



# Warrumbungle Shire Council

## Long Term Financial Plan

### 2015/16 to 2024/25

As Endorsed by Council Resolution 379/1415



## Executive Summary

### Preamble

The Long Term Financial Plan (LTFP) is one of three components of the Resourcing Strategy under the new Integrated Planning and Reporting framework (IP&R), and is an important part of Council’s strategic planning process. The LTFP is the document that tests long-term community aspirations and goals against financial realities.

Warrumbungle Shire Council’s LTFP details Council’s expected income, recurrent and capital expenditure, and the external environment that Council is expected to face in the coming ten years. The LTFP is in effect Council’s financial road map for the ten year period commencing in the 2015/16 financial year and seeks to answer four key questions:

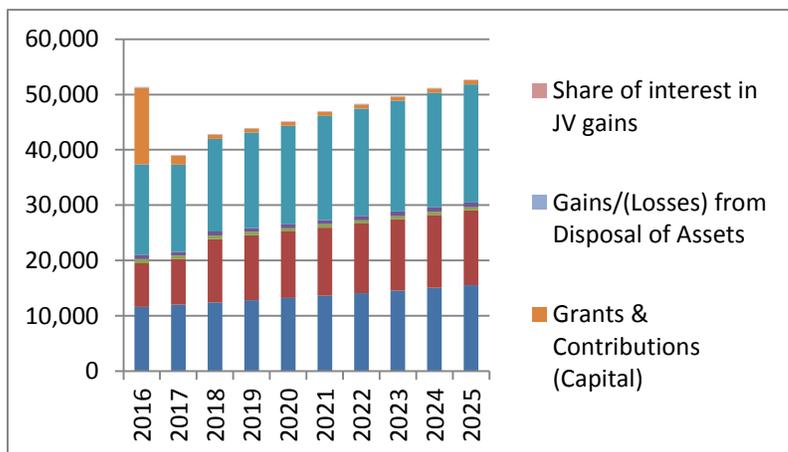
1. Can Council survive the pressures of the future?
2. What are the opportunities for future income and economic growth?
3. Can Council afford what the community wants?
4. How can Council go about achieving these outcomes?

The 2015/16 LTFP is the fourth LTFP to be prepared by Council.

### Council’s Income

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges, user charges and fees for services, interest and investment revenue, other revenue and grants and contributions for both operating and capital purposes.

Council’s revenue has been forecast to increase from \$51.27m to \$52.62m over the ten years in the plan, which is a 2.63% increase. While this appears quite a minimal increase, it is largely due to the receipt of substantial capital grant monies in 2015/16. When comparing with the 2016/17 year revenue actually increases by \$13.617m (34.9%).



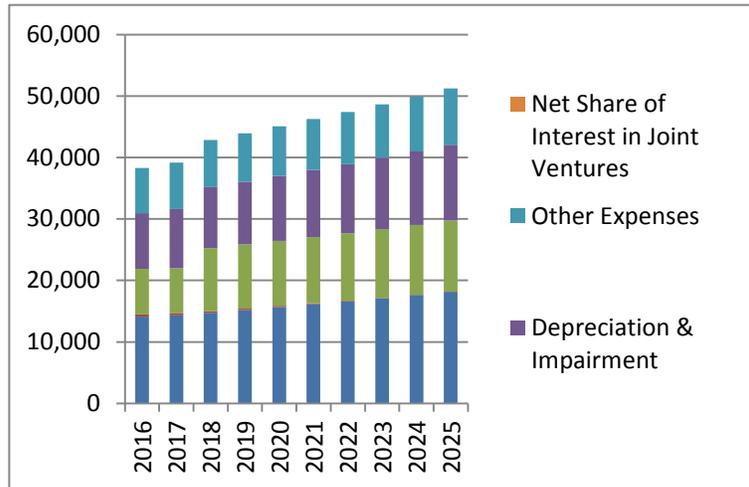
Limitations to revenue growth for Council include rate pegging, a worsening demographic outlook, and Council’s high reliance on grant revenue (an average of 43.4% of total revenue over the LTFP) to fund Council’s operations.

Council’s rates and annual charges coverage ratio of roughly 28.8% (over the LTFP) also means that more than two thirds of the costs of Council’s operations are funded from non-rates income.

## Council’s Recurrent Expenditure

Council incurs the following expenditure in the course of its operations: Employee benefits and on-costs, borrowing costs, materials and contracts, depreciation, and other expenses.

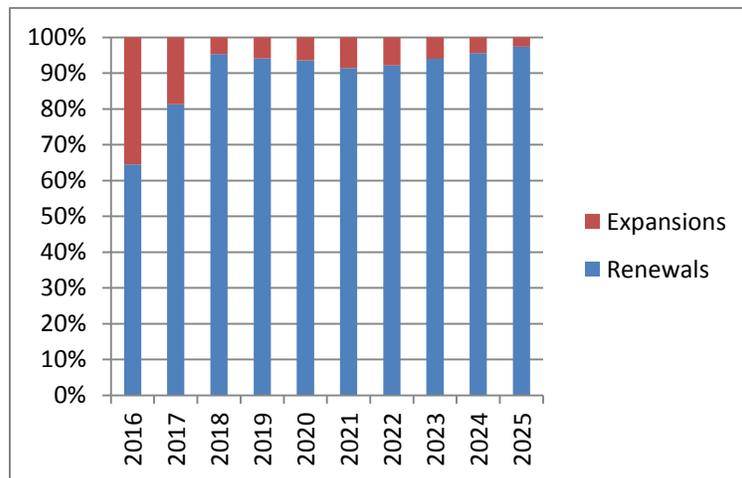
Council’s recurrent expenditure has been forecast to increase from \$38.2695m to \$51.210m, over the ten years in the plan, which is an increase of 33.82%.



## Council’s Capital Expenditure

Council’s capital expenditure is per Council’s current capital program and consists of capital works that renew (replace with new) Council’s current asset base and capital works that expand Council’s asset base (i.e. create new assets). Council’s forecast capital program includes an average of \$12.154m worth of capital works per annum, resulting in an average asset renewal ratio of 99.77% (the NSW state average is 80.5%) and an asset renewal deficit over the life of this plan of \$1.518m.

Council has a significant capital backlog with insufficient funding to address the issue, and Council expects asset conditions to decline as a result. Capital works are also highly susceptible to delays caused by floods or other natural disaster events and it is likely that in some years the full capital budget will not be spent and may be revoted into the following year.



## The Impact of Fit for the Future

On 10 September 2014 the Office of Local Government (OLG) announced the Fit for the Future (FFF) reform package, which requires Council to submit a proposal by 30 June 2015 on how Council plans to become “Fit for the Future”. Council had the option to either merge with another Council, introduce measures to improve Councils’ overall sustainability or become a Rural Council. Council decided per Resolution 241/1415 to pursue the Council Improvement Option to remain a stand alone Council. This requires Council to demonstrate strategies to improve its performance against three (3) of the four (4) Fit for the Future Criteria including sustainability, effective infrastructure and service management and efficiency (discussed in more detail in section 2.1). This has forced Council to make some tough decisions which have been incorporated into the base and best case scenario of the LTFP.

## Is Council Fit for the Future?

As a result of the 2014/15 LTFP, the 2012/13 TCorp report and Fit for the Future, Council has made some tough decisions in the 2015/16 budget process which have improved Council’s long term financial sustainability, and Council forecasts its cash balance to improve over the life of the plan from \$10.794m to \$17.087m (an increase of \$6.293m or 58.30%). Council’s business arms are now forecast to achieve full cost recovery, and there is even a forecasted improvement in Council’s underlying operating performance over the ten years as measured by EBITDA. Council’s exposure to debt is also clearly manageable with the debt service ratio well under 10% and forecast to decrease over the life of the plan, with the majority of loans to be paid back by the end of the 2024/25 financial year.

With the Fit for the Future (FFF) reform, Council has made some tough decisions to improve the financial sustainability of Council (mentioned in more detail in section 2.1). The Improvement Action Plans have been incorporated into the base case scenario and the best case scenario. The best case scenario also assumes a special rate variation of 10% and the introduction of a Stormwater Levy to fund additional capital renewal projects. The worst case scenario adopts the FFF items, however assumes there will be no distribution of additional grant monies for Federal Assistance Grants and will not generate additional revenue from RMS works. As a result, capital expenditure is reduced due to the shortage in available funds. The best and base case scenario demonstrates that Council will eventually meet the FFF ratios.

Despite recent improvements, assuming no change to the current factors limiting Council’s ability to source funds such as rate pegging, the negative demographic outlook for the region, and increased costs and service expectations faced by Council in its operations, Council still faces significant financial challenges going forward.

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## Part 1: Introduction

### 1.1 About Warrumbungle Shire

<b>Population:</b>	9,588 (2011 Census)
<b>Area:</b>	12,380 square kilometres
<b>Towns:</b>	Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo, Mendooran
<b>Villages:</b>	Bugaldie, Kenebri, Merrygoen, Neilrex, Leadville, Cobbora, Uarbry, Ulamambri
<b>State Seat:</b>	Barwon
<b>Federal Seat:</b>	Parkes

The Warrumbungle Shire is strategically positioned on the Newell Highway mid-way between Brisbane and Melbourne. A number of highways and main roads traverse the shire providing links with surrounding regional centres.

The landscape ranges from extensive plains to undulating hills, from the high basaltic plateau of the Coolah Tops in the east to the rugged mountainous peaks of extinct volcanoes in the Warrumbungle National Park, west of Coonabarabran.

The geography, flora and fauna of the Shire is where east meets west. The mountainous terrain of the Great Divide and Coolah Tops National Park gives way to rolling hills then the inland plains. The flora and fauna of the wide open plains mix with coastal animal and vegetation progressively across the Shire. A striking example of this is on the eastern boundary of the

shire we have the large grey kangaroo and on the western boundary of the shire the large red kangaroo.



The shire is also a meeting place for the nations of our traditional owners and custodians of the land. The northern part of the shire is home to the Gamilaraay people while the southern part of the shire is home to the Wiradjuri people. Also the nations of the Weilwan and Kawambarai (Werriri) come into the Shire on the western border. Their history, traditions and culture are being recognised as an important part of the Shire's history.

The stunning night skies, formed by a combination of low pollution, very low humidity

and limited cloud cover have drawn astronomers and researchers to Coonabarabran in their search for what lies beyond the confines of the visual night sky.

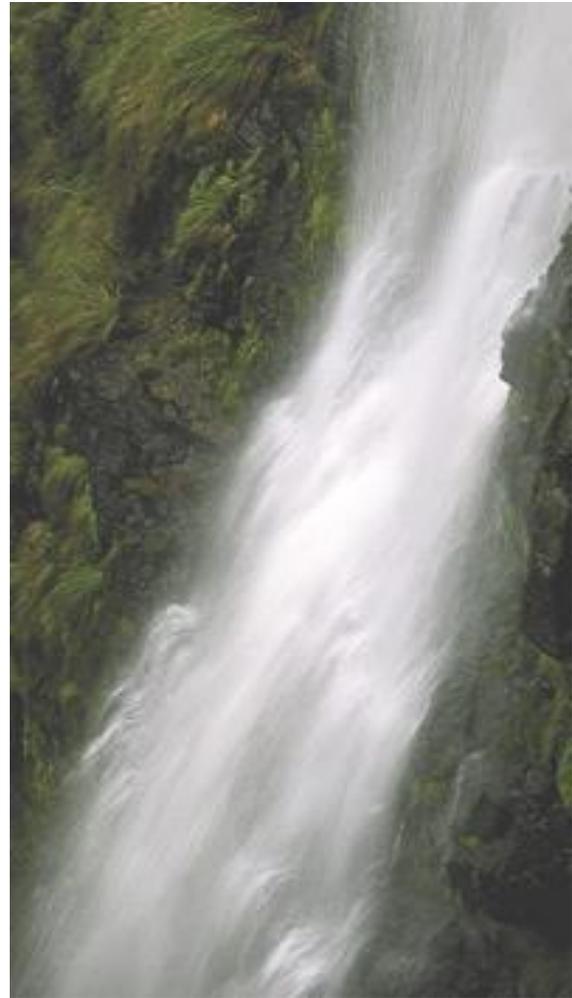
Siding Spring Observatory, located 25kms from Coonabarabran is the site of a number of internationally owned and operated optical telescopes where major research has recorded amazing truths of the universe, supporting Coonabarabran's claim to the name "Astronomy Capital of Australia".

The towns and villages of the shire comprise Coonabarabran, Baradine, Binnaway, Coolah, Dunedoo and Mendooran; all provide wonderful opportunities to experience real country Australian lifestyles. Each of the communities has their own special claim to fame. Bush Poetry Festivals, rivalry over ownership of the name The Black Stump, a Steamrail Village, The Oldest town on the Castlereagh, The Gateway to the mighty Pilliga or the Astronomy Capital of Australia – each of our villages reflects the personalities of its residents and their lifestyles.

The shire was traditionally built on agricultural pursuits with the early establishment of wool growing and beef cattle production followed by cereal cropping, prime lamb production and today a burgeoning vine growing and horticultural industry.

The communities enjoy the services of quality schools and health services. The shire boasts a broad range of cultural, sporting and recreational activities.

Retailing in each centre provides services to those communities and the provincial centres of Tamworth and Dubbo, located within 2 hours of the centre of the Shire complements local level services.



## 1.2 What Services does Warrumbungle Shire Council Provide?

Warrumbungle Shire Council provides a wide range of services to the residents of the shire including but not limited to:

- Transport services including the management, maintenance and improvement of over 2,600 km of local and regional roads, 97 bridges, an extensive network of culverts and other drainage assets, kerbs and gutters, footpaths, and quarries;
- Aged care, child care and youth development services, including Warrumbungle Community Care, Yuluwirri Kids, Castlereagh Family Day Care and Connect Five supported play groups;
- The management, maintenance and improvement of a range of buildings and structures from town halls, playgrounds, community facilities, and meeting rooms, to aerodromes all of which provide valuable services to the community;
- Promotion of economic development and tourism within the Shire;
- Provision of water, sewerage and waste services to the residents of the Shire;
- Town planning, regulatory services, town beautification and environmental management;
- Emergency services;
- Library services;
- Road safety programs;
- Management of Public Cemeteries;
- Provision of ovals, and other sport and recreation facilities including pools and parks;
- Support to agencies such as Centrelink and Banks to provide services locally;
- Health, environmental and emergency bush fire services.

As is clear from the list above, the role of Local Government goes far beyond roads and water, and the effective management of the resources required to provide the above mentioned services is critical for the long term future of Warrumbungle Shire Council.

In order to ensure that the provision of the above services is cost effective, efficient, and sustainable in the long term, Council has prepared a Long Term Financial Plan. This Plan, together with Council's Asset Management Plan and Workforce Management Plan, will be used as a blueprint to ensure that Council has the resources going forward to maintain and improve on the service level it currently provides.

## 1.3 What is a Long Term Financial Plan (LTFP)

The Long Term Financial Plan (LTFP) is one of three components of the Resourcing Strategy under the new Integrated Planning and Reporting framework (IP&R). The Resourcing Strategy details the resources required to fulfill the outcomes requested by the community as part of the Community Strategic Plan, and includes an Asset Management Plan, a Workforce Management Plan, and the LTFP. The linkage between the Resourcing Strategy and the IP&R framework is detailed in the following diagram:

Diagram 1 – Local Government Planning and Reporting Framework



The LTFP can be viewed as a roadmap of how Council will finance the expectations of the community as detailed in the Community Strategic Plan, and what the long term (over a ten year horizon) cost of these outcomes will be to the community.

The starting point for the LTFP is Council’s expectations in relation to revenue that will be available to the council over the next ten years. The LTFP forecasts the projected revenue that Council will be able to obtain based on general planning assumptions such as demographic, economic and political trends (detailed in Part 2 of the plan) and specific factors that affect individual revenue line items (e.g. rate pegging, projected new sources of revenue, and the future of individual grant programs). Revenue projections are specifically dealt with in Part 3 of the plan.

Once Council has determined the level of revenue projected to be available to Council over the ten year time frame, the next step is to assess the level of expenditure that will be required to meet the day to day cost to Council of providing services to the community. Expenditure projections depend on both the future level of service forecast to be provided, the planning assumptions from Part 2 of the plan, as well as expectations regarding input costs such as expected salary increases, movements in materials costs, and movements in financing costs. Expenditure projections are dealt with in detail in Part 4 of the LTFP, although depreciation projections are derived directly from Council’s Asset Management Plan (AMP).

Expenditure of a capital nature such as on the construction of new assets and capital renewal will also impact on the future sustainability of Council. Capital expenditure is dependent on community expectations regarding service levels, as well as the future costs of inputs such as staff costs and material costs (e.g. fuel and bitumen). Capital expenditure is dealt with separately in great detail in the AMP, and assumptions around the future cost of asset construction and

rehabilitation from the AMP have been incorporated into the LTFP. This information is captured in the ten year capital program from the AMP, which has been included in Part 5 of the LTFP.

Part 6 of the LTFP deals with projected movements in balance sheet items such as the payment of loans, and projected movements in working capital, while Part 7 of the LTFP includes the financial statements for Council's base scenario for General fund, Sewer fund and Water fund (i.e. income statement, balance sheet, cash flow statement and asset movement schedule). It should be noted that Council's base scenario is Council's best estimate of Council's financial performance and position over the ten year timeframe in the LTFP. An analysis of the results presented in the financial statements for each separate fund can be found in Part 8 of the plan.

As per the requirements of the IP&R framework Council has also carried out a sensitivity analysis on the long term projections in its base scenario and developed a further two scenarios: an optimistic scenario, and a pessimistic scenario. The performance of these options have been compared against a set of financial KPIs. The basis for the sensitivity analysis is the general planning assumptions found in Part 2 of the LTFP. Council's sensitivity analysis also includes the results of a special rate variance on Council's long term financial performance and capital program. Details of Council's sensitivity analysis can be found in Part 9 of the plan.

Finally, part 10 of the plan provides a final conclusion and suggestions on the way forward for Warrumbungle Shire Council.

## **1.4 Changes on Councils updated 2015/16 LTFP**

The 2015/16 Long Term Financial Plan is Council's Third cut of its LTFP, and is structured predominately the same way as the previous report with the following changes:

- Council's sensitivity analysis section has been reviewed and more emphasis has been placed on a special rate variance and Fit for the Future adjustments;
- A greater emphasis on comparing Council's overall financial performance under the alternative scenarios (i.e. base, optimistic and pessimistic) has been provided including high level comments on each KPI grouping;
- An analysis detailing the financial position and performance for Council's separate funds including General Fund, Sewer Fund and Water Fund have been provided with greater detail;
- The scenario analysis detailing the pessimistic and optimistic assumptions focuses on General Fund.

## Part 2: General Planning Assumptions

### 2.1 Fit for The Future

On 10 September 2014 the Office of Local Government (OLG) announced the Fit for the Future (FFF) reform package, which requires Council to submit a proposal by 30 June 2015 on how Council plans to become “Fit for the Future”.

Under the Fit for the Future program, Council has available to it three options when preparing its FFF proposal:

- Option 1: Merger Option;
- Option 2: Council Improvement Option; and
- Option 3: Rural Council Option.

In the February 2015 Council meeting, Council decided per Resolution 241/1415 to pursue the Council Improvement Option to remain a stand alone Council. This requires Council to demonstrate strategies to improve its performance against three (3) of the four (4) Fit for the Future Criteria as shown in the table below:

Measure	Ratio
<b>Sustainability</b> - Generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the intergrated planning and reporting process.	<ol style="list-style-type: none"> <li>1. Operating Performance Ratio (&gt; or equal to break even over 3 years)</li> <li>2. Own Source Revenue Ratio (&gt;60% over 3 years)</li> <li>3. Building and Infrastructure Asset Renewal Ratio (&gt;1 over 3 years)</li> </ol>
<b>Effective infrastructure and service management</b> - Maximise return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the intergrated planning and reporting process.	<ol style="list-style-type: none"> <li>1. Infrastructure Backlog Ratio (&lt;2%)</li> <li>2. Asset Maintenance Ratio (&gt;1%)</li> <li>3. Debt Service Ratio (&gt;0 and less than 0.2)</li> </ol>
<b>Efficiency</b> - Efficient service and infrastructure delivery achieving value for money for current and future rate payers	<ol style="list-style-type: none"> <li>1. Real Operating Expenditure per capita over time</li> </ol>

Council was deemed to meet the first of the four criterion (Scale and Capacity) in the Local Government Review Panel Report, and as part of its FFF review Council has identified possible cost savings and efficiency improvements within its business in order to demonstrate that Council will meet the remaining three FFF criteria.

A listing of suggested Improvement Action Plans recommended for Council adoption has been provided in the table below. The table is split into Action Plans that are directly under Council control, that require decisions by third parties such as other levels of government, and that are long term options that require further investigation. As a part of the LTFP analysis, the items recommended by Council have been incorporated into Council's base scenario.

**Improvement Action Plans Recommended for Adoption by Council**

No	Measure	Annual Saving	Details
	<b>Items Under Council Control</b>		
1	Staffing Level Review	\$636,931	Involves cutting staff levels through attrition to reduce expenditure on employee benefits.
2	Plant Review	Average \$130,000 per annum	Involves reviewing Council's plant utilisation as well as the cost effectiveness of contractors versus Council gearing up to undertake the works itself. Suggestions include selling a grader, and purchasing a roller over the following three years and investigating dry hire options for a soil stabiliser and possibly even a crusher.
3	Business Arms of Council Review	\$190,000	Involves ensuring Business Arms of Council are not subsidised in any way by General Fund. No savings to consolidated position but involves savings for general fund.
7	Capital Program Review	-	Involves ensuring capital monies are effectively spent on renewals per best practice asset management. Savings would be re-directed from capital expansion to capital renewal works which would improve our performance in renewing Council owned assets.
8	Resource Sharing	\$50,000	Involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue.
9	Depreciation Assumptions	\$1,000,000 (final amount unknown)	Involves correcting depreciation assumptions as part of the roads revaluation. Savings are non-cash savings and are currently estimates only.
10	Private Works	\$50,000	Involves Council improving private works practices to increase own source revenue.
11	Quarry	\$83,111	Involves Council further expanding the quarry to increase own source revenue (in progress).

No	Measure	Annual Saving	Details
13	Grant Funded Program	\$57,210	Involves reviewing whether there are any hidden subsidies to grant funded programs and if so costing them back to the program in question.
	<b>Items Involving Third Parties</b>		
5	State Roads Maintenance Contracts	-	Involves Council engaging with the State government to increase its share of RMCC works. Could involve a \$2.5m-\$3m increase in revenue (but with similar increase in expenditure). This would help ensure economies of scale for Council operations.
6	FAGS Fairer Distribution	\$1,000,000	Involves Council engaging the State Government to implement Recommendation 8 of the Review Panel Report and distribute FAGS grants from urban councils to rural councils. Final impact unknown, but based on current split would be \$2m per annum. Current forecast is a \$1m increase for WSC.
23	Push Back on Cost Shifting	\$1,108,564	Involves Council pushing back on cost shifting from State and Federal governments (not included in Delivery Program figures).
	<b>Items Involving Further Research</b>		
15	Library Services Review	Unknown	Involves reviewing what Council currently does for libraries in the six (6) towns across the shire, including the future location of the Coonabarabran library.
16	VIC	Unknown	Involves reviewing the possibility of joint tenancy at the VIC to increase own source revenue.
19	Solar Power Utilisation Review	Unknown	Involves reviewing solar power utilisation by Council to see if there are savings in going solar.
24	Alternate Business Arms of Council	Unknown	Involves investigating possible alternate Business Arms of Council that could increase own source revenue.

**Improvement Action Plans Not Recommended for Adoption**

No	Measure	Annual Saving	Details
4	Service Levels and Special Rates Variation (SRV)	\$817,000	Involves finalising our service levels through community engagement and in the 2017/18 financial year implementing (based on community input) either a 10% SRV or equivalent reduction in service levels to ensure a similar cut in expenditure.
12	Pricing Review (Subsidised items)	Average \$55k per annum over 5 years	Involves reviewing subsidised services to see if there is room to further increase the cost recovery portion of these services.
14	Asset Divestment	Varies	Involves Council divesting itself of assets such as halls/medical centres or operating land.
17	Noxious Weeds	-	Involves assessing whether or not Council could provide the noxious weeds service in house at reduced cost (or with increased private works).
18	Road Safety Officer (RSO)	\$50,000	Involves assessing whether it would be worth Council cutting the RSO position.
20	Office Location Review	\$209,000 to \$281,000	Involves assessing whether Council should close one of its two offices to reduce expenditure.
21	Stormwater Levy	\$105,000	Involves reviewing whether to implement a stormwater levy of \$25 (capped) per residential and business assessment to fund stormwater capital projects.
22	Better Utilisation of Grant Funding	-	Involves assessing the cost/benefits of employing an in-house dedicated grants officer.

## 2.2 Demographic Assumptions

As with most rural inland LGAs the population of Warrumbungle Shire Council has been in decline for several years as a result of outwards migration from the Shire (especially amongst young adults). This trend in population decline in rural areas has been exacerbated by the recent drought and is particularly pronounced in the Orana Region of Councils (OROC) to which Warrumbungle Shire Council is a part (see following map).

Diagram 2 - Orana Region of Councils (Map)

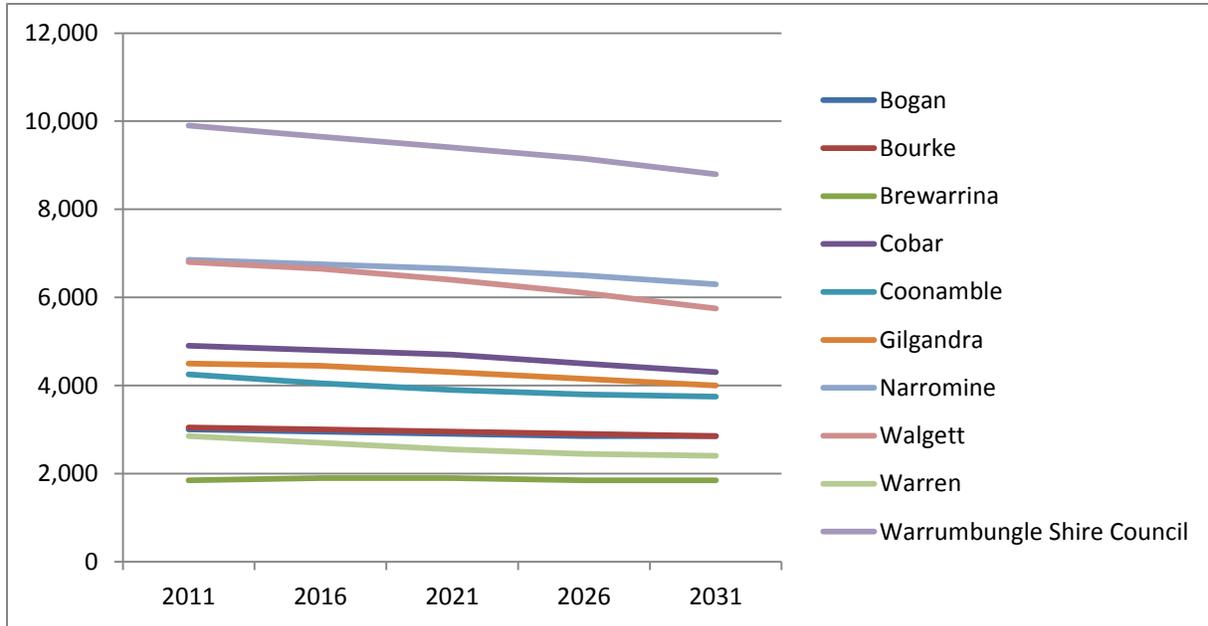


All Orana Region of Councils LGAs (excluding Dubbo) are expected to undergo population decline in the following years which will negatively affect the availability of services, as well as reduce employment/business opportunities, and access to facilities and clubs within these LGAs. In many cases Councils may be expected to step in and provide the services that are no longer available, which will be increasingly difficult as their rates base and ability to recruit staff decreases with the population decrease.

The current expected population decrease amongst the OROC LGAs is detailed in the following diagram (Source: Department of Planning and Environment (DP&E) 2014 Population Projections 2011-2031, 2014). It should be noted that these projections are not written in stone, although the general downward trend was confirmed in the recent 2011 census with Warrumbungle Shire Council's population declining further to 9,588.

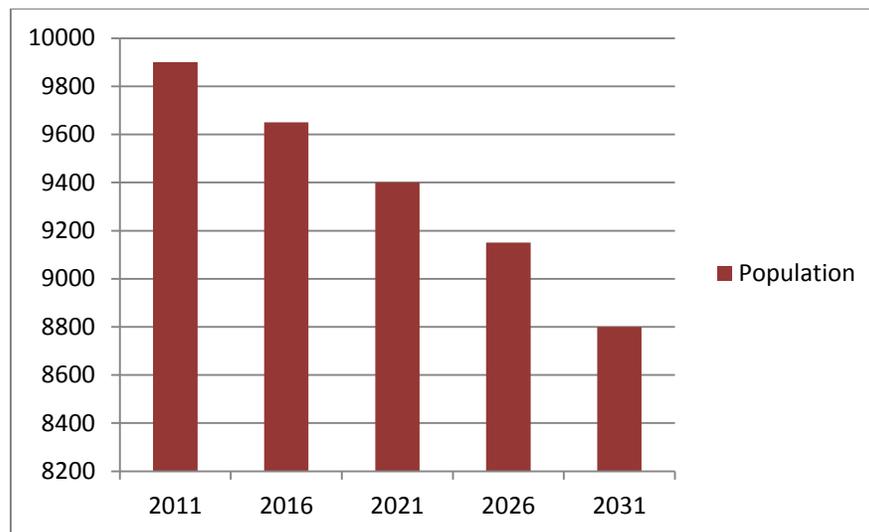
The ABS also reported in its *Regional Population Growth, Australia, 2011-12* report a decline of 100 people in the Coonabarabran Statistical Area Level 2 which includes most of Warrumbungle Shire with the exclusion of Dunedoo and surrounding areas in the south of the shire. This was the second largest population decline (in terms of statistical area level 2) in rural NSW.

Diagram 3 – Projected population of Orana Region of Council LGAs



According to the DP&I report, Warrumbungle Shire Council’s population has been predicted to decrease from roughly 9,900 in 2011 to roughly 8,800 in 2031. It should be noted that this is a significant decrease when compared to the previous DP&E forecast which projected a fall to 9,500.

Diagram 4 – Warrumbungle Shire Council Projected Population



This population decrease if it eventuates will put significant pressure on Council, and is arguably the single largest challenge that Council currently faces. A reduced population will impact the long term financial viability of the Shire through the following:

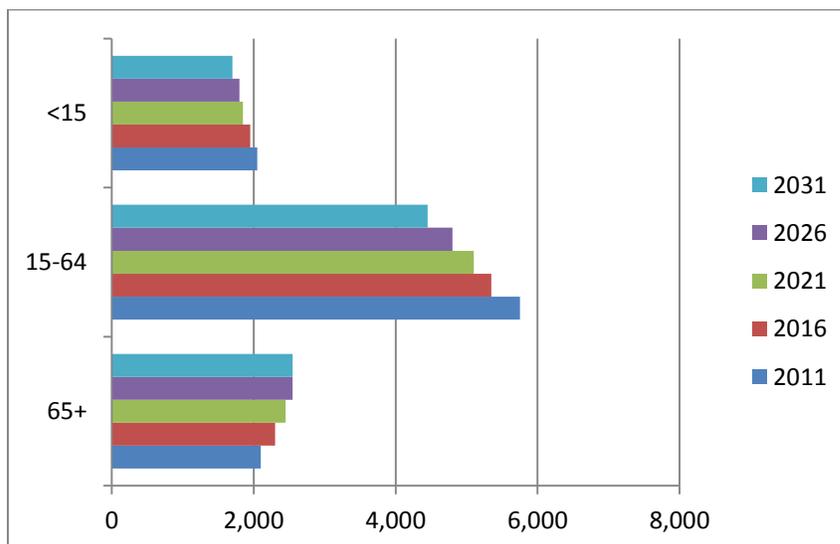
- Reduced income from user charges;

- Increased expectations on Council to provide services and facilities that have been centralised outside the Shire or can no longer be feasibly provided by the private sector due to lack of economies of scale;
- Increased difficulty in recruiting and retaining suitably skilled staff and thus increased employee related expenditure as Council is forced to provide cash and other incentives for staff to move to the Shire, and to retain suitably skilled staff;
- Increased pressure for Council to amalgamate and for further services to be moved out of the Shire;
- Possible reduction in government grants due to a reduced population;
- Higher materials and contracts costs due to possible closures of local businesses, forcing Council to source required materials from distant locations.

Although the population projections in the DP&E report make for uneasy reading, it should be noted that these are projections only and there are many factors that could slow down or reverse this decline. For example, a resurgence of the agricultural sector could hopefully reverse these trends.

Unfortunately, population decline is not the only demographic problem that Council currently faces. As young adults migrate out from the Shire, the dependency ratio of the population remaining will increase putting further strain on Council’s ability to remain financially solvent in the long run. An ageing population can negatively affect Council’s financial position through increased costs for the provision of aged care, decreased ability to recruit staff, and reduced business and other opportunities available within the Shire thus causing further declines in youth numbers as young adults leave due to the lack of peers, suitable youth facilities, employment and training opportunities. The changing age structure of the population is best captured in the following diagram (Source: DP&E 2014 Population Projections 2011-2031, 2014):

Diagram 5 – Warrumbungle Shire Council Age Distribution



Warrumbungle Shire Council is also one of the more socially disadvantaged LGAs in NSW with average taxable income in the 2009/10 financial year at \$32,792 p.a. compared to a NSW average of \$48,139 (Source: ABS National Regional Profile).

## 2.3 The Impact of Mining

On 5 January 2010 a proposal for an open cut coal mine at Cobbora, about 22km south west of Dunedoo was submitted to the DP&I. The project application area covered 246 square kilometers (later increased to 274 square km) and the proposed life of the project is 21 years. Construction was originally expected to commence in July 2013 with construction crews to be located both within the towns of the shire and within a temporary accommodation village which will not be required during the operation of the mine.

On 1 July 2013, the State Government announced that it intends not to continue with the mine. Alternatively, it proposes to sell or lease the Cobbora Coal Project. The agreements with Origin Energy, Macquarie Generation and Delta Electricity to supply coal to four large coal-fired power stations in NSW have since been terminated. Requests have been made for private businesses to invest in the mine to operate the mine as a private business.

It was originally expected that the mine would result in roughly 50-100 new dwellings being required in the area to accommodate new staff, and that the mine would commence operations in 2015. If the mine is successfully sold to a private entity, the possible financial impacts on Council from the Cobbora mine would include (note social impacts from the opening of the mine are not dealt with here):

- Increased residential and business rates due to population increase in the South of the Shire hopefully offsetting the general decline expected per DP&I forecasts;
- Increased wear and tear of Council infrastructure;
- Increased financial assistance from the mine owners to offset costs Council will incur as a result of the mine's operations;
- Loss of skilled staff to the mines (current estimate is 20 staff).

Although the mine has not gone ahead, there has already been an impact in the south of the shire in relation to higher land prices, and the loss of working families and production on land purchased by the mine.

Due to the State Government's decision to not continue with the development of the mine, the State Government established a Cobbora Transition Fund. The fund aims to assist Local Governments affected by the discontinuance to create infrastructure that drives economic growth and productivity in the region. It recognizes the adverse impact that land acquisition and other activities associated with the Cobbora Coal Project have had on local communities and consequently aims to alleviate these effects. The Transition Fund consisted of two parts:

1. A \$1 million grant to each of the affected LGAs; and
2. A \$16 million fund to be allocated to infrastructure projects in the affected LGAs based on the financial and economic viability of such submissions.

The Warrumbungle Shire Council received a \$1 million grant in the 2014/15 financial year and Council has also received \$7.767 million for infrastructure projects within the shire including: -

- Construction of three rivers retirement village;
- Construction of heavy vehicle and RV parking area;
- Streetscape enhancement in Dunedoo;
- Milling Park playground equipment improvements and new toilet block;

- Robertson Oval second oval development and netball courts;
- Mendooran and Dunedoo tennis courts upgrade;
- Rejuvenation of MPC and Jubilee Hall.

Some of these projects have been carried over into the 2015/16 financial year.

The mine is not expected to operate in the near future and therefore the benefits of the mining rate have been excluded from this analysis

## 2.4 Political trends and Government policy

The Local Government sector currently faces a high level of uncertainty, with the Independent Panel's recently released *Future Directions for NSW Local Government* report suggesting several key changes to the way local government is run, including but not limited to:

- Changes to rate pegging;
- The possibility of re-directing FAGs grants to rural and remote Councils;
- The creation of County Councils;
- Amalgamations;
- The creation of a Western Region Authority (Note: does not affect Warrumbungle Shire).

This report combined with the TCorp *Financial Sustainability of the New South Wales Local Government Sector* report and Fit For the Future reform package, both pave the way for significant change in the way local governments are run.

As with economic trends, the impact of political trends is extremely hard to measure. Council has assumed that the current political risks that Council faces include:

- Risk relating to grants and contributions from State and Federal government;
- Pressure on local Councils to amalgamate or share services;
- Increased reporting requirements from other levels of government, which although helpful can be resource intensive for smaller Councils;
- Increased federal and state pressure for local government to provide increased services without the commensurate financial support (cost shifting).

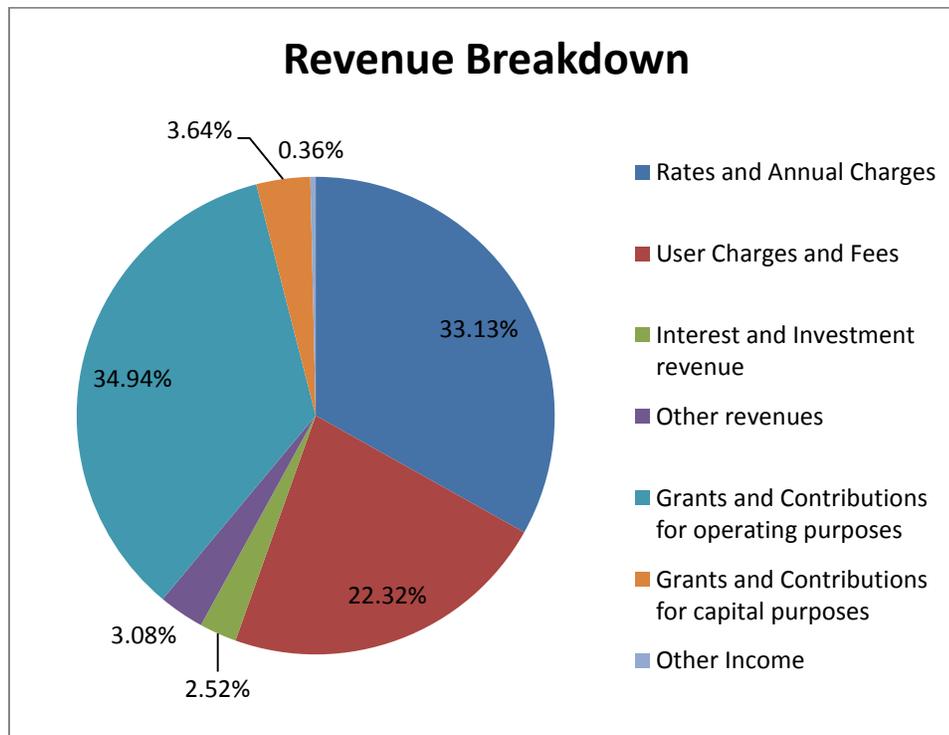
The main measurable impact of these trends on Council's financial position relates to the risk around Federal and State support. As Council receives roughly 37% of its revenue (2014 figures and 45% in 2013) from grants and contributions it faces significant revenue risk due to this heavy reliance on support from other levels of government. This was reinforced with the Federal Governments' decision to pause the indexation of Federal Assistance Grants (FAGs) for three years which will result in a projected shortfall for NSW Councils of \$29.9 million in 2014/15, \$62.2 million in 2015/16, \$95.8 million in 2016/17 and \$99.8 million in 2017/18. Those Councils most significantly affected are regional and rural Councils as they rely heavily on FAGS grants due to their minimal rate base and extensive road networks. This change is expected to have a \$6.4m impact on Council's future funding over a 10 year period, which will significantly affect Council's future financial sustainability if not offset by other funding. While the Federal Government has committed to additional funding, these measures only slightly assist in alleviating the FAGs impact as such funding is tied. There is pressure for the Federal Government to redistribute FAGs to rural and regional Council's in most need of the additional funds and is a recommendation of the local Government Review Panel. Council has recognized this as a Fit for the Future Improvement Action Plan (discussed in section 2.1) and consequently has been incorporated into the base and best case scenario of the LTFP analysis.

Furthermore, for the purpose of this plan it has been assumed that there will be no amalgamations that affect Warrumbungle Shire Council within the next ten years (per recommendations from the Future Directions Report), and that the level of service sharing cannot be estimated, nor can the potential financial impact that this would entail.

Although there may be a trend towards the responsibility for the provision of certain services being passed down to local government, Council is currently unable to predict what responsibilities would be transferred to Council, nor the financial impact of such transfers and has therefore not addressed this issue in the LTFP.

## Part 3: Revenue

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges (2014: \$11.002m), user charges and fees for services (2014: \$7.413m), interest and investment revenue (2014: \$0.838m), other revenue (2014: \$1.024m) and grants and contributions for both operating and capital purposes (2014: \$12.815m). Council also receives gains or incurs a loss from the disposal of assets (2014: \$0.093m gain). The breakdown of revenue (not including gains/losses from the disposal of assets) by type for the 2013/14 financial year is detailed in the chart below:



It should be noted that in comparison with other Council's, Warrumbungle Shire Council is heavily reliant on grants and contributions to meet its daily operating requirements, with grants and contributions forming 38.59% of total revenue in 2013/14 as opposed to the NSW average of 28% (2011/12) and 38.02% (2011/12) for similar large rural Councils per the DLG's Comparative Information on NSW Local Government.

Further information on the assumptions behind individual revenue line item estimates are detailed below.

### 3.1 Rates and Annual Charges

Rates and annual charges form 33.13% of Council's revenue, and consist of ordinary rates for residential land, farmland and businesses (2014: \$6.958m), and annual charges for domestic waste management, water supply and sewerage supply (2014: \$4.044m).

Council levies an ordinary rate for each year on all rateable land in the Shire per s.495 of the Local Government Act 1993 (the Act). Council's rates are structured on the basis of a base rate and an Ad Valorem on the land value of the property with property valuations provided by the

NSW Valuer General on a 3 year cycle. The 2012/ 2013 rating year was the first year of a new valuation cycle. Council's rating structure is reviewed annually and is assumed to remain constant over the life of the LTFP.

Council currently levies rates for three of the four categories under S.493 of the Act (farmland, residential and business) and have set a mining rate although there are currently no properties in this rate category. The following table provides an overview of each rate category in the context of Council's overall forecast rates revenue for the 2015/16 financial year.

Category	Base Rate	Ad Valorem	Total Rate Revenue	Number of Properties	Value of Properties
Residential	\$843,851	\$1,305,141	\$2,148,992	3,827	\$138,801,080
Farmland	\$946,120	\$3,946,922	\$4,893,042	1,736	\$893,251,810
Business	\$130,586	\$431,911	\$562,497	375	\$15,612,110
Mining	-	-	-	-	-
<b>Total:</b>	<b>\$1,920,557</b>	<b>\$5,683,975</b>	<b>\$7,604,532</b>	<b>5,938</b>	<b>\$1,047,665,000</b>

Future projections for rate revenue are dependent on the following four factors:

- Rate pegging
- Pensioner subsidies
- Population change
- Mining rate

#### Rate Pegging

The Minister for Local Government regulates the growth of annual rates revenue through 'Rate Pegging'. Rate pegging determines the maximum amount by which Councils can increase their annual rates income. This limit applies to Council's total rates base, and individual rates may increase above the limit. Commencing from the 2011/12 financial year, responsibility for determining the annual rate peg has been delegated to the Independent Pricing and Regulatory Tribunal (IPART). Under this framework a new local government cost index has been established by IPART and this index, less a productivity coefficient, forms the basis for the rate peg each year. The projections in the LTFP assume a rate peg of 2.4% for the 2015/16 financial year and 2.8% in later years (Source: Rate peg for NSW Councils for 2015/16 IPART Fact Sheet).

#### Pensioner Subsidies

Council policy provides for all eligible pensioners to receive a rebate for a portion of their rates and annual charges including water connection, sewer connection and domestic waste. 55% of this discount is funded by a State Government grant with the remaining 45% being recovered across the balance of the rating base. Over recent years the Shire has experienced an increase in the number of pensioners within the Shire and given the ageing population and demographic projections for the Shire this trend is expected to continue.

### Population change

The growth in the number of residential properties and businesses can also affect the final rates value, with a population increase generally resulting in an increase in the number of rateable properties and businesses. It has been assumed that as the amount of farm land is generally fixed, population change will not affect farmland rates. The number of rateable properties in the Shire is expected to remain relatively constant under the base scenario.

### Annual Charges – Water, Sewer and Waste

Annual charges consist of domestic waste management charges, and water supply and sewerage services. Per s.504 (3) of the Act, income obtained from domestic waste management (charges) must be calculated so as to not exceed the reasonable cost to council of providing these services. As domestic waste management charges are calculated to cover operational costs associated with the provision of this service it has been assumed that annual charges relating to domestic waste management will increase by the budgeted price increases for the 2015/16 financial year, followed by a 3.5% increase per annum thereafter. These charges have been calculated to ensure full cost recovery for the waste business across the ten years of the LTFP.

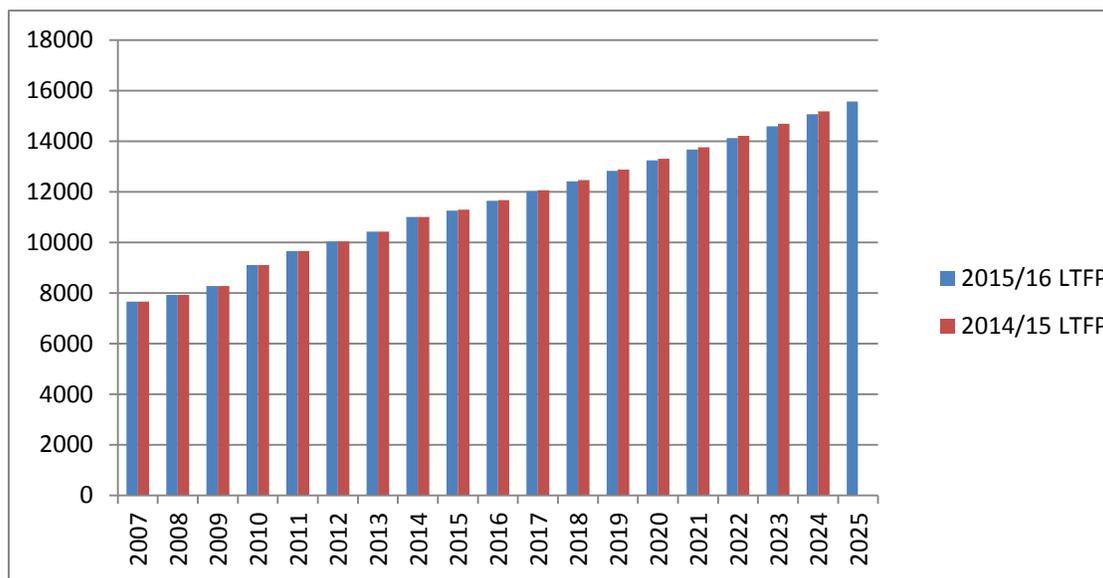
Annual charges relating to water supply services include all water connection fees, while sewerage services include connection fees for residential properties (based on two rates one for connected properties and one for non-connected properties). Both Water charges (access charges) and sewerage charges are forecast to increase by 3.5% per annum over the life of the LTFP. It is assumed that the pricing structure of the water and sewerage “utilities” will allow for these utilities to run with margins sufficient to ensure that they are commercially sustainable in the long run (i.e. cost increases need to be covered by revenue, and that revenue will also cover the cost of future major capital replacements and upgrades).

The assumptions used for the projection of rates and annual charges in the base scenario are:

- **Rate pegging on ordinary rates** – Assume an increase of 2.4% for 2015/16, and 2.8% for later years;
- **Pensioner subsidy** – Assume movement in the rate/charge item the pensioner subsidy relates to. There has been no adjustment in the base scenario for the impact of population ageing on the pensioner subsidy amount;
- **Annual Charges (sewer & water)** –2015/16 forecasts water access charges to increase by 5% per annum and sewer charges also increase by 5% for 2015/16 and 3.5% for each of the later years;
- **Domestic waste management** – Increases per new budgeted charges in 2015/16 and then by 3.5% thereafter.

Council’s projected rates and charges revenue for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements.

Diagram 6 – Projected Rates and Annual Charges Revenue



The variance between the 2014/15 and 2015/16 forecasts is due to the 2014/15 forecast factoring in a 5% increase in water access and sewer charges.

### 3.2 User Charges and Fees

Council derives roughly 22% of its total revenue from user charges and fees. In the 2013/14 financial year the breakdown of user charges and fees was:

- Charges for water supply (\$1.382m);
- Sewerage services (\$0.091m);
- RMS charges for work carried out by Council on state roads (\$2.665m);
- Child care fees (\$0.842m);
- Aged care fees (\$0.175m);
- Cemetery fees (\$0.065m);
- Private works under S.67 of the Local Government Act (\$0.142m);
- Swimming centres (\$0.110m);
- Other revenue (\$1.941m).

Charges for water supply and sewerage services are specific “actual use” charges under s.502 of the Local Government Act 1993. Water supply charges are based on the metered consumption of water by residents of the shire, while sewerage services relate to a levy charged to non-residential users of sewer services that is based on the volume of water passing through the water meter and then calculated on the basis of a discharge factor. Projections for future water and sewerage supply services are based on historical consumption patterns and projections in relation to the cost of providing these services (as the cost to Council for the provision of sewer and water services is fully recouped from the users of these services).

RMS charges relate to work carried out on state roads for RMS, while child care fees refers to revenue earned by Council for the provision of child care facilities under the Family Day Care,

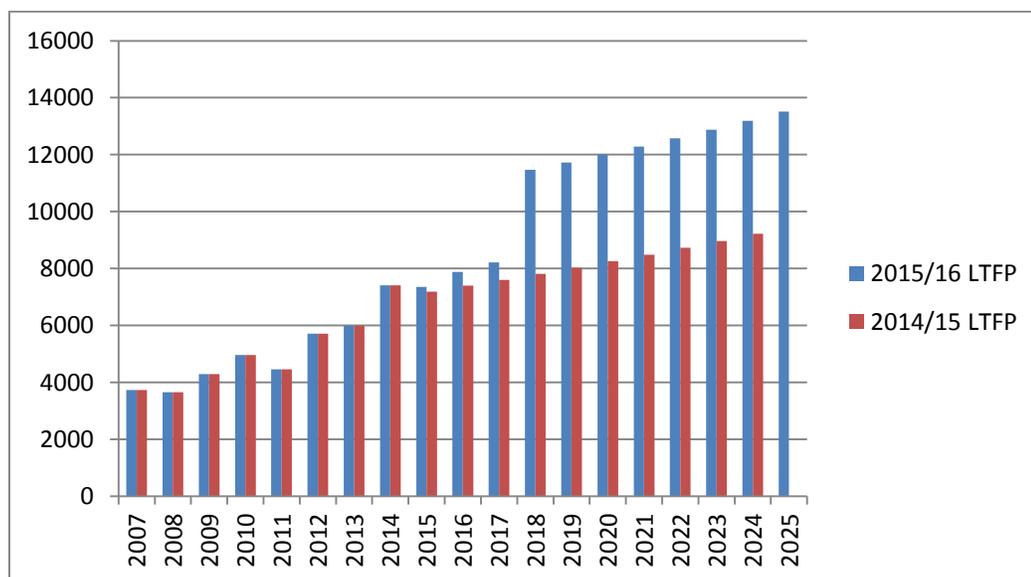
Connect 5 and Yuluwirri Kids programs. Child care services (along with aged care services) are provided on a cost neutral basis, and revenue will therefore generally increase per the increase in costs to provide these services.

The assumptions used for the projection of user charges and fees in the base scenario are:

- **Water and sewerage charges** – Water consumption charges are forecast to increase by 5.56% from \$1.80 per kl in 2014/15 to \$1.90 per kl in 2015/16 and then increase steadily thereafter by 3.5%, with water consumption remaining constant at 720,000kl per annum. Revenue relating to non-residential sewerage is assumed to increase by 3.5% for each of the years within the LTFP (assumes full cost recovery);
- **RMS charges, private works and other revenue** – Assumes that road maintenance contracts with RMS will continue as per prior years with a 2.7% increase each year. It is expected in 2018/19 onwards Council will obtain greater RMS works of approximately \$3m each year due to more aggressive lobbying. Private works are assumed to also increase by 2.7% each year, while other revenue is assumed to increase by CPI (2.5% in the base scenario);
- **Child care fees and swimming centres** – Assumed to increase by CPI over the life of the LTFP;
- **Aged care and cemeteries** – Assumed to increase by CPI;
- **Quarry Revenue** – Quarry Revenue is based on estimates from Council's Technical Services Directorate based on forecast product volume and exploitation trends.

Council's projected fees and charges revenue for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 7 – Projected Fees and Charges Revenue



The variance between the 2014/15 and 2015/16 forecasts is predominantly due to an increased forecasted RMS works in the 2015/16 forecast as apart of the FFF improvement action plan to more aggressively compete for such works to achieve economies of a scale.

### 3.3 Interest and Investment Income

Interest and investment income accounts for approximately 3% of Council’s total revenue (2014: \$0.838m), and Council holds significant funds in both long term investments and term deposits (2014: \$11.012m). Projected interest and investment income will generally depend on both the amount of funds that Council has invested in future years as well as the expected return on these investments. The LTFP assumes that Council will generally hold \$500k on hand for operational needs with the remaining cash balances invested in TDs or other investments. Returns available depend on the investment vehicle, although all TDs assume the cash rate plus 1.25% (i.e. 3.75% for the base scenario).

Council’s investment policy requires that Council invest surplus funds at the most favourable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type. Although Council has historically invested a significant portion of its available funds in CDOs and CPNs, post the GFC, as grandfathered investments such as CDOs mature, the funds from these investment vehicles have been re-invested in term deposits. Projections in the LTFP assume that this practice will continue. Council currently only has two CPNs on its books both of which will be redeemed over the two following years.

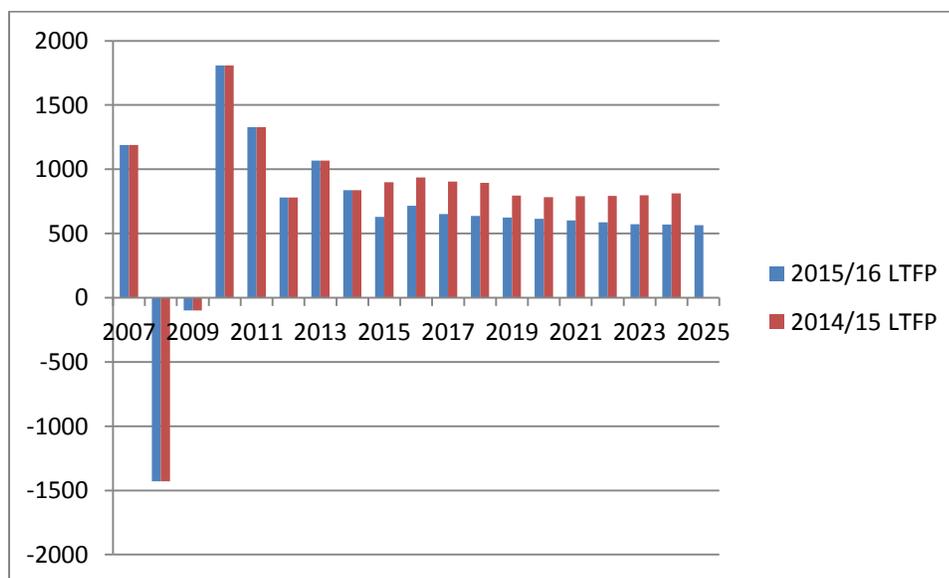
Council is also forecast to earn investment income as a result of Council entering into the Local Infrastructure Renewal (LIRS) program. In the absence of final accounting advice on how the LIRS discount is to be treated, Council has treated the discount as investment income. Figures are per Council’s loan schedule which calculates the discount (4% for LIRS 1, and 3% for LIRS 2) based on loan interest repayment forecasts. The other item included in interest and investment income is Council’s dividend for shares it owns in Southern Phone Company.

The assumptions used for the projection of interest and investment income in the base scenario are:

- **Returns on term deposits** – Assumes cash rate of 2.5% plus 1.25% (i.e. 3.75%);
- **Returns on CDOs and CPNs** – Assumes returns on all CDOs and capital protected notes are per Council’s latest investment report and funds currently in these investment vehicles will be re-invested as term deposits upon maturity. The final CPN is expected to be redeemed at face value;
- **Cash balance invested** – Assumes cash balance less cash on hand (cash on hand assumed to be \$500k);
- **Discount from LIRS** – Assumes that the 4%/3% discount is treated as revenue in each year that the discount is received.

Council’s projected interest and investment income for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 8 – Projected Interest and Investment Income



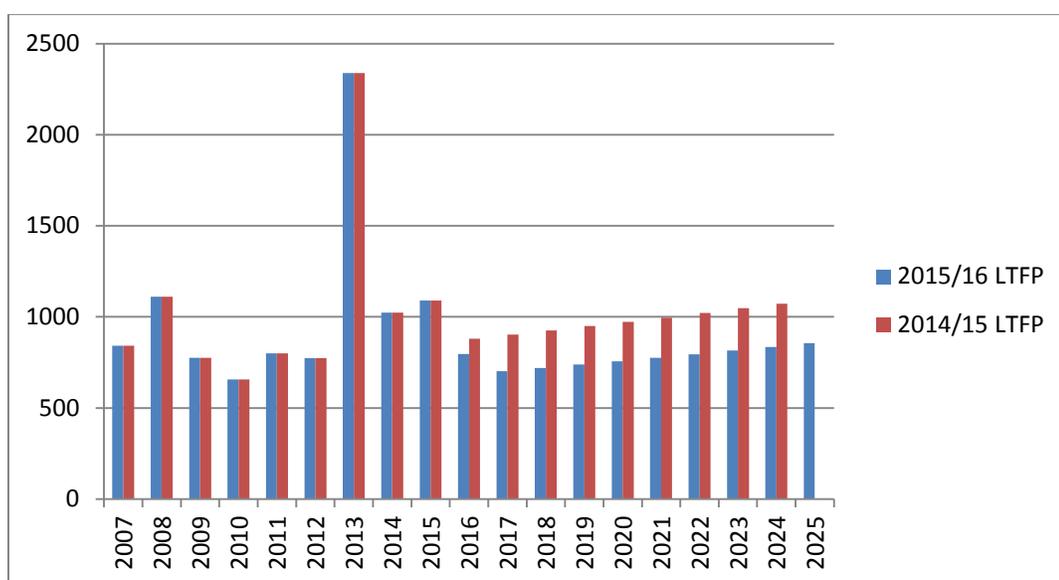
The variance between the 2014/15 and 2015/16 forecasts is predominantly due to the reduction in the cash rate by the Reserve Bank of Australia.

### 3.4 Other Revenue

Other revenue accounts for only 4% of Council’s total revenue and includes items such as rental income, legal fees recoveries, diesel rebate, insurance claim recoveries and recycling income. It has been assumed for projection purposes that these items will all increase by CPI in the base model.

Council’s projected other revenue for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 9 – Projected Other Revenue



The difference in the 2015/16 and 2014/15 forecast is predominately due to the closure of the Westpac instore branch which generated agency fees and commission and Council has improved the accuracy in capturing and reporting other revenue.

### 3.5 Grants and Contributions

As a relatively small rural Council with a smaller rate base (when compared to urban councils) Warrumbungle Shire Council is heavily reliant on grants and contributions to fund its operations. In the 2013/14 financial year Council obtained 38.6% (\$12.815m) of its total revenue from various grants and contributions. This over reliance on grant revenue could present major challenges in the long run if this source of funding was to be cut back.

The main sources of grant revenue are (figures per 2013/14 financial year):

- Financial Assistance Grants (\$3.103m);
- Other Roads and Bridges Funding (\$0.518m);
- Bushfire and Emergency Services (\$2.618m);

- RMS Contribution (\$2.542m);
- Roads to Recovery (\$1.027m);
- Child Care (\$1.174m);
- Aged Care (\$0.702m);
- Pensioner rates subsidy (\$0.206m);
- Other (\$0.925m).

Council's main form of grant assistance is financial assistance grants (9.34% of Council's total revenue in 2013/14, 15.68% in 2012/13) which are federal untied grants that are distributed between the states and Territories on the basis of their percentage of the total population. These grants are indexed each year for increases in CPI and population. Financial assistance grants consist of two components both of which are distributed to councils on the basis of complex formulas:

- A general purpose component which is distributed on a full equalisation basis which attempts to compensate local governing bodies for differences in expenditure required in the performance of their functions and in their capacity to raise revenue;
- An identified local road component which is distributed according to Council's share of the State's rural population, rural local road length, and length of bridges on rural local roads.

However, with the release of the 2014/15 Federal Budget on the 13th May, it was confirmed that the indexation on the Financial Assistance Grants will be paused for the subsequent three years starting in the 2014/15 financial year. The effect on the Warrumbungle Shire, like other rural Councils, is significant as Council receives a significant source of its revenue from such grants.

This effect to an extent has been alleviated by the \$550 million increase in Roads to Recovery and Black spot programs and the introduction of the \$1 billion National Stronger Regions Fund which will help construct and improve infrastructure in communities, particularly those with high levels of unemployment. There is pressure for the Federal Government to redistribute FAGs to rural and regional Council in most need of such monies. For the purpose of the base scenario, the redistribution of FAGs has been incorporated into the base scenario.

Other roads and bridges funding includes:

- Natural disasters grants which provide funding for the restoration of road and bridges damaged as a direct result of a natural disaster event (100% funding for regional roads, and 75% for local roads up to \$116,000 after which funding is 100%; total council contribution for repair of local roads subject to natural disasters is capped at \$58,000 p/a). Council has no outstanding flood damage monies as at 30 June 2015;
- The REPAIR program which provides 50/50 funding for major rehabilitation and development works on regional roads.

Bushfire and emergency services grants are grants Council receives for the running of the rural fire service and local emergency services (i.e. SES, VRA and local fire brigades). The RFS grant is based on a bid process carried out by RFS and Council is required to pay 11.7% of the total bid amount. The difference between the original bid and Council's 11.7% is recognised as a grant, with the total bid amount recognised as expenditure.

Block grants are RMS grants provided to Council for the maintenance of regional roads and are determined based on a formula (for rural councils) that takes into account regional road length, traffic usage and the length of timber bridges. Block grants generally increase by CPI.

The Roads to Recovery program was designed to assist local government in funding the maintenance of the local road network. The current R2R program runs between the 2014/15 and 2018/19 financial years, and under this round of R2R funding Warrumbungle Shire will receive federal funding totalling \$6.520m.

Child care, aged care and community care grants include grants from Family and Community Services, ADHC, Transport for NSW, NSW Health and DEEWR for the provision of aged care and child care services. As Council's child care, aged care and community care functions are cost neutral, it has been assumed that these grants will increase with the cost of providing these services.

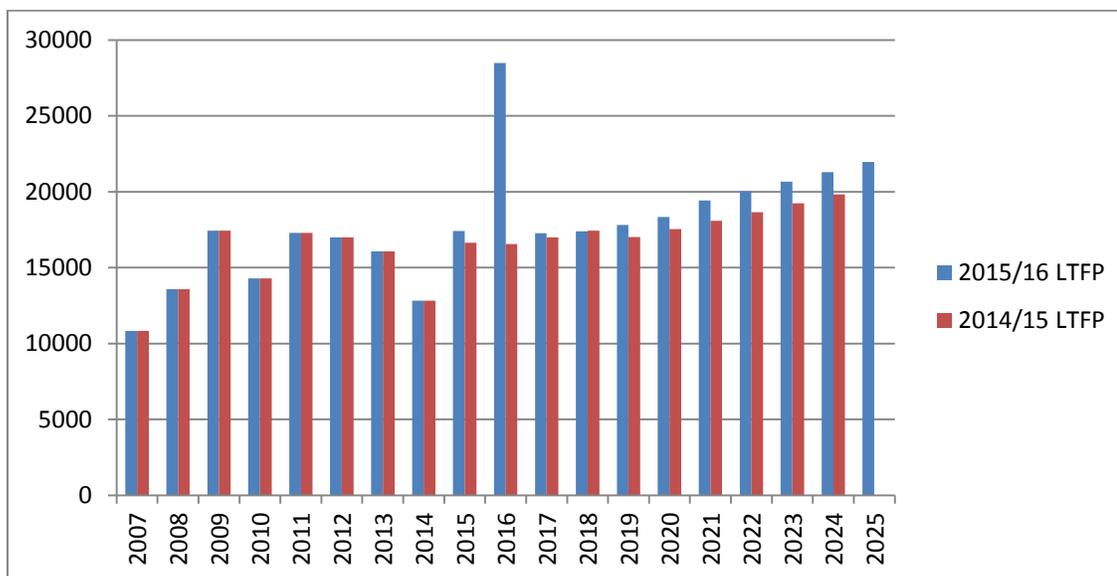
The assumptions used for the projection of grants and contributions revenue in the base scenario are:

- **Financial assistance grants** –Traditionally Council's FAGs grant revenue has actually increased by 4% per annum over the last 20 years, however the Federal Government has frozen the indexation of FAGs. Consequently, Council has left the FAGs unchanged for the 2015/16 and 2016/17 financial year with the grants being indexed by 4% for the remainder of the LTFP. However, with the pressure for the Federal Government to redistribute the FAGs to rural and regional Councils, WSC has adjusted for such distributions in the base scenario.
- **Other roads and bridges funding** – Assumes no Natural Disasters grants over the LTFP timeline and REPAIR program grants of \$400k per annum;
- **Bushfire and Emergency Services** – Assumed to increase by CPI (2.5%);
- **RMS block grants** – Assumed to increase by CPI (2.5%);
- **Roads to Recovery** – Assumes \$1.087m in 2015/16 and 2016/17 with the grant being indexed at 2.5% for the remaining years of the LTFP;
- **Child Care** – Assumed to increase by CPI (2.5%);
- **Aged Care & Community Care** – Assumes CPI (2.5%);
- **Pensioner Rate Subsidy** – Assume 55% of pensioner subsidy;
- **Other** – Assumed to increase by CPI (2.5%).

Warrumbungle Shire Council is highly reliant on the receipt of capital grants to help maintain Council's extensive infrastructure. As capital grants are prominently subjective, Council has been overly conservative in the preparing the LTFP where Council only includes those capital grants they are aware of at the time the budget is completed.

Council's projected grants revenue for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 10 – Projected Grants Revenue



The 2015/16 and 2014/15 forecast is relatively similar with the variance predominately due to incorporating a redistribution of FAGs grants to rural and regional Councils from metropolitan Councils. The significant difference for the 2015/16 financial year relates to the receipt of grant monies from the Cobbora Transition Fund and additional monies for Roads to Recovery and the Repair Program.

### 3.6 Gains/(Losses) from Disposal of Assets

Gains/(losses) from the disposal of assets refers to the net of the amount Council earns when it trades in/disposes of vehicles and other assets under its control less the written down value of these assets at time of disposal. Gains/(losses) from the disposal of assets generally include:

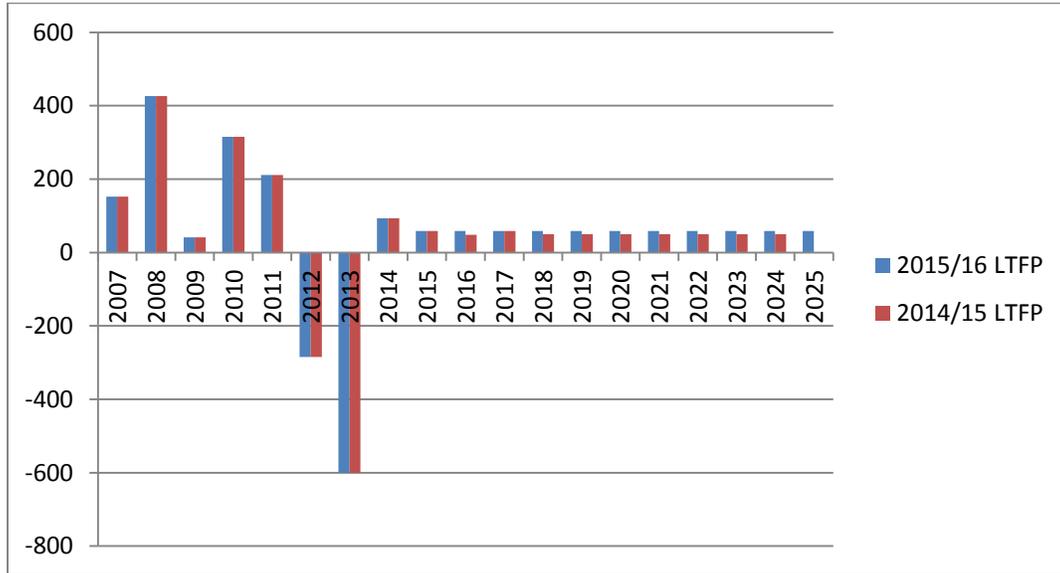
- Gain/(loss) on the disposal of plant vehicles – Council generally makes a gain from the disposal of plant vehicles at the time of trade in (see graph on following page for historical data).
- Losses from the write off of infrastructure assets replaced by Council – As of the 2011/12 financial year, Council began to correctly account for the disposal of assets replaced as part of Council’s road re-seal, pavement rehabilitation, and pavement re-sheeting programs. This resulted in Council recognising a \$477k write down of infrastructure assets in the 2011/12 financial year.

Due to the high level of uncertainty in regard to trade in value and the fact that Council will be reviewing its vehicle replacement program and infrastructure depreciation assumptions over the following years, Council has used very general assumptions for both the trade in value of vehicles sold and the WDV of these vehicles and infrastructure assets disposed. Losses from the write-off of infrastructure assets have been assumed to be zero for the purpose of the LTFP.

Council’s forecast gains and losses from the disposal of assets assume a trade in value of \$859k per annum for fleet vehicles, plus the expected trade in value for grant funded program vehicles. The WDV of assets disposed is assumed to be roughly \$800k for plant and equipment (resulting in a \$59k gain).

Council’s projected gains from the disposal of assets for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

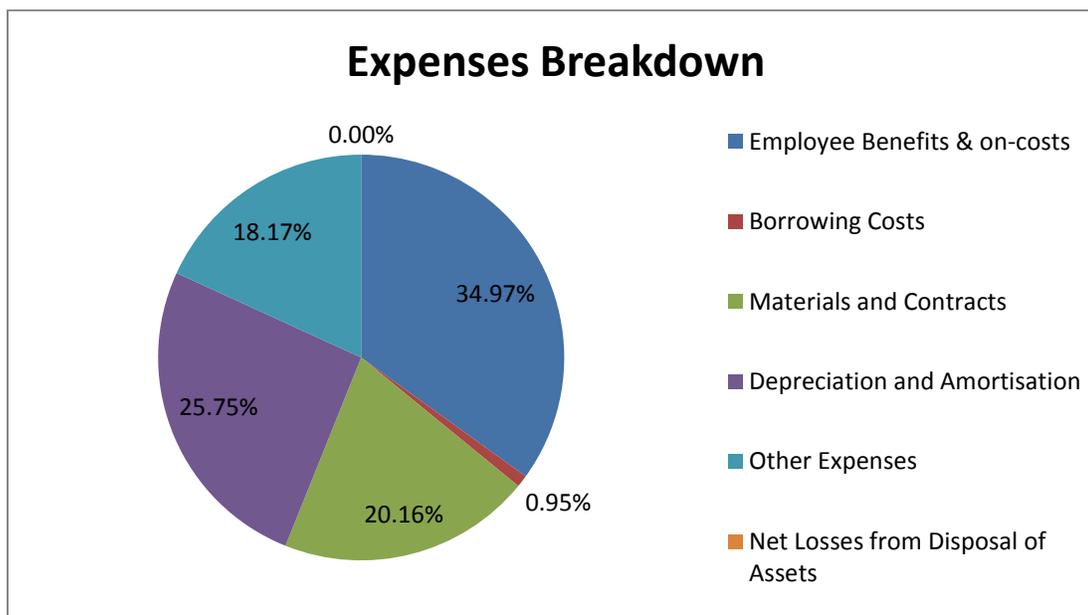
Diagram 11 – Projected Gains from the Disposal of Assets



The 2015/16 LTFP and 2014/15 LTFP depreciation forecasts do not differ materially.

## Part 4: Recurrent Expenditure (OPEX)

Warrumbungle Shire incurs the following expenditure in the course of its operations: Employee benefits and on-costs (2014: \$13.662m), borrowing costs (2014: \$0.371m), materials and contracts (2014: \$7.878m), depreciation, amortisation and impairment (2014: \$10.061m), other expenses (2014: \$7.098m). The breakdown of these expenses for the 2013/14 financial year is detailed in the chart below:



### 4.1 Employee Benefits and On-costs

Employee related expenditure is the single largest expense type incurred by Warrumbungle Shire Council (2014: 34.97%). Council employs 185 permanent staff (headcount as at 30 June 2014) in a variety of roles. Council currently faces significant challenges in filling roles (particularly technical roles) due to a declining rural population, and a drift of skilled staff to the coast, which indicates that in future Council may be required to pay higher than award levels of remuneration to attract and maintain skilled staff. Competition from the mines has recently eased as the mines lay off workers which should somewhat mitigate retention issues with outdoor staff. Employee related issues such as maintaining/improving workforce capacity are dealt with in detail in the Workforce Strategy and have therefore not been addressed in the LTFP.

The assumptions used for the projection of employee related expenditure in the base scenario are:

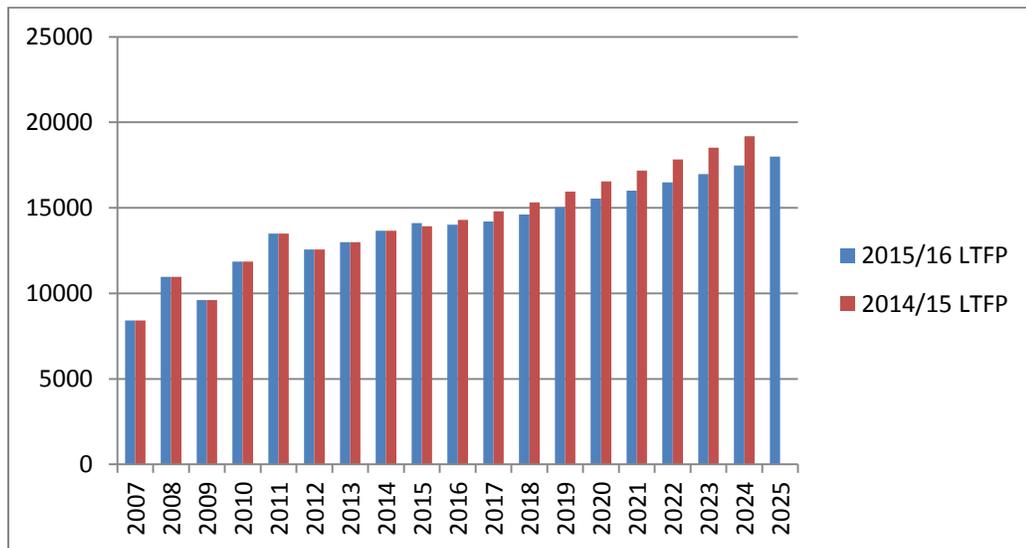
- **Staff numbers** – Council has assumed that staff numbers will remain roughly at the current level over the life of the LTFP. Initial Calculations of staff numbers for the 2015/16 budget were based on an assumption of near full employment;
- **Changes in award rates** – The new Local Government (State) Award 2014 came into effect on 28<sup>th</sup> August 2014. The award guarantees wages increases for local government employees until the end of the 2016/17 financial year of 2.7% in 2015/16 and 2.8% in 2016/17. These wage increases have been used for the purpose of forecasting award

increases in salaries and wages over the lifetime of the LTFP. That is salaries and wages are forecast to increase by 0.01% each year;

- **Above award pay increases** – Due to the recent downturn in the resources sector and expectations of substantial cutbacks in mining related jobs, Council has not built in above award pay increases into the base scenario of its 2015/16 LTFP. Although it is expected that Council will still face challenges in filling certain skilled positions the net impact of these challenges on total salaries in the base scenario is assumed to be zero due to the use of non-financial incentives to attract staff, and the expectation that higher pay for highly skilled staff will be coupled with higher responsibilities that will reduce the need for other positions, contractors or casuals;
- **Workers compensation** – Workers compensation insurance premium payments are based on previous claims history and projected premiums in the LTFP are calculated by taking the forecast premium for the following year and increasing it by the indexation used for salaries and wages;
- **Capitalisation rate for employee related expenditure** – Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – *Property, Plant and Equipment*. The percentage of employee related expenditure capitalised has been assumed to stay constant from year to year for the purpose of the LTFP;
- **Superannuation** – Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Superannuation Guarantee percentage is expected to remain at 9.5%;
- **Employee benefits** – Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Council's projected employee related expenditure for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2006/07 to 2013/14 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 12 – Projected Employee Related Expenditure



The variance between the 2014/15 and 2015/16 forecasts is predominantly due an overly conservative assumption of near full employment in the 2014/15 LTFP and under the FFF Improvement Action Plan, Council has reviewed staffing levels where proposed positions have been removed from the Council’s organizational structure to reduce employee benefits.

#### 4.2 Borrowing Costs

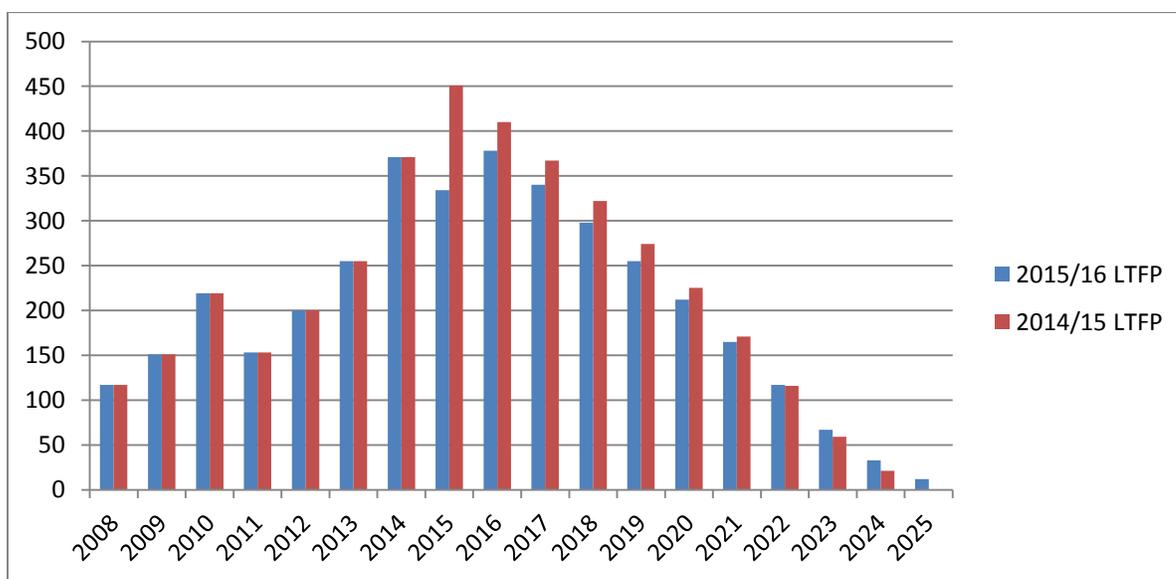
Borrowing costs incurred by Council include interest on loans held by council, charges relating to finance leases and discount adjustments relating to movements in quarry remediation liabilities. Borrowing costs currently form less than 1% of the total expenditure incurred by Council.

Borrowing cost projections are based on current loans, finance lease and asset remediation schedules for all loans currently held by Council. Details of Council’s forecast loan balance as at 1 July 2015 and loan terms are provided in the table below.

Loan Details	Principal Outstanding at 1 July 2015	Interest Rate	Term	Activity
<b>Loans Currently Held by Council</b>				
LIRS 1 Local Roads Bridges Loan	1,842,316	5.80%	10 years	Local Roads
Administration Building Loan	1,264,556	5.80%	10 years	Property & Risk
Regional Road Bridges	540,000	7.75%	15 years	Regional roads
Mendooran Water Loan	757,511	4.95%	20 years	Water
LIRS 2	3,035,365	3.66%	10 years	Local Roads
Quarry Loan	435,723	3.30%	10 years	Quarry
<b>Total Current Loans</b>	<b>7,875,471</b>			

Council’s projected borrowing costs for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2006/07 to 2012/13 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 13 – Projected Borrowing Costs



It should be noted that a large portion of the borrowing costs above are assumed to be offset by the LIRS discount which is treated as interest and investment revenue in the LTFP. The LIRS discount will offset \$791k of Council’s total \$1.877m in interest payments over the ten years of the LTFP.

### 4.3 Materials and Contracts

Materials and contractors is the second largest cash expense item incurred by council (20.16% of total expenditure in the 2013/14 financial year). Materials and contracts payments include:

- Raw materials and consumables (2014: \$3.432m) which generally relates to fuel, bitumen, and other materials used predominantly in the maintenance of Council's assets. Note materials and consumables used as part of capital jobs are capitalised;
- Contractor and consultancy costs (2014: \$3.912m), which also relates predominantly to Council's maintenance program, as well as expenditure relating to RMS works;
- Other materials and contracts costs including operating lease expenses, legal expenses, and auditor fees (\$0.534m).

Changes in the scope of Council's recurrent maintenance program as well as increases in input costs are the two main cost drivers for movements in materials and contracts expenditure. Changes in the maintenance program have been captured in the 2015/16 projections via the budget process, and it is assumed for the purpose of this plan that the quantity of work done as part of the maintenance program will remain relatively constant over the lifetime of this plan.

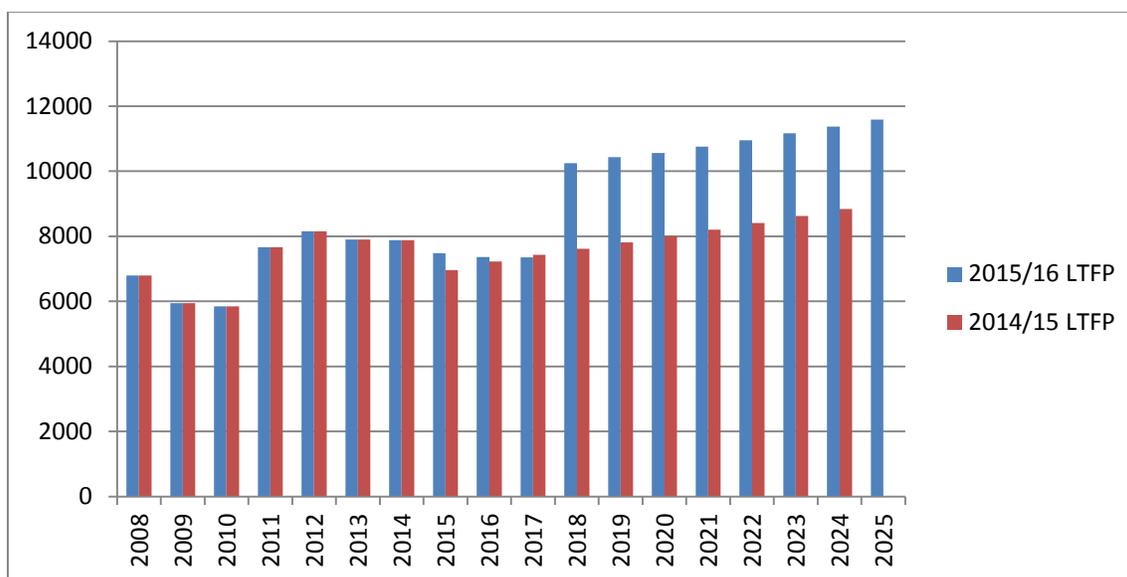
It should be noted that maintenance expenditure can be split into normal maintenance expenditure and maintenance expenditure relating to natural disasters which cannot be predicted and is outside the normal maintenance program. Natural disasters can have a big impact on Council's operations, as a \$2m natural disaster will generally divert \$2m worth of expenditure away from capital works into maintenance. Natural disaster works is nearly fully funded by RMS.

The assumptions used for the projection of materials and contracts in the base scenario are:

- **Maintenance program** – 2015/16 per budget, program assumed to stay constant with costs increasing by CPI;
- **Natural disaster maintenance** – The base scenario of the revised 2015/16 LTFP does not include a forecast for natural disasters;
- **Non-maintenance raw materials and contractor expenditure** – Assumed to increase by CPI (2.5%);
- **Other materials and contracts costs** – Assumed to increase by CPI (2.5%).

Council's projected materials and contracts expenditure for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2006/07 to 2013/14 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 14 – Projected Materials and Contracts Expenditure



The variance between the 2014/15 and 2015/16 forecasts is predominantly due to the inclusion of roughly \$2m worth of RMS related expenditure as materials and contracts as a result of Council’s forecasted increase in RMS works as part of the FFF improvement action plans to more aggressively compete for RMS works.

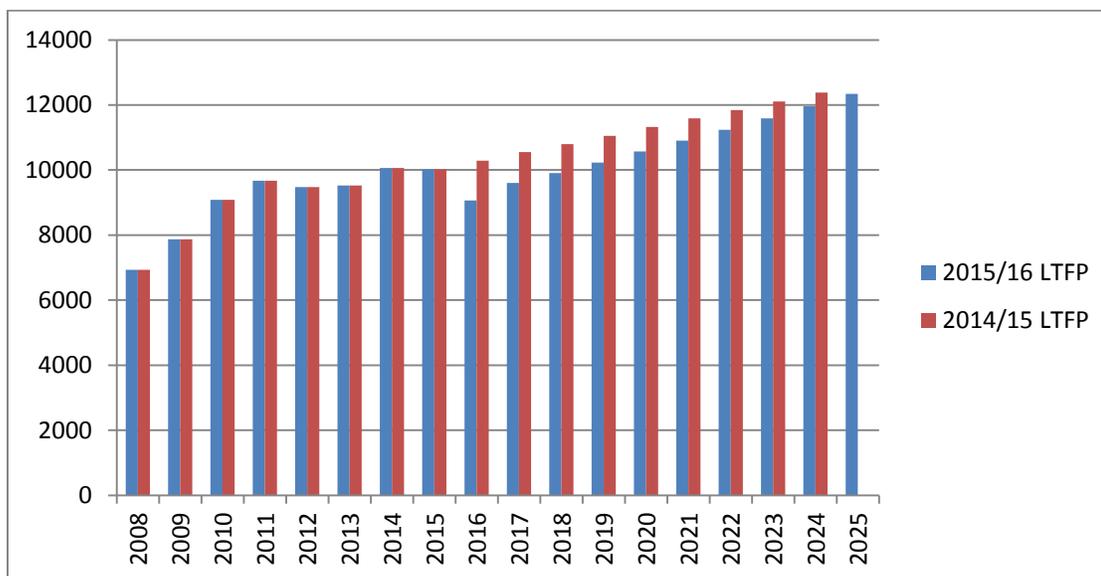
#### 4.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation is the second largest expense type incurred by Council (25.75% of total expenditure). Depreciation/amortisation is a non-cash expense that is defined in AASB 116 – *Property Plant and Equipment* as the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation and amortisation are dealt with extensively in the AMP, and details on all assumptions used in depreciation/amortisation calculations can be found in the AMP. Impairment is generally as a result of natural disasters and state government funds a major portion of all natural disasters repair work through natural disasters grants. Due to the inherent difficulty in predicting natural disasters (Council has only recorded impairment in one of the previous 5 financial years); impairment has been assumed to be zero for the purpose of these projections.

Council’s projected depreciation, amortisation and impairment expenditure for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 15 – Projected Depreciation, Amortisation and Impairment



The variance between the 2015/16 LTFP and 2014/15 LTFP depreciation forecasts is largely due to overly conservative estimates in the 2014/15 LTFP. Upon further analysis, it is proposed that depreciation on Council’s road assets is approximately \$1m overstated and with the revaluation of roads this financial year, it is expected that depreciation will fall significantly.

It should be noted that Council commenced its Asset Management Improvement Project (AMIP) in the 2012/13 financial year and two key deliverables of this project are an extensive audit of Council’s asset inventory data (including condition testing etc) and a detailed review of Council’s depreciation assumptions. It is Council’s view that the completion of the AMIP and revaluation of roads may result in changes to Council’s depreciation projections above.

#### 4.5 Other Expenses

18.17% of Council’s total expenditure is categorised as “other expenditure”. In the 2013/14 financial year the breakdown for other expenditure was:

- NSW rural fire levy (\$2.524m);
- Donations (\$0.227m);
- Regional library contributions (\$0.447m);
- Electricity and heating (\$0.629m);
- Insurance (\$0.505m);
- Telephone and communications (\$0.254m);
- Registration and Licences (\$0.184m);
- Other (\$2.328m).

Bushfire and Emergency Services provide Council with a grant for the running of the Rural Fire Service annually. This grant is based on a bid process where the RFS places a bid with the State Headquarters and Council is required to contribute 11.7% of the total bid amount. Council recognizes the difference between the bid amount and the contribution as a grant while the total value of the bid is recognized as expenditure. This expenditure amount is captured as part of the

NSW rural fire levy above which also includes a bid of 1.6% for emergency services headquarters.

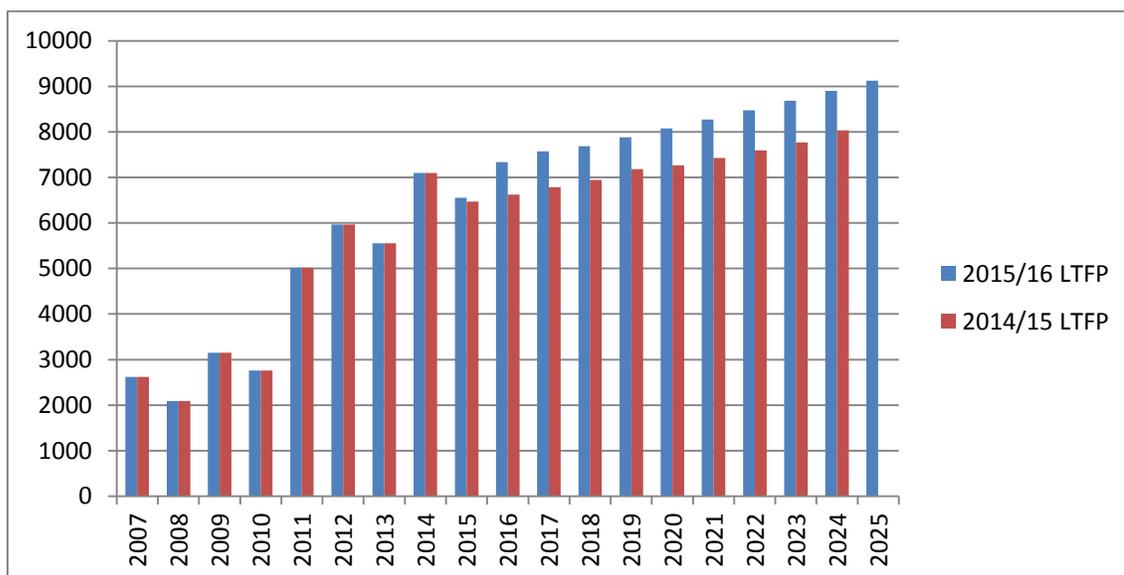
Donations include all other donations made by council, and regional library contributions refer to Council’s contribution to the Macquarie regional library. Insurance refers to the insurance premiums paid by Council, the cost of which is generally based on previous claims history and changes in Council’s asset base.

The assumptions used for the projection of other expenditure in the base scenario are:

- **Rural fire levy** –2015/16 assumes CPI (2.5%);
- **Donations, insurance, telephone and other expenses** – Assumes CPI (2.5%);
- **Regional library contributions** – 10 year forecast per information from Macquarie Regional Library;
- **Electricity and heating** – Assumes a 2.5% increase.

Council’s projected other expenditure for the 2014/15 to 2024/25 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2006/07 to 2013/14 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 16 – Projected Other Expenditure



The forecasted variance for other expenditure between the 2013/14 LTFP and 2014/15 LTFP is due to the previous LTFP is predominantly due to the inclusion in the 2015/16 budget of roughly \$1m worth of quarry related expenditure (blasting and crushing costs) and Rural Fire Service Levy.

## Part 5: Capital Expenditure (CAPEX)

Assumptions around capital expenditure, asset valuations and asset management are covered in detail in the Asset Management Plan, and have been incorporated into the LTFP. A summary of future capital expenditure has been provided in the tables below based on the capital program in Council's base scenario.

Table 1: Council's Ten Year Capital Program

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>CORPORATE SERVICES</b>										
<b>Children's and Community Services</b>										
<b>Community Transport</b>										
Replacement - Community Transport Vehicles	91,500	-	22,575	98,363	-	24,268	105,740	100,000	26,088	113,670
Trips Program	20,000	-	-	-	-	-	-	-	-	-
<b>Community Transport Total</b>	<b>11,500</b>	<b>-</b>	<b>22,575</b>	<b>98,363</b>	<b>-</b>	<b>24,268</b>	<b>105,740</b>	<b>100,000</b>	<b>26,088</b>	<b>113,670</b>
<b>Connect 5</b>										
Replacement - Connect 5 Vehicle	15,000	-	-	16,125	-	-	17,334	-	-	18,634
<b>Connect 5 Total</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>16,125</b>	<b>-</b>	<b>-</b>	<b>17,334</b>	<b>-</b>	<b>-</b>	<b>18,634</b>
<b>Family Day Care</b>										
Replacement - Family Day Care Vehicle	10,500	-	-	11,288	-	-	12,134	-	-	13,044
<b>Family Day Care Total</b>	<b>10,500</b>	<b>-</b>	<b>-</b>	<b>11,288</b>	<b>-</b>	<b>-</b>	<b>12,134</b>	<b>-</b>	<b>-</b>	<b>13,044</b>
<b>Multiservice Outlet</b>										
Replacement - Multiservice Outlet Vehicles	20,500	-	22,575	22,038	-	24,268	23,690	100,000	26,088	25,467
<b>Multiservice Outlet Total</b>	<b>20,500</b>	<b>-</b>	<b>22,575</b>	<b>22,038</b>	<b>-</b>	<b>24,268</b>	<b>23,690</b>	<b>100,000</b>	<b>26,088</b>	<b>25,467</b>
<b>Childrens and Community Services Total</b>	<b>157,500</b>	<b>-</b>	<b>45,150</b>	<b>147,813</b>	<b>-</b>	<b>48,536</b>	<b>158,898</b>	<b>200,000</b>	<b>52,176</b>	<b>170,816</b>
<b>Communications &amp; IT</b>										
Antivirus Security Software	-	-	30,000	-	-	-	30,000	-	-	-
Authority Asset Management Software	-	-	100,000	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Bluepoint Integration	50,000	-	-	-	-	-	-	-	-	-
GPS Handheld units	-	-	15,000	-	-	-	-	-	-	-
Microsoft Server Licenses & SA - This is a must - no Choice as otherwise illegal	59,025	-	-	-	-	-	-	-	-	-
Point to point wifi Coona Office	-	-	100,000	-	-	-	-	30,000	-	100,000
Point to point wifi for remote sights	-	-	20,000	-	-	-	-	-	-	-
Replacement IT Server Hardware	16,230	10,000	10,000	100,000	10,000	10,000	100,000	10,000	10,000	-
Replacement PCs	15,000	40,000	40,000	15,000	15,000	50,000	50,000	15,000	15,000	50,000
<b>Communications &amp; IT Total</b>	<b>140,255</b>	<b>50,000</b>	<b>315,000</b>	<b>115,000</b>	<b>25,000</b>	<b>60,000</b>	<b>180,000</b>	<b>55,000</b>	<b>25,000</b>	<b>150,000</b>
<b>Bushfire And Emergency Services</b>										
RFS - Enhancements	-	24,230	24,836	25,457	26,093	26,745	27,414	28,099	28,802	29,522
RFS - Fire Control Center Coonabarabran	2,000,000	1,050,000	-	-	-	-	-	-	-	-
RFS - Vehicles	656,100	307,498	315,185	323,065	331,142	339,421	347,907	356,605	365,520	374,658
<b>Bushfire And Emergency Services Total</b>	<b>2,656,100</b>	<b>1,381,728</b>	<b>340,021</b>	<b>348,522</b>	<b>357,235</b>	<b>366,166</b>	<b>375,321</b>	<b>384,704</b>	<b>394,322</b>	<b>404,180</b>
<b>Supply Services</b>										
Coolah Store - 3 Whirlybirds for vent over chemical Storage	1,250	-	-	-	-	-	-	-	-	-
<b>Supply Services Total</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate Services Total</b>	<b>2,955,105</b>	<b>1,431,728</b>	<b>700,171</b>	<b>611,335</b>	<b>382,235</b>	<b>474,702</b>	<b>714,219</b>	<b>639,704</b>	<b>471,498</b>	<b>724,995</b>
<b>DEVELOPMENT SERVICES</b>										
<b>Property &amp; Risk</b>										
<b>Cemetery Services</b>										
Coonabarabran Native Grove Cemetery Expansion	-	-	50,000	-	-	-	-	55,000	-	-
<b>Cemetery Services Total</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>-</b>	<b>-</b>
<b>Medical Facilities</b>										
Coolah Dr Residence - Bathroom/Kitchen refurb	-	-	-	-	-	70,000	-	-	-	-
Dunedoo Medical Centre - Repaint	-	-	-	-	-	20,000	-	-	-	-

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Medical Facilities Total</b>	-	-	-	-	-	90,000	-	-	-	-
<b>Property And Risk</b>										
139 Martin Street - Kitchen Refurb	-	-	-	-	-	-	-	-	-	25,000
17 Cole Street - Bathroom Refurb	-	-	-	-	-	-	-	-	20,000	-
17 Cole Street - Kitchen Refurb	-	-	-	-	-	-	20,000	-	-	-
17a Cole Street - Bathroom Refurb	-	-	-	-	-	-	-	-	15,000	-
17a Cole Street - Kitchen Refurb	-	-	-	-	-	-	15,000	-	-	-
4 Irwin Street - Bathroom Refurb	-	-	-	-	-	-	-	30,000	-	-
Coolah Depot - Storage Facility	-	-	-	-	-	-	-	30,000	-	-
Coolah Depot - Toilet Refurb	-	-	-	-	20,000	-	-	-	-	-
Coolah Office - Recarpet	-	-	-	-	50,000	-	-	-	-	-
Coolah Office - Repaint Internals	-	-	-	-	-	50,000	-	-	-	-
Coolah Shire Hall - Carpet Replacement	-	-	-	-	-	-	-	50,000	-	-
Coonabarabran - Toilet Refurb	-	-	-	-	-	20,000	-	-	-	-
Coonabarabran Community Care - Replace Carpet	-	-	-	-	50,000	-	-	-	-	-
Coonabarabran Depot - Archive Facility Expansion	-	-	-	-	-	-	-	-	100,000	-
Coonabarabran Office - Air Conditioning Refurb	-	-	-	-	-	-	-	-	-	-
Coonabarabran Office - Recarpet older section	-	-	-	-	50,000	-	-	-	-	-
Coonabarabran Office - Repaint old Office	-	-	-	-	-	50,000	-	-	-	-
Disabled access Coolah Office	10,000	30,000	-	-	-	-	-	-	-	-
Dunedoo Community Care - Toilet Refurbishment	-	-	-	-	-	60,000	-	-	-	-
Dunedoo Depot - Toilet Refurb	-	-	-	-	-	-	15,000	-	-	-
Mendooran Community Care - Replace Flooring	-	-	-	-	-	-	50,000	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Mendooran Depot - Toilet Refurb	-	-	-	-	20,000	-	-	-	-	-
Mendooran Mechanics Insitute - Kitchen Refurb	-	-	-	-	-	-	-	20,000	-	-
	<b>10,000</b>	<b>30,000</b>	-	-	<b>190,000</b>	<b>180,000</b>	<b>100,000</b>	<b>130,000</b>	<b>135,000</b>	<b>25,000</b>
<b>Public Halls</b>	-	-	-	-	-	-	-	-	-	-
Baradine Hall - Kitchen Refurb	-	-	-	-	-	-	-	-	-	-
Baradine Hall - Roof Replacement	-	-	-	-	-	-	-	-	100,000	-
Binnaway Hall - Kitchen Refurb	-	-	-	-	-	-	50,000	-	-	-
Binnaway Hall Roof Replacement	-	-	-	80,000	-	-	-	-	-	-
Binnaway Hall Stage Refurb	-	-	50,000	-	-	-	-	-	-	-
Coonabarabran Hall Funiture Renewal	-	-	50,000	-	-	-	-	-	-	-
Coonabarabran Town Hall - Kitchen Refurb	-	-	-	100,000	-	-	-	-	-	-
Coonabarabran Youth Hall - Kitchen Refurb	-	-	-	-	-	-	-	-	-	-
Dunedoo Jubalee Hall - Air conditioning	-	-	-	-	-	40,000	-	-	-	-
Dunedoo Jubilee Hall - Kitchen/Toilet Refurb	-	-	-	-	-	-	-	-	-	-
Goolhi Hall - Toilet Refurb	-	-	-	15,000	-	-	-	-	-	-
Hall Baradine - Disabled Access	27,500	-	-	-	-	-	-	-	-	-
Mendooran Hall - Stage Refurb	-	20,000	-	-	-	-	-	-	-	-
Purlewaugh Hall - Insulation and Walls	-	-	-	-	-	50,000	-	-	-	-
Purlewaugh Hall - Kitchen Refurb	-	-	-	-	-	-	-	-	-	20,000
<b>Public Halls Total</b>	<b>27,500</b>	<b>20,000</b>	<b>100,000</b>	<b>195,000</b>	-	<b>90,000</b>	<b>50,000</b>	-	<b>100,000</b>	<b>20,000</b>
<b>Property &amp; Risk Total</b>	<b>37,500</b>	<b>50,000</b>	<b>150,000</b>	<b>195,000</b>	<b>190,000</b>	<b>360,000</b>	<b>150,000</b>	<b>185,000</b>	<b>235,000</b>	<b>45,000</b>
<b>Tourism and Development Services</b>										
Tourism And Development Services	-	-	-	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Shire Entrance Signs	20,000	20,000	-	-	-	-	-	-	-	-
Tourism Trail Brochure	10,000	-	-	-	-	-	-	-	-	-
<b>Tourism and Development Services Total</b>	<b>30,000</b>	<b>20,000</b>	-	-	-	-	-	-	-	-
<b>Development Services Total</b>	<b>67,500</b>	<b>70,000</b>	<b>150,000</b>	<b>195,000</b>	<b>190,000</b>	<b>360,000</b>	<b>150,000</b>	<b>185,000</b>	<b>235,000</b>	<b>45,000</b>
<b>EXECUTIVE SERVICES</b>										
<b>Cobbora Transition Fund</b>										
Bolaroo St Streetscape	342,000	-	-	-	-	-	-	-	-	-
Heavy Vehicle Parking Area	50,000	-	-	-	-	-	-	-	-	-
MPC Rejuvenation/Jubilee Hall	610,000	-	-	-	-	-	-	-	-	-
Robertson Oval Second Oval Dev	50,000	-	-	-	-	-	-	-	-	-
RV Parking Area	50,000	-	-	-	-	-	-	-	-	-
Three Rivers Retirement Proect	4,450,000	-	-	-	-	-	-	-	-	-
<b>Cobbora Transition Fund Total</b>	<b>5,552,000</b>	-	-	-	-	-	-	-	-	-
<b>Executive Services Total</b>	<b>5,552,000</b>	-	-	-	-	-	-	-	-	-
<b>TECHNICAL SERVICES</b>										
<b>Asset Design Services</b>										
Bike Plan	40,000	-	-	-	-	-	-	-	-	-
Design Projects Survey Equip-Cap	12,000	12,000	12,000	12,000	12,000	12,000	14,000	14,000	14,000	14,000
Design Services Software Upgrade	13,000	13,000	13,000	13,000	13,000	13,000	15,000	15,000	15,000	15,000
GPS Handheld units	-	10,000	-	-	-	-	-	-	-	-
Kerb blisters, Edwards St, East & West of Newell - Design	40,000	-	-	-	-	-	-	-	-	-
Laptop Computer - Traffic Counters	-	7,500	-	-	10,000	-	10,000	-	10,000	-
Shared Path, Edward Street, Newell to Neate - Design	40,000	-	-	-	-	-	-	-	-	-
<b>Asset Design Services Total</b>	<b>145,000</b>	<b>42,500</b>	<b>25,000</b>	<b>25,000</b>	<b>35,000</b>	<b>25,000</b>	<b>39,000</b>	<b>29,000</b>	<b>39,000</b>	<b>29,000</b>

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Fleet Services</b>										
Cricket Pitch Roller Coolah	-	-	-	-	-	-	-	-	-	-
Minor Plant Purchases	15,000	15,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Plant & Equipment Purchases	2,535,000	1,965,000	2,350,000	3,175,000	3,040,000	2,320,000	2,225,000	2,580,000	2,285,000	2,644,500
<b>Fleet Services Total</b>	<b>2,550,000</b>	<b>1,980,000</b>	<b>2,365,000</b>	<b>3,195,000</b>	<b>3,060,000</b>	<b>2,340,000</b>	<b>2,245,000</b>	<b>2,600,000</b>	<b>2,305,000</b>	<b>2,664,500</b>
<b>Road Operations</b>										
<b>Local Roads M&amp;R</b>										
Aerodrome Bridge Baradine	62,908	-	-	-	-	-	-	-	-	-
Angus Road - New Causeway	-	-	-	-	50,000	-	-	-	-	-
Baradine Creek Bridge	728,780	-	-	-	-	-	-	-	-	-
Black Gully Bridge	-	-	-	-	-	-	-	-	-	-
Box Bridge Road	52,500	-	-	-	-	-	-	-	-	-
Bugaldie/Goorianawa Road (Just east of Baradine Road)	160,000	-	-	-	140,000	-	-	-	-	-
Coolah Creek Rd Rehabilitation	-	-	-	-	-	140,000	715,256	-	-	-
Coolah Creek Road Rehabilitation	120,000	120,000	-	-	-	-	-	-	153,610	-
Coolah Neilrex Rd - sight distance improvement	-	-	-	-	-	59,434	-	-	-	-
Coonagoony Bridge	261,000	-	-	-	-	-	-	-	-	-
Dandry Road - New Causeway	-	-	-	-	50,000	-	-	-	-	-
Denntkymine Road - Sight Distance	-	-	-	-	-	-	30,460	-	-	-
Dennykymine Road - New Causeway	-	-	-	-	-	-	67,012	-	70,405	-
Flags Rockedgial Road	-	-	45,000	-	-	-	-	-	-	-
Intersection o Lockerbie Rd & Digilah Rd, Digilah Rd	60,000	-	-	-	-	-	-	-	-	-
Kenebri Creek Bridge	594,925	-	-	-	-	-	-	-	-	-
Local Roads Resheeting	962,728	824,000	845,000	865,000	885,000	907,125	929,803	953,048	976,874	1,001,296

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Mia Mia Road - Causeway Rehabilitation	-	-	-	50,000	-	-	-	-	-	-
Mitchell Springs Erosion	97,000	-	-	-	-	-	-	-	-	-
Mount Hope Road (realignment)	-	-	-	-	-	-	-	-	-	-
Mow Creek Bridge	-	-	-	-	-	-	-	-	-	-
Munns Road - Casueway Rehabilitation	-	-	-	-	-	-	-	68,687	-	-
Napier Lane - Causeway Rehabilitation	-	-	-	65,000	-	-	-	-	-	-
Neilrex Rd Pavement Rehabilitation	270,000	120,000	-	-	140,000	-	-	-	-	-
Orana Road Crossing	326,355	-	-	-	-	-	-	-	-	-
Pavement Rehabilitation MR329 - Kenebri	-	-	-	-	-	-	-	-	-	-
Quia Road - Near lake edna	-	-	-	50,000	-	-	-	-	-	-
Quia Road Rehabilitation	-	-	-	-	-	-	-	-	153,610	-
Ross Crossing	698,855	-	-	-	-	-	-	-	-	-
Rotherwood Rd Rehabilitation	-	-	120,000	-	-	-	146,208	-	-	-
Turee Vale Road Rehabilitation	-	-	120,000	135,000	-	-	-	149,864	-	-
Various Projects -TBA	-	-	-	-	-	-	-	-	-	300,000
Wool Rd Rehabilitation	-	-	-	-	-	142,642	-	149,864	-	-
Wyuna Road	-	45,000	-	-	-	-	-	-	-	-
<b>Local Roads M&amp;R Total</b>	<b>4,395,051</b>	<b>1,109,000</b>	<b>1,130,000</b>	<b>1,165,000</b>	<b>1,265,000</b>	<b>1,249,202</b>	<b>1,888,739</b>	<b>1,321,463</b>	<b>1,354,499</b>	<b>1,301,296</b>
<b>Regional Roads M&amp;R</b>										
Alison Bridge	2,100,000	-	-	-	-	-	-	-	-	-
Black Spot funding - Regional Roads (Various Projects) - TBC Subject to Funding	1,000,000	-	-	-	-	-	-	-	-	-
Pavement Rehabilitation and Widening on MR 7519	-	-	-	169,000	169,000	-	-	-	-	-
Pavement widening and rehabilitation MR55 (Black Stump Way)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000

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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Regional Roads Reseals	452,300	615,891	650,131	684,386	701,495	719,033	737,009	755,434	774,320	793,678
Shoulder widening MR129 - Baradine Road (Coonamble)	169,000	-	169,000	-	-	169,000	169,000	-	-	-
Shoulder widening MR396	-	169,000	-	-	-	-	-	169,000	169,000	-
<b>Regional Roads M&amp;R Total</b>	<b>4,521,300</b>	<b>1,584,891</b>	<b>1,619,131</b>	<b>1,653,386</b>	<b>1,670,495</b>	<b>1,688,033</b>	<b>1,706,009</b>	<b>1,724,434</b>	<b>1,743,320</b>	<b>1,593,678</b>
<b>Reseals</b>										
Baradine Streets Reseals	18,100	18,500	18,963	19,437	19,923	20,421	20,932	21,455	21,991	22,541
Binnaway Streets Reseals	16,200	16,600	17,015	17,440	17,876	18,323	18,781	19,251	19,732	20,225
Coolah Streets Reseals	26,900	27,600	28,290	28,997	29,722	30,465	31,227	32,008	32,808	33,628
Coonabarabran Streets Reseals	86,200	88,300	90,508	92,771	95,090	97,467	99,904	102,401	104,962	107,586
Dunedoo Streets Reseals	24,200	24,800	25,420	26,056	26,707	27,375	28,059	28,760	29,479	30,216
Local Roads Reseals	441,500	452,600	463,915	475,513	487,401	499,586	512,075	524,877	537,999	551,449
Mendooran Streets Reseals	16,200	16,600	17,015	17,440	17,876	18,323	18,781	19,251	19,732	20,225
<b>Reseals Total</b>	<b>629,300</b>	<b>645,000</b>	<b>661,126</b>	<b>677,654</b>	<b>694,596</b>	<b>711,960</b>	<b>729,759</b>	<b>748,003</b>	<b>766,703</b>	<b>785,871</b>
<b>Road Operations Total</b>	<b>9,545,651</b>	<b>3,338,891</b>	<b>3,410,257</b>	<b>3,496,040</b>	<b>3,630,091</b>	<b>3,649,195</b>	<b>4,324,507</b>	<b>3,793,900</b>	<b>3,864,522</b>	<b>3,680,845</b>
<b>Urban Services</b>										
<b>Horticulture</b>										
Baradine Oval Canteen	70,000	-	-	-	-	-	-	-	-	-
Electric BBQ & Shelter in Bell Park	-	-	-	20,000	-	-	-	-	-	-
Electric BBQ & Shelter in Lions Park	-	-	-	-	-	20,000	-	-	-	-
Irrigation Masters Park	-	-	30,000	-	-	-	-	-	-	-
Milling Park - Gardens	-	7,000	7,000	-	-	-	-	-	-	-
Softfall - Mendooran Park	-	-	-	-	-	-	20,000	-	-	-
Softfall under playground equipment (Coolah)	-	20,000	-	-	-	-	-	-	-	-
Softfall Upgrade - Len Guy Park	-	-	-	-	20,000	-	-	-	-	-
<b>Horticulture Total</b>	<b>70,000</b>	<b>27,000</b>	<b>37,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ovals</b>										

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Coonabarabran Netball Courts	65,000	-	-	-	-	-	-	-	-	-
Master Plan for Each Sporting Precinct	5,000	-	-	-	-	-	-	-	-	-
Robertson Oval - Seat Replacement	-	-	6,000	-	-	-	-	-	-	-
<b>Ovals Total</b>	<b>70,000</b>	<b>-</b>	<b>6,000</b>	<b>-</b>						
<b>Public Swimming Pools</b>										
Baradine Painting External Building stage 1 & 2	-	11,500	6,000	-	-	-	-	-	-	-
Baradine Rainwater Tank and Pump for Irrigation	-	-	-	3,000	-	-	-	-	-	-
Baradine Re-Connection of Lights over pool area	12,000	-	-	-	-	-	-	-	-	-
Baradine - Shade Shelter	-	-	-	25,000	-	-	-	-	-	-
Baradine Upgrade Kiosk & Hot water System	-	1,500	-	-	-	-	-	-	-	-
Baradine Upgrade Signage	500	-	-	-	-	-	-	-	-	-
Baradine - pump room rehabilitation	-	-	10,000	-	-	-	-	-	-	-
Binnaway Main Pool Ladders X 6	-	-	8,000	-	-	-	-	-	-	-
Binnaway Pump room rehabilitation	5,000	6,000	-	-	-	-	-	-	-	-
Binnaway Removal of Large Pine Tree	-	-	3,000	-	-	-	-	-	-	-
Binnaway Shade Structure	15,000	-	-	-	-	-	-	-	-	-
Binnaway Upgrade of signage	500	-	-	-	-	-	-	-	-	-
C'Bran Replace BBQ area	-	-	-	6,000	-	-	-	-	-	-
C'Bran Concrete Repairs to Toddlers Pool	15,000	-	-	-	-	-	-	-	-	-
C'Bran Fence around Toddlers Pool	1,000	-	-	-	-	-	-	-	-	-
C'Bran Installation of Hot Water to Amenties	13,000	-	-	-	-	-	-	-	-	-
C'Bran Pool Maintenance and Repairs	12,000	15,000	-	-	-	-	-	-	-	-
C'Bran Rainwater Tank & Pump for Irrigation	-	7,000	5,000	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
C'Bran Regulator & Injector (Dosing System)	-	-	3,000	-	-	-	-	-	-	-
C'Bran Replace existing tiles in Toddlers Pool	-	15,000	-	5,000	-	-	-	-	-	-
C'Bran Upgrade of Signage	500	-	-	-	-	-	-	-	-	-
Coolah Chemical Control Dosing Unit	-	-	-	2,500	-	-	-	-	-	-
Coolah Disable Chair Lift	-	-	10,000	-	-	-	-	-	-	-
Coolah Install BBQ Area & Shade Cover	-	-	-	8,000	-	-	-	-	-	-
Coolah Lighting over main pool	-	20,000	-	-	-	-	-	-	-	-
Coolah Rain Tank & Pump for Irrigation	-	4,000	-	-	-	-	-	-	-	-
Coolah Replace filter media	-	-	-	15,000	-	-	-	-	-	-
Coolah Upgrade of Signage	500	-	-	-	-	-	-	-	-	-
Dunedoo Awning over canteen area	-	-	4,000	-	-	-	-	-	-	-
Dunedoo Chemical Dosing Unit	-	-	-	2,500	-	-	-	-	-	-
Dunedoo Large Trees to be Removed	-	-	-	3,500	-	-	-	-	-	-
Dunedoo Roof Modifications Amenities Block(Polycarbon)	-	-	30,000	-	-	-	-	-	-	-
Dunedoo Upgrade of Signage	500	-	-	-	-	-	-	-	-	-
Dunedoo Pump Rehabilitation	-	-	-	10,000	-	-	-	-	-	-
Mendooran Replace pumps	5,000	-	-	-	-	-	-	-	-	-
Mendooran Upgrade of Signage	500	-	-	-	-	-	-	-	-	-
Mendooran Upgrades to S/Club Room	-	1,000	-	-	-	-	-	-	-	-
Mendooran Chemical Dosing Units	-	-	2,000	500	-	-	-	-	-	-
Various Projects - TBA	-	-	-	-	81,000	81,000	81,000	81,000	81,000	81,000
<b>Public Swimming Pools Total</b>	<b>81,000</b>									
<b>Town Streets - Baradine</b>										

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Baradine District Progress Association Main street Gardens	5,000	5,000	5,000	5,000	-	-	-	-	-	-
Baradine Streets - Streetlighting	-	-	8,000	-	-	-	-	-	-	-
Flood Plain Management	166,000	-	-	-	-	-	-	-	-	-
Kerb and Guttering Bligh Street between Narren and Darling	-	-	-	50,000	-	-	-	-	-	-
Kerb and Guttering Bligh Street between Narren and Liverpool	-	-	-	-	60,000	-	-	-	-	-
Kerb and guttering in Narren Street south of Macquarie Street	-	-	-	50,000	-	-	-	-	-	-
Lachlan Street, between Narren Street and Liverpool (North and South)	-	-	-	-	-	60,000	-	-	-	-
Liverpool Street Seal	-	-	-	-	-	-	-	-	-	-
New Bins	2,000	-	-	-	-	-	-	-	-	-
New Kerb and Guttering	-	-	-	-	-	-	60,000	60,000	60,000	70,000
Rehabilitation of footpath sections	10,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000
Street Trees	-	-	5,000	5,000	5,000	5,000	5,000	-	-	5,000
<b>Town Streets - Baradine Total</b>	<b>183,000</b>	<b>25,000</b>	<b>38,000</b>	<b>130,000</b>	<b>85,000</b>	<b>85,000</b>	<b>90,000</b>	<b>85,000</b>	<b>85,000</b>	<b>100,000</b>
<b>Town Streets - Binnaway</b>										
Binnaway Progress Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Bullinda Street, New Kerb and Guttering	-	-	-	40,000	-	-	-	-	-	-
Corry Bridge Western Approach	-	40,000	40,000	-	-	-	-	-	-	-
Footpath Rehabilitation	-	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000
Ironbark Street - Reconstruct and seal	-	-	-	-	70,000	-	-	-	-	-
New Kerb and Guttering	-	-	-	-	-	-	75,000	-	75,000	-
Renshaw street/railway street pipe size increase	10,000	-	-	-	-	-	-	-	-	-
Street Lights	10,000	-	-	-	-	-	-	-	-	-
StreetTrees	-	-	-	6,000	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Town Streets - Binnaway Total</b>	<b>25,000</b>	<b>65,000</b>	<b>65,000</b>	<b>71,000</b>	<b>95,000</b>	<b>25,000</b>	<b>105,000</b>	<b>30,000</b>	<b>105,000</b>	<b>30,000</b>
<b>Town Streets - Coolah</b>										
Binnia/Booyamurra, Binnia/Campbell - intersection treatment.	-	-	-	-	-	-	-	-	-	-
Booyamurra Street, east of Binnia, rehabilitation	200,000	-	-	-	-	-	-	-	-	-
Cycleway - Extensiopn From Booyamurra Street	106,000	-	-	-	-	-	-	-	-	-
Footpath Rehabilitation - various locations	15,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000
Pavement Rehabilitation (Various Locations)	-	70,000	70,000	70,000	70,000	70,000	80,000	80,000	80,000	80,000
Street light program	-	-	8,000	-	-	-	-	-	-	-
Street Trees	-	-	-	7,000	7,000	7,000	7,000	7,000	7,000	7,000
<b>Town Streets - Coolah Total</b>	<b>321,000</b>	<b>100,000</b>	<b>108,000</b>	<b>107,000</b>	<b>107,000</b>	<b>112,000</b>	<b>122,000</b>	<b>122,000</b>	<b>122,000</b>	<b>122,000</b>
<b>Town Streets - Coonabarabran</b>	<b>445,000</b>	<b>160,000</b>	<b>210,000</b>	<b>150,000</b>	<b>140,000</b>	<b>220,000</b>	<b>125,000</b>	<b>80,000</b>	<b>80,000</b>	<b>-</b>
Belar Street Drainage Pipe & K&G	-	-	-	-	-	-	-	-	-	-
Cassilis Street Foot[ath /Neate Street/Edward Street - Preliminary Works	-	-	-	-	-	50,000	-	-	-	-
Cassilis Street, Robertson to Namoi, new footpath	30,000	-	40,000	-	-	-	-	-	-	-
Cowper Street, concreting of open channel	-	-	-	-	-	50,000	55,000	-	-	-
Crane Street Rehabilitation	-	60,000	50,000	30,000	-	-	-	-	-	-
Dalgarno Street (John - Cowper) Footpath Rehabilitation	20,000	20,000	20,000	-	-	-	-	-	-	-
Dalgarno Street West - Pavement Rehab	20,000	-	-	-	-	-	-	-	-	-
Dalgarno Street, centre medium, west of John to Robertson	-	50,000	-	50,000	-	50,000	-	-	-	-
Footpath Rehabilitation (general)	-	-	-	40,000	40,000	40,000	40,000	50,000	50,000	50,000
John Street. K & G Rehabilitation	70,000	-	70,000	-	70,000	-	-	-	-	-
Kerb blister, John st cassillis	45,000	-	-	-	-	-	-	-	-	-
Mary Jane Cain Bridge Path Underpass	100,000	-	-	-	-	-	-	-	-	-

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	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Shared Path, bridge to caravan park	160,000	-	-	-	-	-	-	-	-	-
Street Trees	-	-	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Street Trees - centre charles street edwards to Dalgarno	-	-	30,000	-	-	-	-	-	-	-
Street Trees - Centre Cowper Street edwards to Dalgarno	-	30,000	-	-	-	-	-	-	-	-
<b>Town Streets - Coonabarabran Total</b>	<b>445,000</b>	<b>160,000</b>	<b>210,000</b>	<b>150,000</b>	<b>140,000</b>	<b>220,000</b>	<b>125,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
<b>Town Streets - Dunedoo</b>										
Footpath Rehabilitation	10,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000
Sealing of Wallaroo Street from Bulinda to Talbragar/Adelyne Street	5,000	135,000	-	-	-	-	-	-	-	-
Street Trees	-	-	-	-	7,000	7,000	7,000	7,000	7,000	7,000
Underground Pipe drainage Wargundy Street	-	-	-	65,000	-	-	-	-	-	-
Yarrow St at Bandulla, south side, dish drain	-	18,000	-	-	-	-	-	-	-	-
<b>Town Streets - Dunedoo Total</b>	<b>15,000</b>	<b>173,000</b>	<b>20,000</b>	<b>85,000</b>	<b>27,000</b>	<b>27,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>
<b>Town Streets - Mendooran</b>										
Bandulla Street, Traffic Calming	-	-	-	50,000	-	-	-	-	-	-
Cobra Street - Kerb and Guttering	-	-	-	-	-	70,000	70,000	-	-	-
Footpath rehabilitation - various sections	10,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000
Merchant Street Sealing	-	-	-	-	-	-	40,000	40,000	40,000	-
Street Trees	-	-	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>Town Streets - Mendooran Total</b>	<b>10,000</b>	<b>30,000</b>	<b>30,000</b>	<b>86,000</b>	<b>36,000</b>	<b>111,000</b>	<b>151,000</b>	<b>81,000</b>	<b>81,000</b>	<b>41,000</b>
<b>Urban Services Total</b>	<b>1,220,000</b>	<b>661,000</b>	<b>595,000</b>	<b>730,000</b>	<b>591,000</b>	<b>681,000</b>	<b>726,000</b>	<b>511,000</b>	<b>586,000</b>	<b>486,000</b>
<b>Technical Services Total</b>	<b>13,460,651</b>	<b>6,022,391</b>	<b>6,395,257</b>	<b>7,446,040</b>	<b>7,316,091</b>	<b>6,695,195</b>	<b>7,334,507</b>	<b>6,933,900</b>	<b>6,794,522</b>	<b>6,860,345</b>
<b>WARRUMBUNGLE SEWER</b>										
<b>Sewer - Baradine</b>										
Eco Treatment Odour Problem Vaccum Pump House	45,000	-	-	-	-	-	-	-	-	-
Sewage Treatment Plant-Disinfection Plant-renewal	10,000	10,000	-	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Pivot Irrigator - Renewal	-	-	-	226,282	-	-	-	-	-	-
Sewage Treatment Plant-Vacuum pumps-renewal	-	-	30,000	-	23,194	23,774	24,368	24,977	25,602	26,242
<b>Sewer - Baradine Total</b>	<b>55,000</b>	<b>10,000</b>	<b>30,000</b>	<b>226,282</b>	<b>23,194</b>	<b>23,774</b>	<b>24,368</b>	<b>24,977</b>	<b>25,602</b>	<b>26,242</b>
<b>Sewer - Coolah</b>										
Coolah Dump Site	5,000	-	-	-	-	-	-	-	-	-
Grit Chamber Investigation	30,000	-	-	-	-	-	-	-	-	-
Mains Realling Various Sections	50,000	-	-	-	-	-	-	-	-	-
Sewage Treatment Plant-rehabilitation/upgrades	-	-	50,000	56,570	57,985	59,434	60,920	62,443	64,004	65,604
<b>Sewer - Coolah Total</b>	<b>85,000</b>	<b>-</b>	<b>50,000</b>	<b>56,570</b>	<b>57,985</b>	<b>59,434</b>	<b>60,920</b>	<b>62,443</b>	<b>64,004</b>	<b>65,604</b>
<b>Sewer - Coonabarabran</b>										
Mains Replacement/Rehab	-	100,000	50,000	56,570	57,985	59,434	60,920	-	-	-
Mains-Relining various sections	70,000	100,000	100,000	158,397	197,148	202,077	207,128	212,307	217,614	223,055
Pump stations- renewal	60,000	30,000	30,000	33,942	34,791	35,661	-	-	-	-
Replace Steel sewer rods	3,000	3,000	3,000	-	-	-	-	-	-	-
Sewerage Treatment Plant Improvements	-	-	50,000	56,570	57,985	59,434	60,920	62,443	64,004	65,604
<b>Sewer - Coonabarabran Total</b>	<b>133,000</b>	<b>233,000</b>	<b>233,000</b>	<b>305,480</b>	<b>347,908</b>	<b>356,606</b>	<b>328,969</b>	<b>274,750</b>	<b>281,619</b>	<b>288,659</b>
<b>Sewer - Dunedoo</b>										
Mains Relining	50,000	-	-	-	-	-	-	-	-	-
Pump Station -renewal	-	-	50,000	-	-	-	-	-	-	-
<b>Sewer Dunedoo Total</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>						
<b>Warrumbungle Sewer Total</b>	<b>323,000</b>	<b>243,000</b>	<b>363,000</b>	<b>588,332</b>	<b>429,087</b>	<b>439,814</b>	<b>414,257</b>	<b>362,170</b>	<b>371,225</b>	<b>380,505</b>
<b>WARRUMBUNGLE WATER</b>										
<b>Water - Baradine</b>										
Meter Replacements	5,000	5,000	-	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Water Treatment Plant- Improvements	-	-	30,000	33,942	30,000	30,000	30,000	30,000	30,000	30,000
Water Treatment Clarifer	500,000	350,000	-	-	-	-	-	-	-	-
Mains Extension	-	50,000	50,000	-	-	-	-	-	-	-
Mains Replacement	-	80,000	-	-	-	-	-	-	-	-
<b>Water - Baradine Total</b>	<b>505,000</b>	<b>485,000</b>	<b>80,000</b>	<b>33,942</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>Water - Binnaway</b>										
Meter Replacements	5,000	5,000	-	-	-	-	-	-	-	-
Water Treatment Plant- Renewals	20,000	-	25,000	11,314	-	118,869	121,840	-	-	-
New Bore	475,000	-	-	-	-	-	-	-	-	-
Water Main Rehabilitation - Napier Street - 420m	-	-	-	79,199	-	-	-	-	-	-
<b>Water - Binnaway Total</b>	<b>500,000</b>	<b>5,000</b>	<b>25,000</b>	<b>90,513</b>	<b>-</b>	<b>118,869</b>	<b>121,840</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Water - Coolah</b>										
Meter Replacements	5,000	5,000	5,000	-	-	-	-	-	-	-
Mains Extension - removal of dead ends	40,000	40,000	40,000	56,570	57,985	59,434	60,920	62,443	64,004	65,316
Water Treatment-Sodium Hypochlorite Pump Standby	-	5,000	-	-	-	-	-	-	-	-
Mains Replacement - Gilmore st	-	30,000	30,000	-	-	-	-	-	-	-
Coolah Water Reservoirs Capital	-	30,000	30,000	-	-	-	-	-	-	-
Mains Replacement	-	95,000	95,000	28,285	28,992	29,717	30,460	31,222	32,002	32,802
New Bore	445,200	-	-	-	-	-	-	-	-	-
<b>Water - Coolah Total</b>	<b>490,200</b>	<b>205,000</b>	<b>200,000</b>	<b>84,856</b>	<b>86,977</b>	<b>89,151</b>	<b>91,380</b>	<b>93,665</b>	<b>96,006</b>	<b>98,118</b>
<b>Water - Coonabarabran</b>										
Raising Timor Dam Wall	600,000	-	-	-	-	-	-	-	-	-
Telemetry Upgrade Concept Design (All Towns)	50,000	-	-	-	-	-	-	-	-	-
Water Treatment Plant Improvements	-	-	-	33,942	34,791	35,661	36,552	37,466	38,403	39,190

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Tools - Coona Water	3,000	3,000	3,000	-	-	-	-	-	-	-
Meter Replacements	10,000	10,000	10,000	-	-	-	-	-	-	-
Water Main Extension - Removal of Dead Ends	-	-	-	124,455	278,326	285,285	292,417	299,727	76,805	78,380
Fencing of Reservoir Site - Oxley Highway	-	-	-	11,314	11,597	11,887	12,184	12,489	12,801	-
Mains Extensions (removal dead ends) - Arnold St, btwn Newell Hwy and Gunnedah Hill	-	100,000	-	-	-	-	-	-	-	-
Main Extension - Removal of Dead Ends	60,000	60,000	60,000	-	-	-	-	-	-	-
Mains Extension-Under Highway between Council depot & former Caltex site	-	60,000	-	-	-	-	-	-	-	-
Mains Replacement	-	50,000	50,000	147,083	150,760	154,529	158,392	162,352	166,411	169,822
Telemetry Software - Coona	-	3,000	3,000	-	-	-	-	-	-	-
Mains Replacement-David & Railway Sts, 570m	-	70,000	80,000	-	-	-	-	-	-	-
Water Main Rehabilitation	-	-	-	79,199	81,179	83,208	85,288	87,420	89,606	91,443
Water Main Rehabilitation - Castlereagh Avenue	-	-	-	-	-	-	-	87,420	896,059	-
Water Main Rehabilitation - George Street	-	-	-	-	81,179	-	-	-	-	-
<b>Water - Coonabarabran Total</b>	<b>723,000</b>	<b>356,000</b>	<b>206,000</b>	<b>395,993</b>	<b>637,831</b>	<b>570,569</b>	<b>584,833</b>	<b>686,875</b>	<b>1,280,085</b>	<b>378,835</b>
<b>Water - Dunedoo</b>										
Mains Extension-Evans St, between Sullivan St and Nott St (430m)	50,000	-	-	56,570	57,985	59,434	60,920	62,443	-	-
Reservoirs-Roof	60,000	-	-	-	-	-	-	-	-	-
Dunedoo W Minor Plant & Equip	3,000	3,000	-	-	-	-	-	-	-	-
Reservoirs-Rehabilitation	-	-	20,000	-	-	-	-	62,443	64,004	65,316
Mains Extension - Removal of Dead Ends	-	50,000	50,000	-	-	-	-	-	-	-
<b>Water - Dunedoo Total</b>	<b>113,000</b>	<b>53,000</b>	<b>70,000</b>	<b>56,570</b>	<b>57,985</b>	<b>59,434</b>	<b>60,920</b>	<b>124,886</b>	<b>64,004</b>	<b>65,316</b>
<b>Water - Mendooran</b>										
Meter Replacements	5,000	-	-	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2015/16

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Mains Extension	-	30,000	30,000	-	-	-	-	-	-	-
Merrygoen Creek Main Replacement	-	-	40,000	-	-	-	-	-	-	-
New Bore	417,600	-	-	-	-	-	-	-	-	-
Mains Replacement - from Merrygoen Creel to Reservoir	-	-	50,000	-	-	-	-	-	-	-
<b>Water - Mendooran Total</b>	<b>422,600</b>	<b>30,000</b>	<b>120,000</b>	-	-	-	-	-	-	-
<b>Warrumbungle Water Total</b>	<b>2,753,800</b>	<b>1,134,000</b>	<b>701,000</b>	<b>661,874</b>	<b>812,793</b>	<b>868,023</b>	<b>888,974</b>	<b>935,426</b>	<b>1,470,095</b>	<b>572,269</b>
<b>FFF Adjustment</b>	-	360,000	1,500,240	1,241,308	984,600	1,119,000	1,619,000	2,119,000	3,119,000	3,200,000
<b>Grand Total</b>	<b>25,112,056</b>	<b>9,261,119</b>	<b>9,809,668</b>	<b>10,743,888</b>	<b>10,114,806</b>	<b>9,956,734</b>	<b>11,120,958</b>	<b>11,175,200</b>	<b>12,461,340</b>	<b>11,783,115</b>

## Part 6: Assets and Liabilities

The assumptions around movements in balance sheet items are dealt with briefly in the following table:

Balance Sheet Item	Assumptions
<b>Assets</b>	
Cash and Cash equivalents	Changes in cash and cash equivalents balances are per the Statement of Cashflows (cashflow statement).
Investments	Investments are assumed to be re-invested as TDs upon maturity, which are captured under cash and cash equivalents. Details of expected returns on investments are found in Part 3.3 of the plan.
Receivables	Receivables have been assumed to remain at 2014/15 levels for the life of the plan.
Inventories	Inventories have been assumed to remain at 2014/15 levels for the life of the plan.
Infrastructure, PP&E	Changes in infrastructure, property, plant and equipment balances are as per the AMP. Details on CAPEX can be found in Part 5 of the LTFP, while further information on depreciation expenditure can be found in Part 4.4 of the plan. Information on disposals can be found in part 3.6 of the plan. Adjustments for asset revaluations use an assumed 2.5% increase per annum. A detailed asset movement schedule can be found in Part 7 of the plan.
Investments (Equity Method)	Investments accounted for using the equity method are assumed to increase by \$10k each year from Council's share of interest in the joint venture operation.
<b>Balance Sheet Item</b>	<b>Assumptions</b>
<b>Liabilities</b>	
Payables	Payables have been assumed to remain at 2014/15 levels for the life of the plan.
Borrowings	Borrowings and finance leases are paid down per current schedules, and details of current and proposed borrowings can be found in part 4.2 of the plan.
Provisions	Provisions have been held constant as a full actuarial assessment of movements in future employee provisions was not deemed necessary for the purpose of the LTFP.

## Part 7: Financial Analysis

According to the National Competition Policy, Local Government must ensure Water and Sewer are maintained as separate funds. This requires the disclosure of information about the assets, income and expenses of the corresponding funds where funds raised must be applied for the purpose for which they were raised. This assists users in identifying the resources committed to particular activities, the costs of service delivery that are reliably attributable to those activities, and the extent to which the local government has recovered those costs from income that is reliably attributable to those activities. While the previous section discussed the 10 year impact on the Warrumbungle Shire Council as a whole, this section shows the impact on the General Fund, Sewer and Water separately.



The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo. The main function of Warrumbungle Water is the provision of water supply to connected properties in each town within the Shire. The provision of water and sewer services must be economically sustainable and Council's General Fund should not be subsidising the provision of these services.

Council's General Fund consists of all other activities performed by the Warrumbungle Shire Council excluding Council's Water and Sewer Fund including the provision of:

- Three aerodromes;
- Cemetery services;
- Grant funded Connect 5 and long day care services;
- Libraries;
- Medical facilities such as doctor housing
- Noxious weeds services throughout the Shire;
- Office buildings, crown land and staff housing across the Shire;
- Ovals, public amenities, parks and gardens across the six towns in the Shire;
- Maintenance of local, rural and state roads including town streets;
- Sewer, water and waste services;
- Administration and corporate support;
- Emergency services and rural fire services; and
- Tourism and economic promotion.

## 7.1 General Fund Financial Analysis

### Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
Rates and Annual Charges	9,099	9,367	9,643	9,927	10,220	10,521	10,832	11,152	11,481	11,820
User Charges and Fees	6,258	6,524	9,698	9,878	10,063	10,252	10,447	10,647	10,852	11,063
Interest & Investment Revenue	602	539	526	512	498	483	467	452	446	441
Other Revenues	769	674	691	708	726	744	762	781	801	821
Grants & Contributions (Recurrent)	16,296	15,655	16,690	17,115	17,629	18,708	19,302	19,916	20,550	21,207
Grants & Contributions (Capital)	12,190	1,620	700	708	715	723	731	740	748	757
Gains/(Losses) from Disposal of Assets	59	59	59	59	59	59	59	59	59	59
Share of interest in JV gains	10	10	10	10	10	10	10	10	10	10
<b>Total Income From Continuing Operations</b>	<b>45,283</b>	<b>34,448</b>	<b>38,017</b>	<b>38,917</b>	<b>39,920</b>	<b>41,500</b>	<b>42,610</b>	<b>43,757</b>	<b>44,947</b>	<b>46,178</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	12,698	12,845	13,210	13,603	14,071	14,489	14,919	15,362	15,818	16,288
Borrowing Costs	342	307	269	230	191	149	105	60	31	12
Materials & Contracts	5,713	5,651	8,497	8,627	8,698	8,836	8,977	9,125	9,284	9,447
Depreciation & Impairment	7,800	8,280	8,553	8,842	9,145	9,445	9,745	10,065	10,392	10,735
Other Expenses	7,035	7,268	7,373	7,556	7,743	7,934	8,130	8,331	8,537	8,748
Net Share of Interest in Joint Ventures										
<b>Total Expenditure From Continuing Operations</b>	<b>33,588</b>	<b>34,351</b>	<b>37,902</b>	<b>38,858</b>	<b>39,848</b>	<b>40,853</b>	<b>41,876</b>	<b>42,943</b>	<b>44,062</b>	<b>45,231</b>
<b>Net Operating Result for the Year</b>	<b>11,695</b>	<b>97</b>	<b>115</b>	<b>59</b>	<b>72</b>	<b>647</b>	<b>734</b>	<b>814</b>	<b>885</b>	<b>947</b>

## Balance Sheet

Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	4,770	5,187	5,044	4,414	4,559	5,788	6,362	7,286	8,475	9,900
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172
Inventories	612	612	612	612	612	612	612	612	612	612
<b>Total Current Assets</b>	<b>7,554</b>	<b>7,971</b>	<b>7,828</b>	<b>7,198</b>	<b>7,343</b>	<b>8,572</b>	<b>9,146</b>	<b>10,070</b>	<b>11,259</b>	<b>12,684</b>
<b>Non-Current Assets</b>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	344	344	344	344	344	344	344	344	344	344
Property, Plant & Equipment	419,324	428,612	438,672	449,367	459,519	469,370	480,234	491,253	502,908	514,633
Intangibles	283	283	283	283	283	283	283	283	283	283
Investments Equity Method	311	321	331	341	351	361	371	381	391	401
<b>Total Non-Current Assets</b>	<b>420,262</b>	<b>429,560</b>	<b>439,630</b>	<b>450,335</b>	<b>460,497</b>	<b>470,358</b>	<b>481,232</b>	<b>492,261</b>	<b>503,926</b>	<b>515,661</b>
<b>Total Assets</b>	<b>427,816</b>	<b>437,531</b>	<b>447,458</b>	<b>457,533</b>	<b>467,840</b>	<b>478,930</b>	<b>490,378</b>	<b>502,331</b>	<b>515,185</b>	<b>528,345</b>
<b>Current Liabilities</b>										
Payables	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119	2,119
Borrowings	866	909	952	996	1,045	1,095	792	465	360	-
Provisions	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445
<b>Total Current Liabilities</b>	<b>6,430</b>	<b>6,473</b>	<b>6,516</b>	<b>6,560</b>	<b>6,609</b>	<b>6,659</b>	<b>6,356</b>	<b>6,029</b>	<b>5,924</b>	<b>5,564</b>
<b>Non-Current Liabilities</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	6,467	5,560	4,608	3,611	2,559	1,464	748	207	-	-
Provisions	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774
<b>Total Non-Current Liabilities</b>	<b>8,241</b>	<b>7,334</b>	<b>6,382</b>	<b>5,385</b>	<b>4,333</b>	<b>3,238</b>	<b>2,522</b>	<b>1,981</b>	<b>1,774</b>	<b>1,774</b>
<b>Total Liabilities</b>	<b>14,671</b>	<b>13,807</b>	<b>12,898</b>	<b>11,945</b>	<b>10,942</b>	<b>9,897</b>	<b>8,878</b>	<b>8,010</b>	<b>7,698</b>	<b>7,338</b>
<b>Net Assets</b>	<b>413,145</b>	<b>423,724</b>	<b>434,560</b>	<b>445,588</b>	<b>456,898</b>	<b>469,033</b>	<b>481,500</b>	<b>494,321</b>	<b>507,487</b>	<b>521,007</b>
Retained Earnings	329,288	329,383	329,505	329,566	329,641	330,288	331,021	331,836	332,721	333,668
Revaluation Reserves	83,857	94,340	105,056	116,022	127,257	138,744	150,479	162,485	174,766	187,339
<b>Total Equity</b>	<b>413,145</b>	<b>423,724</b>	<b>434,560</b>	<b>445,588</b>	<b>456,898</b>	<b>469,033</b>	<b>481,500</b>	<b>494,321</b>	<b>507,487</b>	<b>521,007</b>

## Statement of Cash Flows (Page 1 of 2)

<b>Cash Flows from Operating Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Receipts</u></b>										
Rates and Annual Charges	9,099	9,367	9,643	9,927	10,220	10,521	10,832	11,152	11,481	11,820
User Charges and Fees	6,258	6,524	9,698	9,878	10,063	10,252	10,447	10,647	10,852	11,063
Interest & Investment Revenue	602	539	526	512	498	483	467	452	446	441
Other Revenues	1,703	1,608	1,625	1,642	1,660	1,678	1,696	1,715	1,735	1,755
Grants & Contributions	28,486	17,275	17,390	17,823	18,344	19,431	20,033	20,656	21,298	21,964
<b><u>Payments</u></b>										
Employee Benefits & On-Costs	(12,698)	(12,845)	(13,210)	(13,603)	(14,071)	(14,489)	(14,919)	(15,362)	(15,818)	(16,288)
Materials & Contracts	(5,719)	(5,649)	(8,490)	(8,625)	(8,700)	(8,836)	(8,978)	(9,124)	(9,284)	(9,446)
Borrowing Costs	(342)	(307)	(269)	(230)	(191)	(149)	(105)	(60)	(31)	(12)
Other Expenses	(7,969)	(8,202)	(8,307)	(8,490)	(8,677)	(8,868)	(9,064)	(9,265)	(9,471)	(9,682)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>19,420</b>	<b>8,310</b>	<b>8,606</b>	<b>8,833</b>	<b>9,146</b>	<b>10,023</b>	<b>10,409</b>	<b>10,811</b>	<b>11,208</b>	<b>11,613</b>
<b>Cash Flows from Investing Activities</b>										
<b><u>Receipts</u></b>										
Sale of Investment Securities	715	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	1,125	859	907	983	869	900	1,002	859	913	1,002
Deferred Debtors Receipts	50	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(22,035)	(7,884)	(8,746)	(9,494)	(8,873)	(8,649)	(9,818)	(9,878)	(10,620)	(10,830)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(20,145)</b>	<b>(7,025)</b>	<b>(7,839)</b>	<b>(8,511)</b>	<b>(8,004)</b>	<b>(7,749)</b>	<b>(8,816)</b>	<b>(9,019)</b>	<b>(9,707)</b>	<b>(9,828)</b>

## Statement of Cash Flows (Page 2 of 2)

<b>Cash Flows from Financing Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Receipts</u></b>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Repayment of Borrowings & Advances	(829)	(868)	(910)	(953)	(997)	(1,045)	(1,019)	(868)	(312)	(360)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(829)</b>	<b>(868)</b>	<b>(910)</b>	<b>(953)</b>	<b>(997)</b>	<b>(1,045)</b>	<b>(1,019)</b>	<b>(868)</b>	<b>(312)</b>	<b>(360)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,554)</b>	<b>417</b>	<b>(143)</b>	<b>(631)</b>	<b>145</b>	<b>1,229</b>	<b>574</b>	<b>924</b>	<b>1,189</b>	<b>1,425</b>
Cash & Cash Equivalents – Opening balance	6,324	4,770	5,187	5,044	4,414	4,559	5,788	6,362	7,286	8,475
<b>Cash &amp; Cash Equivalents – Closing balance</b>	<b>4,770</b>	<b>5,187</b>	<b>5,044</b>	<b>4,414</b>	<b>4,559</b>	<b>5,788</b>	<b>6,362</b>	<b>7,286</b>	<b>8,475</b>	<b>9,900</b>

## Asset Movement Schedule

Asset Movement Schedule	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>										
Estimated Replacement Cost	502,107	532,982	550,550	569,163	588,699	607,996	627,292	647,901	668,984	691,032
Accumulated Depreciation	(105,859)	(113,659)	(121,938)	(130,491)	(139,333)	(148,478)	(157,923)	(167,667)	(177,732)	(188,125)
<b>Written Down Value</b>	<b>396,248</b>	<b>419,324</b>	<b>428,611</b>	<b>438,672</b>	<b>449,367</b>	<b>459,518</b>	<b>469,369</b>	<b>480,234</b>	<b>491,252</b>	<b>502,907</b>
<b>Add/(less):</b>										
Additions										
- Capital Renewal	13,935	6,546	8,599	9,198	8,713	8,299	9,460	9,733	10,315	10,760
- Capital Improvements	8,101	1,339	147	296	160	349	357	145	305	70
<b>Total Capital Expenditure</b>	<b>22,035</b>	<b>7,884</b>	<b>8,746</b>	<b>9,494</b>	<b>8,873</b>	<b>8,649</b>	<b>9,818</b>	<b>9,878</b>	<b>10,620</b>	<b>10,830</b>
Depreciation	(7,800)	(8,280)	(8,553)	(8,842)	(9,145)	(9,445)	(9,745)	(10,065)	(10,392)	(10,735)
Disposals	(1,066)	(800)	(848)	(924)	(810)	(841)	(943)	(800)	(854)	(943)
Revaluations	9,906	10,482	10,716	10,967	11,233	11,489	11,736	12,005	12,281	12,573
<b>Closing Balance</b>	<b>419,324</b>	<b>428,611</b>	<b>438,672</b>	<b>449,367</b>	<b>459,518</b>	<b>469,369</b>	<b>480,234</b>	<b>491,252</b>	<b>502,907</b>	<b>514,632</b>
<b>Key Performance Indicators</b>										
Asset Renewal Ratio (Incl. Plant)	178.65%	79.06%	100.54%	104.03%	95.27%	87.87%	97.08%	96.70%	99.25%	100.24%
Asset Renewal Deficit	6,135	(1,734)	46	356	(432)	(1,145)	(284)	(332)	(78)	25
Asset Consumption Ratio	21.08%	21.33%	22.15%	22.93%	23.67%	24.42%	25.18%	25.88%	26.57%	27.22%

## 7.2 Water Fund Financial Analysis

### Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Income from Continuing Operations</b>	<b>\$'000</b>									
Rates and Annual Charges	1,320	1,387	1,458	1,533	1,612	1,694	1,781	1,872	1,968	2,068
User Charges and Fees	1,462	1,520	1,594	1,672	1,754	1,840	1,931	2,026	2,125	2,229
Interest & Investment Revenue	52	53	54	54	55	56	57	58	59	60
Other Revenues	18	18	19	19	20	20	21	21	22	22
Grants & Contributions (Recurrent)	44	45	46	47	48	50	51	52	53	54
Grants & Contributions (Capital)	1,607	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>4,503</b>	<b>3,023</b>	<b>3,171</b>	<b>3,325</b>	<b>3,489</b>	<b>3,660</b>	<b>3,841</b>	<b>4,029</b>	<b>4,227</b>	<b>4,433</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	908	932	959	987	1,018	1,048	1,080	1,112	1,145	1,177
Borrowing Costs	36	33	29	25	21	16	12	7	2	-
Materials & Contracts	1,171	1,200	1,230	1,261	1,292	1,325	1,358	1,392	1,427	1,463
Depreciation & Impairment	860	908	934	955	976	998	1,022	1,047	1,072	1,105
Other Expenses	231	237	243	249	255	262	268	275	282	289
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure From Continuing Operations</b>	<b>3,206</b>	<b>3,310</b>	<b>3,395</b>	<b>3,477</b>	<b>3,562</b>	<b>3,649</b>	<b>3,740</b>	<b>3,833</b>	<b>3,928</b>	<b>4,034</b>
<b>Net Operating Result for the Year</b>	<b>1,297</b>	<b>(287)</b>	<b>(224)</b>	<b>(152)</b>	<b>(73)</b>	<b>11</b>	<b>101</b>	<b>196</b>	<b>299</b>	<b>399</b>

## Balance Sheet

Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	1,595	1,006	937	994	998	1,047	1,188	1,396	1,219	2,148
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	768	768	768	768	768	768	768	768	768	768
Inventories	6	6	6	6	6	6	6	6	6	6
<b>Total Current Assets</b>	<b>2,369</b>	<b>1,780</b>	<b>1,711</b>	<b>1,768</b>	<b>1,772</b>	<b>1,821</b>	<b>1,962</b>	<b>2,170</b>	<b>1,993</b>	<b>2,922</b>
<b>Non-Current Assets</b>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	32,888	33,936	34,552	35,122	35,837	36,603	37,385	38,208	39,561	40,017
Investments Equity Method	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>32,888</b>	<b>33,936</b>	<b>34,552</b>	<b>35,122</b>	<b>35,837</b>	<b>36,603</b>	<b>37,385</b>	<b>38,208</b>	<b>39,561</b>	<b>40,017</b>
<b>Total Assets</b>	<b>35,257</b>	<b>35,716</b>	<b>36,263</b>	<b>36,890</b>	<b>37,609</b>	<b>38,424</b>	<b>39,347</b>	<b>40,378</b>	<b>41,554</b>	<b>42,939</b>
<b>Current Liabilities</b>										
Payables	17	17	17	17	17	17	17	17	17	17
Borrowings	75	78	82	86	91	95	100	78	-	-
Provisions	150	150	150	150	150	150	150	150	150	150
<b>Total Current Liabilities</b>	<b>242</b>	<b>245</b>	<b>249</b>	<b>253</b>	<b>258</b>	<b>262</b>	<b>267</b>	<b>245</b>	<b>167</b>	<b>167</b>
<b>Non-Current Liabilities</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	612	533	451	365	274	178	78	-	-	-
Provisions	2	2	2	2	2	2	2	2	2	2
<b>Total Non-Current Liabilities</b>	<b>614</b>	<b>535</b>	<b>453</b>	<b>367</b>	<b>276</b>	<b>180</b>	<b>80</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Liabilities</b>	<b>856</b>	<b>780</b>	<b>702</b>	<b>620</b>	<b>534</b>	<b>442</b>	<b>347</b>	<b>247</b>	<b>169</b>	<b>169</b>
<b>Net Assets</b>	<b>34,401</b>	<b>34,936</b>	<b>35,561</b>	<b>36,270</b>	<b>37,075</b>	<b>37,982</b>	<b>39,000</b>	<b>40,131</b>	<b>41,385</b>	<b>42,770</b>
Retained Earnings	22,540	22,253	22,029	21,875	21,802	21,813	21,916	22,112	22,411	22,807
Revaluation Reserves	11,861	12,683	13,532	14,395	15,273	16,169	17,084	18,019	18,974	19,963
<b>Total Equity</b>	<b>34,401</b>	<b>34,936</b>	<b>35,561</b>	<b>36,270</b>	<b>37,075</b>	<b>37,982</b>	<b>39,000</b>	<b>40,131</b>	<b>41,385</b>	<b>42,770</b>

## Statement of Cash Flows (Page 1 of 2)

<b>Cash Flows from Operating Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Receipts</u></b>										
Rates and Annual Charges	1,320	1,387	1,458	1,533	1,612	1,694	1,781	1,872	1,968	2,068
User Charges and Fees	1,462	1,520	1,594	1,672	1,754	1,840	1,931	2,026	2,125	2,229
Interest & Investment Revenue	52	53	54	54	55	56	57	58	59	60
Other Revenues	18	18	19	19	20	20	21	21	22	22
Grants & Contributions	1,651	45	46	47	48	50	51	52	53	54
<b><u>Payments</u></b>										
Employee Benefits & On-Costs	(907)	(932)	(959)	(988)	(1,018)	(1,048)	(1,079)	(1,112)	(1,145)	(1,179)
Materials & Contracts	(1,171)	(1,201)	(1,230)	(1,262)	(1,292)	(1,326)	(1,357)	(1,392)	(1,427)	(1,464)
Borrowing Costs	(36)	(33)	(29)	(25)	(21)	(16)	(12)	(7)	(2)	-
Other Expenses	(231)	(237)	(243)	(249)	(255)	(262)	(268)	(275)	(282)	(289)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>2,158</b>	<b>620</b>	<b>710</b>	<b>801</b>	<b>903</b>	<b>1,008</b>	<b>1,125</b>	<b>1,243</b>	<b>1,371</b>	<b>1,501</b>
<b>Cash Flows from Investing Activities</b>										
<b><u>Receipts</u></b>										
Sale of Investment Securities	203	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(2,754)	(1,134)	(701)	(662)	(813)	(868)	(889)	(935)	(1,470)	(572)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(2,551)</b>	<b>(1,134)</b>	<b>(701)</b>	<b>(662)</b>	<b>(813)</b>	<b>(868)</b>	<b>(889)</b>	<b>(935)</b>	<b>(1,470)</b>	<b>(572)</b>

## Statement of Cash Flows (Page 2 of 2)

Cash Flows from Financing Activities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Receipts</u></b>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Repayment of Borrowings & Advances	(70)	(75)	(78)	(82)	(86)	(91)	(95)	(100)	(78)	-
Repayment of Finance Lease Liabilities										
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(70)</b>	<b>(75)</b>	<b>(78)</b>	<b>(82)</b>	<b>(86)</b>	<b>(91)</b>	<b>(95)</b>	<b>(100)</b>	<b>(78)</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(463)</b>	<b>(589)</b>	<b>(69)</b>	<b>57</b>	<b>4</b>	<b>49</b>	<b>141</b>	<b>208</b>	<b>(177)</b>	<b>929</b>
Cash & Cash Equivalents – Opening balance	2,058	1,595	1,006	937	994	998	1,047	1,188	1,396	1,219
<b>Cash &amp; Cash Equivalents – Closing balance</b>	<b>1,595</b>	<b>1,006</b>	<b>937</b>	<b>994</b>	<b>998</b>	<b>1,047</b>	<b>1,188</b>	<b>1,396</b>	<b>1,219</b>	<b>2,148</b>

## Asset Movement Schedule

Asset Movement Schedule	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>										
Estimated Replacement Cost	63,543	67,053	69,009	70,558	72,084	73,775	75,539	77,343	79,213	81,638
Accumulated Depreciation	(33,305)	(34,165)	(35,072)	(36,006)	(36,961)	(37,937)	(38,935)	(39,958)	(41,004)	(42,077)
<b>Written Down Value</b>	<b>30,238</b>	<b>32,888</b>	<b>33,937</b>	<b>34,552</b>	<b>35,123</b>	<b>35,838</b>	<b>36,604</b>	<b>37,385</b>	<b>38,209</b>	<b>39,562</b>
<b>Add/(less):</b>										
Additions										
- Capital Renewal	1,954	744	441	379	377	422	433	468	1,286	399
- Capital Improvements	800	390	260	283	436	446	456	467	184	174
<b>Total Capital Expenditure</b>	<b>2,754</b>	<b>1,134</b>	<b>701</b>	<b>662</b>	<b>813</b>	<b>868</b>	<b>889</b>	<b>935</b>	<b>1,470</b>	<b>572</b>
Depreciation	(860)	(908)	(934)	(955)	(976)	(998)	(1,022)	(1,047)	(1,072)	(1,105)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	756	822	848	864	878	896	914	936	955	989
<b>Closing Balance</b>	<b>32,888</b>	<b>33,937</b>	<b>34,552</b>	<b>35,123</b>	<b>35,838</b>	<b>36,604</b>	<b>37,385</b>	<b>38,209</b>	<b>39,562</b>	<b>40,018</b>

### Key Performance Indicators

Asset Renewal Ratio (Incl. Plant)	227.18%	81.98%	47.22%	39.69%	38.63%	42.26%	42.31%	44.74%	120.00%	36.07%
Asset Renewal Deficit	1,094	(164)	(493)	(576)	(599)	(577)	(590)	(578)	214	(706)
Asset Consumption Ratio	52%	51%	51%	51%	51%	51%	52%	52%	52%	52%

## 7.3 Sewer Fund Financial Analysis

### Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
Rates and Annual Charges	1,225	1,268	1,313	1,359	1,407	1,457	1,508	1,562	1,617	1,674
User Charges and Fees	162	168	174	180	186	193	200	206	214	221
Interest & Investment Revenue	123	115	107	98	89	80	69	63	63	64
Other Revenues	10	10	11	11	11	11	12	12	12	12
Grants & Contributions (Recurrent)	-	-	-	-	-	-	-	-	-	-
Grants & Contributions (Capital)	31	32	33	33	34	35	36	37	37	38
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
<b>Total Income From Continuing Operations</b>	<b>1,551</b>	<b>1,593</b>	<b>1,638</b>	<b>1,681</b>	<b>1,727</b>	<b>1,776</b>	<b>1,825</b>	<b>1,880</b>	<b>1,943</b>	<b>2,009</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	520	535	552	567	583	603	620	640	657	677
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	544	557	571	585	600	615	631	646	663	679
Depreciation & Impairment	405	415	424	434	447	458	470	481	493	504
Other Expenses	67	68	70	72	74	75	77	79	81	83
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure From Continuing Operations</b>	<b>1,536</b>	<b>1,575</b>	<b>1,617</b>	<b>1,658</b>	<b>1,704</b>	<b>1,751</b>	<b>1,798</b>	<b>1,846</b>	<b>1,894</b>	<b>1,943</b>
<b>Net Operating Result for the Year</b>	<b>15</b>	<b>18</b>	<b>21</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>27</b>	<b>34</b>	<b>49</b>	<b>66</b>

## Balance Sheet

Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	3,204	3,538	3,774	3,805	4,016	4,241	4,516	4,671	4,841	5,030
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	734	743	750	759	769	780	588	588	588	588
Inventories	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>3,938</b>	<b>4,281</b>	<b>4,524</b>	<b>4,564</b>	<b>4,785</b>	<b>5,021</b>	<b>5,104</b>	<b>5,259</b>	<b>5,429</b>	<b>5,618</b>
<b>Non-Current Assets</b>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	857	704	544	373	192	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	22,074	22,454	22,955	23,683	24,257	24,845	25,410	25,926	26,453	26,991
Investments Equity Method	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>22,931</b>	<b>23,158</b>	<b>23,499</b>	<b>24,056</b>	<b>24,449</b>	<b>24,845</b>	<b>25,410</b>	<b>25,926</b>	<b>26,453</b>	<b>26,991</b>
<b>Total Assets</b>	<b>26,869</b>	<b>27,439</b>	<b>28,023</b>	<b>28,620</b>	<b>29,234</b>	<b>29,866</b>	<b>30,514</b>	<b>31,185</b>	<b>31,882</b>	<b>32,609</b>
<b>Current Liabilities</b>										
Payables	24	24	24	24	24	24	24	24	24	24
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	55	55	55	55	55	55	55	55	55	55
<b>Total Current Liabilities</b>	<b>79</b>									
<b>Non-Current Liabilities</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	1	1	1	1	1	1	1	1	1	1
<b>Total Non-Current Liabilities</b>	<b>1</b>									
<b>Total Liabilities</b>	<b>80</b>									
<b>Net Assets</b>	<b>26,789</b>	<b>27,359</b>	<b>27,943</b>	<b>28,540</b>	<b>29,154</b>	<b>29,786</b>	<b>30,434</b>	<b>31,105</b>	<b>31,802</b>	<b>32,529</b>
Retained Earnings	12,280	12,298	12,320	12,343	12,365	12,391	12,418	12,454	12,502	12,568
Revaluation Reserves	14,509	15,061	15,623	16,197	16,789	17,395	18,016	18,651	19,300	19,961
<b>Total Equity</b>	<b>26,789</b>	<b>27,359</b>	<b>27,943</b>	<b>28,540</b>	<b>29,154</b>	<b>29,786</b>	<b>30,434</b>	<b>31,105</b>	<b>31,802</b>	<b>32,529</b>

## Statement of Cash Flows (Page 1 of 2)

Cash Flows from Operating Activities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Receipts</b>										
Rates and Annual Charges	1,217	1,259	1,306	1,350	1,397	1,446	1,700	1,562	1,617	1,674
User Charges and Fees	162	168	174	180	186	193	200	206	214	221
Interest & Investment Revenue	267	268	267	269	270	272	69	63	63	64
Other Revenues	10	10	11	11	11	11	12	12	12	12
Grants & Contributions	31	32	33	33	34	35	36	37	37	38
<b>Payments</b>										
Employee Benefits & On-Costs	(521)	(535)	(551)	(567)	(584)	(602)	(620)	(638)	(658)	(677)
Materials & Contracts	(544)	(557)	(571)	(585)	(600)	(615)	(631)	(646)	(663)	(679)
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Other Expenses	(67)	(68)	(70)	(72)	(74)	(75)	(77)	(79)	(81)	(83)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>555</b>	<b>577</b>	<b>599</b>	<b>619</b>	<b>640</b>	<b>665</b>	<b>689</b>	<b>517</b>	<b>541</b>	<b>570</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts</b>										
Sale of Investment Securities	558	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(323)	(243)	(363)	(588)	(429)	(440)	(414)	(362)	(371)	(381)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>235</b>	<b>(243)</b>	<b>(363)</b>	<b>(588)</b>	<b>(429)</b>	<b>(440)</b>	<b>(414)</b>	<b>(362)</b>	<b>(371)</b>	<b>(381)</b>

## Statement of Cash Flows (Page 2 of 2)

Cash Flows from Financing Activities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Receipts</b>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Financing Activities</b>	-	-	-	-	-	-	-	-	-	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>790</b>	<b>334</b>	<b>236</b>	<b>31</b>	<b>211</b>	<b>225</b>	<b>275</b>	<b>155</b>	<b>170</b>	<b>189</b>
Cash & Cash Equivalents – Opening balance	2,414	3,204	3,538	3,774	3,805	4,016	4,241	4,516	4,671	4,841
<b>Cash &amp; Cash Equivalents – Closing balance</b>	<b>3,204</b>	<b>3,538</b>	<b>3,774</b>	<b>3,805</b>	<b>4,016</b>	<b>4,241</b>	<b>4,516</b>	<b>4,671</b>	<b>4,841</b>	<b>5,030</b>

## Asset Movement Schedule

Asset Movement Schedule	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>										
Estimated Replacement Cost	36,509	37,372	38,167	39,092	40,254	41,275	42,321	43,357	44,354	45,373
Accumulated Depreciation	(14,892)	(15,298)	(15,713)	(16,137)	(16,571)	(17,018)	(17,476)	(17,946)	(18,428)	(18,920)
<b>Written Down Value</b>	<b>21,617</b>	<b>22,074</b>	<b>22,454</b>	<b>22,955</b>	<b>23,683</b>	<b>24,257</b>	<b>24,845</b>	<b>25,410</b>	<b>25,926</b>	<b>26,453</b>
<b>Add/(less):</b>										
Additions										
- Capital Renewal	318	243	313	532	371	380	353	300	307	315
- Capital Improvements	5	0	50	57	58	59	61	62	64	66
<b>Total Capital Expenditure</b>	<b>323</b>	<b>243</b>	<b>363</b>	<b>588</b>	<b>429</b>	<b>440</b>	<b>414</b>	<b>362</b>	<b>371</b>	<b>381</b>
Depreciation	(405)	(415)	(424)	(434)	(447)	(458)	(470)	(481)	(493)	(504)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	539	552	562	573	592	607	621	635	649	661
<b>Closing Balance</b>	<b>22,074</b>	<b>22,454</b>	<b>22,955</b>	<b>23,683</b>	<b>24,257</b>	<b>24,845</b>	<b>25,410</b>	<b>25,926</b>	<b>26,453</b>	<b>26,991</b>

### Key Performance Indicators

Asset Renewal Ratio (Incl. Plant)	26.39%	76.62%	57.33%	72.10%	118.95%	80.96%	80.93%	73.38%	60.85%	60.97%
Asset Renewal Deficit	(298)	(97)	(181)	(121)	85	(87)	(90)	(128)	(193)	(197)
Asset Consumption Ratio	41%	41%	41%	41%	41%	41%	41%	41%	42%	42%

## 7.4 Consolidated Analysis

### Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>										
Rates and Annual Charges	11,643	12,022	12,414	12,820	13,239	13,673	14,121	14,585	15,065	15,562
User Charges and Fees	7,883	8,211	11,466	11,730	12,003	12,285	12,577	12,879	13,191	13,514
Interest & Investment Revenue	716	651	636	625	615	601	587	573	569	565
Other Revenues	797	702	720	738	756	775	795	815	835	856
Grants & Contributions (Recurrent)	16,371	15,731	16,769	17,196	17,712	18,792	19,389	20,004	20,641	21,300
Grants & Contributions (Capital)	13,797	1,620	700	708	715	723	731	740	748	757
Gains/(Losses) from Disposal of Assets	59	59	59	59	59	59	59	59	59	59
Share of interest in JV gains	10	10	10	10	10	10	10	10	10	10
<b>Total Income From Continuing Operations</b>	<b>51,276</b>	<b>39,006</b>	<b>42,774</b>	<b>43,886</b>	<b>45,109</b>	<b>46,918</b>	<b>48,269</b>	<b>49,665</b>	<b>51,118</b>	<b>52,623</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	14,126	14,312	14,720	15,158	15,672	16,138	16,618	17,112	17,622	18,145
Borrowing Costs	378	340	298	255	212	165	117	67	33	12
Materials & Contracts	7,367	7,351	10,247	10,435	10,564	10,759	10,958	11,164	11,374	11,589
Depreciation & Impairment	9,065	9,602	9,910	10,231	10,568	10,902	11,237	11,593	11,957	12,344
Other Expenses	7,333	7,573	7,687	7,877	8,072	8,271	8,476	8,685	8,900	9,120
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure From Continuing Operations</b>	<b>38,269</b>	<b>39,178</b>	<b>42,862</b>	<b>43,956</b>	<b>45,088</b>	<b>46,235</b>	<b>47,406</b>	<b>48,621</b>	<b>49,886</b>	<b>51,210</b>
<b>Net Operating Result for the Year</b>	<b>13,007</b>	<b>(172)</b>	<b>(88)</b>	<b>(70)</b>	<b>21</b>	<b>683</b>	<b>863</b>	<b>1,044</b>	<b>1,232</b>	<b>1,413</b>

## Balance Sheet

Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,569	9,735	9,755	9,217	9,576	11,082	12,070	13,354	14,535	17,087
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	3,530	3,530	3,530	3,530	3,530	3,530	3,530	3,530	3,530	3,530
Inventories	618	618	618	618	618	618	618	618	618	618
<b>Total Current Assets</b>	<b>13,717</b>	<b>13,883</b>	<b>13,903</b>	<b>13,365</b>	<b>13,724</b>	<b>15,230</b>	<b>16,218</b>	<b>17,502</b>	<b>18,683</b>	<b>21,235</b>
<b>Non-Current Assets</b>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	344	344	344	344	344	344	344	344	344	344
Property, Plant & Equipment	474,290	485,006	496,183	508,176	519,618	530,822	543,033	555,391	568,926	581,641
Investments Equity Method	311	321	331	341	351	361	371	381	391	401
	283	283	283	283	283	283	283	283	283	283
<b>Total Non-Current Assets</b>	<b>475,228</b>	<b>485,954</b>	<b>497,141</b>	<b>509,144</b>	<b>520,596</b>	<b>531,810</b>	<b>544,031</b>	<b>556,399</b>	<b>569,944</b>	<b>582,669</b>
<b>Total Assets</b>	<b>488,945</b>	<b>499,837</b>	<b>511,044</b>	<b>522,509</b>	<b>534,320</b>	<b>547,040</b>	<b>560,249</b>	<b>573,901</b>	<b>588,627</b>	<b>603,904</b>
<b>Current Liabilities</b>										
Payables	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161
Borrowings	798	835	873	912	955	1,000	892	543	360	-
Provisions	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650
<b>Total Current Liabilities</b>	<b>6,609</b>	<b>6,646</b>	<b>6,684</b>	<b>6,723</b>	<b>6,766</b>	<b>6,811</b>	<b>6,703</b>	<b>6,354</b>	<b>6,171</b>	<b>5,811</b>
<b>Non-Current Liabilities</b>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	6,222	5,388	4,515	3,603	2,641	1,642	826	207	-	-
Provisions	1,777	1,777	1,777	1,777	1,777	1,777	1,777	1,777	1,777	1,777
<b>Total Non-Current Liabilities</b>	<b>7,999</b>	<b>7,165</b>	<b>6,292</b>	<b>5,380</b>	<b>4,418</b>	<b>3,419</b>	<b>2,603</b>	<b>1,984</b>	<b>1,777</b>	<b>1,777</b>
<b>Total Liabilities</b>	<b>14,608</b>	<b>13,811</b>	<b>12,976</b>	<b>12,103</b>	<b>11,184</b>	<b>10,230</b>	<b>9,306</b>	<b>8,338</b>	<b>7,948</b>	<b>7,588</b>
<b>Net Assets</b>	<b>474,337</b>	<b>486,026</b>	<b>498,068</b>	<b>510,406</b>	<b>523,136</b>	<b>536,810</b>	<b>550,943</b>	<b>565,563</b>	<b>580,679</b>	<b>596,316</b>
Retained Earnings	364,110	363,942	363,858	363,792	363,817	364,501	365,364	366,408	367,639	369,054
Revaluation Reserves	110,228	122,085	134,210	146,614	159,319	172,309	185,579	199,155	213,040	227,263
<b>Total Equity</b>	<b>474,337</b>	<b>486,026</b>	<b>498,068</b>	<b>510,406</b>	<b>523,136</b>	<b>536,810</b>	<b>550,943</b>	<b>565,563</b>	<b>580,679</b>	<b>596,316</b>

## Statement of Cash Flows (Page 1 of 2)

Cash Flows from Operating Activities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Receipts</u></b>										
Rates and Annual Charges	11,643	12,022	12,414	12,820	13,239	13,673	14,121	14,585	15,065	15,562
User Charges and Fees	7,883	8,211	11,466	11,730	12,003	12,285	12,577	12,879	13,191	13,514
Interest & Investment Revenue	692	651	636	625	615	601	587	573	569	565
Other Revenues	1,731	1,636	1,654	1,672	1,690	1,709	1,729	1,749	1,769	856
Grants & Contributions	30,168	17,351	17,469	17,904	18,427	19,515	20,120	20,744	21,389	22,057
<b><u>Payments</u></b>										
Employee Benefits & On-Costs	(14,126)	(14,312)	(14,720)	(15,158)	(15,672)	(16,138)	(16,618)	(17,112)	(17,622)	(18,145)
Materials & Contracts	(7,370)	(7,345)	(10,240)	(10,430)	(10,565)	(10,758)	(10,957)	(11,165)	(11,375)	(11,584)
Borrowing Costs	(378)	(340)	(298)	(255)	(212)	(165)	(117)	(67)	(33)	(12)
Other Expenses	(8,267)	(8,507)	(8,621)	(8,811)	(9,006)	(9,205)	(9,410)	(9,619)	(9,834)	(9,120)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>21,976</b>	<b>9,367</b>	<b>9,759</b>	<b>10,097</b>	<b>10,518</b>	<b>11,517</b>	<b>12,032</b>	<b>12,567</b>	<b>13,119</b>	<b>13,693</b>
<b>Cash Flows from Investing Activities</b>										
<b><u>Receipts</u></b>										
Sale of Investment Securities	1,500	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	1,125	859	907	983	869	900	1,002	859	913	1,002
Deferred Debtors Receipts	50	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(25,112)	(9,261)	(9,810)	(10,744)	(10,115)	(9,957)	(11,121)	(11,175)	(12,461)	(11,783)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(22,437)</b>	<b>(8,402)</b>	<b>(8,903)</b>	<b>(9,761)</b>	<b>(9,246)</b>	<b>(9,057)</b>	<b>(10,119)</b>	<b>(10,316)</b>	<b>(11,548)</b>	<b>(10,781)</b>

## Statement of Cash Flows (Page 2 of 2)

<b>Cash Flows from Financing Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Receipts</u></b>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>										
Repayment of Borrowings & Advances	(764)	(799)	(836)	(874)	(913)	(955)	(924)	(967)	(390)	(360)
Repayment of Finance Lease Liabilities										
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(764)</b>	<b>(799)</b>	<b>(836)</b>	<b>(874)</b>	<b>(913)</b>	<b>(955)</b>	<b>(924)</b>	<b>(967)</b>	<b>(390)</b>	<b>(360)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,225)</b>	<b>166</b>	<b>20</b>	<b>(538)</b>	<b>359</b>	<b>1,505</b>	<b>989</b>	<b>1,284</b>	<b>1,181</b>	<b>2,552</b>
Cash & Cash Equivalents – Opening balance	10,794	9,569	9,735	9,755	9,217	9,576	11,082	12,070	13,354	14,535
<b>Cash &amp; Cash Equivalents – Closing balance</b>	<b>9,569</b>	<b>9,735</b>	<b>9,755</b>	<b>9,217</b>	<b>9,576</b>	<b>11,082</b>	<b>12,070</b>	<b>13,354</b>	<b>14,535</b>	<b>17,087</b>

## Asset Movement Schedule

Asset Movement Schedule	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>										
Estimated Replacement Cost	602,159	637,408	657,726	678,813	701,037	723,046	745,152	768,601	792,551	818,044
Accumulated Depreciation	(154,056)	(163,121)	(172,724)	(182,634)	(192,865)	(203,433)	(214,334)	(225,571)	(237,165)	(249,122)
<b>Written Down Value</b>	<b>448,103</b>	<b>474,286</b>	<b>485,002</b>	<b>496,179</b>	<b>508,172</b>	<b>519,613</b>	<b>530,818</b>	<b>543,029</b>	<b>555,387</b>	<b>568,922</b>
<b>Add/(less):</b>										
Additions										
- Capital Renewal	16,206	7,533	9,353	10,108	9,461	9,102	10,246	10,501	11,908	11,474
- Capital Improvements	8,906	1,729	457	635	654	855	875	675	553	309
<b>Total Capital Expenditure</b>	<b>25,112</b>	<b>9,261</b>	<b>9,810</b>	<b>10,744</b>	<b>10,115</b>	<b>9,957</b>	<b>11,121</b>	<b>11,175</b>	<b>12,461</b>	<b>11,783</b>
Depreciation	(9,065)	(9,602)	(9,910)	(10,231)	(10,568)	(10,902)	(11,237)	(11,593)	(11,957)	(12,344)
Disposals	(1,066)	(800)	(848)	(924)	(810)	(841)	(943)	(800)	(854)	(943)
Revaluations	11,202	11,856	12,125	12,405	12,704	12,991	13,270	13,575	13,885	14,223
<b>Closing Balance</b>	<b>474,286</b>	<b>485,002</b>	<b>496,179</b>	<b>508,172</b>	<b>519,613</b>	<b>530,818</b>	<b>543,029</b>	<b>555,387</b>	<b>568,922</b>	<b>581,641</b>

### Key Performance Indicators

Asset Renewal Ratio (Incl. Plant)	178.77%	78.45%	94.37%	98.80%	89.53%	83.49%	91.18%	90.58%	99.59%	92.95%
Asset Renewal Deficit	7,141	(2,070)	(558)	(122)	(1,107)	(1,800)	(991)	(1,092)	(49)	(870)
Asset Consumption Ratio	26%	26%	26%	27%	28%	28%	29%	29%	30%	30%

## Part 8: Summary of Results

Council's forecast performance by fund is summarised below:

### Financial performance and Flexibility

General Fund continues to make a surplus over the life of the LTFP with a high in 2015/16 of \$11.695m due to the receipt of substantial grant monies as a result of the Cobbora Transition Fund, Roads to Recovery and the Repair Program. The 2017/18 financial year falls to a surplus of \$115k which steadily increases to \$947k in the 2024/25 (a total surplus of \$16.065m over the life of the LTFP). Water Fund generates a considerable surplus of \$1.297m in the 2015/16 as the result of capital grant monies for the replacement of bores within three of the Council's towns. The subsequent year results in a deficit of \$287k which slowly reduces over the 10 year period to generate a surplus of \$399k in 2024/25 (a total surplus of \$1.567m over the life of the LTFP). Sewer Fund maintains a small surplus over the 10 years reaching a high of 66k in 2024/25 and a low of \$15k in 2015/16 (a total surplus of \$301k over the life of the LTFP). Overall, Council as a whole is estimated to generate a surplus of \$17.933m over the 10 years.

### Liquidity

General Fund's cash balance remains around \$5m in the first 5 years of the LTFP where it starts to steadily increase over the remaining 5 years to reach \$9.900m in 2024/25. The Fund's cash balance increases by \$3.573m over the life of the plan which represents a 56.54% increase with the current ratio remaining at an average of 1.44 over the 10 year period and reaching a high of 2.28 in 2024/25. Water Fund maintains an average cash balance of \$1.253m over the life of the LTFP and an average current ratio of 9.04 where it reaches a high of 17.50 in 2024/25. Alternatively, Sewer Fund's average cash balance is \$4.164m over the plan and its average current ratio is 61.42 and reaches a high of 71.11 in 2024/25. While the Sewer and Water Fund maintain considerably high current ratio's compared to General Fund, these funds are restricted and consequently cannot be used within General Fund for day to day operations.

### Asset Renewal and Capital Works

On average, General Fund has an asset renewal ratio (including plant) of 103.87% with a high of 178.65% in 2015/16 and a low of 87.87% in 2020/21. The Fund's asset average consumption ratio and asset renewal surplus is 24.04% and \$256k respectively. It generates an asset renewal surplus of \$2.556m and expends \$106.83m on capital over the life of the plan. The Sewer Fund has an average asset renewal ratio (including plant) of 70.85% with a high of 118.95% in 2019/20 and a low of 26.39% in 2014/15. The funds asset average consumption ratio and asset renewal deficit is 41.25% and \$131k respectively. It generates an asset renewal deficit of \$1.307m and expends \$3.914m on capital over the life of the plan. Alternatively, the Water Fund on average has an asset renewal ratio (including plant) of 72.01% with a high of 227.18% in 2015/16 and a low of 36.07% in 2024/25. The Fund's asset average consumption ratio and asset renewal deficit is 51.44% and \$297k respectively. It generates an asset renewal deficit of \$2.974 and expends \$10.798m on capital over the life of the plan. Overall, Council generates an average asset renewal ratio of 99.77% and an asset renewal deficit of \$1.518m over the life of the LTFP. Council as a whole expends \$121.539m on capital over the 10 year period.

## Debt Servicing

For all funds, borrowings will be repaid by 2023/24 with Council's loan balance forecasted to be zero at 2025. General Fund has the majority of loans with an internal loan entered into between the Sewer and General Fund for the upgrade of the Warrumbungle Shire administration building. Sewer has no outstanding loans while the Water Fund has one loan for the upgrade of the Mendooran's water facilities. Each fund maintains a debt service ratio of below the desired 10%.

## Part 9: Sensitivity Analysis

### 9.1 Sensitivity Analysis

The IP&R framework requires that Council carry out financial modeling (i.e. sensitivity analysis) on the figures and assumptions in the LTFP. Sensitivity analysis provides Council with an idea of how much flexibility there is in the Plan and how much latitude Council has with various projects and scenarios.

Council has modeled three different scenarios as part of its sensitivity analysis. These scenarios include the base scenario as per the financial statements in Part 7 of the LTFP (Scenario 1), an optimistic scenario (Scenario 2), and a pessimistic scenario (Scenario 3). All three scenarios assume business as usual, i.e. Council will continue to provide the services it has traditionally provided to the residents of the Shire. The sensitivity analysis has concentrated on the impact of the Improvement Action Plans as developed under the Fit for the Future scheme (discussed in part 2.1) and excludes Water and Sewer fund from the analysis.

Details of the various adjustments to external and internal assumptions used in Council's sensitivity analysis can be found in the table below.

<b>Factor</b>	<b>Base Scenario</b>	<b>Optimistic Scenario</b>	<b>Pessimistic Scenario</b>
Political trends	FAGs grants grow at 4% and additional funds are redistributed to rural and regional councils.	FAGs grants grow at 4% and additional funds are redistributed to rural and regional councils.	No FAG grants redistribution and consequently half of the additional capital renewal projects as outlined in the FFF improvement action plans are postponed.
Special Rate Variance	No impact	A special rate variance of 10% is undertaken where half of the funds are used to fund capital renewal while the other is invested.	No impact
Stormwater Levy	No impact	A stormwater levy is introduced which is used to fund the maintenance of stormwater infrastructure.	No impact
RMS User Charges	Council receives an additional \$3m for the maintenance of state roads.	Council receives an additional \$3m for the maintenance of state roads.	Council fails to receive additional maintenance works on state roads.

The results of the sensitivity analysis above have been captured by a number of KPIs where results are discussed in detail below.

## 9.2 Sensitivity Analysis Results

Council has at its disposal a wide array of financial performance measures that can be used to track and measure Council’s long term financial viability and financial performance. Council has graphed its performance against a range of these financial performance measures for the base, best and worst case scenario. This information provides Council and the community with a graphical demonstration of Council’s expected financial performance over the life of the LTFP showing the flexibility of the plan. All numbers are in \$’000.

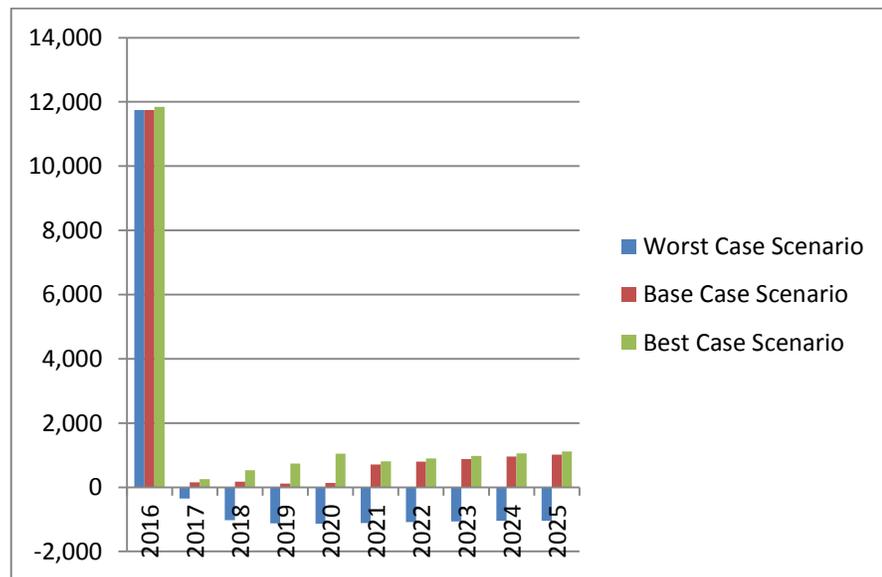
Ratios are divided into the following four groupings:

1. Financial Performance and Flexibility;
2. Liquidity;
3. Debt Servicing;
4. Asset Renewals and Capital Works.

### Financial Performance and Flexibility Ratios

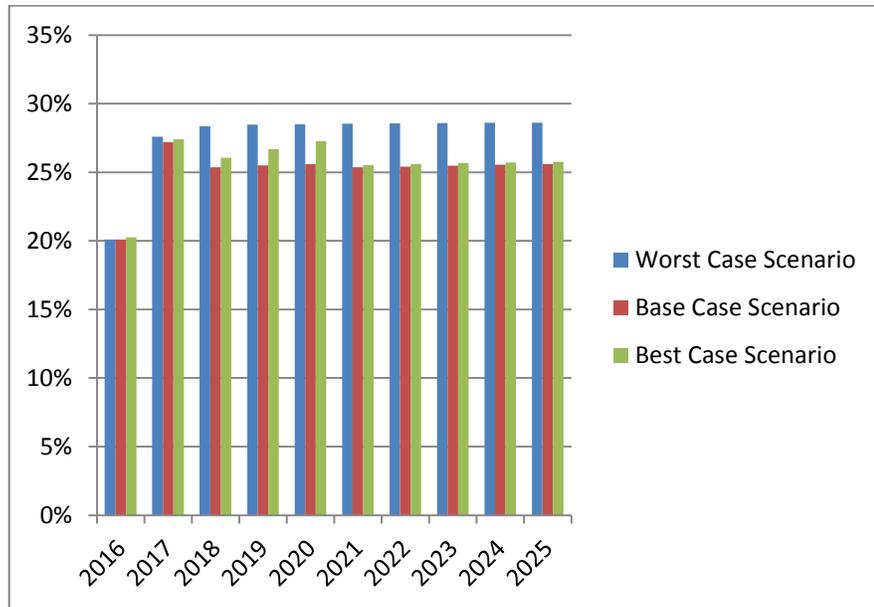
#### Operating Surplus/(Deficit)

This KPI measures whether Council’s operating revenue is sufficient to cover Council’s operating costs, and includes non-cash items such as depreciation.



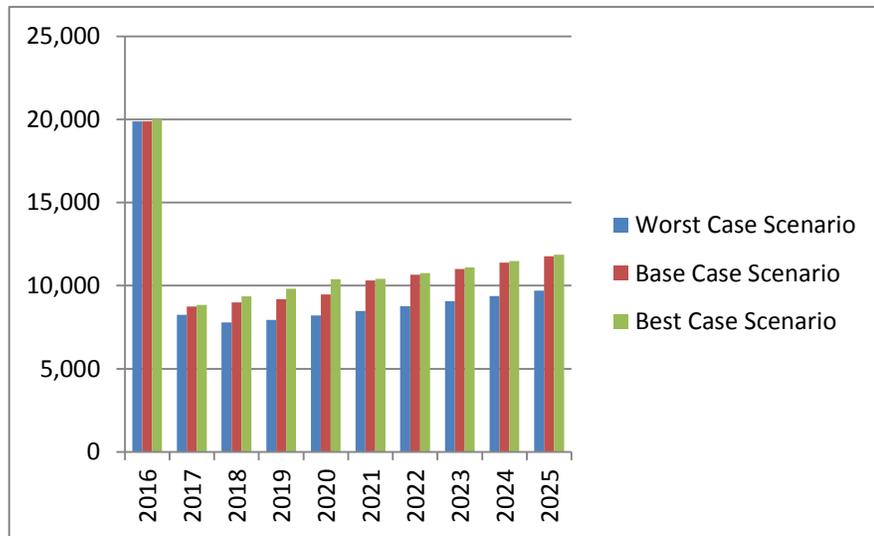
**Rates and Annual Charges Coverage Ratio**

This KPI measures the degree of Council’s dependence on revenue from rates and annual charges and the security of Council’s income.



**EBITDA**

Earnings Before Interest, Taxes, Depreciation and Ammortisation measures Council’s underlying operating performance.



Council’s forecast financial performance and flexibility can be summed up by the following comments:

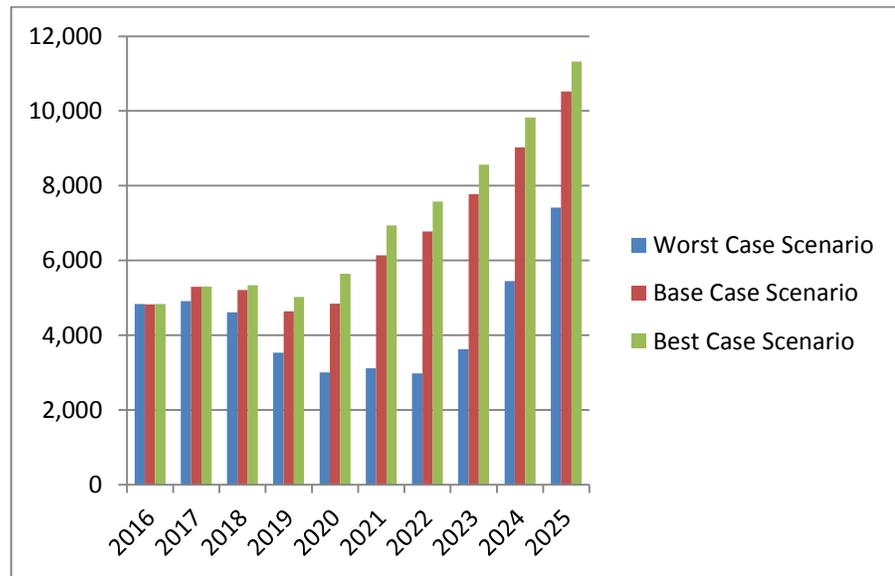
- Council is forecast to continue reporting operating surpluses in the base and best case scenario with a total surplus over the 10 years of \$19.287m in the best case scenario and \$16.065m in the base case scenario. The worst case scenario is forecasted to generate deficits in 9 out of 10 years in the LTFP with only 2015/16 generating a surplus as a result of significant grant monies received for the Cobbora Transition Fund, Roads to Recovery and Repair Program Grant;
- Council is forecast to face risks around financial flexibility due to its high reliance on grant funding;

- Council’s underlying operational performance is forecast to improve (see EBITDA) over the life of the plan;
- Depreciation expense assumptions are a large driver of the operating result (accounting for 23.271% of total expenses on average), and if incorrect, could be making Council’s performance appear worse (or better) than it is. Council has reviewed its deprecation assumptions and expects deprecation to reduce significantly due to overly conservative assumptions used for Council’s road asset. With the revaluation of roads this financial year, depreciation is expected to decrease by approximately \$1m.

## Liquidity Ratios

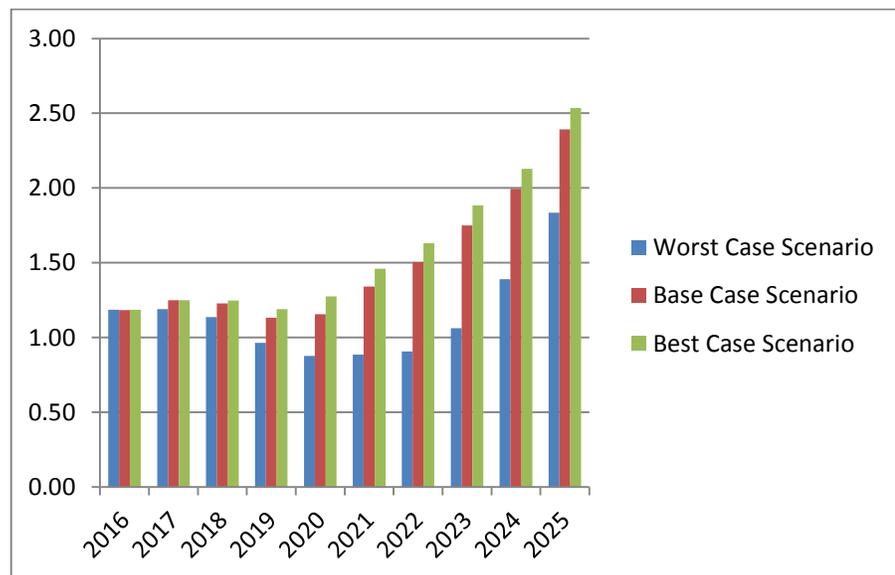
### Cash and investments balance

This KPI measures Council’s projected total cash and investments balance over the life of the LTFFP.



### Current Ratio

This KPI measures the adequacy of working capital and its ability to satisfy obligations in the short term.



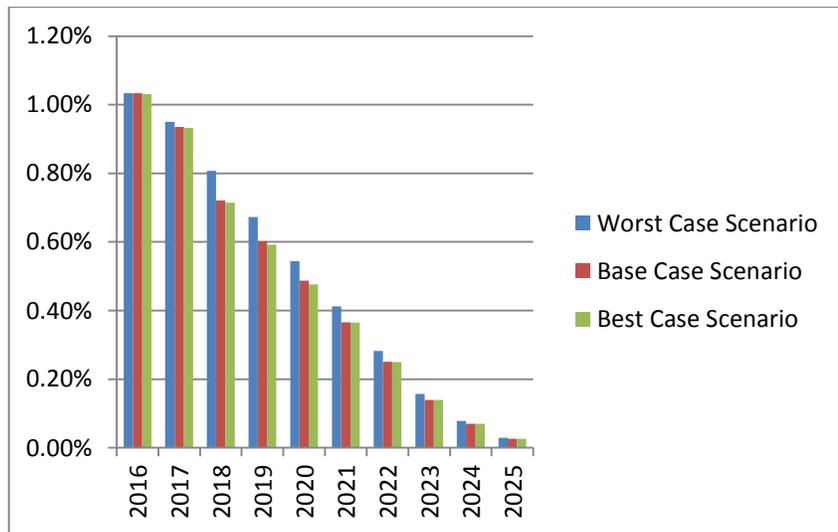
Council’s forecast cash position and liquidity can be summed up by the following comments:

- General Fund is expected to maintain a sufficient cash balance over the 10 year period in all scenarios with an increase of \$1.093m for worst case scenario (17% increase), \$3.576m for base case scenario (56% increase) and \$5.000m for best case (79% increase);
- Overall the life of the plan, General Fund is expected to maintain an average current ratio of 1.14 in the worst case, 1.44 in the base case and 1.58 in the best case scenario.

## Debt Servicing

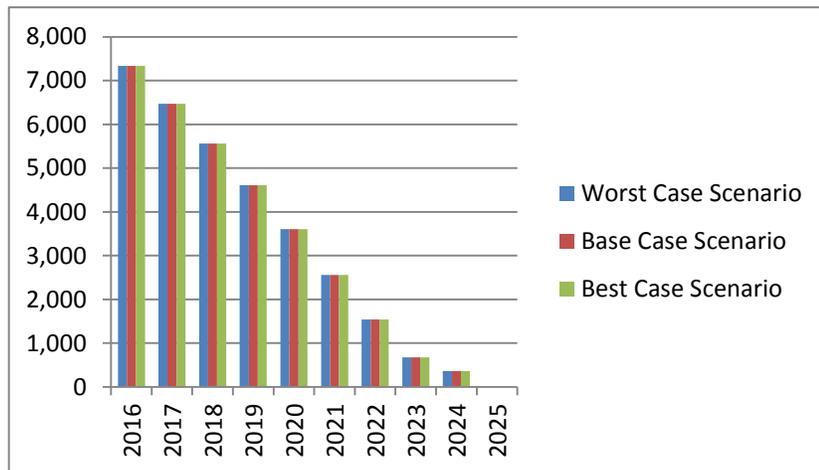
### Debt Service Ratio

This KPI assesses the impact of loan principal and interest repayments on the discretionary revenue of council.



### Loan Balance

This KPI shows Council’s loans balance over time.



Council’s forecast loan exposure and debt servicing requirements can be summed up by the following comments:

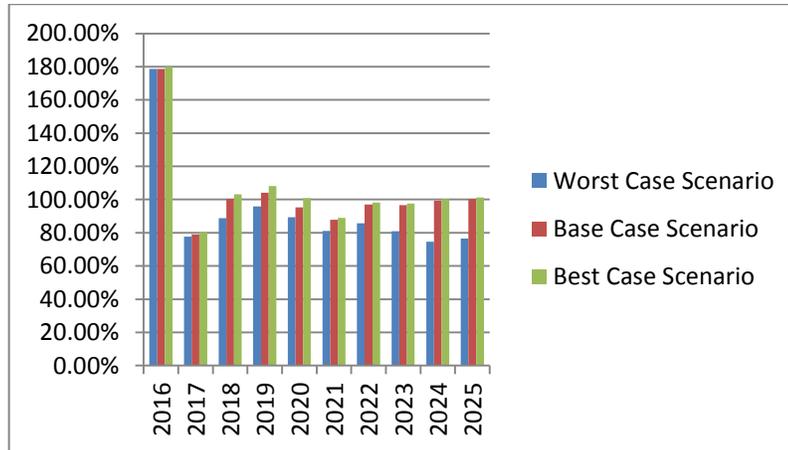
- Council’s debt servicing ratio is well within the DLG 10% benchmark;

- For General Fund, Loan repayments are around \$0.816m per year (excluding interest expenditure on these loans) putting a drag on cash available for other uses, such as further capital works;
- As a result of the loans Council has managed to bring forward the replacement of all Council’s timber bridges (bar one), the construction of the new administration building, and the purchase of additional land for the extension of Council’s quarry operations.

### Asset Renewal and Capital Works

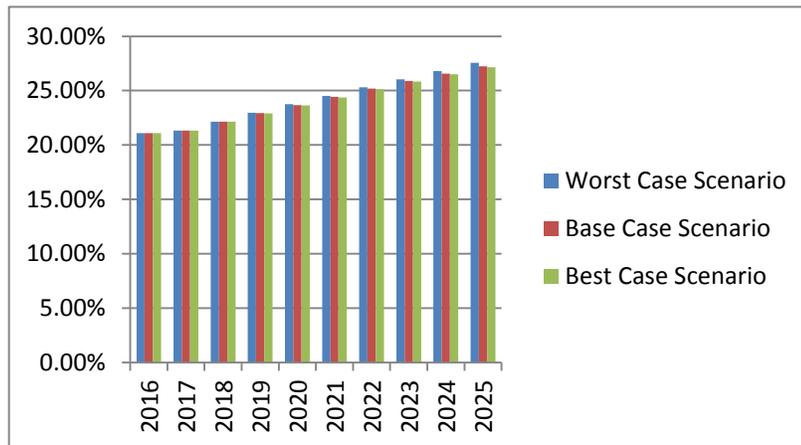
#### Asset Renewal Ratio

This KPI measures the rate at which assets are being renewed relative to the rate at which they are depreciating.



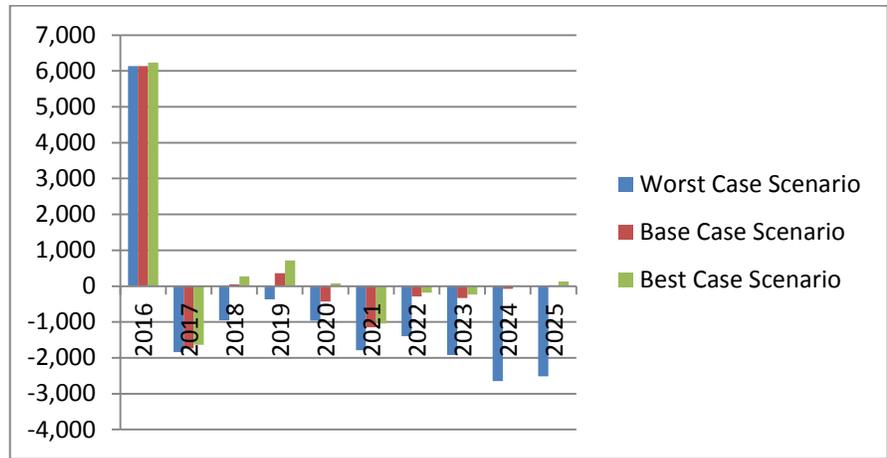
#### Asset Consumption Ratio

This KPI measures the % of the future service potential of Council’s assets that has already been “consumed”



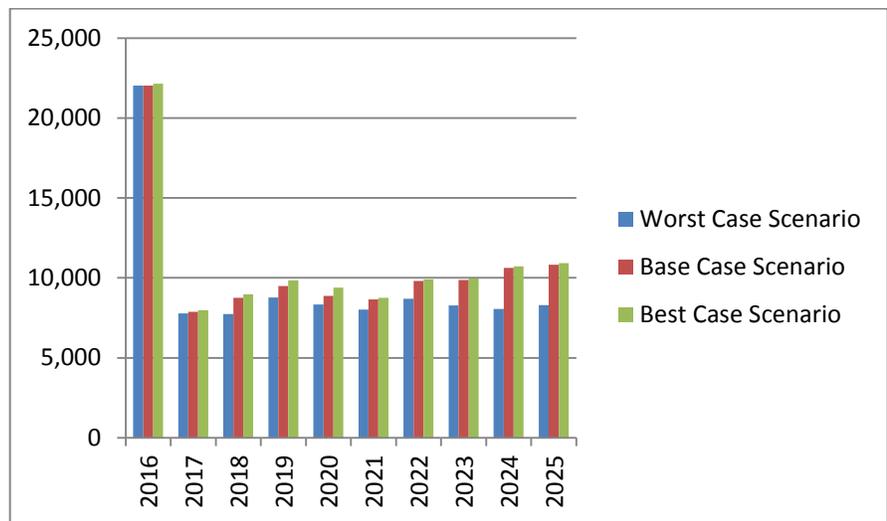
**Asset Renewal Deficiency**

This KPI measures Council’s annual backlog in asset renewal expenditure.



**Capital Expenditure Program**

This graph shows how much Council is spending on capital expansion and renewals each year.



Council’s forecast asset renewal and capital works performance can be summed up by the following comments:

- Assuming Council’s depreciation assumptions are correct, General fund is forecast to generate asset renewal surplus of \$2.556m in the base case scenario and \$4.354m in the best case scenario. However, in the worst case scenario, General fund is under spending considerably on asset renewals (total renewal deficit of \$8.262m over ten years);
- Council’s capital program above is the maximum achievable given current cash constraints. In the best case scenario, capital expenditure is consistent with the base scenario except for additional funds allocated to capital as a result of monies received from a SRV and the introduction of a Stormwater Levy;
- Council is still forecast to spend some monies on asset expansion (\$11.27m over the ten year period) largely due to the large capital program in 2015/16 relating to the Cobbora Transition Fund.

Hard decisions made in Council's recent budget process and FFF analysis have resulted in some considerable improvements in Council's forecast financial performance and position over the following ten years, including:

- Council's business arms are now forecast to achieve full cost recovery;
- Council is forecasting an improvement in Council's EBITDA over the life of the plan;
- Council forecasts its cash balance to improve over the life of the plan from \$10.794m to \$17.087m (an increase of \$6.293m or 58%);
- Council's exposure to debt is clearly manageable with the debt service ratio decreasing over the life of the plan, and the majority of loans to be paid back by the end of the 2023/24 financial year;
- Council's financial flexibility is forecast to improve slightly over the plan for the base case and best case scenario.

Although the KPIs above indicate that Council still faces serious challenges (despite significant progress during the budget process) there are many external and internal factors that can influence Council's financial performance and position going forward.

External factors outside of Council's control that could improve Council's financial position include:

- Positive demographics;
- Increased government grant and other assistance to rural areas;
- A boom in mining, agriculture and alternative energy that could bring wealth to the Shire, and boost Council's income sources;
- Financial assistance from the mines.

## Part 10: Conclusion and the Way Forward

This plan has attempted to forecast Council's financial performance and position over the following ten years on the basis of general assumptions regarding Council's external environment (Part 2), Council's potential revenue over the next ten years (Part 3), Council's forecast recurrent expenditure (Part 4) and capital expenditure (Part 5) as well as expected movements in balance sheet items (Part 6). The results of these forecasts can be found in the financial statements (Part 7) and in Council's financial analysis (Part 8). In the preparation of the LTFP, hard decisions were made to incorporate FFF improvement action plans in the base and best base scenario. The worst case scenario includes the majority of the FFF items with the exception of the distribution of the FAGs and the increase in revenue from RMS works.

As mentioned in Part 8, hard decisions made in Council's recent budget process have resulted in some considerable improvements in Council's forecast financial performance and position over the following ten years, including:

- Council's business arms are now forecast to achieve full cost recovery;
- Council is forecasting an improvement in Council's EBITDA over the life of the plan;
- Council forecasts its cash balance to improve over the life of the plan from \$10.794m to \$17.087m (an increase of \$6.293m or 58%);
- Council's current ratio is well above the DLG benchmark of 2 (in total);
- Council's exposure to debt is clearly manageable with the debt service ratio decreasing over the life of the plan, and the loans paid back by the end of the 2023/24 financial year;
- Council's financial flexibility is forecast to improve over the plan.

Despite these considerable gains, there are still several serious financial challenges faced by Council particularly in relation to the worst case scenario. The worst case scenario is forecasted to generate deficits in 9 out of 10 years in the LTFP with only 2015/16 generating a surplus as a result of significant grant monies received. Asset condition is expected to decline as the total asset renewal deficit is forecasted at \$8.262m over the ten years.

Council has set a balanced four year Delivery Program based on clearly defined service levels, and although Council does still face considerable challenges in the long run (as shown in Part 8 and 9 of the plan) much progress has been made as a result of the 2014/15 and 2015/16 budget and the introduction of the FFF initiatives.



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