



# Long Term Financial Plan 2018 - 2028



northern  
beaches  
council

## Long Term Financial Plan 2018 - 2028

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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 (three 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.

In forecasting to 2028, 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 Delivery Program
- 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 has been developed based on:

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

## Forecasting Future Budgets

In planning for the financial year 2018/19 and beyond, we have made assumptions on 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.

### 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 we provide are offered on a user pays basis.

In preparing the Long Term Financial Plan, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

### Grants and Subsidies

We receive an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. In preparing the Long Term Financial Plan we have assumed we will continue to receive grants. Should these grants and subsidies be reduced, our ability to provide the same level of service will be impacted.

### Borrowings

There are no anticipated new borrowings over the ten year period 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. Consideration has also been given to 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. This has 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. We use 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 Local Government Code of Accounting Practice and Financial Reporting.





### Inflation (Consumer Price Index (CPI))

In determining the inflationary increase assumption for 2018-2028 Long Term Financial Plan we have has used Deloitte Access Economics Data which indicates that inflation projections will be as follows:

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Underlying Inflation	1.90%	2.11%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

## 2. Revenue and Expenditure Assumptions

The following table outlines the financial planning assumptions by revenue and expenditure types. This includes a brief description as to how we have determined the assumption and impact of external influences.

### Revenue

#### Rates

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rates	2.30%	2.21%	2.34%	2.39%	2.38%	2.28%	2.33%	2.48%	2.53%	2.39%

The Rate Cap in 2018/19 is based on IPART's advice on 28 November 2017. Subsequent years have been calculated based on an estimate of the Local Government Cost Index. This estimation is based on 40% of costs being Employee Costs and 60% being Other Expenses.

## Annual Charges - Domestic Waste Management Charge

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Domestic Waste Management - former Manly	(15.0)%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%
Domestic Waste Management - former Pittwater	(15.0)%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%
Domestic Waste Management - former Warringah	No Increase	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

We calculate the Domestic Waste Management Charges (DWMC) to ensure total income of DWMC can fund the operating and maintenance costs associated with providing the service including provisions for major plant replacement. We have identified savings in administration and other operational costs as a result of economies of scale during 2017/18 and have now collected sufficient funds to facilitate a full bin replacement program in 2018/19. This has enabled us to reduce cost and move toward a consistent charge for 2019/20. This also includes an allowance for the significant changes associated with the market for recyclables as a result of China's proposed ban on importation of 24 categories of solid waste to protect the environment and public health.

For the former Manly and Pittwater Council areas this has resulted in a decrease in the DWMC for 2018/19. In addition Council is due to commence a new waste collection contract and align services for the former council areas from 2019/20. While saving are anticipated via the new collection contract(s) no allowance has been made in the projections. It has been assumed that costs and therefore the DWMC will increase in line with underlying inflation from 2019/20.



### User Fees and Charges

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Fees and charges (non-statutory)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

User Fees and Charges are based on Statutory Charges. These are determined under relevant legislation. While Non-Statutory Charges such as Childcare Fees and Venue Hire, are determined by applying our Pricing Policy which incorporates the Local Government Competitive Neutrality Guidelines. CPI has been used to project our revenue for future years from User Fees and Charges.

### Interest and Investment Revenues

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Return on Investment Portfolio	2.80%	3.40%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%

We have used information provided by our Investment Advisors and Deloitte Access Economics to determine forecast projections for interest on investments based on forecast cash balances over the 10 year period.

### Other Revenues

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Other Revenue principally comprises Lease Income, Recycling Revenue, Fine Income and revenue from other activities including Special Events, merchandising, food and beverage sales at the Aquatic Centres and Glen Street Theatre. CPI detailed above has been used to project our revenue for future years.

### Grants and Contributions - Operating Purposes

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

We receive a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant and we have assumed that this will continue. We have also assumed we will continue to receive other operating grants in relation to ongoing operations e.g. salary grants and that these will increase annually in line with CPI. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

### Grants and Contributions - Capital Purposes

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Local infrastructure contributions are a significant source of capital revenue. Predicting the amount of revenues received from this source is extremely difficult as it is essentially market driven and depends on the timing of developments. We have assumed \$9.4 million in contributions in the 2018/19 financial year and these will increase annually in line with CPI.

We have also assumed we will continue to receive other capital grants in relation to ongoing programs and that these will increase annually in line with CPI. Other capital grants received for specific project related purposes have been included in the year we anticipate they will be received.

### Gain on Disposal of Assets

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Gains on Disposal of Assets is predominantly received from the sale of plant and fleet. Future years are based on the assumption that these sales will continue at their current level and will increase annually in line with CPI

**Expenditure****Employee Benefits and On Costs**

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Industry Award Base Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Industry Award Step Increase	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Superannuation Guarantee Levy	9.50%	9.50%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	12.00%	12.00%
Productivity Savings	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%

The current Local Government State Award which expires on 30 June 2020 provides for an annual increase as well as salary band step increases of 2.5% in 2018/19 and 2.5% in 2019/20. We have assumed that the new Local Government State Award increases will remain at 2.5% per annum over the remainder of the term of the Long Term Financial Plan. Other assumptions relating to employee costs in the Long Term Financial Plan include:

- No change in existing employee working hours.
- A 6.5% vacancy in establishment permanent positions in each financial year.
- Average increase as a result of Award based Salary Band step increases will be 0.2% per annum.
- Superannuation expenditure based on the freezing of the statutory contribution rate at 9.5% until 2021/22. The contribution will then incrementally increase to 12.0% by 2025/26.
- Achieving productivity improvements through continuous improvement programs will average 0.2% per annum.

### Borrowing Costs

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Interest Rate - New Borrowings	4.10%	4.70%	4.95%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
Tip Remediation Discount	\$1.540m	\$1.606m	\$1.674m	\$1.746m	\$1.820m	\$1.890m	\$1.756m	\$1.831m	\$1.909m	\$1.988m

Council's borrowing costs over the ten year period comprise a number of components:

Interest incurred on borrowings for major infrastructure works. Where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used. Where new borrowings are proposed the interest rate has been calculated based on the assumed Interest Rate on Investments and an additional margin of 1.3%.

Finance Lease Interest Charges - rates on these borrowings are forecast in accordance with the rates outlined above. These have been calculated based on the assumed Interest Rate on Investments plus 2.5%.

Tip Remediation Discount - this relates to the remediation of the waste landfill site at Kimbriki and has been updated in June 2018.

### Materials & Contracts

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Materials and contracts including Domestic Waste Management costs and other expenses which represent the principal costs used to deliver services to the community are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is forecast to average 2.3% per annum.



### Depreciation and Amortisation

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Projected Depreciation Cost	\$35.4m	\$37.9m	\$39.3m	\$40.6m	\$41.9m	\$43.1m	\$44.3m	\$45.6m	\$47.0m	\$48.4m

The depreciation methodology can be found in the Notes to the General Purpose Financial Statements. The depreciation expense assumed in the Long Term Financial Plan has been calculated in accordance with this methodology. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program.

### Other Expenses

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI (underlying inflation)	1.90%	2.05%	2.28%	2.40%	2.39%	2.19%	2.23%	2.48%	2.53%	2.39%

Other Expenses primarily relate to Utility Costs, Insurances, Statutory Charges (including Election Costs, Emergency Services Levy and Waste Disposal Levy) and Other Program Expenditure. These are generally forecast to increase in line with CPI.

### Anticipated Savings

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Employee Costs	-	\$2.5m	\$2.5m	\$2.5m	-	-	-	-	-	-
Materials and Contracts	\$1.25m	\$0.25m	\$0.25m	\$0.25m	-	-	-	-	-	-

The following are the key areas in which anticipated savings are likely to be generated:

- savings or other benefits associated with workforce efficiency and reduced salary expenditure
- reduced cost of materials and contracts based on the expectation of scale benefits associated with Council expenditure.

In addition to the savings areas identified above, it is recognised that operational assets such as those utilised for staff accommodation may be subject to rationalisation as a direct result of the amalgamation and that funds may therefore be available from such rationalisation. As these changes are yet to be identified no changes have been made to the Long Term Financial Plan.

As existing contracts for materials and other expenses expire and new arrangements are negotiated by Northern Beaches Council, significant savings will be generated as a result of scale benefits. It must be noted that while significant savings are likely to be generated in the area of domestic waste management. However, Section 504(3) of the Local Government Act 1993 provides for income from charges for domestic waste management being calculated so as not to exceed the reasonable cost to the Council of providing those services. Accordingly, savings generated in this area would need to be utilised for reducing domestic waste management charges.

## **Sensitivity Analysis (Rates; Employee Costs; Materials; Combined Impact)**

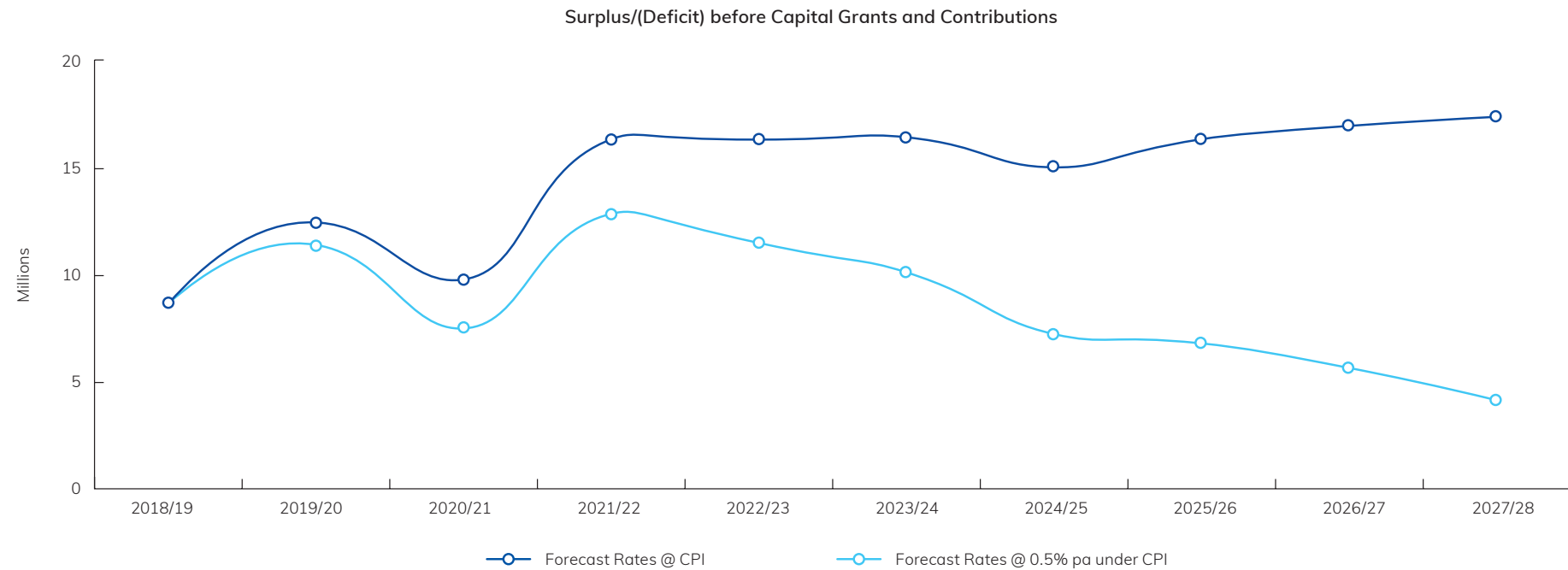
Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, long term financial plans are inherently uncertain.

They contain a wide range of assumptions 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.

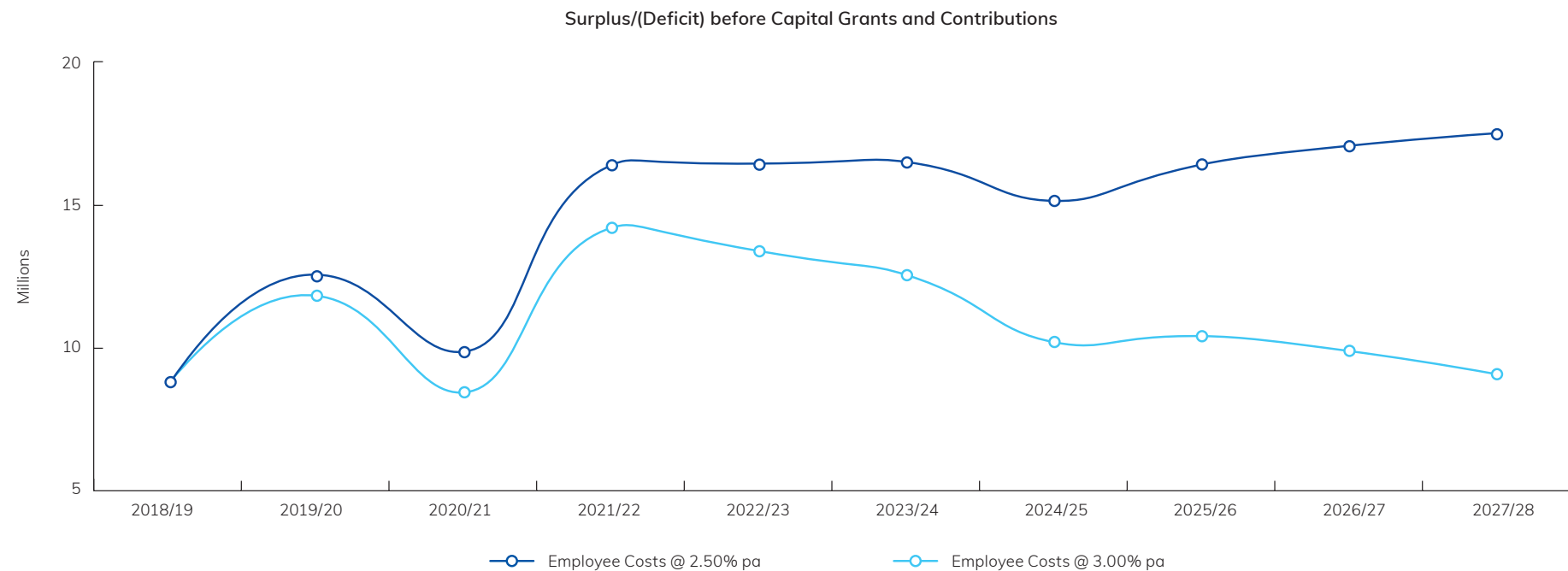
## Rates

Rates comprise 61% 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% pa below the CPI the budget will still remain in surplus for each year of the Long Term Financial Plan.



### Employee Costs

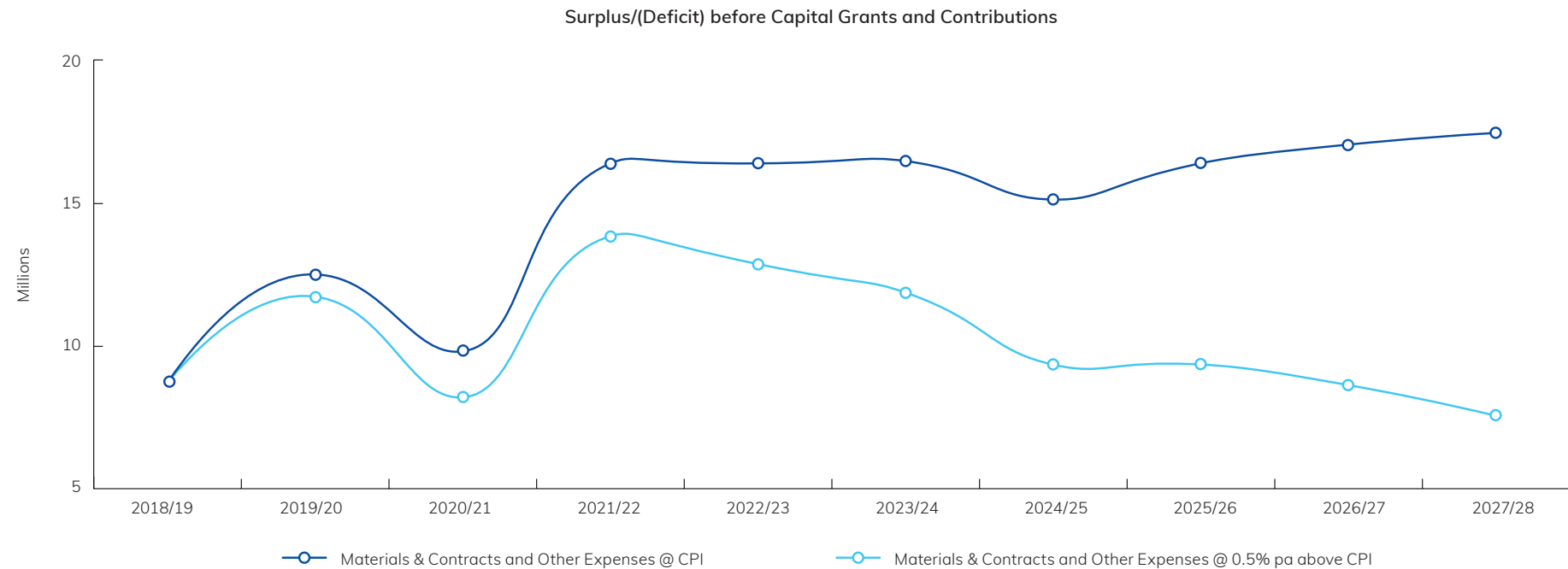
Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2020 and we have assumed an annual increase of 2.5% for each year of the Plan before step increases. If the Award increase was 0.5% pa higher the budget would still remain in surplus for each year of the Long Term Financial Plan.





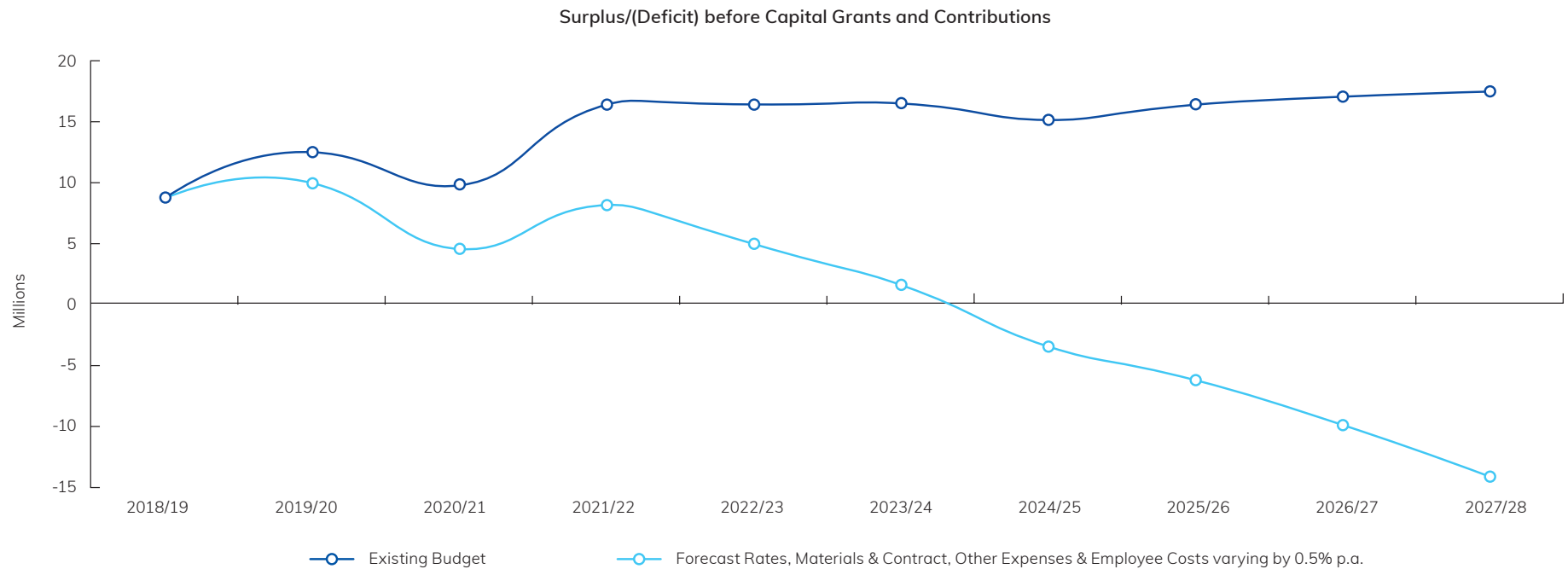
### Materials, Contracts and Other Expenses

Our budget shows we are in a good financial position; however, fluctuating market conditions could affect the price of certain Materials and Contracts. The chart shows the impact of a 0.5% pa increase in Material, Contracts and Other Expenses above the CPI. Significant increases are possible, for example electricity costs. The budget would still remain in surplus for each year of the Long Term Financial Plan.



### Combined Impact

The chart shows the combined impact rates, materials and contracts, other expenses and employee costs varying by 0.5% per annum. and would see the budget fall into deficit from 2024/25. It is highly unlikely that each of the factors would impact at the same time.







## Financial Forecast 2018-2028





## Income Statement

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	210,460	215,111	220,144	225,406	230,770	236,032	241,532	247,449	253,462	259,571
User Charges & Fees	79,538	81,168	83,019	85,011	87,043	88,949	90,933	93,188	95,546	97,829
Interest & Investment Revenues	5,748	5,688	4,980	4,502	4,360	4,518	4,678	4,864	5,106	5,379
Other Revenues	25,279	25,797	26,385	27,018	27,664	28,270	28,900	29,617	30,366	31,092
Grants & Contributions - Operating Purposes	14,744	14,961	14,987	16,295	16,135	16,353	16,454	17,811	17,711	17,999
Grants & Contributions - Capital Purposes	11,985	12,155	12,433	12,731	13,035	13,321	13,618	13,955	14,309	14,651
Gains on Disposal of Assets	765	781	798	818	837	856	875	896	919	941
<b>Total Income from Continuing Operations</b>	<b>348,518</b>	<b>355,661</b>	<b>362,746</b>	<b>371,782</b>	<b>379,845</b>	<b>388,298</b>	<b>396,989</b>	<b>407,780</b>	<b>417,419</b>	<b>427,462</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	(134,415)	(134,724)	(135,323)	(136,270)	(139,747)	(143,311)	(146,965)	(150,712)	(154,178)	(157,724)
Borrowing Costs	(3,572)	(3,387)	(3,160)	(2,936)	(2,729)	(2,577)	(2,307)	(2,263)	(2,247)	(2,326)
Materials & Contracts	(119,019)	(118,848)	(125,754)	(124,946)	(127,207)	(129,892)	(134,174)	(137,307)	(140,060)	(143,328)
Depreciation & Amortisation	(35,386)	(37,951)	(39,318)	(40,697)	(42,000)	(43,146)	(44,338)	(45,672)	(47,067)	(48,437)
Other Expenses	(35,401)	(36,127)	(36,950)	(37,837)	(38,741)	(39,590)	(40,473)	(41,476)	(42,526)	(43,542)
<b>Total Expenses from Continuing Operations</b>	<b>(327,793)</b>	<b>(331,037)</b>	<b>(340,506)</b>	<b>(342,686)</b>	<b>(350,424)</b>	<b>(358,515)</b>	<b>(368,257)</b>	<b>(377,431)</b>	<b>(386,078)</b>	<b>(395,357)</b>
<b>Surplus/(Deficit) from Continuing Operations</b>	<b>20,724</b>	<b>24,624</b>	<b>22,240</b>	<b>29,096</b>	<b>29,421</b>	<b>29,783</b>	<b>28,732</b>	<b>30,350</b>	<b>31,341</b>	<b>32,104</b>
Minority Interests	(93)	(95)	(97)	(99)	(102)	(104)	(106)	(109)	(112)	(114)
Surplus/(Deficit) attributable to Council	20,631	24,529	22,143	28,996	29,319	29,679	28,626	30,241	31,230	31,990
<b>Surplus/(Deficit) before Capital Grants &amp; Contributions</b>	<b>8,739</b>	<b>12,468</b>	<b>9,808</b>	<b>16,365</b>	<b>16,385</b>	<b>16,462</b>	<b>15,114</b>	<b>16,394</b>	<b>17,033</b>	<b>17,454</b>



## Balance Sheet

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
<b>Assets</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	7,847	6,432	4,765	4,362	4,473	4,661	4,832	5,073	5,390	5,716
Investments	149,096	122,205	90,531	82,869	84,986	88,558	91,801	96,385	102,413	108,597
Receivables	19,387	19,784	20,235	20,721	21,216	21,681	22,164	22,714	23,289	23,846
Inventories	82	82	82	82	82	82	82	82	82	82
Other	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
Non-Current Assets Classified As "Held For Resale"	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>177,922</b>	<b>150,013</b>	<b>117,123</b>	<b>109,544</b>	<b>112,267</b>	<b>116,492</b>	<b>120,389</b>	<b>125,764</b>	<b>132,684</b>	<b>139,751</b>
<b>Non-Current Assets</b>										
Investments	954	954	954	954	954	954	954	954	954	954
Receivables	1,751	1,787	1,828	1,872	1,917	1,959	2,003	2,053	2,105	2,155
Infrastructure, Property, Plant & Equipment	4,836,508	4,884,987	4,929,471	4,962,207	4,985,217	5,008,722	5,032,744	5,057,350	5,082,566	5,108,373
Investments Accounted For Using The Equity Method	23	23	23	23	23	23	23	23	23	23
Investment Property	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
Intangible										
<b>Total Non-Current Assets</b>	<b>4,841,316</b>	<b>4,889,831</b>	<b>4,934,356</b>	<b>4,967,136</b>	<b>4,990,191</b>	<b>5,013,738</b>	<b>5,037,804</b>	<b>5,062,460</b>	<b>5,087,728</b>	<b>5,113,585</b>
<b>Total Assets</b>	<b>5,019,238</b>	<b>5,039,844</b>	<b>5,051,479</b>	<b>5,076,680</b>	<b>5,102,458</b>	<b>5,130,230</b>	<b>5,158,193</b>	<b>5,188,224</b>	<b>5,220,412</b>	<b>5,253,336</b>
<b>Liabilities</b>										
<b>Current Liabilities</b>										
Payables	42,858	42,858	36,358	36,358	36,358	36,358	36,358	36,358	36,358	36,358
Borrowings	6,384	6,304	5,928	5,530	3,798	2,555	2,128	1,015	1,017	1,016
Provisions	29,240	28,992	28,763	28,553	28,362	28,187	28,031	27,894	27,775	27,675
<b>Total Current Liabilities</b>	<b>78,482</b>	<b>78,154</b>	<b>71,049</b>	<b>70,441</b>	<b>68,518</b>	<b>67,100</b>	<b>66,517</b>	<b>65,267</b>	<b>65,150</b>	<b>65,049</b>
<b>Non-Current Liabilities</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	26,177	21,317	16,575	11,973	8,859	6,791	5,041	4,313	3,518	2,682
Provisions	39,387	40,557	41,799	43,115	44,509	45,984	47,548	49,207	50,965	52,722
<b>Total Non-Current Liabilities</b>	<b>65,564</b>	<b>61,874</b>	<b>58,374</b>	<b>55,088</b>	<b>53,368</b>	<b>52,775</b>	<b>52,589</b>	<b>53,520</b>	<b>54,483</b>	<b>55,404</b>
<b>Total Liabilities</b>	<b>144,046</b>	<b>140,028</b>	<b>129,423</b>	<b>125,529</b>	<b>121,886</b>	<b>119,875</b>	<b>119,106</b>	<b>118,787</b>	<b>119,633</b>	<b>120,453</b>
<b>Net Assets</b>	<b>4,875,192</b>	<b>4,899,816</b>	<b>4,922,056</b>	<b>4,951,151</b>	<b>4,980,572</b>	<b>5,010,355</b>	<b>5,039,087</b>	<b>5,069,437</b>	<b>5,100,779</b>	<b>5,132,883</b>
<b>Equity</b>										
Retained Earnings	4,874,353	4,898,882	4,921,025	4,950,021	4,979,340	5,009,019	5,037,645	5,067,886	5,099,116	5,131,106
<b>Council Equity Interest</b>	<b>4,874,353</b>	<b>4,898,882</b>	<b>4,921,025</b>	<b>4,950,021</b>	<b>4,979,340</b>	<b>5,009,019</b>	<b>5,037,645</b>	<b>5,067,886</b>	<b>5,099,116</b>	<b>5,131,106</b>
Minority Equity Interest	839	934	1,031	1,130	1,232	1,336	1,442	1,551	1,663	1,777
<b>Total Equity</b>	<b>4,875,192</b>	<b>4,899,816</b>	<b>4,922,056</b>	<b>4,951,151</b>	<b>4,980,572</b>	<b>5,010,355</b>	<b>5,039,087</b>	<b>5,069,437</b>	<b>5,100,779</b>	<b>5,132,883</b>

## Cash Flow Statement

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & Annual Charges	210,460	215,111	220,144	225,406	230,770	236,032	241,532	247,449	253,462	259,571
User Charges & Fees	79,144	80,735	82,527	84,481	86,503	88,442	90,406	92,588	94,919	97,222
Interest & Investment Revenues	5,748	5,688	4,980	4,502	4,360	4,518	4,678	4,864	5,106	5,379
Grants & Contributions	26,729	27,116	27,420	29,026	29,170	29,674	30,072	31,767	32,020	32,650
Other	25,279	25,797	26,385	27,018	27,664	28,270	28,900	29,617	30,366	31,092
<b>Payments:</b>										
Employee Benefits & On-Costs	(134,690)	(134,978)	(135,559)	(136,488)	(139,946)	(143,493)	(147,129)	(150,858)	(154,306)	(157,833)
Materials & Contracts	(121,019)	(118,848)	(132,254)	(124,946)	(127,207)	(129,892)	(134,174)	(137,307)	(140,060)	(143,328)
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Other	(36,206)	(36,894)	(37,676)	(38,521)	(39,383)	(40,198)	(40,832)	(41,786)	(42,784)	(43,924)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>55,445</b>	<b>63,727</b>	<b>55,967</b>	<b>70,478</b>	<b>71,931</b>	<b>73,353</b>	<b>73,453</b>	<b>76,334</b>	<b>78,723</b>	<b>80,829</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of Infrastructure, Property, Plant & Equipment	2,415	2,431	2,448	2,468	2,487	2,506	2,525	2,546	2,569	2,591
<b>Payments:</b>										
Purchase of Infrastructure, Property, Plant & Equipment	(111,283)	(88,080)	(85,452)	(75,083)	(66,660)	(68,301)	(70,009)	(71,927)	(73,932)	(75,893)
Inventory	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (or used in) Investing Activities</b>	<b>(108,868)</b>	<b>(85,649)</b>	<b>(83,004)</b>	<b>(72,615)</b>	<b>(64,173)</b>	<b>(65,795)</b>	<b>(67,484)</b>	<b>(69,381)</b>	<b>(71,363)</b>	<b>(73,302)</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>										
Repayment of Borrowings & Advances	(6,965)	(6,384)	(6,304)	(5,928)	(5,530)	(3,798)	(2,555)	(2,128)	(1,015)	(1,017)
<b>Net cash provided by (or used in) Financing Activities</b>	<b>(6,965)</b>	<b>(6,384)</b>	<b>(6,304)</b>	<b>(5,928)</b>	<b>(5,530)</b>	<b>(3,798)</b>	<b>(2,555)</b>	<b>(2,128)</b>	<b>(1,015)</b>	<b>(1,017)</b>
<b>Net Increase/(Decrease) in Cash &amp; Investments</b>	<b>(60,388)</b>	<b>(28,306)</b>	<b>(33,341)</b>	<b>(8,065)</b>	<b>2,228</b>	<b>3,760</b>	<b>3,414</b>	<b>4,825</b>	<b>6,345</b>	<b>6,510</b>
<b>Plus: Cash &amp; Investments - beginning of year</b>	<b>218,285</b>	<b>157,897</b>	<b>129,591</b>	<b>96,250</b>	<b>88,185</b>	<b>90,413</b>	<b>94,173</b>	<b>97,587</b>	<b>102,412</b>	<b>108,757</b>
<b>Cash &amp; Investments - end of year</b>	<b>157,897</b>	<b>129,591</b>	<b>96,250</b>	<b>88,185</b>	<b>90,413</b>	<b>94,173</b>	<b>97,587</b>	<b>102,412</b>	<b>108,757</b>	<b>115,267</b>

## Cash and Investments Statement

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
Total Cash and Investments	157,897	129,591	96,250	88,185	90,413	94,173	97,587	102,412	108,757	115,267
Represented by:										
<b>Externally Restricted</b>										
Developer Contributions	27,844	14,165	4,395	570	309	607	1,704	3,090	4,254	5,195
Specific Purpose Unexpected Grants	7,914	2,914	414	414	414	414	414	414	414	414
Domestic Waste Management	244	244	244	244	244	244	244	244	244	244
<b>Total Externally Restricted</b>	<b>36,002</b>	<b>17,324</b>	<b>5,053</b>	<b>1,228</b>	<b>967</b>	<b>1,265</b>	<b>2,363</b>	<b>3,748</b>	<b>4,912</b>	<b>5,854</b>
<b>Internally Restricted</b>										
Deposits, Retentions & Bonds	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944	9,944
Employee Leave Entitlement	6,202	6,345	6,491	6,640	6,793	6,949	7,109	7,272	7,439	7,610
Other	13,004	7,802	6,242	4,994	3,995	3,196	2,557	2,046	1,637	1,310
<b>Total Internally Restricted</b>	<b>29,150</b>	<b>24,091</b>	<b>22,677</b>	<b>21,578</b>	<b>20,732</b>	<b>20,089</b>	<b>19,610</b>	<b>19,262</b>	<b>19,020</b>	<b>18,864</b>
<b>Total Restricted Cash</b>	<b>65,152</b>	<b>41,414</b>	<b>27,729</b>	<b>22,806</b>	<b>21,698</b>	<b>21,354</b>	<b>21,972</b>	<b>23,011</b>	<b>23,933</b>	<b>24,718</b>
<b>Total Unrestricted / Available Cash</b>	<b>92,745</b>	<b>88,177</b>	<b>68,521</b>	<b>65,379</b>	<b>68,715</b>	<b>72,819</b>	<b>75,615</b>	<b>79,401</b>	<b>84,824</b>	<b>90,549</b>

### Capital Budget Statement

Year	2018/19 \$ '000	2019/20 \$ '000	2020/21 \$ '000	2021/22 \$ '000	2022/23 \$ '000	2023/24 \$ '000	2024/25 \$ '000	2025/26 \$ '000	2026/27 \$ '000	2027/28 \$ '000
<b>Capital Funding</b>										
Working Capital	13,205	18,653	22,175	15,285	10,060	10,225	10,396	10,589	10,791	10,986
Depreciation	38,515	33,019	36,939	37,133	41,613	42,797	44,030	45,409	46,851	48,268
Capital Grants Contributions	6,480	9,677	2,156	2,166	-	-	-	-	-	-
External Restrictions										
- S94	5,277	11,091	14,204	13,470	10,000	10,219	10,447	10,706	10,977	11,239
- S94A	7,525	8,290	6,200	3,750	2,500	2,555	2,612	2,676	2,744	2,810
- DWM	19,500	-	-	-	-	-	-	-	-	-
Internal Restrictions										
- Loan	-	-	-	-	-	-	-	-	-	-
- Other	14,585	2,777	1,131	611	-	-	-	-	-	-
- Underlying Saving	3,781	2,143	200	200	-	-	-	-	-	-
Income from Sales of Assets										
- Plant and Equipment	2,415	2,431	2,448	2,468	2,487	2,506	2,525	2,546	2,569	2,591
<b>Total Capital Funding</b>	<b>111,283</b>	<b>88,080</b>	<b>85,452</b>	<b>75,083</b>	<b>66,660</b>	<b>68,301</b>	<b>70,009</b>	<b>71,927</b>	<b>73,932</b>	<b>75,893</b>
<b>Capital Expenditure</b>										
Plant & Equipment	29,304	5,634	9,666	4,616	5,513	5,663	5,819	5,994	6,178	6,357
Office Equipment	2,369	1,762	1,072	1,667	4,410	4,530	4,655	4,796	4,942	5,086
Furniture & Fittings	310	50	50	50	-	-	-	-	-	-
Land Improvements	2,472	4,698	3,800	300	221	227	233	240	247	254
Buildings	21,227	18,566	17,691	24,826	32,262	32,965	33,696	34,522	35,384	36,223
Other Structures	2,260	6,110	210	140	1,103	1,133	1,164	1,199	1,236	1,271
Roads, Bridges & Footpaths	24,928	23,758	25,094	20,414	11,466	11,779	12,104	12,468	12,849	13,223
Stormwater Drainage	7,068	12,424	12,559	8,276	10,143	10,420	10,708	11,030	11,367	11,698
Library Books	1,035	1,046	1,067	1,089	1,544	1,586	1,629	1,678	1,730	1,780
Other Assets	540	620	740	40	-	-	-	-	-	-
Art Collection	31	31	31	31	-	-	-	-	-	-
Swimming Pools	750	375	725	725	-	-	-	-	-	-
Open Space/ Recreational	18,988	13,006	12,747	12,910	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>111,283</b>	<b>88,080</b>	<b>85,452</b>	<b>75,083</b>	<b>66,660</b>	<b>68,301</b>	<b>70,009</b>	<b>71,927</b>	<b>73,932</b>	<b>75,893</b>

## Statement Of Performance Measures

Key Performance Measures are prepared in accordance with Office of Local Government methodologies as detailed below. They demonstrate performance trends on the basis of forward projections and assumptions contained in the Long Term Financial Plan and indicate that Council will meet the required benchmarks in each of ten years covered by the plan.

Year	Benchmark	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>1. Operating Performance</b>											
Total continuing operating revenue excluding capital grants and contributions less operating expenses	>0	2.37%	3.41%	2.58%	4.34%	4.25%	4.17%	3.72%	3.94%	4.01%	4.01%
Total continuing operating revenue excluding capital grants and contributions											
<b>2. Unrestricted Current Ratio</b>											
Current asset less all external restrictions	>1.5x	2.08	2.10	2.04	2.07	2.22	2.13	2.22	2.36	2.52	2.68
Current liabilities less specific purpose liabilities											
<b>3. Own Source Operating Revenue</b>											
Total continuing operating revenue excluding all grants and contributions	>60%	92.31%	92.36%	92.42%	92.18%	92.30%	92.34%	92.41%	92.19%	92.31%	92.35%
Total continuing operating revenue inclusive of capital grants and contributions											
<b>4. Debt Service Cover Ratio</b>											
Operating results before capital excluding interest and depreciation/impairment/amortisation	>2x	3.07	5.12	5.39	6.40	6.96	7.57	9.97	13.17	14.95	20.14
Principal repayments (from the statement of cash flow) plus borrowing interest costs (from the income statement)											
<b>5. Rates and Annual Charges Outstanding</b>											
Rates and annual charges outstanding	<5%	2.98%	2.92%	2.85%	2.78%	2.72%	2.66%	2.60%	2.53%	2.47%	2.42%
Rates and annual charges collectable											
<b>6. Cash Expense Cover Ratio</b>											
Current period's cash and cash equivalents + term deposits	>3 months	6.87	5.20	3.89	3.39	3.55	3.62	3.69	3.78	3.93	4.09
Payments from cash flow of operating and financial activities											
<b>7. Building and Infrastructure renewals ratio</b>											
Asset renewals (renewals only for Infrastructure Assets)	>100%	256.88%	230.23%	215.24%	184.19%	158.71%	158.30%	157.89%	157.48%	157.07%	156.68%



**Statement of Borrowings**

The Long Term Financial Strategy recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long Term Financial Plan, however 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.

**Supporting Information**

**Commercial Activities**

A number of activities we provide 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
Glen Street Theatre	1
Kimbriki Environmental Enterprises Pty Ltd	1
Parking Stations	1
Sydney Lakeside Caravan Park	1
Aquatic Centres	1
Certification Services	2

