted reserves		
Plant replacement	$3,705	Cash set aside to replace plant and equipment as required.
Employees leave entitlement	$1,316	Leave entitlements accrued by staff but not yet taken.
Buildings and grounds	$434	Funds set aside for improvement of Council buildings and grounds.
Discontinued funds transfer	$700	Funds from transfer of water & sewer operations to Hunter Water.
Insurance equalisation	$215	Reserve to prevent cash depletion arising from insurance-related matters.
Other waste management	$753	Funds from waste management activities set aside for asset acquisition and waste management programs.
RB unexpended	$1,020	Unexpended Roads and Bridges budget votes carried forward.

RESERVE	BALANCE 30/06/2021 $'000	PURPOSE OF THE RESERVE
Settlement for the aged	$292	Alison Court aged residential units.
Shire properties	$426	Funds for the improvement & development of specific Council properties.
Special projects	$4,396	Funds set aside for various projects, initiatives, asset acquisitions and improvements.
Total internal reserves	**$13,257**	

Council's reserves are considered as funding sources in the budget process.

4.11 Developer contributions

The Environmental Planning and Assessment Act (1979) enables Council to levy contributions for public amenities and services required as a consequence of development.

Council's adopted Developer Contributions Plans (section 7.11 and 7.12 Developer Contribution Plan) provides funds for Council-wide application:

- roads
- traffic facilities
- open space
- community facilities
- other
- bushfire.

The Contributions Plan contains detailed schedules of works for which development contributions are required. The estimates projected future contributions of approximately $5 -$7 million over the next 15 years is to fund new and upgraded facilities projects. A balance of $6.9 million is held, as at 30 June 2021.

4.12 Discretionary and regulatory fees and charges

Council has the ability to raise revenues by adopting a fee or charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees - these fees are generally determined by state government legislation, and primarily relate to building, development or compliance activities. Council has no control over the calculation, or any annual increases of these fees and charges.
2. Discretionary fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

4.13 Asset disposal and investment strategy

The majority of Council's property assets deliver on services such as:

- transport infrastructure
- environmental services, such as stormwater management
- community and recreation facilities
- operational assets, including administration buildings.

The only asset sales forecast in this LTFP are the sale of plant and equipment that is traded in on replacement.

4.14 Asset management

4.14.1 Dungog Shire Council Asset Management Strategy

Dungog Council is the custodian of assets with a replacement value of $556.5 million with a depreciated value of approximately $396.2 million, as at 30 June 2021.

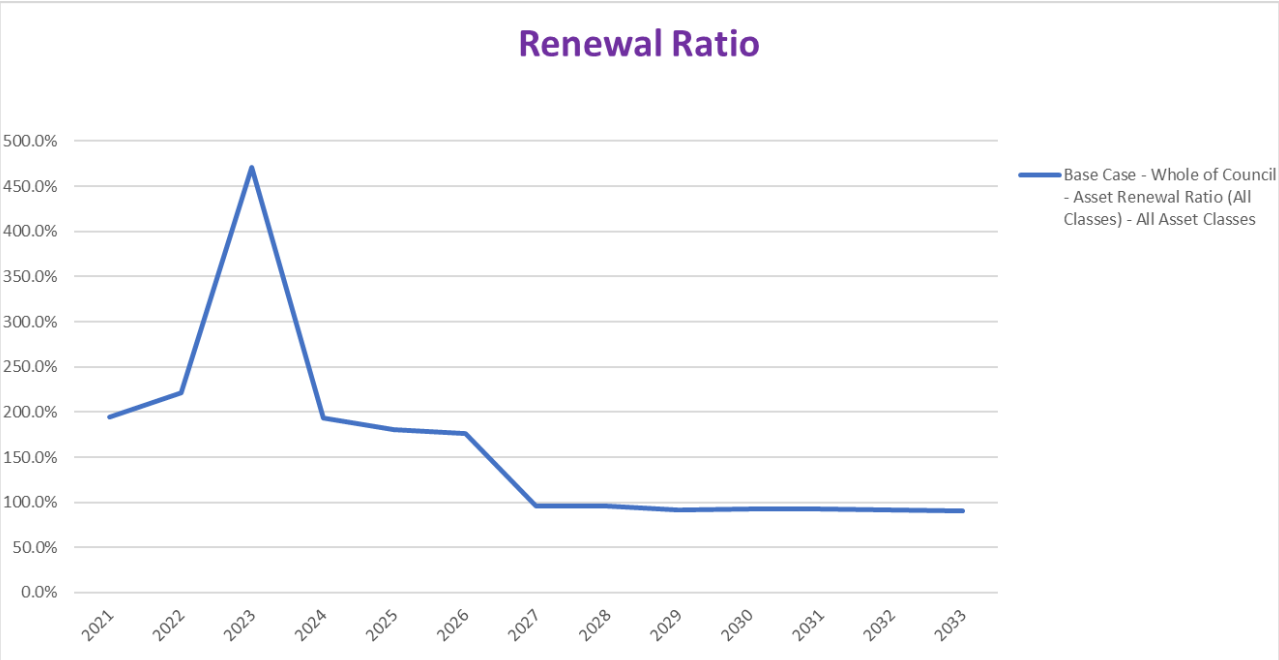
The four infrastructure asset classes covered by Council's Asset Management Plans (AMPs) and their values are detailed in the following table.

Table 6: Asset values and annual depreciation for YE 30 June 2021

ASSET CLASS	REPLACEMENT VALUE	DEPRECIATED REPLACEMENT COST	ANNUAL DEPRECIATION
Buildings	$38,996,000	$13,043,000	$631,000
Roads	$438,102,000	$330,624,000	$3,557,000
Stormwater drainage	$37,752,000	$27,023,000	$448,000
Recreation/open space	$11,392,000	$3,469,000	$455,000
Non-infrastructure assets	$30,288,000	$22,070,000	$513,000
Total	**$556,530,000**	**$396,229,000**	**$5,604,000**

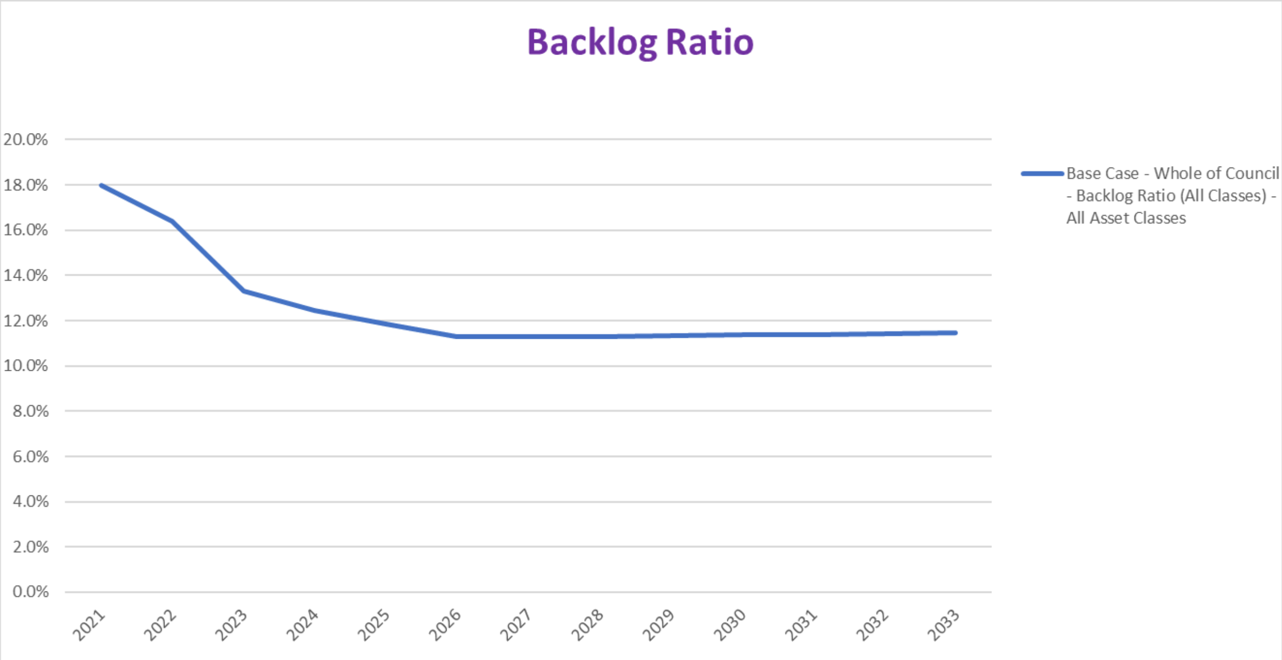
The following two graphs shows Council's asset renewal ratio and backlog rations, two critical asset performance ratios, for each of the two scenarios modelled.

Figure 1: Asset renewal ratio



This ratio is a key indicator of financial sustainability. It indicates whether a council is spending enough on asset renewals to maintain its assets in their current condition. Council will exceed 100% each year up to and including 2025-26, after which the renewal ratio will settle within the range of 90-100%. The target ratio is 100% and a ratio in the range of 90% to 100% is considered to be acceptable.

Figure 2: Asset backlog ratio



The base case takes a specific approach to deliver fit for purpose assets by developing the infrastructure asset renewal program totalling $116.1 million over LTFP period. As a result, the backlog ratio will reduce slightly to an average of 7.0%. This ratio is being driven by the increase in estimated cost to bring assets to satisfactory condition (this was $27.9 million as at 30 June 2020, and increased to $37.5 million as at 30 June 2021).

4.15 .Workforce Plan

The base case scenario maintains Council's workforce costs at current levels. However, some long-term vacancies are programmed to be filled over the next six to 12 months.

4.16 Long-Term Financial Plan assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the Long-Term Financial Plan, the following underpinning principles have been adopted.

4.16.1 Population forecasts

The estimated current and forecast resident population of the Dungog Shire local government area, as provided by the Department of Planning Industry and Environment's 2019 population forecasts, are as follows:

4.16.2 Population projections

Table 7: Population projections[1]

YEAR	TOTAL POPULATION	ANNUAL AVERAGE GROWTH RATE
2021	9243	
2036	9435	0.1%

[1] Department of Planning, Industry and Environment on behalf of the NSW Government, 2019. 'NSW Population Projections ASGS 2019: Dungog LGA'.

4.16.3 Inflation

Table 8: Inflation

YEAR	2022-23	2023-24	2024-25	*2025-26 ONWARDS*
CPI	2.2%	*2.2%*	2.3%	*2.3%-2.5%*

With low population growth estimates and higher estimated inflation, the amount of revenue available to fund current service levels may not increase at the same rate as the increase in operating costs. The projected additional revenue from rates growth is 0.1% per year on average to range from 0.7% to 1.8% per annum and will be needed to fund existing services.

4.16.4 Interest rate movements

Council has used an average of 2.5% as the investment interest rate over the life of this LTFP.

No new borrowings are proposed.

4.16.5 Revenue and expenditure assumptions

The following tables outline Council's planning assumptions by revenue and expenditure types. Included is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.

Note: the assumptions included in the following tables are those which could have a material impact on Council finances.

Table 9: Rates budget assumptions

RATES BUDGET ASSUMPTIONS	FACTOR 2022-23	FACTOR 2023-24 TO 2031-32
Minister's allowable increase	2.4%	2.50% plus an allowance for income growth from additional properties
Rate income growth	See table below	See table below

Table 10: Rate income growth

FINANCIAL YEAR	RATE PEG	RATING GROWTH BASE CASE	SPECIAL RATE VARIATION	TOTAL RATES INCOME BASE CASE
2022-23	0.70%	1.7%	7.6%	10.0%
2023-24	2.50%	0.2%	7.3%	10.0%
2024-25	2.25%	0.2%	0%	2.45%
2025-26	2.25%	0.2%	0%	2.45%
2026-27	2.25%	0.1%	0%	2.35%
2027-28	2.50%	0.1%	0%	2.60%
2028-29	2.50%	0.1%	0%	2.60%
2029-30	2.50%	0.1%	0%	2.60%
2030-31	2.50%	0.1%	0%	2.60%
2031-32	2.50%	0.1%	0%	2.60%

Table 11: Key revenue and expenditure assumptions

REVENUE BUDGET ASSUMPTIONS ALL SCENARIOS	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28 ONWARDS
Annual charges	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%
Fees and charges	2.25%	2.25%	2.50%	2.50%	2.50%	2.70%
Other revenues	2.20%	2.20	2.30%	2.30%	2.30%	2.30%
Capital revenues	1.50%	1.50%	2.00%	2.00%	2.00%	2.00%

Table 12: Expenditure budget assumptions

EXPENDITURE BUDGET ASSUMPTIONS ALL SCENARIOS	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28 ONWARDS
Employee benefits and on costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and contracts	2.50%	2.20%	2.20%	2.20%	2.20%	2.20%
Other expenditure	2.20%	2.20	2.30%	2.30%	2.30%	2.30%

Table 13: Capital expenditure assumptions

CAPITAL EXPENDITURE AND REVENUE	2022-23	2023-24 TO 2031-32
Sustainable assets and services – base case scenario	Asset renewals reflect the Asset Management Plans requirements.	Asset renewals reflect the Asset Management Plans requirements.
New works	As per Capital Works Program that includes developer contribution projects.	As per Capital Works Program that includes developer contribution projects.
Other	Plant and equipment and minor asset purchases.	Plant and equipment and minor asset purchases.

For the base case scenario, Council plans to implement the asset renewal program that identifies those assets that require renewal to ensure the assets remain fit for purpose in delivering the expected service levels. The estimated ten-year spend by asset category is as follows:

- Roads - $84.4 million
- Timber bridges - $10.9 million (Plus $13 million for new bridges)
- Buildings - $0.51 million
- Other - $2.3 million.

5. BASE CASE

Keeping in mind the financial environment challenges identified in section 4.4, Council's aim is to balance the budget with an operating surplus over the longer term with the implementation of the SRV over five years and implementation of service review improvements. Council continues to face the shorter term COVID-19 costs and low investment income returns. Over the longer term the combination of low estimated population growth and the upward pressure on Council's operating cost structure will place pressure on Council to closely manage its financial position and undertake careful consideration of any additional asset and service spend.

5.1 Introduction

The sustainable asset and service scenario, the base case, is premised on Council having its assets fit for purpose to have Council in a position to deliver services to the expected standard. Assets are critical in the delivery of council services and, if not to standard, often lead to deterioration of asset condition and the intensification of complaints from users.

Under this scenario a ten-year infrastructure asset renewal program has been developed to mitigate any significant deterioration of Council's asset base. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total infrastructure renewal program is $116.1 million. A combination of the renewal program and asset maintenance program maintains the assets in a fit for purpose condition. Planned additional new assets expenditure of $19.4 million, may require additional spend over the medium to long term for maintenance and operational costs.

The consolidated financial outcome of a sustainable asset scenario is continuing operating deficits (excluding capital revenue) in all but the 2032-33 year. Overall Council's assets remain in a satisfactory condition with the average asset renewal ratio being well over 100% in the next four years, and then staying within the desired 90%-100% range. The backlog ratio will be on average 7.0%.

5.2 Components included in scenario

- IPART NSW has set a rate increase of 2.4% for 2022-23, made of a rate peg of 0.7% and a population growth factor of 1.7%.
- Includes the final two years of the SRV.
- Rates growth forecast align to NSW Government projected population growth for the Dungog LGA.
- The known resource requirements of the Workforce Management Plan are included in LTFP.
- The capital maintenance, rehabilitation and new capital expenditure program is based on the requirements in the Asset Management Plans.
- No new borrowings.
- Additional allowance for maintenance and operating costs for Council's asset portfolio as means of achieving fit for purpose assets.
- The base inflation and growth assumptions have been applied as outlined in section four above.

5.3 Sustainability assessment

The forecast financial position of the base case scenario has been assessed in relation to the four financial sustainability principles.

5.3.1 The first principle is

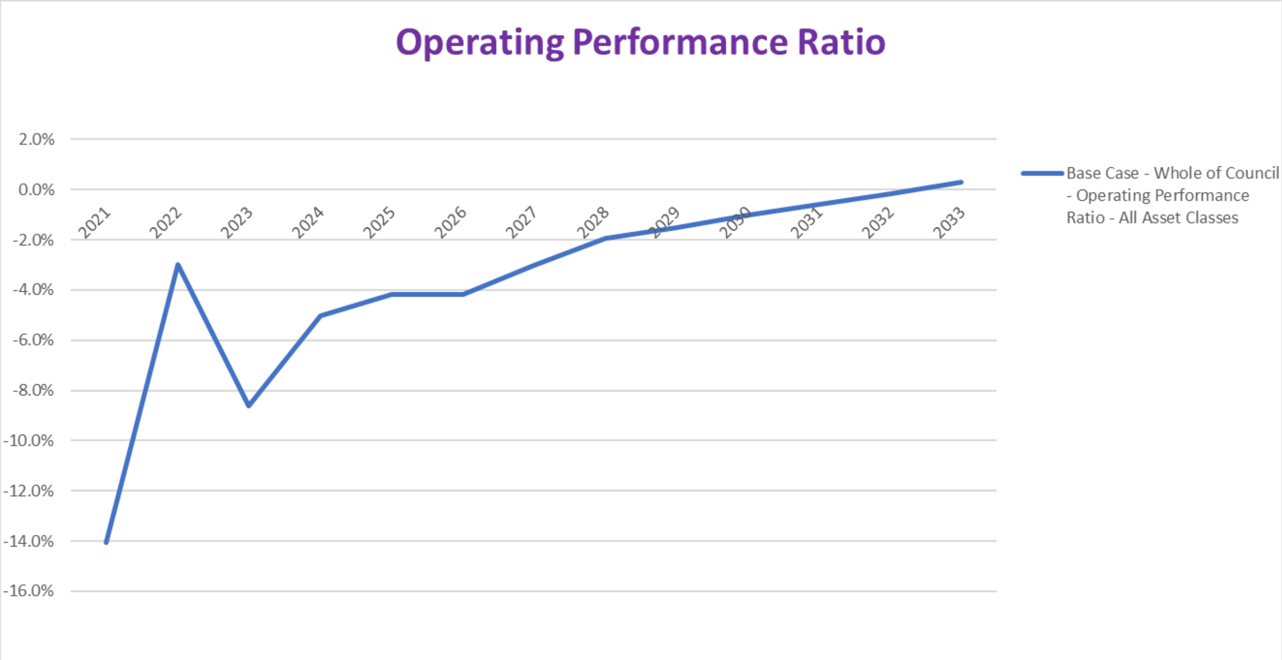
Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, and depreciation.

Council's consolidated operating position (excluding capital income) is generally in deficit. In 2021/22, Council is on track for a consolidated operating deficit of $0.7 million when capital revenues are excluded. These deficits will peak next year at $1.8 million, due to take up of additional staff to deliver on SRV requirements and depreciation expense relating to capital expenditure on new assets ($19.4 million 2021-22, 2022-23 and 2023-24 financial years). The operating deficits will then gradually reduce until a small surplus is achieved in 2032-33. However, Council aims, through service reviews, to bring General Fund into surplus as soon as possible within the forecast period.

In addition, the base case scenario uses additional revenue from growth in the rating base (new properties) to help fund services to the existing community. While it is reasonable to assume that a certain amount of growth in demand for services can be accommodated by becoming more efficient, there will be a point when the cumulative increase in the population and number of properties will require Council to fund additional services or increase the level of resources required to deliver existing services.

The following graph shows the operating performance ratio over the term of the LTFP. As the ratio moves into the positive, this indicates a sustainable position.

Figure 3: Operating performance ratio – base case



The net operating result before capital grants is a measure of Council's ability to contain operating expenditure within operating revenue.

Scenario one of the LTFP forecasts a period of operating deficits. Continuing operating deficits are not sustainable in the long term.

5.3.2 The second principle of financial sustainability is

Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements.

Figure 4: Closing cash balances

The above graph shows that Council's cash position improves in 2021-22, drops in in 2022-23 in line with capital program, before gradually rising over the term of the LTFP.

The increase next year is as a result of capital grants, and longer-term improvement in the cash position is achieved as a result of growth in the restricted domestic waste management reserve. These funds can only be utilised for specific purposes which exclude expenditure on the renewal of community infrastructure.

5.3.3 The third principle of financial sustainability is

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

With the base case scenario, Council has a fully funded capital program. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total infrastructure renewal program for the period is $116.1 million (2021 through 2033).

Under this scenario, Council's assets remain in a satisfactory condition with the average asset renewal ratio never dropping below 90%, however, as there is significant investment in renewals for the first four years of the LTFP (average renewal ratio of 255%), the average backlog ratio is 7.0.

5.3.4 The fourth principle of financial sustainability is

Council must **maintain its asset base**, by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

The base case provides for a sufficient level of asset renewal expenditure to maintain the community's assets in line with the Asset Management Strategy.

Incorporated into this scenario is an asset maintenance program that achieves an average consistent with that reported in 2020-21 of between 67-72% across the LTFP period.

Cash reserves will be utilised as required to fund renewal. Some externally restricted cash cannot be utilised for expenditure on the renewal of community infrastructure. This scenario forecasts sufficient available cash to fund the level of asset renewals required in future years.

5.4 Base case summary

In summary, Council forecasts a consolidated operating deficit of $0.7 million in 2021-22, a larger deficit of $1.8 million in 2022-23, and then gradually reducing deficits before returning to small surplus in 2032-33. Council aims to further improve the operating surplus through service reviews.

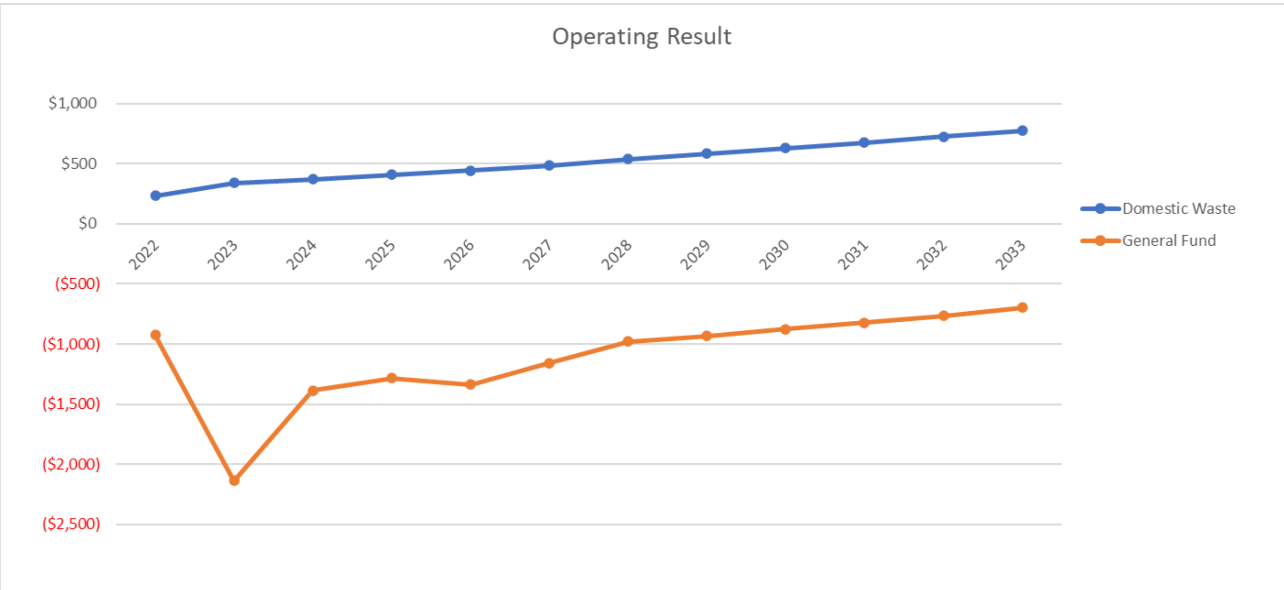
Council's cash position remains steady due to the increase in income generated from capital contributions and domestic waste management. These funds are externally restricted and cannot be used for General Fund operations.

Additional revenue from growth in the rating base is being used to help fund existing services and the additional demand that the growing population will place on Council resources. Over time a growing population will require additional services and facilities.

5.5 Sensitivity analysis

The data in the base case scenario has been presented on a consolidated level in the above overview. However, when looking at the Waste and General Funds as separate entities, it demonstrates some additional weaknesses in the General Fund that are masked when looked at in a consolidated view.

Figure 5: Operating Result by Fund



This demonstrates that the Waste Fund is producing surpluses and the General Fund deficits. Surpluses from the Waste Fund cannot be used for General Fund purpose and the General Fund delivers most of Council's services.

6. FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS

6.1 Base case

CONSOLIDATED FINANCIAL STATEMENTS - Base Case

Nominal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Year Type	Actual	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Rates & Charges	$6,476	$7,663	$7,792	$8,485	$9,403	$10,450	$10,770	$11,099	$11,439	$11,789	$12,150	$12,500	$12,860	$13,231
Special Rates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ordinary Rate SRV	$0	$0	$611	$627	$723	$0	$0	$0	$0	$0	$0	$0	$0	$0
Annual Charges	$1,832	$1,914	$1,732	$1,974	$2,032	$2,096	$2,160	$2,225	$2,293	$2,363	$2,434	$2,504	$2,576	$2,650
Not Used 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL RATES & ANNUAL CHARGES	**$8,308**	**$9,577**	**$10,135**	**$11,086**	**$12,158**	**$12,546**	**$12,930**	**$13,325**	**$13,732**	**$14,152**	**$14,584**	**$15,004**	**$15,436**	**$15,881**
User Charges and fees	$1,006	$2,280	$1,380	$1,466	$1,502	$1,543	$1,584	$1,626	$1,672	$1,720	$1,768	$1,819	$1,870	$1,920
Other revenues	$1,954	$976	$1,176	$1,294	$1,322	$1,353	$1,384	$1,416	$1,448	$1,481	$1,515	$1,550	$1,586	$1,622
Interest and Investment Income	$390	$221	$495	$503	$486	$638	$638	$798	$956	$962	$982	$1,006	$1,036	$1,073
Other Income	$177	$348	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Initiatives Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL OWN SOURCE REVENUE	**$11,835**	**$13,402**	**$13,186**	**$14,348**	**$15,468**	**$16,080**	**$16,536**	**$17,164**	**$17,808**	**$18,315**	**$18,850**	**$19,380**	**$19,928**	**$20,495**
Grants & Contributions - Operating Purposes	$4,717	$4,931	$4,797	$4,639	$4,732	$4,826	$4,923	$5,021	$5,122	$5,224	$5,329	$5,435	$5,544	$5,655
Grants & Contributions for Capital Purposes	$8,138	$13,023	$26,248	$32,270	$10,468	$6,929	$6,709	$1,192	$1,192	$1,192	$1,267	$1,267	$1,267	$1,267
Income from Joint Ventures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gains from disposal assets	$0	$0	$5	$5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Income excl Gains on Asset Disposal	**$24,690**	**$31,356**	**$44,231**	**$51,257**	**$30,668**	**$27,836**	**$28,168**	**$23,378**	**$24,122**	**$24,731**	**$25,446**	**$26,082**	**$26,739**	**$27,417**
TOTAL OPERATING INCOME (Excl. Capital)	**$16,552**	**$18,333**	**$17,988**	**$18,992**	**$20,200**	**$20,906**	**$21,458**	**$22,186**	**$22,930**	**$23,539**	**$24,179**	**$24,815**	**$25,472**	**$26,150**
Employee Benefits	$5,279	$6,204	$5,370	$6,206	$6,361	$6,520	$6,683	$6,850	$7,021	$7,197	$7,376	$7,561	$7,750	$7,944
Materials and Contracts	$6,255	$7,703	$6,180	$6,930	$7,095	$7,264	$7,431	$7,603	$7,779	$7,958	$8,142	$8,330	$8,522	$8,719
Borrowing Costs	$289	$229	$122	$113	$104	$94	$84	$77	$69	$61	$53	$45	$40	$34
Depreciation & Amortisation	$6,120	$5,604	$5,893	$6,404	$6,664	$6,890	$7,116	$7,265	$7,416	$7,564	$7,714	$7,866	$8,018	$8,171
Other Expenses	$863	$1,170	$951	$972	$993	$1,016	$1,039	$1,063	$1,087	$1,112	$1,138	$1,164	$1,191	$1,218
Losses on disposal of assets	$1,947	$1,744	$165	$165	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Internal Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Initiatives Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES FROM CONTINUING OPERATIONS	**$20,753**	**$22,654**	**$18,681**	**$20,789**	**$21,216**	**$21,783**	**$22,353**	**$22,858**	**$23,372**	**$23,893**	**$24,424**	**$24,965**	**$25,521**	**$26,086**
OPERATING RESULT (Excl. Capital)	**-$4,201**	**-$4,321**	**-$692**	**-$1,797**	**-$1,016**	**-$877**	**-$895**	**-$672**	**-$443**	**-$353**	**-$245**	**-$151**	**-$49**	**$64**
OPERATING RESULT (Excl. Capital and Asset Sales)	**-$2,254**	**-$2,577**	**-$532**	**-$1,637**	**-$1,016**	**-$877**	**-$895**	**-$672**	**-$443**	**-$353**	**-$245**	**-$151**	**-$49**	**$64**
OPERATING RESULT (Incl. Capital)	**$3,937**	**$8,702**	**$25,556**	**$30,473**	**$9,452**	**$6,053**	**$5,815**	**$520**	**$749**	**$839**	**$1,022**	**$1,116**	**$1,218**	**$1,331**
Income from Non-Controlling Interests	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NET OPERATING RESULT ATTRIBUTABLE TO COUNCIL	**$3,937**	**$8,702**	**$25,556**	**$30,473**	**$9,452**	**$6,053**	**$5,815**	**$520**	**$749**	**$839**	**$1,022**	**$1,116**	**$1,218**	**$1,331**
Net Operating Result from Income Statement	**$3,937**	**$8,702**	**$25,556**	**$30,473**	**$9,452**	**$6,053**	**$5,815**	**$520**	**$749**	**$839**	**$1,022**	**$1,116**	**$1,218**	**$1,331**
Gain / (Loss) on Reval of PP&E	$2,468	-$2,337	$0	-$0	$0	$0	-$0	$0	-$0	$0	$0	-$0	$0	$0
Fair Value Movement on Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Comprehensive Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL OTHER COMPREHENSIVE INCOME	**$2,468**	**-$2,337**	**$0**	**-$0**	**$0**	**$0**	**-$0**	**$0**	**-$0**	**$0**	**$0**	**-$0**	**$0**	**$0**
TOTAL COMPREHENSIVE INCOME	**$6,405**	**$6,365**	**$25,556**	**$30,473**	**$9,452**	**$6,053**	**$5,815**	**$520**	**$749**	**$839**	**$1,022**	**$1,116**	**$1,218**	**$1,331**

Balance Sheet

Nominal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash & Cash Equivalents	$3,303	$2,564	$14,379	$11,884	$11,405	$11,416	$11,428	$11,358	$11,582	$12,230	$13,047	$14,027	$15,256	$16,743
Investments - Current	$14,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000
Receivables - Current	$2,803	$2,407	$2,556	$2,807	$3,116	$3,216	$3,314	$3,415	$3,520	$3,627	$3,738	$3,846	$3,956	$4,070
Right of Use and Contract Assets - Current	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Inventories - Current	$606	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441	$441
Other Current Assets	$37	$97	$97	$97	$97	$97	$97	$97	$97	$97	$97	$97	$97	$97
Current Assets Held for Resale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL CURRENT ASSETS	**$20,749**	**$22,509**	**$34,473**	**$32,229**	**$32,059**	**$32,169**	**$32,280**	**$32,311**	**$32,639**	**$33,395**	**$34,323**	**$35,410**	**$36,750**	**$38,351**
Receivable Collection Days	152	111	111	111	111	111	111	111	111	111	111	111	111	$111
Investments - Non-Current	$4,000	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
Infrastructure Property & Equip	$385,077	$396,229	$409,579	$442,036	$451,388	$457,054	$462,475	$462,716	$462,882	$462,704	$462,528	$462,280	$461,959	$461,486
Intangible Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investments (Equity Method)	$133	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106
Receivables - Non-Current	$36	$30	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Right of Use and Contract Assets - Non-Current	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Inventories - Non-Current	$26	$26	$26	$26	$26	$26	$26	$26	$26	$26	$26	$26	$26	$26
Capital Works in Progress	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Investment Property	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Non-Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Non-current Assets Held for Resale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL NON-CURRENT ASSETS	**$389,272**	**$399,891**	**$413,211**	**$445,668**	**$455,020**	**$460,686**	**$466,107**	**$466,348**	**$466,514**	**$466,336**	**$466,160**	**$465,912**	**$465,591**	**$465,118**
Inventory Days	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**$2**
TOTAL ASSETS	**$410,021**	**$422,400**	**$447,684**	**$477,897**	**$487,079**	**$492,856**	**$498,387**	**$498,659**	**$499,153**	**$499,731**	**$500,483**	**$501,322**	**$502,341**	**$503,468**
Payables - Current	$2,093	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499	$3,499
Contract Liabilities - Current	$1,525	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042	$2,042
Lease Liabilities - Current	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Income Received in Advance	0	0	0	0	0	0	0	0	0	0	0	0	0	$0
Borrowings - current	$237	235	252	$260	$270	$279	$245	$253	$261	$268	$277	$199	$204	$0
Provisions - Current	$2,017	2293	2293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293	$2,293
TOTAL CURRENT LIABILITIES	**$5,872**	**$8,069**	**$8,086**	**$8,094**	**$8,104**	**$8,113**	**$8,079**	**$8,087**	**$8,095**	**$8,102**	**$8,111**	**$8,033**	**$8,038**	**$7,834**
Payables Days	**161**	**206**	**273**	**236**	**238**	**249**	**241**	**243**	**244**	**243**	**243**	**243**	**243**	**$243**
Payables - Non-Current	$64	$65	$37	$27	$18	$12	$8	$5	$3	$2	$2	$1	$1	$0
Contract Liabilities - Non-Current	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lease Liabilities - Non-Current	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Borrowings - Non current	$4,346	$4,113	$3,853	$3,593	$3,323	$3,044	$2,799	$2,546	$2,285	$2,017	$1,740	$1,542	$1,338	$1,338
Provisions - Non-Current	$3,113	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162	$7,162
TOTAL NON-CURRENT LIABILITIES	**$7,523**	**$11,340**	**$11,052**	**$10,782**	**$10,503**	**$10,218**	**$9,969**	**$9,713**	**$9,451**	**$9,181**	**$8,904**	**$8,705**	**$8,500**	**$8,500**
TOTAL LIABILITIES	**$13,395**	**$19,409**	**$19,138**	**$18,877**	**$18,607**	**$18,331**	**$18,048**	**$17,800**	**$17,545**	**$17,284**	**$17,014**	**$16,737**	**$16,538**	**$16,334**
NET ASSETS	**$396,626**	**$402,991**	**$428,547**	**$459,020**	**$468,472**	**$474,525**	**$480,339**	**$480,859**	**$481,608**	**$482,447**	**$483,469**	**$484,585**	**$485,803**	**$487,134**
Accumulated Surplus	$136,093	$139,189	$147,891	$173,447	$203,920	$213,372	$219,425	$225,239	$225,759	$226,508	$227,347	$228,369	$229,485	$230,703
Revaluation Reserves	$254,969	$257,437	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100	$255,100
Other Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Council Interest Opening Balance	**$391,062**	**$396,626**	**$402,991**	**$428,547**	**$459,020**	**$468,472**	**$474,525**	**$480,339**	**$480,859**	**$481,608**	**$482,447**	**$483,469**	**$484,585**	**$485,803**
Non-Controlling Equity Interest	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EQUITY OPENING BALANCE	**$391,062**	**$396,626**	**$402,991**	**$428,547**	**$459,020**	**$468,472**	**$474,525**	**$480,339**	**$480,859**	**$481,608**	**$482,447**	**$483,469**	**$484,585**	**$485,803**
Changes in Accounting Standards	-$840	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Correction of Prior Period Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Restated Opening Balance	**$390,222**	**$396,626**	**$402,991**	**$428,547**	**$459,020**	**$468,472**	**$474,525**	**$480,339**	**$480,859**	**$481,608**	**$482,447**	**$483,469**	**$484,585**	**$485,803**
Net Operating Result for the Year	$3,937	$8,702	$25,556	$30,473	$9,452	$6,053	$5,815	$520	$749	$839	$1,022	$1,116	$1,218	$1,331
Gain / (Loss) on Reval of PP&E	$2,468	-$2,337	$0	-$0	$0	$0	-$0	$0	-$0	$0	$0	-$0	$0	$0
Fair Value Movement on Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Total Comprehensive Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Comprehensive Income	**$6,405**	**$6,365**	**$25,556**	**$30,473**	**$9,452**	**$6,053**	**$5,815**	**$520**	**$749**	**$839**	**$1,022**	**$1,116**	**$1,218**	**$1,331**
Transfers between Equity Items	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EQUITY CLOSING BALANCE	**$396,626**	**$402,991**	**$428,547**	**$459,020**	**$468,472**	**$474,525**	**$480,339**	**$480,859**	**$481,608**	**$482,447**	**$483,469**	**$484,585**	**$485,803**	**$487,134**

Performance Measures

Nominal Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	Actual	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Entity	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**	**Whole of Council**
Unique Ref	**ALL-2020**	**ALL-2021**	**ALL-2022**	**ALL-2023**	**ALL-2024**	**ALL-2025**	**ALL-2026**	**ALL-2027**	**ALL-2028**	**ALL-2029**	**ALL-2030**	**ALL-2031**	**ALL-2032**	**ALL-2033**
Own Source Revenue Ratio	47.9%	42.7%	29.8%	28.0%	50.4%	57.8%	58.7%	73.4%	73.8%	74.1%	74.1%	74.3%	74.5%	74.8%
Cash Expense Cover Ratio	2633.3%	2021.2%	3205.0%	2653.4%	2583.0%	2524.8%	2468.6%	2413.4%	2374.8%	2367.4%	2371.0%	2384.3%	2423.9%	2466.5%
Debt Service Cover Ratio	1969.2%	1385.5%	1502.2%	1338.5%	1578.9%	1678.4%	1734.7%	2069.2%	2186.5%	2259.5%	2339.0%	2414.8%	3360.5%	3471.6%
Operating Performance Ratio	-13.6%	-14.1%	-3.0%	-8.6%	-5.0%	-4.2%	-4.2%	-3.0%	-1.9%	-1.5%	-1.0%	-0.6%	-0.2%	0.2%
Unrestricted Current Ratio	353%	157%	300%	265%	256%	248%	242%	232%	224%	221%	220%	222%	225%	237%
Asset Renewal Ratio (All Classes)	61%	194%	221%	471%	194%	181%	176%	96%	96%	91%	92%	92%	92%	91%
Backlog Ratio (All Classes)	0.0%	9.6%	9.0%	7.8%	7.4%	7.1%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.9%
Maintenance Ratio (All Classes)	0.0%	73.1%	71.8%	68.9%	68.0%	67.3%	66.6%	67.0%	67.4%	67.9%	68.4%	68.8%	69.3%	69.8%