



# MARRICKVILLE COUNCIL RESOURCING STRATEGY Long Term Financial Plan

2023

**UPDATED DECEMBER 2014**

Including proposed additional rate increase

**MARRICKVILLE**  
council

**Adopted June 2014**





## EXECUTIVE SUMMARY

Marrickville Council has long operated from a position of financial stability and has, over many years attempted to achieve an operating surplus. This has been achieved in the current iteration of the Long Term Financial Plan. The overall objective of this Long Term Financial Plan (LTFP) is thus to ensure that Council remains a financially viable and sustainable organisation. The integrated planning approach requires that Council provide an understanding of its longer term financial position.

This LTFP sets out three (3) scenarios that each, at the very least, maintains current service levels and establishes a balanced budget. In summary:

- **Scenario 1** provides an overview of existing funding gaps including infrastructure asset renewals, operating costs, maintenance as well as funding for new priority capital projects.
- **Scenario 2** incorporates the current annual asset infrastructure renewal shortfall. In December 2014, Council's resolved to engage with the community with a view to partly fund the shortfall via a Special Rate Variation (SRV). Further information can be found in Council's Resourcing Strategy.
- **Scenario 3** is a base scenario which is predicated on a 'business as usual' approach.

Council will need to carefully manage its funds to sustain its operations over the coming years. Council is continually reviewing its efficiencies and reinvesting its efficiency gains back into the community. It is acknowledged there are challenges that will need to be monitored, particularly in the area of capital works and infrastructure management, but Council is actively working on meeting those challenges and ensuring that service levels are at the very least maintained or, if possible, improved.

The purpose of community led engagement recently undertaken by Council was to identify the desired infrastructure assets servicing, the demand for new assets and capital projects and the potential means of funding those demands. The engagement was designed to build awareness and understanding within the community about the asset challenge. The following pages outline the process and findings so far and the need for a special rate increase as a means of bridging some of the funding gap in 2015/16 and beyond.

***Council is proposing a 5.4% special rates variation in 2015/16 (including the endorsed IPART variation of 2.4%) to fund part of the annual Infrastructure Renewal shortfall outlined in Scenario 2. The proposal is a one off rate rise that will be factored into Council's revenue base into perpetuity.***

This LTFP has been prepared using assumptions which are clearly outlined in the document. However, as with all things, the future factors which might affect Council's financial position are uncertain. Long held assumptions will not always prevail. However, long term plans such as this are useful as a guidance tool to help identify financial issues in advance, and enable a strategy or plan to be developed to deal with them.

## Contents

|  |           |
|--|-----------|
| <b>1. Introduction .....</b>   | <b>4</b>  |
| 1.1 Overview .....   | 4         |
| 1.2 Objectives .....   | 4         |
| 1.3 Integrated Planning and Reporting Context .....  | 5         |
| 1.4 Financial Planning Context .....   | 6         |
| 1.4.1 Reserves .....   | 6         |
| 1.4.2 Loan Borrowings.....   | 7         |
| 1.5 Structure .....  | 8         |
| 1.5.1 Overview of Structure .....  | 8         |
| <b>2. Global Variables and Assumptions .....</b>   | <b>9</b>  |
| 2.1 Operating Revenue Drivers.....   | 9         |
| 2.2 Operating Revenue Sensitivity Analysis .....   | 11        |
| 2.3 Capital Revenue Drivers .....  | 12        |
| 2.4 Capital Revenue Sensitivity Analysis .....   | 12        |
| 2.5 Operating Expenditure Drivers.....   | 14        |
| 2.6 Operating Expenditure Sensitivity Analysis .....   | 16        |
| 2.7 Capital Expenditure Drivers .....  | 17        |
| 2.8 Capital Expenditure Sensitivity Analysis.....  | 19        |
| 2.9 Non Financial Assumptions .....  | 20        |
| <b>3. Scenario 1: Asset Management Infrastructure renewal Shortfall and New Capital Projects ...</b> | <b>21</b> |
| 3.1 Scenario 1 Assumptions .....   | 24        |
| 3.2 Scenario 1 Sensitivity Analysis .....  | 26        |
| 3.3 Scenario 1 Financial Projections.....  | 27        |
| <b>4. Scenario 2: Asset Management Renewal Shortfall .....</b>                                       | <b>33</b> |
| 4.1 Scenario 2 Assumptions .....   | 34        |
| 4.2 Scenario 2 – Sensitivity Analysis .....  | 35        |
| 4.3 Scenario 2 Financials .....  | 36        |
| <b>5. Scenario 3: Business as usual .....</b>  | <b>42</b> |
| 5.1 Scenario 3 Overview .....  | 42        |
| 5.2 Scenario 3 Context .....   | 42        |
| 5.3 Scenario 3 Financial Projections.....  | 43        |
| <b>6. Performance Monitoring .....</b>   | <b>49</b> |
| 6.1 Operating Performance Ratio .....  | 49        |

|  |    |
|--|----|
| 6.2 Own Source Operating Revenue .....         | 49 |
| 6.3 Unrestricted Current Ratio .....           | 49 |
| 6.4 Debt Services Cover Ratio.....             | 49 |
| 6.5 Rates and Annual Charges Outstanding ..... | 49 |
| 6.6 Cash Expense Cover Ratio .....             | 49 |
| 6.7 Review of Long Term Financial Plan .....   | 51 |

# 1. INTRODUCTION

## 1.1 Overview

This Long Term Financial Plan (LTFP) is an integral part of the integrated planning and reporting framework at Marrickville Council. It is a key component of the Resourcing Strategy that supports the proposed 10 year Community Strategic Plan (Our Place, Our Vision 2023), which was reviewed for adoption by Council in June 2014. Collectively, this suite of plans reflects recent changes to the Local Government Act which aim to bring a more comprehensive and long term focus to the planning and management of local government assets and services in NSW.

The then Office of Local Government (OLG) released guidelines in support of this legislation, which state that a LTFP is intended to be “a decision-making and problem-solving tool”. It is not expected that the LTFP will set Council’s financial reality in stone for the succeeding decade but rather serve as a guide for future action. It will also provide an opportunity for Council “to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term.”

## 1.2 Objectives

The objectives of Marrickville Council's Long Term Financial Plan are:

- to respond to the changing aspirations and needs of Marrickville, particularly as they are identified and prioritised in the Community Strategic Plan (CSP) 2023
- to ensure the financial sustainability of Council's assets and services for the community of Marrickville
- to support the implementation of Council's Community Strategic Plan and Delivery Program as an integral component of Council's Resourcing Strategy
- to reflect the changing employment issues and costs disclosed in Council’s Workforce Plan
- to reflect the growing emphasis and reliance on technology as disclosed in Council’s Information and Communications Technology (ICT) Plan
- to address Council's legislative requirements for integrated planning and reporting.

### 1.3 Integrated Planning and Reporting Context

The Asset Management Plans, Long Term Financial Plan, ICT Plan and Workforce Plan are collectively referred to as the 'Resourcing Strategy'. These documents explain how councils will contribute to achieving the objectives established by the Community Strategic Plan.

This planning context is known as the integrated planning and reporting framework (IPR) and is designed to:

- strengthen the strategic focus of councils
- ensure that council services, programs and actions are aligned to high level strategy
- improve the integration of planning and reporting processes (in particular, across the 'quadruple bottom line' of society/community, environment, economy and governance)
- streamline reporting processes and, thus, reduce duplication.

The IPR documents are intended to incorporate detailed cross references to each other and also to be integrated with other council planning mechanisms, including Local Environment Plans and Development Control Plans.

The CSP must identify and reflect the community's priorities and aspirations for the future. This means that rather than focus only on issues over which Council has a large degree of influence, the CSP must also include the wider and more complex aspirations of the community, even those which Council has little or no control.

It is therefore imperative that the remainder of the IPR framework, including the Long Term Financial Plan, both link to the Community Strategic Plan and be clear about the ways in which Council will contribute to achieving its vision.

The revised Marrickville CSP is structured around the following Key Result Areas (KRAs):

- KRA1: A diverse community that is socially just, educated, safe and healthy.
- KRA2: A creative and cultural Marrickville
- KRA3: A vibrant economy and well planned, sustainable urban environment and infrastructure.
- KRA4: An innovative, effective, consultative and representative Council



## 1.4 Financial Planning Context

### 1.4.1 Reserves

Council has a number of individual cash reserve holdings. Reserves broadly represent either monies that Council is required, by law, to hold separately to Council's own funds as they can only be spent for specified purposes or monies that Council has by resolution set aside for specified purposes.

Funds that are legislatively required to be kept separate include:

- Developer Contributions raised under the Environmental Planning and Assessment Act, 1979 which must be spent to fund community infrastructure in accordance with the development contribution plan under which they were collected. Public Domain Contributions which are made by developers are similarly held by Council.
- Domestic Waste Management funds are raised under the Local Government Act 1993 and can only be used to support waste collection, recycling and related activities. These generally represent funds set aside to replace the garbage, recycling or greenwaste bin fleet.
- A Stormwater Management Service Charge is raised annually by Council under the Local Government Act 1993. Funds that are not used in any one year must be held for use on authorised stormwater management and related activities.
- Grant funding provided for a specific purpose by the Commonwealth or State Government must be held by Council for that purpose.
- Special Rates raised by Council under the Local Government Act 1993 are held in reserves until spent for the purpose for which they were raised.
- Funds held on trust by Council either on behalf of other parties or under a Trust arrangement must be held separately to Council funds and only spent in accordance with the terms of the trust arrangement.

Funds that are set aside for specific purposes by Council include:

- Employee Leave Entitlements: Council sets aside cash to pay out liabilities for accrued employee annual and long service leave. Council's Workforce Plan (see page 9) has identified (given the age profile of Council's employees) that 43% of total leave liability may be paid out in the next few years and should be set aside for that purpose. This Reserve will be used to fund Council's Internal Loan Program with repayments made into the reserve over a 10 year period with interest.
- Plant, Technology and Vehicle replacement: Council has long term models in place to forecast the timing of heavy plant, motor vehicle and Information Technology hardware replacement. Funds are set aside annually to ensure cash is available for replacement.
- Election Reserve: Council is required to fund Local Government elections in the Marrickville Local Government Area every four years. Funds are set aside annually to meet this cost.
- Externally Funded Loan funds: Council raises loan funds annually to fund its capital program. Unspent funds are held in a Reserve to ensure those works are completed. Refer to section 1.4.2 – Loan Borrowings for further information.

- **Property Reserve:** Council began to rationalise its property holdings in the mid 1990's. For instance, almost all housing stock has been sold and Council's four Depot sites have been sold and a single multi-purpose Depot purchased. Council has retained the proceeds of sales in a Property Reserve to fund future strategic property acquisitions including the Marrickville hospital site purchased from the State Government and soon to be re-developed. Council is in the process of commissioning an Integrated Property Strategy to provide strategic direction in regards to Council's current and future potential property holdings based on the demands of the community. The Integrated Property strategy will incorporate Council's Recreation Needs Study and Recreation Facility Study to plan the future of open space and recreation facilities. Finally, Council is currently undertaking a number of Major Projects including the relocation of the State Emergency Service operations and providing new multi-purpose children's facilities at the Debbie & Abbey Borgia Centre at Marrickville South and the ongoing refurbishment of Council Administration building in Petersham. The proceeds of any property rationalisation arising from these projects will be included in this Reserve to fund future acquisitions as required. All of the above elements form part of Council's long term Property Strategy.
- Some other smaller cash reserves are created by Council from time to time to set aside funds for a specific purpose to be spent over a number of financial years.

#### **1.4.2 Loan Borrowings**

Council has traditionally borrowed funds from financial institutions (secured against its rates income) to fund a variety of capital works including local roads, footpaths, traffic facilities, bike facilities, drainage, streetscape enhancement and street lighting programs. With over \$60 million in its cash reserves, the policy to fund capital works from internal cash, which are repaid over a period of 10 years with a fixed interest rate, would see Council save over \$150,000 per annum once the existing loans have been repaid.

Council will only seek to borrow from a financial institution if there is a subsidised loan scheme such as the Local Infrastructure renewal Scheme (LIRS) or if its cash reserves are insufficient and there is a need to complete the project before sufficient cash can be generated to fund the project. An example of this was where Council borrowed \$10 million to build and refurbish its Aquatic Facilities. These borrowings will be repaid from rate income raised via a SRV to Council's rate income of 3.5% per annum over the 15 year period during which the loans will be repaid. Put simply, the repayment of these loans is fully financed from future rate income set aside for that purpose.

Council has principal outstanding on its loan borrowings of \$18.551 million as at 30 June 2014. \$7.04m of this amount is fully financed from the Aquatics Facilities SRV. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is at 1.66 to 1 as at 30 June 2014. This ratio has dropped below the OLG's benchmark of 2 to 1, although Council is capable of servicing its existing loan obligations due to loans being secured against rates income.

## 1.5 Structure

### 1.5.1 Overview of Structure

This LTFP is structured around three financial models or ‘scenarios’. The first, known as Scenario 1, provides an overview of existing funding gaps around asset management operational, maintenance and renewal works and also examines how Council might fund new, priority capital works. Scenario 2 incorporates the current annual asset management renewal shortfall. Scenario 3 is a base scenario and captures Council’s “Business as Usual” approach.

The LTFP details the assumptions used when compiling each scenario, as well as the financial outcomes over a ten year period. It also lists the major opportunities and risks associated with each scenario, to provide an analysis of the sensitivity of the modelling to a variety of changes.

The last section of the document contains some high level measures by which Council’s long term financial performance will be measured. For a broader range of measures against which Council’s performance across the quadruple bottom line will be assessed, see pages 38-39 of the Community Strategic Plan.

## 2. GLOBAL VARIABLES AND ASSUMPTIONS

Below is a list of variables and assumptions that are the drivers in predicating Council's revenue and expenditure forecasts over the 10 years for this iteration to the LTFP. These variables apply to each scenario of this LTFP unless explicitly state in the particular scenario. Any references made to Consumer Price Index (CPI) will have an assumed rate 3% per annum for both expenditure and income.

### 2.1 Operating Revenue Drivers

The following tables summarise the revenue drivers on which the LTFP has been modelled.

*Note the only changes made from the 2014/15 budget assumptions are an adjustment to the rates increase for 2015/16 of 2.4% as determined by IPART, and the scenario of a one off 3% increase to the rates base for 2015/16 and an increase in forecast parking revenue to fund the asset renewal shortfall.*

| Operating Revenue Area   | Assumption  |
|--|---|
| General Rates  | Based on an IPART approved rate cap of 2.3% per annum in 2014/15 and 2.4% in 2015/16, and an assumed 3% per annum from 2016/17.<br><br>A Rates Model has been developed to support the projections, which provides for the growth of strata properties by 295 properties per annum in accordance with Council's Local Environmental Plan projections. |
| Special Variation to the General Rate – Aquatic Facilities       | Council adopted a variation to its General Rate for aquatic facilities that commenced in 2005/06. The variation is limited to 15 years and expires at the end of the 2019/20 financial year.<br><br>The variation was introduced at 3.5% and is adjusted as per the rate cap each year.   |
| Special Variation to the General Rate – Infrastructure renewal   | Council has proposed an additional one off 3% variation to its General Rate for infrastructure renewal to be levied in 2015/16.   |
| Pensioner Rate Subsidy   | The Pensioner Rate Subsidy is set by the State Government at a maximum of \$250 per property per annum.   |
| Domestic Waste Management Charge (DWMC) and related User Charges | The DWMC is modelled over the life of the Plan to cover the cost of the provision of the services. The Local Government Act prohibits councils from either subsidising or receiving a profit from the DWMC. The methodology of applying corporate overheads to the domestic waste services has been reviewed and applied from 2014/15.                |

| Operating Revenue Area               | Assumption   |
|--------------------------------------|--|
| Stormwater Management Service Charge | <p>This is a flat charge used to fund stormwater planning and infrastructure. The charge is set by the Local Government Act as associated Regulations as follows:</p> <p>\$25.00 per residential property per annum</p> <p>\$12.50 per strata unit per annum</p> <p>\$25.00 per 350m<sup>2</sup> per business property per annum.</p>  |
| Fees                                 | <p>Council generally increases its fees for services it provides to at least cover general movements in costs each year.</p> <p>For the purpose of this model, fees have been increased by an anticipated CPI.</p>   |
| Interest on Investment               | <p>The interest which Council receives on its investments has been modelled and is reviewed annually. The model is linked to the projected level of reserves and forecast interest rates. As cash reserves are expected to reduce over time as Council completes its suite of Major Projects and pursues its Property Strategy, a modest and sustainable level of interest income currently supports ongoing operations. The balance each year is directed to reserves or supports one-off initiatives for the following financial year.</p> |
| Interest on Overdue Rates            | <p>Council charges interest on overdue rates to the maximum allowed by the Minister for Local Government, which as of 2014/15 is 8.5% per annum.</p>   |
| Other Revenues                       | <p>This includes ex gratia rates payments, income from street furniture and credit card fees. It is assumed that these revenue sources will not increase.</p>  |
| Rental/Lease Income                  | <p>It is assumed that rental/lease income will increase at least by CPI, in line with provisions of current leases.</p>  |
| Fines                                | <p>The dollar value of individual fines is determined by the State Government. The volume of fines is a product of the level of compliance with relevant laws and the level of enforcement activity. It is assumed that the total income received from fines will increase by CPI.</p>   |
| Operating Grants - General           | <p>It is assumed that total income from grants will increase by CPI dependant on the particular initiatives provided to Council by the State and Federal Government.</p>   |
| Financial Assistance Grants (FAG)    | <p>A 3 year CPI freeze has been place on this grant from the Federal Government. It is assumed that Council's Financial Assistance Grant will increase by CPI after the 2016/17 financial year.</p>  |



| Operating Revenue Area  | Assumption  |
|---|---|
| Roads and Maritime Services Block Grant                                       | This is a State Government grant. It is assumed that this will increase by CPI.   |
| Street Lighting Subsidy   | This is a State Government subsidy. It is assumed that this will increase by CPI.   |
| Library Subsidy   | This subsidy is provided under the Library Regulation and is administered and set by the State Library of NSW. It is assumed that this will increase by CPI.  |
| Department of Aging, Disability and Home Care (DADHC) Meals on Wheels Subsidy | This subsidy is provided by DADHC for the provision of the Meals on Wheels service. It is assumed that this subsidy will increase at CPI.   |
| Disposal of Property  | The Base Scenario assumes that no income from property sales will be received during the 10 years of the LTFP. Proceeds from sales including profits are transferred to Council's Property Reserve. (See paragraph 1.4.1)       |
| Disposal of Plant   | The Base Scenario assumes that plant will be sold at its written down cost during the 10 years of the LTFP. Proceeds from sales including profits are transferred to Council's Plant Replacement Reserve. (See paragraph 1.4.1) |

## 2.2 Operating Revenue Sensitivity Analysis

Operating revenue assumptions will be sensitive to a variety of risks and opportunities, including the following:

- Future rate increases will be based on the Local Government Price Movements agreed to by the Independent Pricing and Regulatory Tribunal (IPART). This has an associated efficiency dividend. Historically, rate increases have not kept pace with increasing costs. Recent experience has shown that IPART will not adjust future rates increases where the predicted Local Government Price Movements have proved to be well under actual price movements. If this trend continues, this will cause significant financial difficulties for Marrickville and other councils.
- Rate increases provide only for a continuation of existing service levels. The changing demographics of the Marrickville community suggests that there may be demand for new or increased levels of services. These will not be able to be funded by ordinary IPART rate increases which are based on historic movements in costs only.
- The Pensioner Rate Subsidy is set at a maximum of \$250 per property and has not increased since 1993. This creates a greater burden on pensioners.
- The level of individual fines for traffic/parking offences is determined by the State Government.
- The Stormwater Management Charge is fixed and has not risen since its introduction in 2007/08.

- Interest rates have been highly volatile over the past 10 years but have stabilised at record lows rates during the past 12 months. It is forecast that interest rates will increase within the next 12-24 months on the basis of a full economic recovery.
- Council's rental income relates particularly to two sites in Tempe which are situated in a current Road Reserve. There is a risk that these sites may eventually be acquired by the State Government to complete the final stage of the WestConnex project. Definite timeframes around this project are still uncertain but will become clearer in the next 12 months. There is also a risk that the lessees of Council owned sites may default on their financial obligations.
- Hoarding fees and other Development Assessment income is dependant on the active development within the Marrickville LGA. These will continue to grow based on the release of Council's revised LEP that allows greater density building within the LGA area.

## 2.3 Capital Revenue Drivers

The following tables summarises the capital revenue assumptions on which the Base Scenario has been modelled.

| Base Scenario Capital Revenue Area | Assumption  |
|------------------------------------|---|
| Roads to Recovery Grant            | This is a Federal Government grant which is used by Council to fund its lanes improvement program. It is assumed that this will increase by CPI.  |
| Section 94 Developer Contributions | The funding which Council receives from Section 94 developer contributions is reviewed annually. The funding is linked to the projected level of development. All funds are held in a s94 reserve for release to finance projects included in Council's s94 plan as a response to increased population growth in the LGA. |

## 2.4 Capital Revenue Sensitivity Analysis

Capital revenue assumptions will be sensitive to a variety of risks and opportunities, including the following:

- The 2014 Federal budget has a focus on infrastructure renewal initiatives that may impact Council positively. These initiatives have yet to be legislated and hence have not been incorporated into this iteration of the LTFP.
- The Roads to Recovery grants were only introduced relatively recently. The grant has a 4 year life cycle and has been re-assured by the Federal Government that it will remain intact until the 2018 budget with no view of reducing the funding pool (nationally) at this point in time.
- Council does receive capital grants other than for Roads to Recovery. However, these grants are tied to specific projects and are non recurrent. As the receipt of other capital grants is difficult to predict, they are not included in the model.

- Council has adopted its new Section 94 Plan. This may result in some opportunities for increased revenue to respond to population increases but will not have an impact until the 2015/16 financial year.

## 2.5 Operating Expenditure Drivers

The following table summarises the operating expenditure assumptions on which the Base Scenario has been modelled.

*Note there have not been any adjustments to the operating expenditure drivers from the 2014/15 budget assumptions. A full review of all expenditure assumptions will be completed in the compilation of the 2015/16 budget.*

The only budgetary amendment that has been made in the Operating Expenditure is the transfer of \$1 million from operational efficiency gains to fund the capital renewal shortfall.

| Operational Expenditure Area | Assumptions   |
|------------------------------|---|
| Wages and Salaries           | The current award was negotiated in 2014 with following agreed annual increases, 2.6% for 2014/15, 2.7% for 2015/16, and 2.8% for 2016/17. An annual increase in salaries from 2017/18 of 3% has been assumed.  |
| Superannuation               | <p>It has been assumed that superannuation costs from 2015/16 are 9.5% of salaries for staff entitled to Superannuation Guarantee Contributions increasing progressively to 12.0% in 2019/20. A full review of this transition will occur with the development of the 2015/16 budget and LTFP incorporating changes in Government commitments and amendments in this scheme.</p> <p>It is assumed that superannuation costs for members of the Defined Benefits Schemes will be paid in accordance with the current advice from the Trustees of the Scheme. Council has developed a model to predict its ongoing contributions toward the Defined Benefits Schemes. An additional payment to fund the current shortfall has been paid to the scheme since 2008/09 which has been factored in until 2017/18 based on forward estimates. This is dependant on how the financial markets perform during the coming financial year.</p> <p>For more information on Council's strategies relating to superannuation, see page 8 of the Workforce Plan.</p> |
| Workers Compensation         | <p>Council's Workers Compensation premium has been set at \$1.4 million for 2014/15 and it is assumed that this will decrease to \$900k in 2017/18 and then increase annually in accordance with wages and salaries. A full review of this adjustment will occur with the development of the 2015/16 budget and LTFP.</p> <p>For more information on Council's strategies relating to Occupational Health and Safety and Workers Compensation, see page 26 of the Workforce Plan.</p>   |

| Operational Expenditure Area | Assumptions   |
|------------------------------|---|
| Training                     | It is assumed that expenditure on training will increase by CPI.<br>For more information on Council's strategies relating to training, see pages 18-20 of the Workforce Plan.   |
| Maternity Leave              | It is assumed that expenditure on maternity leave will be \$122,000 in 2014/15 and will increase by Award increases.  |
| Long Service Leave           | Expenditure on Long Service Leave has been modelled and will increase by Award increases. The model is reviewed annually.   |
| Productivity Gain            | The Productivity Gain is an efficiency dividend that is absorbed during the financial year through efficiencies in unfilled vacant positions and efficient business practices that result in savings and economy of scales. The dividend is set at \$693,000 for the 2014/15 only. A full review of the efficiency dividend will occur with the development of the 2015/16 budget incorporating the Marrickville Infrastructure Jury recommendations. |
| Materials and Contracts      | Components of materials and contracts expenditure are reviewed individually and are generally increased by CPI.   |
| Disposal Costs               | The cost of waste disposal has been modelled and is reviewed annually. Costs have been increased an average 4.36% per annum over 10 years.  |
| Oil and Fuel                 | It is assumed that oil and fuel costs will increase by 3.34% per annum over 10 years.   |
| Street Lighting              | It is assumed that street lighting costs will increase by CPI.  |
| Electricity                  | It is assumed that electricity costs will increase by 3.62% per annum over 10 years.  |
| Gas                          | It is assumed that gas costs will increase by 3.43% per annum over 10 years.  |
| Water                        | It is assumed that water costs will increase by 4.25% per annum over 10 years.  |
| Telephone and Mobile Phone   | It is assumed that fixed and mobile phone costs will increase by 1.84% per annum over 10 years.   |
| Depreciation                 | Depreciation has been modelled in accordance with Council's Asset Management Plans – refer page 6 of the Asset Management Policy and Strategy.  |
| Other Expenses               | This includes Councillor fees, agency expenses, advertising, printing, memberships and donations. It is assumed that these expenses will increase by CPI.   |



| Operational Expenditure Area | Assumptions   |
|------------------------------|---|
| State Government Levies      | <p>The State Government charges levies to councils contribute to a range of services. It is assumed that the levies will increase by the following amounts:</p> <ul style="list-style-type: none"> <li>• Fire Brigades incorporating a contribution for Emergency Services = increase of 4.64% per annum over 10 years .</li> <li>• Department of Planning = CPI</li> <li>• NSW Electoral Commission = 25% increase over 4 years</li> <li>• s88 waste charges = increase of 5.33% per annum over 10 years.</li> </ul> |
| Insurance                    | It is assumed that insurance costs will increase by CPI over 10 years.  |

## 2.6 Operating Expenditure Sensitivity Analysis

Operating expenditure assumptions will be sensitive to a variety of risks and opportunities, including the following:

- The current industrial award was negotiated in 2014 with following agreed annual increases, 2.6% for 2014/15, 2.7% for 2015/16, and 2.8% for 2016/17. An assumed annual rate of 3% has been used from the 2017/18 onwards.
- Council is paying employer superannuation payments for current members of the Defined Benefits Schemes. In addition, it is making payments to top up Scheme Reserves for both current and past scheme members following the impact of the Global Financial Crisis. The model assumes the final 'top up' payments will cease in the 2017/18 financial year. The investment performance of these funds may extend or reduce that period.
- The 2014 Federal Budget proposed that Superannuation Guarantee Charge (SGC) will rise to 9.5% and indexation frozen until 2017/18 with the next increase proposed in 2018/19 to 10%. The SGC will reach a maximum of 12% in 2022/23. This proposal has not been legislated and not factored into this iteration of Council's LTFP. A full review of this transition will occur with the development of the 2015/16 budget and LTFP incorporating changes in Government commitments and amendments in this scheme.
- Workers Compensation continues to decline. There is the risk that if claims are not managed prudently, that the premium may increase again.
- Landfill disposal charges and other levies charged by the State Government on the disposal of waste continue to rise at a level far greater than CPI.
- There is a possibility that street lighting costs may be reduced in future through prudent investments in new technologies. There is also a risk that street lighting costs may continue to escalate, as they have in recent years. Council has little control over these costs.
- Natural disasters and other unforeseeable events may impact to increase insurance premium levels.

- Councils have no control over the levies imposed by State Government, such as the Fire Brigade levy which also contains a contribution towards Emergency Services. Increases in these levies are generally well in excess of CPI, which adds considerably to the financial pressures faced by councils.

## 2.7 Capital Expenditure Drivers

*Note there have not been any adjustments to the capital expenditure drivers from the 2014/15 budget assumptions. A full review of all expenditure assumptions will be completed in the compilation of the 2015/16 budget.*

The only budgetary amendment that has been made in the Capital Expenditure is the transfer from operating efficiencies of \$1 million to fund the infrastructure asset renewal shortfall.

| Capital Expenditure Area   | Assumptions  |
|--|--|
| Information and Communication Technology - Hardware/Software Program | <p>Council currently externally leases the majority of its Information Technology Hardware over 3 year lease terms. Hardware that is expected to be retained beyond 3 years is purchased and an 'internal lease' established within the Operating Budget to transfer funds to an Information Technology Reserve to finance replacement. Soft costs associated with hardware and software upgrades are forecast and included in the relevant year within the Operating Budget.</p> <p>New infrastructure investments are assessed as part of the 'new program' evaluation process by the ICT Steering Committee and funded initially from revenue. The LTFP provides for the full cost of replacement of existing hardware and software but does not provide for new hardware and software other than in the base year, 2014/15, where this is known.</p> <p>Ongoing maintenance costs are considered as part of the evaluation process and included in the budget where required for both software and hardware.</p> <p>A detailed 4 year ICT action plan has been developed and can be found in the ICT plan.</p> |
| Garbage, Recycling and Greenwaste bin replacement                    | <p>The remainder of Mobile Garbage Bins are expected to be replaced in the 2014/15 year funded by the Domestic Waste Management Reserve. The next roll out will be is forecast to be in 2021/22.</p>   |
| Local Roads and Lanes Program  | <p>Council's investment in its Local Roads network has been set at \$1,061,000 in 2014/15 funded by Financial Assistance Grants, Roads to Recovery and Internal Loans.</p>   |
| Regional Roads Program   | <p>Council owns the Regional Road network. The RTA subsidises upkeep through grants. Council matches funding under the Regional Roads program using loan funds or other available funding sources.</p>   |

| Capital Expenditure Area               | Assumptions   |
|--|---|
| Footpath Program                       | Council investment in its Footpath Upgrade Program has been consolidated in 2014/15 by an ongoing commitment to the Connecting Marrickville Program (\$900k) with the balance of the program funded by Internal Loans (\$550K). The program is adjusted for CPI for every year thereafter.  |
| Heritage Footpath Program              | Council has set its Heritage Footpath Construction Program to \$100K per annum funded by internal loans.  |
| Bike Facilities Program                | Loan funds are allocated to improve bike facilities to match capital grant funding from the NSW or Federal government or to fund direct works.  |
| Traffic Amenities Program              | The Traffic amenities program is funded from s94 developer funds, internal loans or government grant funds to improve traffic amenities. Council will be accelerating its Traffic Amenities program from a core level of \$400K to \$1.4 million in the 2014/15 and 2015/16 financial years. This program will reduce from 2016/17 as the 2014 Section 94 Contributions Plan has a reduced nexus on Traffic Amenities of which the majority of these works are funded by.   |
| Local Area Traffic Management          | Council funds local traffic calming studies from within its Operating Budget. A capital works program has been established, funded from s94 developer contributions, to implement the findings of studies. Council will be accelerating its Local Area Traffic Management program from a core level of \$300K to \$1.2 million in the 2014/15 and 2015/16 financial years. This program will reduce from 2016/17 as the 2014 Section 94 Contributions Plan has a reduced nexus on Local Area Traffic Management of which the majority of these works are funded by. |
| Drainage Program                       | Council has a well advanced program of Catchment Studies across the various sub-catchments within its boundaries. These are funded from the Stormwater Charge.<br><br>Drainage capital works are funded from Loans. Additional capital works are funded from the Stormwater Charge in accordance with the Stormwater Plan.  |
| Street Lighting Upgrades               | Ownership of the street lighting network was transferred from Local Government to State Government control many years ago without compensation. It was subsequently corporatized and more recently privatised. Local Government has continued to be responsible for maintenance of the network and for the cost of electricity.   |
| Streetscape Enhancement Program        | The program has a total of \$300,000 in 2014/15. The program has a special project 2014/15 which totals \$573,000 and reverts to normal funding levels of \$200k in 2016/17 and onwards.  |
| Street Litter Bins Replacement Program | \$50,000 is allocated per annum from revenue to replace street litter bins. Bin maintenance and waste removal is funded within the Operating Budget.  |

| Capital Expenditure Area  | Assumptions   |
|---------------------------|---|
| Parks Improvement Program | Park improvements are funded from s94 developer contributions and Federal or State grants only. Council is accelerating the Parks Improvement Program from \$2.2 million in 2014/15 to \$5.8 million and \$6.4 million in 2015/16 and 2016/17. The program will return to core funding levels in 2017/18. |

The Capital Program also incorporates expenditure on Council's 'Major Projects' as follows:

| Project  | Funding available in 2014/15 |
|--|------------------------------|
| Debbie & Abbey Borgia Multipurpose Children's Centre | \$2.650m                     |
| Petersham Administrative Centre Building             | \$1.000m                     |
| SES Headquarters                                     | \$1.905m                     |
| New Marrickville Library Concept                     | \$0.205m                     |

## 2.8 Capital Expenditure Sensitivity Analysis

Capital expenditure assumptions will be sensitive to a variety of risks and opportunities, including the following.

- Council has adopted a new Developer Contribution Plan. This will result in some opportunities for increased revenue to fund embellishment works on Council's open space in response to population increases. It will also result in a contraction of funding for other capital initiatives such as Local Area Traffic Management where a nexus couldn't be established between population growth and local traffic management. This has been factored into the current iteration of the LTFP.
- Council has prepared Asset Management Plans for each infrastructure asset class (see accompanying Asset Management Plans). As data is updated on the condition of these assets it is likely that further investment will be required to ensure roads, footpaths, drainage, bike networks, parks facilities, buildings and the like continue to be available for both the current and future generations living in Marrickville. If the application for the SRV is successful, the money will be spent on renewing essential infrastructure.
- Increasing investments to promote accessibility will also be needed as the Marrickville population ages. This will be planned to ensure an accessibility continuum between local roads, streetscapes and footpaths and transport infrastructure managed by State Government including trains, buses and light rail.

## 2.9 Non Financial Assumptions

Marrickville Council's adopted Community Strategic Plan provides an overview of the major issues impacting upon the local community. The data and analysis used to arrive at those issues also inform the preparation of this LTFP. The following is a summary of the non-financial assumptions associated with each of the major community issues.

- **The community is getting less diverse:** The proportion of Marrickville residents who were born overseas has decreased in recent years and it is expected that this trend will continue. The 2011 Census indicated there has been an increase in births in the local government area which may increase demand for children's services. It is also expected that the local population will generally continue to age and to gentrify, albeit with some specific geographic areas experiencing continuing disadvantage.
- **Housing is getting more expensive:** A large and growing proportion of Marrickville residents are in housing stress and it is assumed that this trend will continue for the foreseeable future. The cost of housing places increasing pressure on the area's social and community housing.
- **The types of jobs and businesses are changing:** Although job numbers in the Marrickville area have remained relatively stable in recent years, the types of jobs and businesses have changed significantly. This trend is expected to continue.
- **Land use planning is becoming more challenging:** Like other inner city areas, Marrickville has a high population density and a gentrifying community with increasing expectations regarding land use planning and urban design. It is assumed that these factors will continue, making land use planning and in particular any increases in the number of dwellings challenging. The LTFP assumes that the number of strata properties will grow by 295 properties per annum. This figure may change, as Council begins to understand the full implications of its new Local Environment Plan and Development Control Plan.
- **The accessibility of public transport still needs to be improved:** Although the Marrickville area is relatively well serviced by public transport, it is assumed that its accessibility, reliability and frequency will continue to require improvement.
- **Infrastructure is getting old:** Most of the infrastructure in the Marrickville area was built in the early to mid-twentieth century. Many types of infrastructure, including roads, footpaths, drains and public buildings, will require increasing maintenance and/or renewal in the coming years.
- **The community expects Marrickville Council to lead in partnership building and engagement:** In recent years, the list of services which the community believes are important for Council to provide has grown considerably. It is probable that this



expectation will continue, coupled with an expectation for Council to work with a large range of other stakeholders to provide services and projects. As a result, it is assumed that Council will continue to maintain approximately 540 permanent staff.

- **The community is changing its relationship with the environment:** In recent years the Marrickville community has begun to change its relationship with the environment. Residents and businesses are more concerned about their use of water and energy and their emission of greenhouse gases. It is expected that Council will continue to be expected to provide community leadership in this area.

For more details on these issues and the non-financial assumptions on which this LTFP is based, refer to the Community Strategic Plan.

### 3. SCENARIO 1: ASSET MANAGEMENT INFRASTRUCTURE SHORTFALL

Scenario 1 is predicated on:

- continuation of existing services at current service levels;
- New capital projects to meet needs arising from changing demographics;
- Infrastructure Renewal shortfall funding gaps based on Council's Asset Management Plans;
- Funding the infrastructure operational and maintenance shortfalls identified in Council's Asset Management Plans.

Council began the process of rationalising its property portfolio in the mid 1990's. Council sold a substantial number of houses, predominantly to the State Government as public housing. Only one residential property is currently owned and leased by Council.

Council also sold its four Depot sites for residential development. The proceeds of these sales were held in a Property Reserve. A central Depot site was purchased at St Peters. Council also purchased the Marrickville hospital site on Marrickville Road in the 1990's with a view to re-developing it as a Library and Civic Centre.

Council recognised the need to plan strategically and to involve its community in that process well before the current Integrated Planning and Reporting Framework was developed for use in local government. It was a leader in involving its community in developing a Strategic Plan for Marrickville. As part of that process, Council acknowledged the need to plan and prioritise major property projects to ensure the right projects were completed at the right times, that decisions taken today had proper regard for Council's future ability to deliver other projects and to ensure Council could afford to undertake the projects.

Council embarked upon the delivery of a suite of Major Projects following the Tempe Tip remediation. These included:

### **Completed Projects**

- redevelopment of the Annette Kellerman Aquatic Centre;
- the establishment of a new Waterplay Park at Steel Park;
- refurbishment of the Fanny Durack Aquatic Centre

### **Projects in the Pipeline**

- relocation of the State Emergency Service Headquarters;
- establishment of a new multi purpose Children's Centre at the Debbie and Abbey Borgia Centre;
- establishment of a new Community Hub, Open Space and Library at the Marrickville Hospital site.
- Refurbishment of the Petersham Administration Centre.

Plans for the State Emergency Service Headquarters are complete, Council has received endorsement from the State Emergency Services (SES) Headquarters and the works will commence as forecast in the 2014/15 financial year. Plans are being developed for a new multi purpose Children's Centre at the Debbie and Abbey Borgia Recreation Centre.

Funds have also been set aside to undertake some modest refurbishment at the Petersham Administrative Centre with work currently underway.

Two strategic research projects, the Facilities Needs and Recreation Needs Studies, have been adopted by Council and are currently being incorporated into an Integrated Property Strategy. The Integrated Property Strategy will identify the new capital buildings and provide direction on the proposed initiatives. The proposed outcomes will be and not limited to:

- improving parking management within the LGA and responding to changed needs for public car parking;
- ensuring Council's child care centres, libraries, recreational centres and other community buildings are appropriate and optimally located;
- divesting Council of small land holdings the proceeds from which could deliver better outcomes for the Marrickville community invested in other ways.

In addition to the continuation of existing revenue sources, Scenario 1 aims to demonstrate the effects of securing a SRV (SRV) under Section 508(A) of the Local Government Act 1993 to pay for the shortfall in infrastructure renewal and new capital projects to meet the needs of the community. It aims to be illustrative only of an option Council could pursue with the support of the Marrickville community. When specific plans are in place for the re-development of any of

Council's current properties, Council will engage with the community to better understand the level of community support for this type of funding option if it were to be pursued.

This form of SRV allows for a multiple percentage increase over a specified period (no more than 7 years) that is greater than the rate peg for that year. While the percentage increase is set for fixed number of years, the increase will be embedded into Council's rates base on a permanent basis to ensure the proposed service levels are maintained into perpetuity.

### 3.1 Scenario 1 Assumptions

Scenario 1 uses the global variables, with the following amendments:

| Operating Revenue Area                | Scenario 1 Assumption   |
|---------------------------------------|---|
| Special Variation to the General Rate | <p>In Scenario 1, Council will seek a Special Variation to its General Rate to fund an Infrastructure Asset Renewal shortfall and any new capital works driven by the Integrated Property Strategy in 2015/16. The rate variation will increase above the IPART approved increase until 2020/21. The rates will become a part of Council's rating base and continue into perpetuity. The proposed increases are as follows:</p> <p>2014/15 = 2.3% (approved IPART increase)</p> <p>2015/16 = 4.25% + 2.4% (approved IPART level)</p> <p>2016/17 = 4.25% + 3% (assumed IPART level)</p> <p>2017/18 = 4.25% + 3% (assumed IPART level)</p> <p>2018/19 = 4.25% + 3% (assumed IPART level)</p> <p>2019/20 = 4.25% + 3% (assumed IPART level)</p> <p>2020/21 = 3.5% + 3% (assumed IPART level)</p> <p>2021/22 = 3% (assumed IPART level)</p> <p>2022/23 = 3% (assumed IPART level)</p> <p>2023/24 = 3% (assumed IPART level)</p> |

| <b>Infrastructure Operations Shortfall</b> | <b>Scenario 1 Assumption</b> |
|--|------------------------------|
| <b>Operations</b>                          |                              |
| Water Park                                 | \$50,000                     |
| Bush Regeneration                          | \$100,000                    |
| Additional toilet cleaning                 | \$75,000                     |
| Planned tree maintenance                   | \$700,000                    |
| Graffiti removal                           | \$20,000                     |
| Green Traffic Amenities (LATM)             | \$250,000                    |
| Pipe cleaning                              | \$100,000                    |
| Flood plain studies                        | \$50,000                     |
| Car Park landscapes                        | \$13,000                     |
| Community Facilities                       | \$288,000                    |
| <b>Maintenance</b>                         |                              |
| Line Marking                               | \$300,000                    |
| Pits and Pipes                             | \$150,000                    |
| Car Park Signage                           | \$47,500                     |
| Community Facilities                       | \$248,000                    |
| <b>Sub Total</b>                           | <b>\$2,391,500</b>           |

| <b>Capital Renewal Area</b>  | <b>Scenario 1 Assumption</b> |
|------------------------------|------------------------------|
| Local Roads                  | \$708,000                    |
| Kerb and Gutter              | \$163,000                    |
| Pits and Pipes               | \$261,000                    |
| Park Footpaths               | \$200,000                    |
| Roadside Furniture           | \$134,000                    |
| Park Assets                  | \$40,000                     |
| Park Buildings               | \$52,000                     |
| Playground equipment         | \$140,000                    |
| Car Park Resurfacing         | \$147,500                    |
| Community Facilities Renewal | \$158,000                    |
| Regional Road Maintenance    | \$350,000                    |
| <b>Sub Total</b>             | <b>\$2,353,500</b>           |



| Capital Upgrade Area                       | Scenario 1 Assumption |
|--|-----------------------|
| Town Centres                               | \$750,000             |
| Flood Mitigation                           | \$1,000,000           |
| Light Upgrade                              | \$12,500              |
| Community Facilities Renewal with upgrades | \$292,000             |
| <b>Subtotal</b>                            | <b>\$2,054,500</b>    |

| New Capital Projects                         | Scenario 1 Assumption |
|--|-----------------------|
| Kerb Ramps                                   | \$120,000             |
| Bicycle Plan                                 | \$400,000             |
| Traffic Amenities (LATM) - from 2017 onwards | \$400,000             |
| Integrated Property Strategy                 | \$1,500,00            |
| <b>Sub Total</b>                             | <b>\$2,420,000</b>    |
| <b>Total Infrastructure Expenditure</b>      | <b>\$9,219,500</b>    |

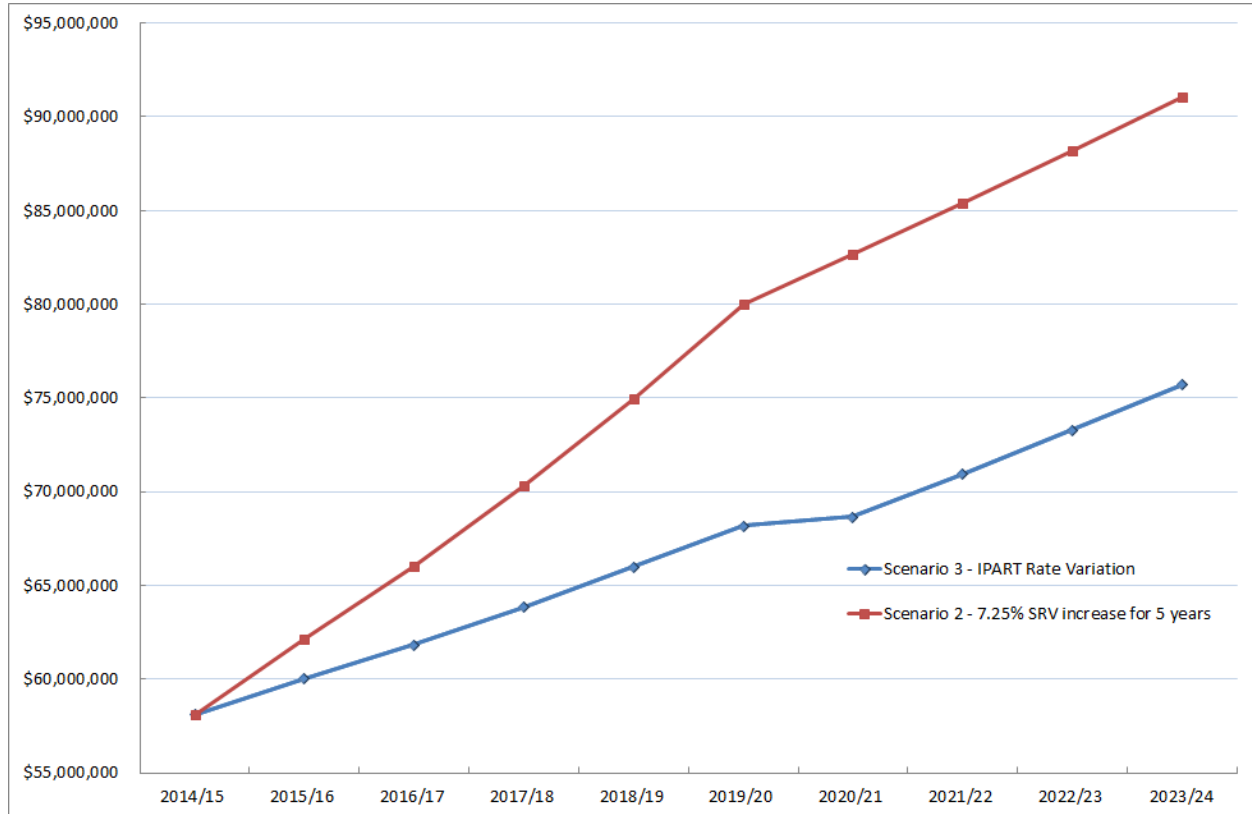
### 3.2 Scenario 1 Sensitivity Analysis

The assumptions on which Scenario 1 are predicated will be sensitive to a variety of risks and opportunities, including the following:

- Community engagement will provide a critical input to the service levels expected by the community and identify the priorities of the above table.
- Scenario 1 assumes that all infrastructure works shortfalls will be funded directly from the SRV with no requirements to borrow from a financial institution. If a large enough new capital project is identified as urgent, loan funds may be sourced and the SRV utilised to service that loan.

### 3.3 Scenario 1 Financial Projections

The following graph illustrates the impact on Council's rate revenue of a s508(A) rate increase in 2015/16. Rate income will increase above the expected IPART rate increase commencing in 2015/16 and will remain at a higher level into perpetuity.



# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 1- Marrickville Council -10 Year Income Statement Projection by KRA |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Rates &amp; Annual Charges</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 150,000             | 154,200             | 158,550             | 162,900             | 167,550             | 172,200             | 177,000             | 181,950             | 187,050             | 192,300             |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 14,400,451          | 14,916,011          | 15,308,815          | 15,744,984          | 16,240,768          | 16,751,092          | 17,257,135          | 17,793,050          | 18,346,903          | 18,922,369          |
| Innovative Effective, Consultative and Representative Council                | 43,582,326          | 47,047,999          | 50,547,352          | 54,398,213          | 58,565,384          | 63,051,615          | 65,245,313          | 67,409,313          | 69,644,593          | 71,953,482          |
| <b>Rates &amp; Annual Charges</b>  | <b>58,132,777</b>   | <b>62,118,210</b>   | <b>66,014,717</b>   | <b>70,306,097</b>   | <b>74,973,702</b>   | <b>79,974,907</b>   | <b>82,679,448</b>   | <b>85,384,313</b>   | <b>88,178,546</b>   | <b>91,068,151</b>   |
| <b>User Fees &amp; Charges</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 10,225,959          | 10,552,507          | 12,028,150          | 12,396,149          | 12,813,096          | 13,246,994          | 13,661,125          | 14,069,591          | 14,494,350          | 14,930,430          |
| Creative and Cultural Marrickville   | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 103                 | 106                 | 109                 |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 5,917,578           | 6,097,399           | 6,260,846           | 6,431,548           | 6,618,301           | 6,807,859           | 7,000,085           | 7,203,519           | 7,413,548           | 7,631,502           |
| Innovative Effective, Consultative and Representative Council                | 199,514             | 205,557             | 211,617             | 217,920             | 224,260             | 231,722             | 241,324             | 248,066             | 255,949             | 263,282             |
| <b>User Fees &amp; Charges</b>   | <b>16,343,151</b>   | <b>16,855,563</b>   | <b>18,500,713</b>   | <b>19,045,717</b>   | <b>19,655,757</b>   | <b>20,286,675</b>   | <b>20,902,634</b>   | <b>21,521,280</b>   | <b>22,163,953</b>   | <b>22,825,323</b>   |
| <b>Interest Income</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective, Consultative and Representative Council                | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| <b>Interest Income</b>   | <b>2,847,000</b>    | <b>2,926,296</b>    | <b>3,305,824</b>    | <b>3,335,752</b>    | <b>3,367,744</b>    | <b>3,399,736</b>    | <b>3,432,760</b>    | <b>3,467,266</b>    | <b>3,547,418</b>    | <b>3,647,015</b>    |
| <b>Other Income</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 1,490,940           | 1,532,482           | 1,575,394           | 1,617,940           | 1,664,427           | 1,710,507           | 1,758,049           | 1,808,158           | 1,858,719           | 1,911,417           |
| Creative and Cultural Marrickville   | 103,720             | 106,232             | 108,861             | 111,514             | 114,262             | 117,087             | 119,994             | 123,384             | 126,878             | 130,645             |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 6,640,643           | 7,221,322           | 7,469,817           | 7,615,169           | 7,676,788           | 7,891,176           | 8,117,149           | 8,350,677           | 8,616,295           | 8,882,623           |
| Innovative Effective, Consultative and Representative Council                | 4,350,856           | 4,474,836           | 4,600,896           | 4,730,264           | 4,865,839           | 5,003,015           | 5,144,507           | 5,290,958           | 5,442,639           | 5,597,185           |
| <b>Other Income</b>  | <b>12,586,159</b>   | <b>13,334,872</b>   | <b>13,754,968</b>   | <b>14,074,887</b>   | <b>14,321,316</b>   | <b>14,721,785</b>   | <b>15,139,699</b>   | <b>15,573,177</b>   | <b>16,044,532</b>   | <b>16,521,871</b>   |
| <b>Grants &amp; Contribs - Operating</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 1,828,030           | 1,879,941           | 1,983,586           | 2,037,323           | 2,093,649           | 2,150,845           | 2,209,816           | 2,271,871           | 2,335,782           | 2,402,848           |
| Creative and Cultural Marrickville   | 26,282              | 11,168              | 11,481              | 11,800              | 12,130              | 12,470              | 12,820              | 13,204              | 13,601              | 14,009              |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 2,204,384           | 2,009,748           | 2,037,494           | 1,652,922           | 1,691,409           | 1,730,971           | 1,771,674           | 1,818,725           | 1,867,098           | 1,922,434           |
| Innovative Effective, Consultative and Representative Council                | 3,334,625           | 3,219,976           | 3,196,473           | 3,111,518           | 3,047,473           | 3,128,187           | 3,211,922           | 3,297,730           | 3,386,562           | 3,478,418           |
| <b>Grants &amp; Contribs - Operating</b>                                     | <b>7,393,321</b>    | <b>7,120,833</b>    | <b>7,229,034</b>    | <b>6,813,563</b>    | <b>6,844,661</b>    | <b>7,022,473</b>    | <b>7,206,232</b>    | <b>7,401,530</b>    | <b>7,603,043</b>    | <b>7,817,709</b>    |
| <b>Grants &amp; Contribs - Capital</b>                                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 841,000             | 882,000             | 1,000,909           | 1,105,000           | 953,900             | 1,029,277           | 679,146             | 696,377             | 714,415             | 732,848             |
| Innovative Effective, Consultative and Representative Council                | 3,400,000           | 3,604,401           | 3,706,815           | 3,809,769           | 3,918,749           | 4,028,600           | 4,142,333           | 4,258,750           | 4,379,050           | 4,473,434           |
| <b>Grants &amp; Contribs - Capital</b>                                       | <b>4,241,000</b>    | <b>4,486,401</b>    | <b>4,707,724</b>    | <b>4,914,769</b>    | <b>4,872,649</b>    | <b>5,057,877</b>    | <b>4,821,479</b>    | <b>4,955,127</b>    | <b>5,093,465</b>    | <b>5,006,282</b>    |
| <b>Net Gain on Sales of Assets</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective Representative  | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Net Gain on Sales of Assets</b>   | <b>43,300</b>       | <b>4,100</b>        | <b>49,200</b>       | <b>25,000</b>       | <b>50,300</b>       | <b>48,900</b>       | <b>37,600</b>       | <b>31,250</b>       | <b>70,900</b>       | <b>30,950</b>       |
| <b>Total Income from Continuing Operations</b>                               | <b>101,586,708</b>  | <b>106,846,275</b>  | <b>113,562,180</b>  | <b>118,515,785</b>  | <b>124,086,129</b>  | <b>130,512,353</b>  | <b>134,219,852</b>  | <b>138,333,943</b>  | <b>142,701,856</b>  | <b>146,917,301</b>  |

# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 1- Marrickville Council -10 Year Income Statement Projection by KRA |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2014/2015          | 2015/2016          | 2016/2017          | 2017/2018          | 2018/2019          | 2019/2020          | 2020/2021          | 2021/2022          | 2022/2023          | 2023/2024          |
|  | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             |
| <b>Expenditure</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Employee Costs</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 14,271,673         | 14,740,227         | 16,045,017         | 16,569,842         | 17,131,875         | 17,721,683         | 18,258,472         | 18,821,181         | 19,399,007         | 19,992,014         |
| Creative and Cultural Marrickville   | 1,680,188          | 1,635,564          | 1,689,260          | 1,619,001          | 1,676,193          | 1,736,342          | 1,789,559          | 1,844,422          | 1,901,486          | 1,960,275          |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 24,630,824         | 25,192,123         | 25,857,019         | 26,625,778         | 27,515,851         | 28,436,132         | 29,274,126         | 30,146,682         | 31,041,503         | 31,962,661         |
| Innovative Effective, Consultative and Representative Council                | 8,455,926          | 8,753,097          | 9,087,736          | 9,419,768          | 9,115,383          | 9,462,056          | 9,770,669          | 10,094,961         | 10,427,711         | 10,769,494         |
| <b>Employee Costs</b>  | <b>49,038,611</b>  | <b>50,321,011</b>  | <b>52,679,032</b>  | <b>54,234,389</b>  | <b>55,439,302</b>  | <b>57,356,213</b>  | <b>59,092,826</b>  | <b>60,907,245</b>  | <b>62,769,707</b>  | <b>64,684,444</b>  |
| <b>Materials &amp; Contracts</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse, Socially Just, Educated, Safe & Healthy                             | 2,569,901          | 2,636,300          | 2,763,058          | 2,834,050          | 2,907,753          | 2,982,985          | 3,060,405          | 3,142,332          | 3,226,669          | 3,314,657          |
| Creative and Cultural Marrickville   | 1,015,921          | 689,685            | 708,505            | 727,686            | 747,791            | 768,151            | 789,153            | 811,296            | 834,096            | 857,901            |
| Vibrant Economy, Planned & Sustainable Urban Environment                     | 15,934,330         | 17,746,619         | 18,098,646         | 18,307,658         | 18,867,753         | 19,422,305         | 20,011,561         | 20,622,334         | 21,284,338         | 21,963,117         |
| Innovative Effective, Consultative and Representative Council                | 6,525,205          | 5,960,347          | 5,845,639          | 5,929,227          | 6,059,152          | 6,268,992          | 6,445,007          | 6,587,370          | 6,701,620          | 6,902,085          |
| <b>Materials &amp; Contracts</b>   | <b>26,045,357</b>  | <b>27,032,951</b>  | <b>27,415,848</b>  | <b>27,798,621</b>  | <b>28,582,449</b>  | <b>29,442,433</b>  | <b>30,306,126</b>  | <b>31,163,331</b>  | <b>32,046,723</b>  | <b>33,037,761</b>  |
| <b>Borrowing Costs</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Innovative Effective Representative  | 1,176,003          | 935,558            | 728,855            | 524,134            | 357,051            | 211,029            | 88,444             | 34,253             | 9,346              | -                  |
| <b>Borrowing Costs</b>   | <b>1,176,003</b>   | <b>935,558</b>     | <b>728,855</b>     | <b>524,134</b>     | <b>357,051</b>     | <b>211,029</b>     | <b>88,444</b>      | <b>34,253</b>      | <b>9,346</b>       | <b>-</b>           |
| <b>Other Expenses</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse Socially Just Safe & Healthy   | 1,484,383          | 1,526,446          | 1,861,684          | 1,917,598          | 1,981,821          | 2,042,652          | 2,110,904          | 2,178,057          | 2,248,005          | 2,315,457          |
| Creative Marrickville  | 133,390            | 136,990            | 140,590            | 144,370            | 148,210            | 152,170            | 156,250            | 160,598            | 165,074            | 169,683            |
| Vibrant Economy Planned & Sustainable Environment                            | 7,695,465          | 8,141,782          | 8,365,502          | 8,609,742          | 8,853,890          | 9,113,796          | 9,383,092          | 9,661,846          | 9,949,834          | 10,177,476         |
| Innovative Effective Representative  | 4,470,709          | 4,622,796          | 5,281,081          | 4,930,609          | 5,097,909          | 5,262,229          | 6,038,300          | 5,604,833          | 5,795,249          | 5,975,111          |
| <b>Other Expenses</b>  | <b>13,783,947</b>  | <b>14,428,014</b>  | <b>15,648,857</b>  | <b>15,602,319</b>  | <b>16,081,830</b>  | <b>16,570,847</b>  | <b>17,688,546</b>  | <b>17,605,333</b>  | <b>18,158,162</b>  | <b>18,637,726</b>  |
| <b>Depreciation</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse Socially Just Safe & Healthy   | 948,468            | 948,595            | 949,468            | 949,606            | 961,030            | 972,455            | 983,880            | 995,307            | 1,006,734          | 1,018,166          |
| Creative Marrickville  | 4,812              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              |
| Vibrant Economy Planned & Sustainable Environment                            | 8,534,912          | 8,638,629          | 8,746,062          | 8,853,450          | 8,972,295          | 9,092,289          | 9,211,880          | 9,333,835          | 9,458,218          | 9,585,102          |
| Innovative Effective Representative  | 1,004,160          | 1,004,298          | 1,004,450          | 1,004,601          | 1,017,135          | 1,029,668          | 1,042,200          | 1,054,733          | 1,067,271          | 1,079,813          |
| <b>Depreciation</b>  | <b>10,492,352</b>  | <b>10,596,338</b>  | <b>10,704,796</b>  | <b>10,812,473</b>  | <b>10,955,276</b>  | <b>11,099,228</b>  | <b>11,242,776</b>  | <b>11,388,691</b>  | <b>11,537,039</b>  | <b>11,687,897</b>  |
| <b>Total Expenditure from Continuing Operations</b>                          | <b>100,536,270</b> | <b>103,313,872</b> | <b>107,177,388</b> | <b>108,971,936</b> | <b>111,415,908</b> | <b>114,679,750</b> | <b>118,418,718</b> | <b>121,098,854</b> | <b>124,520,977</b> | <b>128,047,828</b> |
| <b>Net Operating Result from Continuing Operations</b>                       | <b>1,050,438</b>   | <b>3,532,403</b>   | <b>6,384,792</b>   | <b>9,543,849</b>   | <b>12,670,221</b>  | <b>15,832,603</b>  | <b>15,801,134</b>  | <b>17,235,089</b>  | <b>18,180,879</b>  | <b>18,869,473</b>  |

| Marrickville Council                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 10 Year Income Statement Projection                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Scenario 1   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|  | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income from Continuing Operations</b>               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges                                 | 58,132,777          | 62,118,210          | 66,014,717          | 70,306,097          | 74,973,702          | 79,974,907          | 82,679,448          | 85,384,313          | 88,178,546          | 91,068,151          |
| User Fees & Charges                                    | 16,343,151          | 16,855,563          | 18,500,713          | 19,045,717          | 19,655,757          | 20,286,675          | 20,902,634          | 21,521,280          | 22,163,953          | 22,825,323          |
| Interest Income  | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Other Income   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| Grants & Contribs - Operating                          | 7,393,321           | 7,120,833           | 7,229,034           | 6,813,563           | 6,844,661           | 7,022,473           | 7,206,232           | 7,401,530           | 7,603,043           | 7,817,709           |
| Grants & Contribs - Capital                            | 4,241,000           | 4,486,401           | 4,707,724           | 4,914,769           | 4,872,649           | 5,057,877           | 4,821,479           | 4,955,127           | 5,093,465           | 5,006,282           |
| Net Gain on Capital Sales                              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Total Income from Continuing Operations</b>         | <b>101,586,708</b>  | <b>106,846,275</b>  | <b>113,562,180</b>  | <b>118,515,785</b>  | <b>124,086,129</b>  | <b>130,512,353</b>  | <b>134,219,852</b>  | <b>138,333,943</b>  | <b>142,701,856</b>  | <b>146,917,301</b>  |
| <b>Expenditure</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Costs   | 49,038,611          | 50,321,011          | 52,679,032          | 54,234,389          | 55,439,302          | 57,356,213          | 59,092,826          | 60,907,245          | 62,769,707          | 64,684,444          |
| Materials & Contracts                                  | 26,045,357          | 27,032,951          | 27,415,848          | 27,798,621          | 28,582,449          | 29,442,433          | 30,306,126          | 31,163,331          | 32,046,723          | 33,037,761          |
| Borrowing costs  | 1,176,003           | 935,558             | 728,855             | 524,134             | 357,051             | 211,029             | 88,444              | 34,253              | 9,346               | -                   |
| Other Expenses   | 13,783,947          | 14,428,014          | 15,648,857          | 15,602,319          | 16,081,830          | 16,570,847          | 17,688,546          | 17,605,333          | 18,158,162          | 18,637,726          |
| Depreciation   | 10,492,352          | 10,596,338          | 10,704,796          | 10,812,473          | 10,955,276          | 11,099,228          | 11,242,776          | 11,388,691          | 11,537,039          | 11,687,897          |
| <b>Total Expenditure from Continuing Operations</b>    | <b>100,536,270</b>  | <b>103,313,872</b>  | <b>107,177,388</b>  | <b>108,971,936</b>  | <b>111,415,908</b>  | <b>114,679,750</b>  | <b>118,418,718</b>  | <b>121,098,854</b>  | <b>124,520,977</b>  | <b>128,047,828</b>  |
| <b>Net Operating Result from Continuing Operations</b> | <b>1,050,438</b>    | <b>3,532,403</b>    | <b>6,384,792</b>    | <b>9,543,849</b>    | <b>12,670,221</b>   | <b>15,832,603</b>   | <b>15,801,134</b>   | <b>17,235,089</b>   | <b>18,180,879</b>   | <b>18,869,473</b>   |

| Marrickville Council                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Scenario 1  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Statement of Financial Position                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|   | 30-Jun-15            | 30-Jun-16            | 30-Jun-17            | 30-Jun-18            | 30-Jun-19            | 30-Jun-20            | 30-Jun-21            | 30-Jun-22            | 30-Jun-23            | 30-Jun-24            |
| <b>Current Assets</b>                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash & Cash Equivalents                           | 8,557,872            | 3,220,730            | 2,519,445            | 1,210,131            | 1,503,140            | 1,793,926            | 3,033,001            | 5,833,081            | 9,258,806            | 12,796,002           |
| Investments                                       | 18,056,973           | 14,560,547           | 11,156,098           | 13,662,681           | 11,323,900           | 11,528,105           | 11,275,677           | 10,583,256           | 10,592,409           | 10,338,259           |
| Receivables                                       | 6,433,298            | 6,626,297            | 10,325,085           | 10,634,838           | 10,953,883           | 11,282,500           | 11,620,975           | 11,969,604           | 12,328,692           | 12,698,553           |
| Inventories                                       | 221,100              | 222,206              | 223,317              | 224,433              | 225,555              | 226,683              | 227,816              | 228,956              | 230,100              | 231,251              |
| Other   | 601,400              | 583,358              | 565,857              | 548,882              | 532,415              | 516,443              | 500,949              | 485,921              | 471,343              | 457,203              |
| <b>Total Current Assets</b>                       | <b>33,870,643</b>    | <b>25,213,137</b>    | <b>24,789,803</b>    | <b>26,280,965</b>    | <b>24,538,894</b>    | <b>25,347,656</b>    | <b>26,658,419</b>    | <b>29,100,817</b>    | <b>32,881,351</b>    | <b>36,521,267</b>    |
| <b>Non Current Assets</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investments                                       | 14,240,500           | 4,084,599            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Infrastructure Property Plant & Equipment         | 966,856,284          | 986,164,256          | 994,092,792          | 999,609,433          | 1,012,029,773        | 1,025,130,479        | 1,038,799,232        | 1,053,301,603        | 1,067,674,898        | 1,083,100,330        |
| Investments accounted for using the equity method | 2,317,000            | 2,432,850            | 2,554,493            | 2,682,217            | 2,816,328            | 2,957,144            | 3,105,002            | 3,260,252            | 3,423,264            | 3,594,427            |
| <b>Total Non Current Assets</b>                   | <b>983,413,784</b>   | <b>992,681,705</b>   | <b>996,647,285</b>   | <b>1,002,291,650</b> | <b>1,014,846,101</b> | <b>1,028,087,623</b> | <b>1,041,904,234</b> | <b>1,056,561,855</b> | <b>1,071,098,162</b> | <b>1,086,694,757</b> |
| <b>TOTAL ASSETS</b>                               | <b>1,017,284,427</b> | <b>1,017,894,842</b> | <b>1,021,437,087</b> | <b>1,028,572,615</b> | <b>1,039,384,995</b> | <b>1,053,435,280</b> | <b>1,068,562,652</b> | <b>1,085,662,672</b> | <b>1,103,979,513</b> | <b>1,123,216,025</b> |
| <b>Current Liabilities</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables  | 5,686,500            | 5,800,230            | 5,916,235            | 6,034,559            | 6,155,250            | 6,278,355            | 6,403,923            | 6,532,001            | 6,662,641            | 6,795,894            |
| Borrowings  | 3,241,795            | 3,167,847            | 2,739,224            | 2,194,464            | 2,124,777            | 1,022,177            | 489,565              | 224,740              | -                    | -                    |
| Provisions  | 14,826,800           | 14,975,068           | 15,124,819           | 15,276,067           | 15,428,828           | 15,583,116           | 15,738,947           | 15,896,336           | 16,055,300           | 16,215,853           |
| <b>Total 30 - Current Liabilities</b>             | <b>23,755,095</b>    | <b>23,943,145</b>    | <b>23,780,277</b>    | <b>23,505,090</b>    | <b>23,708,855</b>    | <b>22,883,648</b>    | <b>22,632,435</b>    | <b>22,653,077</b>    | <b>22,717,941</b>    | <b>23,011,747</b>    |
| <b>Non Current Liabilities</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Borrowings  | 11,962,794           | 8,794,947            | 6,055,723            | 3,861,259            | 1,736,482            | 714,305              | 224,740              | -                    | -                    | -                    |
| Provisions  | 1,927,000            | 1,984,810            | 2,044,354            | 2,105,685            | 2,168,855            | 2,233,921            | 2,300,939            | 2,369,967            | 2,441,066            | 2,514,298            |
| <b>Total Non Current Liabilities</b>              | <b>13,889,794</b>    | <b>10,779,757</b>    | <b>8,100,077</b>     | <b>5,966,944</b>     | <b>3,905,337</b>     | <b>2,948,226</b>     | <b>2,525,679</b>     | <b>2,369,967</b>     | <b>2,441,066</b>     | <b>2,514,298</b>     |
| <b>TOTAL LIABILITIES</b>                          | <b>37,644,889</b>    | <b>34,722,902</b>    | <b>31,880,355</b>    | <b>29,472,034</b>    | <b>27,614,192</b>    | <b>25,831,874</b>    | <b>25,158,113</b>    | <b>25,023,044</b>    | <b>25,159,007</b>    | <b>25,526,045</b>    |
| <b>NET ASSETS</b>                                 | <b>979,639,538</b>   | <b>983,171,940</b>   | <b>989,556,733</b>   | <b>999,100,581</b>   | <b>1,011,770,802</b> | <b>1,027,603,405</b> | <b>1,043,404,539</b> | <b>1,060,639,628</b> | <b>1,078,820,506</b> | <b>1,097,689,980</b> |
| <b>Equity</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained Earnings                                 | 568,373,537          | 571,905,942          | 578,290,732          | 587,834,581          | 600,504,801          | 616,337,405          | 632,138,539          | 649,373,627          | 667,554,507          | 686,423,980          |
| Revaluation Reserve                               | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          |
| <b>Total Equity</b>                               | <b>979,639,538</b>   | <b>983,171,940</b>   | <b>989,556,733</b>   | <b>999,100,581</b>   | <b>1,011,770,802</b> | <b>1,027,603,405</b> | <b>1,043,404,539</b> | <b>1,060,639,627</b> | <b>1,078,820,506</b> | <b>1,097,689,980</b> |



| Marrickville Council  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Scenario 1  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Statement of Cash Flows   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Cash Flows from Operating Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges  | 58,132,777          | 62,118,210          | 66,014,717          | 70,306,097          | 74,973,702          | 79,974,907          | 82,679,448          | 85,384,313          | 88,178,546          | 91,068,151          |
| User Charges & Fees   | 16,155,773          | 16,662,564          | 14,801,924          | 18,735,964          | 19,336,712          | 19,958,059          | 20,564,159          | 21,172,651          | 21,804,865          | 22,455,462          |
| Investment & Interest Income                                    | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Grants & Contributions  | 11,634,321          | 11,607,234          | 11,936,758          | 11,728,332          | 11,717,310          | 12,080,350          | 12,027,711          | 12,356,657          | 12,696,508          | 12,823,991          |
| Other   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Benefits & On-Costs                                    | (46,891,811)        | (50,172,743)        | (52,529,281)        | (54,083,141)        | (55,286,541)        | (57,201,925)        | (58,936,995)        | (60,749,856)        | (62,610,743)        | (64,523,891)        |
| Materials & Contracts   | (25,933,857)        | (26,919,221)        | (27,299,843)        | (27,680,297)        | (28,461,757)        | (29,319,328)        | (30,180,559)        | (31,035,253)        | (31,916,083)        | (32,904,508)        |
| Borrowing Costs   | (1,176,003)         | (935,558)           | (728,855)           | (524,134)           | (357,051)           | (211,029)           | (88,444)            | (34,253)            | (9,346)             | 0                   |
| Other   | (13,783,947)        | (14,428,014)        | (15,648,857)        | (15,602,319)        | (16,081,830)        | (16,570,847)        | (17,688,546)        | (17,605,333)        | (18,158,162)        | (18,637,726)        |
| <b>Net Cash provided (or used in) Operating Activities</b>      | <b>13,570,412</b>   | <b>14,193,640</b>   | <b>13,607,354</b>   | <b>20,291,142</b>   | <b>23,529,604</b>   | <b>26,831,707</b>   | <b>26,949,233</b>   | <b>28,529,368</b>   | <b>29,577,533</b>   | <b>30,450,365</b>   |
| <b>Cash Flows From Investing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Investment Securities                                   | 112,043,214         | 113,163,646         | 114,295,282         | 115,438,235         | 116,592,618         | 117,758,544         | 118,936,129         | 120,125,490         | 121,326,745         | 122,540,013         |
| Sale of Real Estate Assets                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Infrastructure, Property Plant & Equipment              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Purchase of Investment Securities                               | (109,210,369)       | (95,511,319)        | (98,806,234)        | (107,944,818)       | (111,753,837)       | (115,962,749)       | (118,683,701)       | (119,433,069)       | (121,335,898)       | (122,285,863)       |
| Purchase of Infrastructure, Property, Plant & Equipment         | (27,832,363)        | (33,945,414)        | (30,179,040)        | (26,484,649)        | (26,039,362)        | (26,372,234)        | (25,092,745)        | (26,081,573)        | (26,110,539)        | (27,323,645)        |
| Contributions paid to Joint Ventures & Associates               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Net cash provided (or used in) Investing Activities</b>      | <b>(24,956,218)</b> | <b>(16,288,987)</b> | <b>(14,640,792)</b> | <b>(18,966,232)</b> | <b>(21,150,281)</b> | <b>(24,527,539)</b> | <b>(24,802,717)</b> | <b>(25,357,902)</b> | <b>(26,048,792)</b> | <b>(27,038,545)</b> |
| <b>Cash flows from Financing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Proceeds from Borrowing & Advances                              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Payments of Borrowing & Advances                                | (3,304,985)         | (3,241,795)         | (3,167,847)         | (2,739,224)         | (2,194,464)         | (2,124,777)         | (1,022,177)         | (489,565)           | (224,740)           | 0                   |
| <b>Net Cash Flow provided (or used in) Financing Activities</b> | <b>(3,304,985)</b>  | <b>(3,241,795)</b>  | <b>(3,167,847)</b>  | <b>(2,739,224)</b>  | <b>(2,194,464)</b>  | <b>(2,124,777)</b>  | <b>(1,022,177)</b>  | <b>(489,565)</b>    | <b>(224,740)</b>    | <b>0</b>            |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>   | <b>(14,690,791)</b> | <b>(5,337,142)</b>  | <b>(4,201,285)</b>  | <b>(1,414,314)</b>  | <b>184,859</b>      | <b>179,391</b>      | <b>1,124,339</b>    | <b>2,681,901</b>    | <b>3,304,001</b>    | <b>3,411,820</b>    |
| Plus Cash & Cash Equivalents - beginning of year                | 23,248,663          | 8,557,872           | 3,220,730           | 2,519,445           | 1,210,131           | 1,503,140           | 1,793,926           | 3,033,001           | 5,833,081           | 9,258,806           |
| <b>Cash &amp; Cash Equivalents - end of year</b>                | <b>8,557,872</b>    | <b>3,220,730</b>    | <b>(980,555)</b>    | <b>1,105,131</b>    | <b>1,394,990</b>    | <b>1,682,532</b>    | <b>2,918,265</b>    | <b>5,714,903</b>    | <b>9,137,082</b>    | <b>12,670,626</b>   |
| Plus Investments on hand - end of year                          | 18,056,973          | 14,560,547          | 11,156,098          | 13,662,681          | 11,323,900          | 11,528,105          | 11,275,677          | 10,583,256          | 10,592,409          | 10,338,259          |
| <b>Total Cash &amp; Cash Equivalents &amp; Investments</b>      | <b>26,614,845</b>   | <b>17,781,277</b>   | <b>10,175,543</b>   | <b>14,767,812</b>   | <b>12,718,890</b>   | <b>13,210,637</b>   | <b>14,193,942</b>   | <b>16,298,159</b>   | <b>19,729,491</b>   | <b>23,008,885</b>   |

## 4. SCENARIO 2: ASSET MANAGEMENT RENEWAL SHORTFALL

Scenario 2 is predicated on:

- continuation of existing services at current service levels;
- Infrastructure Renewal shortfall funding gaps based on Council's Asset Management Plans

### **Council's Infrastructure Asset Renewal Shortfall**

Marrickville Council has infrastructure assets valued at over a billion dollars. Whilst significant funding is allocated to maintain the service standard of our network of infrastructure assets, our asset management systems reliably informed us there was an annual renewal shortfall of \$5.065 million. This annual shortfall is expected to grow whilst ever limited resources are available to address the situation.

From an asset management (engineering) point of view, Council's network of infrastructure assets are assessed in accordance with national asset management standards which categorises assets into one of the following 5 conditions:

- 1 – Very Good
- 2 – Good
- 3 – Average
- 4 – Poor
- 5 – Very Poor

Council undertakes regular condition-based assessments of its assets network to ensure condition ratings are both accurate and current. The asset renewal breakeven point (whereby there is no shortfall) is universally considered Condition 3 – Satisfactory. Council has a number of assets that fall into Condition 4 and 5. The aggregated value of renewing these assets, less the total funds available to spend on those assets, is the estimated renewal shortfall.

In September 2014, Marrickville Council convened a randomly selected jury of local residents to assess the infrastructure asset shortfall and decide what level of infrastructure quality was acceptable to the community, where money should be spent and how funds might be raised.

The Marrickville Infrastructure Jury (MIJ) set the minimum condition for a range of infrastructure assets including roads and footpaths. This reduced the renewal shortfall from \$5.065m to \$2.354m, a saving of approximately \$2.7m per annum.

The renewal shortfall and assets generating this shortfall have been identified and documented in the Resourcing Strategy. The MIJ has been provided to Council, including setting the minimum acceptable condition for a range of infrastructure including roads and footpaths. The Asset Management Plan prioritization will be predicated on the MIJ's recommendations.

## 4.1 Scenario 2 Assumptions

Scenario 2 uses the global variables, with the following amendments:

| Operating Revenue Area                | Scenario 2 Assumption  |
|---------------------------------------|--|
| Special Variation to the General Rate | <p>In Scenario 2, Council will seek a Special Rates Variation to its General Rate to fund an Infrastructure Asset Renewal shortfall commencing in 2015/16. The rate variation will be a one off 3% additional increase above the IPART approved increase in 2015/16. The rates will become a part of Council's rating base and continue into perpetuity. The proposed increases are as follows:</p> <p>2014/15 = 2.3% (approved IPART increase)</p> <p>2015/16 = 2.4% + 3% (approved IPART level + proposed SRV)</p> |

| Capital Renewal Expenditure Area | Scenario 2 Assumption |
|----------------------------------|-----------------------|
| Local Roads                      | \$708,000             |
| Kerb and Gutter                  | \$163,000             |
| Pits and Pipes                   | \$261,000             |
| Park Footpaths                   | \$200,000             |
| Roadside Furniture               | \$134,000             |
| Park Assets                      | \$40,000              |
| Park Buildings                   | \$52,000              |
| Playground equipment             | \$140,000             |
| Car Park Resurfacing             | \$147,500             |
| Community Facilities Renewal     | \$158,000             |
| Regional Road Maintenance        | \$350,000             |
| <b>Total</b>                     | <b>\$2,353,500</b>    |

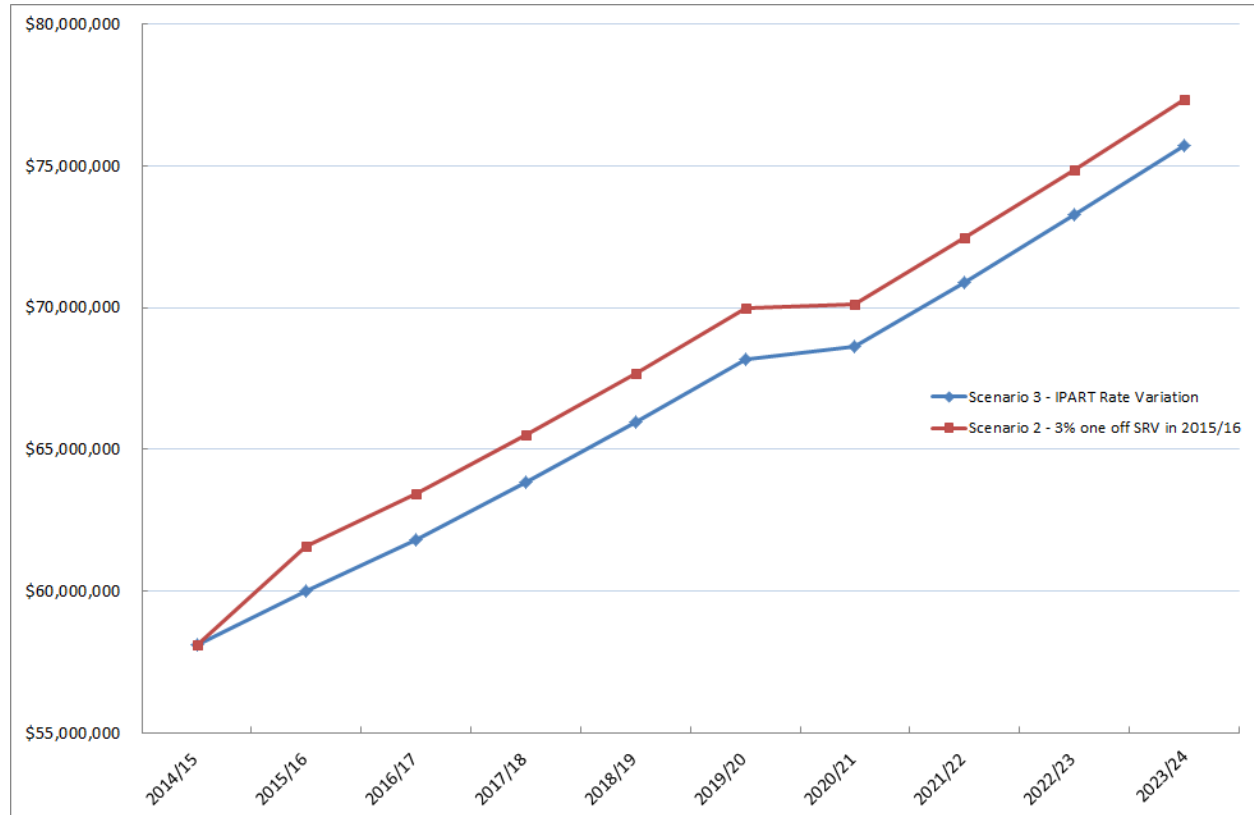
## 4.2 Scenario 2 – Sensitivity Analysis

As with Scenario 1, the assumptions on which Scenario 2 are predicated will be sensitive to a variety of risks and opportunities, including the following:

- Community engagement on the service levels provided by assets will also provide a critical input to the process of refining the Asset Management Plans. This input will therefore also be used to refine Scenario 1.
- The Marrickville local government area is experiencing a period of demographic change due to a number of factors. Some of this change was evident in the 2006 Census. The Census undertaken in 2011 highlights ongoing trends. This data will be used to guide decisions regarding the nature and level of Council services and thus to refine Scenario 1.
- Scenario 2 assumes that all capital works will be funded directly from the SRV with no requirements to borrow from a financial institution. If a large enough new capital project is identified as urgent, loan funds may be sourced and the SRV utilised to service that loan.

### 4.3 Scenario 2 Financials

The following graph illustrates the impact on Council's rate revenue of a s508(2) rate increase.



# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 2 - Marrickville Council -10 Year Income Statement Projection by KRA |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Rates &amp; Annual Charges</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 150,000             | 154,200             | 158,550             | 162,900             | 167,550             | 172,200             | 177,000             | 181,950             | 187,050             | 192,300             |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 14,400,451          | 14,916,011          | 15,308,815          | 15,744,984          | 16,240,768          | 16,751,092          | 17,257,135          | 17,793,050          | 18,346,903          | 18,922,369          |
| Innovative Effective, Consultative and Representative Council                 | 43,582,326          | 46,500,211          | 47,986,412          | 49,602,057          | 51,292,689          | 53,040,254          | 52,702,443          | 54,490,157          | 56,337,862          | 58,247,549          |
| <b>Rates &amp; Annual Charges</b>   | <b>58,132,777</b>   | <b>61,570,422</b>   | <b>63,453,777</b>   | <b>65,509,941</b>   | <b>67,701,007</b>   | <b>69,963,546</b>   | <b>70,136,578</b>   | <b>72,465,157</b>   | <b>74,871,815</b>   | <b>77,362,218</b>   |
| <b>User Fees &amp; Charges</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 10,225,959          | 10,672,507          | 12,551,750          | 12,935,457          | 13,368,583          | 13,819,146          | 14,250,441          | 14,676,587          | 15,119,555          | 15,574,392          |
| Creative and Cultural Marrickville  | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 103                 | 106                 | 109                 |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 5,917,578           | 6,097,399           | 6,260,846           | 6,431,548           | 6,618,301           | 6,807,859           | 7,000,085           | 7,203,519           | 7,413,548           | 7,631,502           |
| Innovative Effective, Consultative and Representative Council                 | 199,514             | 205,557             | 211,617             | 217,920             | 224,260             | 231,722             | 241,324             | 248,066             | 255,949             | 263,282             |
| <b>User Fees &amp; Charges</b>  | <b>16,343,151</b>   | <b>16,975,563</b>   | <b>19,024,313</b>   | <b>19,585,025</b>   | <b>20,211,244</b>   | <b>20,858,827</b>   | <b>21,491,950</b>   | <b>22,128,276</b>   | <b>22,789,158</b>   | <b>23,469,285</b>   |
| <b>Interest Income</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective, Consultative and Representative Council                 | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| <b>Interest Income</b>  | <b>2,847,000</b>    | <b>2,926,296</b>    | <b>3,305,824</b>    | <b>3,335,752</b>    | <b>3,367,744</b>    | <b>3,399,736</b>    | <b>3,432,760</b>    | <b>3,467,266</b>    | <b>3,547,418</b>    | <b>3,647,015</b>    |
| <b>Other Income</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 1,490,940           | 1,532,482           | 1,575,394           | 1,617,940           | 1,664,427           | 1,710,507           | 1,758,049           | 1,808,158           | 1,858,719           | 1,911,417           |
| Creative and Cultural Marrickville  | 103,720             | 106,232             | 108,861             | 111,514             | 114,262             | 117,087             | 119,994             | 123,384             | 126,878             | 130,645             |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 6,640,643           | 7,221,322           | 7,469,817           | 7,615,169           | 7,676,788           | 7,891,176           | 8,117,149           | 8,350,677           | 8,616,295           | 8,882,623           |
| Innovative Effective, Consultative and Representative Council                 | 4,350,856           | 4,474,836           | 4,600,896           | 4,730,264           | 4,865,839           | 5,003,015           | 5,144,507           | 5,290,958           | 5,442,639           | 5,597,185           |
| <b>Other Income</b>   | <b>12,586,159</b>   | <b>13,334,872</b>   | <b>13,754,968</b>   | <b>14,074,887</b>   | <b>14,321,316</b>   | <b>14,721,785</b>   | <b>15,139,699</b>   | <b>15,573,177</b>   | <b>16,044,532</b>   | <b>16,521,871</b>   |
| <b>Grants &amp; Contribs - Operating</b>                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 1,828,030           | 1,879,941           | 1,983,586           | 2,037,323           | 2,093,649           | 2,150,845           | 2,209,816           | 2,271,871           | 2,335,782           | 2,402,848           |
| Creative and Cultural Marrickville  | 26,282              | 11,168              | 11,481              | 11,800              | 12,130              | 12,470              | 12,820              | 13,204              | 13,601              | 14,009              |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 2,204,384           | 2,009,748           | 2,037,494           | 1,652,922           | 1,691,409           | 1,730,971           | 1,771,674           | 1,818,725           | 1,867,098           | 1,922,434           |
| Innovative Effective, Consultative and Representative Council                 | 3,334,625           | 3,219,976           | 3,196,473           | 3,111,518           | 3,047,473           | 3,128,187           | 3,211,922           | 3,297,730           | 3,386,562           | 3,478,418           |
| <b>Grants &amp; Contribs - Operating</b>                                      | <b>7,393,321</b>    | <b>7,120,833</b>    | <b>7,229,034</b>    | <b>6,813,563</b>    | <b>6,844,661</b>    | <b>7,022,473</b>    | <b>7,206,232</b>    | <b>7,401,530</b>    | <b>7,603,043</b>    | <b>7,817,709</b>    |
| <b>Grants &amp; Contribs - Capital</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 841,000             | 882,000             | 1,000,909           | 1,105,000           | 953,900             | 1,029,277           | 679,146             | 696,377             | 714,415             | 732,848             |
| Innovative Effective, Consultative and Representative Council                 | 3,400,000           | 3,604,401           | 3,706,815           | 3,809,769           | 3,918,749           | 4,028,600           | 4,142,333           | 4,258,750           | 4,379,050           | 4,273,434           |
| <b>Grants &amp; Contribs - Capital</b>  | <b>4,241,000</b>    | <b>4,486,401</b>    | <b>4,707,724</b>    | <b>4,914,769</b>    | <b>4,872,649</b>    | <b>5,057,877</b>    | <b>4,821,479</b>    | <b>4,955,127</b>    | <b>5,093,465</b>    | <b>5,006,282</b>    |
| <b>Net Gain on Sales of Assets</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective Representative   | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Net Gain on Sales of Assets</b>  | <b>43,300</b>       | <b>4,100</b>        | <b>49,200</b>       | <b>25,000</b>       | <b>50,300</b>       | <b>48,900</b>       | <b>37,600</b>       | <b>31,250</b>       | <b>70,900</b>       | <b>30,950</b>       |
| <b>Total Income from Continuing Operations</b>                                | <b>101,586,708</b>  | <b>106,418,487</b>  | <b>111,524,840</b>  | <b>114,258,937</b>  | <b>117,368,921</b>  | <b>121,073,144</b>  | <b>122,266,298</b>  | <b>126,021,782</b>  | <b>130,020,330</b>  | <b>133,855,330</b>  |



# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 2 - Marrickville Council -10 Year Income Statement Projection by KRA |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Expenditure</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Employee Costs</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 14,271,673          | 14,740,227          | 16,045,017          | 16,569,842          | 17,131,875          | 17,721,683          | 18,258,472          | 18,821,181          | 19,399,007          | 19,992,014          |
| Creative and Cultural Marrickville  | 1,680,188           | 1,635,564           | 1,689,260           | 1,619,001           | 1,676,193           | 1,736,342           | 1,789,559           | 1,844,422           | 1,901,486           | 1,960,275           |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 24,630,824          | 25,192,123          | 25,857,019          | 26,625,778          | 27,515,851          | 28,436,132          | 29,274,126          | 30,146,682          | 31,041,503          | 31,962,661          |
| Innovative Effective, Consultative and Representative Council                 | 8,455,926           | 8,753,097           | 9,087,736           | 9,419,768           | 9,115,383           | 9,462,056           | 9,770,669           | 10,094,961          | 10,427,711          | 10,769,494          |
| <b>Employee Costs</b>   | <b>49,038,611</b>   | <b>50,321,011</b>   | <b>52,679,032</b>   | <b>54,234,389</b>   | <b>55,439,302</b>   | <b>57,356,213</b>   | <b>59,092,826</b>   | <b>60,907,245</b>   | <b>62,769,707</b>   | <b>64,684,444</b>   |
| <b>Materials &amp; Contracts</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 2,569,901           | 2,536,300           | 2,660,058           | 2,727,960           | 2,798,480           | 2,870,434           | 2,944,478           | 3,022,927           | 3,103,682           | 3,187,980           |
| Creative and Cultural Marrickville  | 1,015,921           | 689,685             | 708,505             | 727,686             | 747,791             | 768,151             | 789,153             | 811,296             | 834,096             | 857,901             |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 15,934,330          | 14,605,119          | 14,862,901          | 14,974,841          | 15,434,951          | 15,886,519          | 16,369,701          | 16,871,218          | 17,420,689          | 17,983,559          |
| Innovative Effective, Consultative and Representative Council                 | 6,525,205           | 5,970,347           | 6,000,139           | 6,088,362           | 6,223,061           | 6,437,818           | 6,618,898           | 6,766,478           | 6,886,101           | 7,092,101           |
| <b>Materials &amp; Contracts</b>  | <b>26,045,357</b>   | <b>23,801,451</b>   | <b>24,231,603</b>   | <b>24,518,849</b>   | <b>25,204,283</b>   | <b>25,962,923</b>   | <b>26,722,230</b>   | <b>27,471,919</b>   | <b>28,244,568</b>   | <b>29,121,541</b>   |
| <b>Borrowing Costs</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective Representative   | 1,176,003           | 935,558             | 728,855             | 524,134             | 357,051             | 211,029             | 88,444              | 34,253              | 9,346               | -                   |
| <b>Borrowing Costs</b>  | <b>1,176,003</b>    | <b>935,558</b>      | <b>728,855</b>      | <b>524,134</b>      | <b>357,051</b>      | <b>211,029</b>      | <b>88,444</b>       | <b>34,253</b>       | <b>9,346</b>        | <b>-</b>            |
| <b>Other Expenses</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse Socially Just Safe & Healthy  | 1,484,383           | 1,526,446           | 1,861,684           | 1,917,598           | 1,981,821           | 2,042,652           | 2,110,904           | 2,178,057           | 2,248,005           | 2,315,457           |
| Creative Marrickville   | 133,390             | 136,990             | 140,590             | 144,370             | 148,210             | 152,170             | 156,250             | 160,598             | 165,074             | 169,683             |
| Vibrant Economy Planned & Sustainable Environment                             | 7,695,465           | 8,141,782           | 8,365,502           | 8,609,742           | 8,853,890           | 9,113,796           | 9,383,092           | 9,661,846           | 9,949,834           | 10,177,476          |
| Innovative Effective Representative   | 4,470,709           | 4,622,796           | 5,281,081           | 4,930,609           | 5,097,909           | 5,262,229           | 6,038,300           | 5,604,833           | 5,795,249           | 5,975,111           |
| <b>Other Expenses</b>   | <b>13,783,947</b>   | <b>14,428,014</b>   | <b>15,648,857</b>   | <b>15,602,319</b>   | <b>16,081,830</b>   | <b>16,570,847</b>   | <b>17,688,546</b>   | <b>17,605,333</b>   | <b>18,158,162</b>   | <b>18,637,726</b>   |
| <b>Depreciation</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse Socially Just Safe & Healthy  | 948,468             | 948,595             | 949,468             | 949,606             | 961,030             | 972,455             | 983,880             | 995,307             | 1,006,734           | 1,018,166           |
| Creative Marrickville   | 4,812               | 4,816               | 4,816               | 4,816               | 4,816               | 4,816               | 4,816               | 4,816               | 4,816               | 4,816               |
| Vibrant Economy Planned & Sustainable Environment                             | 8,534,912           | 8,638,629           | 8,746,062           | 8,853,450           | 8,972,295           | 9,092,289           | 9,211,880           | 9,333,835           | 9,458,218           | 9,585,102           |
| Innovative Effective Representative   | 1,004,160           | 1,004,298           | 1,004,450           | 1,004,601           | 1,017,135           | 1,029,668           | 1,042,200           | 1,054,733           | 1,067,271           | 1,079,813           |
| <b>Depreciation</b>   | <b>10,492,352</b>   | <b>10,596,338</b>   | <b>10,704,796</b>   | <b>10,812,473</b>   | <b>10,955,276</b>   | <b>11,099,228</b>   | <b>11,242,776</b>   | <b>11,388,691</b>   | <b>11,537,039</b>   | <b>11,687,897</b>   |
| <b>Total Expenditure from Continuing Operations</b>                           | <b>100,536,270</b>  | <b>100,082,372</b>  | <b>103,993,143</b>  | <b>105,692,164</b>  | <b>108,037,742</b>  | <b>111,200,240</b>  | <b>114,834,822</b>  | <b>117,407,441</b>  | <b>120,718,822</b>  | <b>124,131,608</b>  |
| <b>Net Operating Result from Continuing Operations</b>                        | <b>1,050,438</b>    | <b>6,336,115</b>    | <b>7,531,697</b>    | <b>8,566,773</b>    | <b>9,331,179</b>    | <b>9,872,904</b>    | <b>7,431,476</b>    | <b>8,614,341</b>    | <b>9,301,508</b>    | <b>9,723,722</b>    |

| Marrickville Council                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 10 Year Income Statement Projection                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Scenario 2   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|  | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income from Continuing Operations</b>               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges                                 | 58,132,777          | 61,570,422          | 63,453,777          | 65,509,941          | 67,701,007          | 69,963,546          | 70,136,578          | 72,465,157          | 74,871,815          | 77,362,218          |
| User Fees & Charges                                    | 16,343,151          | 16,975,563          | 19,024,313          | 19,585,025          | 20,211,244          | 20,858,827          | 21,491,950          | 22,128,276          | 22,789,158          | 23,469,285          |
| Interest Income  | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Other Income   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| Grants & Contribs - Operating                          | 7,393,321           | 7,120,833           | 7,229,034           | 6,813,563           | 6,844,661           | 7,022,473           | 7,206,232           | 7,401,530           | 7,603,043           | 7,817,709           |
| Grants & Contribs - Capital                            | 4,241,000           | 4,486,401           | 4,707,724           | 4,914,769           | 4,872,649           | 5,057,877           | 4,821,479           | 4,955,127           | 5,093,465           | 5,006,282           |
| Net Gain on Capital Sales                              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Total Income from Continuing Operations</b>         | <b>101,586,708</b>  | <b>106,418,487</b>  | <b>111,524,840</b>  | <b>114,258,937</b>  | <b>117,368,921</b>  | <b>121,073,144</b>  | <b>122,266,298</b>  | <b>126,021,782</b>  | <b>130,020,330</b>  | <b>133,855,330</b>  |
| <b>Expenditure</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Costs   | 49,038,611          | 50,321,011          | 52,679,032          | 54,234,389          | 55,439,302          | 57,356,213          | 59,092,826          | 60,907,245          | 62,769,707          | 64,684,444          |
| Materials & Contracts                                  | 26,045,357          | 23,801,451          | 24,231,603          | 24,518,849          | 25,204,283          | 25,962,923          | 26,722,230          | 27,471,919          | 28,244,568          | 29,121,541          |
| Borrowing costs  | 1,176,003           | 935,558             | 728,855             | 524,134             | 357,051             | 211,029             | 88,444              | 34,253              | 9,346               | -                   |
| Other Expenses   | 13,783,947          | 14,428,014          | 15,648,857          | 15,602,319          | 16,081,830          | 16,570,847          | 17,688,546          | 17,605,333          | 18,158,162          | 18,637,726          |
| Depreciation   | 10,492,352          | 10,596,338          | 10,704,796          | 10,812,473          | 10,955,276          | 11,099,228          | 11,242,776          | 11,388,691          | 11,537,039          | 11,687,897          |
| <b>Total Expenditure from Continuing Operations</b>    | <b>100,536,270</b>  | <b>100,082,372</b>  | <b>103,993,143</b>  | <b>105,692,164</b>  | <b>108,037,742</b>  | <b>111,200,240</b>  | <b>114,834,822</b>  | <b>117,407,441</b>  | <b>120,718,822</b>  | <b>124,131,608</b>  |
| <b>Net Operating Result from Continuing Operations</b> | <b>1,050,438</b>    | <b>6,336,115</b>    | <b>7,531,697</b>    | <b>8,566,773</b>    | <b>9,331,179</b>    | <b>9,872,904</b>    | <b>7,431,476</b>    | <b>8,614,341</b>    | <b>9,301,508</b>    | <b>9,723,722</b>    |

| Marrickville Council                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Scenario 2  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Statement of Financial Position                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|   | 30-Jun-15            | 30-Jun-16            | 30-Jun-17            | 30-Jun-18            | 30-Jun-19            | 30-Jun-20            | 30-Jun-21            | 30-Jun-22            | 30-Jun-23            | 30-Jun-24            |
| <b>Current Assets</b>                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash & Cash Equivalents                           | 3,528,872            | 2,357,645            | 4,297,299            | 4,420,639            | 4,517,225            | 4,229,488            | 4,134,335            | 3,968,994            | 4,196,968            | 3,702,903            |
| Investments                                       | 18,056,973           | 14,285,616           | 13,709,399           | 13,935,608           | 13,175,726           | 13,817,630           | 12,027,097           | 11,796,186           | 11,386,899           | 11,619,815           |
| Receivables                                       | 8,522,298            | 10,594,787           | 8,138,984            | 8,783,377            | 9,002,161            | 9,126,598            | 9,445,183            | 9,096,584            | 9,278,839            | 9,789,930            |
| Inventories                                       | 221,100              | 222,206              | 223,317              | 224,433              | 225,555              | 226,683              | 227,816              | 228,956              | 230,100              | 231,251              |
| Other   | 601,400              | 583,358              | 565,857              | 548,882              | 532,415              | 516,443              | 500,949              | 485,921              | 471,343              | 457,203              |
| <b>Total Current Assets</b>                       | <b>30,930,643</b>    | <b>28,043,612</b>    | <b>26,934,855</b>    | <b>27,912,939</b>    | <b>27,453,082</b>    | <b>27,916,841</b>    | <b>26,335,381</b>    | <b>25,576,640</b>    | <b>25,564,150</b>    | <b>25,801,102</b>    |
| <b>Non Current Assets</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investments                                       | 14,240,500           | 4,049,437            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Infrastructure Property Plant & Equipment         | 969,796,284          | 986,288,506          | 996,135,849          | 1,001,316,218        | 1,009,249,412        | 1,016,876,239        | 1,025,215,414        | 1,034,453,427        | 1,043,903,388        | 1,053,757,195        |
| Investments accounted for using the equity method | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            |
| <b>Total Non Current Assets</b>                   | <b>986,353,784</b>   | <b>992,654,943</b>   | <b>998,452,849</b>   | <b>1,003,633,218</b> | <b>1,011,566,412</b> | <b>1,019,193,239</b> | <b>1,027,532,414</b> | <b>1,036,770,427</b> | <b>1,046,220,388</b> | <b>1,056,074,195</b> |
| <b>TOTAL ASSETS</b>                               | <b>1,017,284,427</b> | <b>1,020,698,555</b> | <b>1,025,387,704</b> | <b>1,031,546,157</b> | <b>1,039,019,494</b> | <b>1,047,110,080</b> | <b>1,053,867,795</b> | <b>1,062,347,067</b> | <b>1,071,784,538</b> | <b>1,081,875,297</b> |
| <b>Current Liabilities</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables  | 5,686,500            | 5,800,230            | 5,916,235            | 6,034,559            | 6,155,250            | 6,278,355            | 6,403,923            | 6,532,001            | 6,662,641            | 6,795,894            |
| Borrowings  | 3,241,795            | 3,167,847            | 2,739,224            | 2,194,464            | 2,124,777            | 1,022,177            | 489,565              | 224,740              | -                    | -                    |
| Provisions  | 14,826,800           | 14,975,068           | 15,124,819           | 15,276,067           | 15,428,828           | 15,583,116           | 15,738,947           | 15,896,336           | 16,055,300           | 16,215,853           |
| <b>Total 30 - Current Liabilities</b>             | <b>23,755,095</b>    | <b>23,943,145</b>    | <b>23,780,277</b>    | <b>23,505,090</b>    | <b>23,708,855</b>    | <b>22,883,648</b>    | <b>22,632,435</b>    | <b>22,653,077</b>    | <b>22,717,941</b>    | <b>23,011,747</b>    |
| <b>Non Current Liabilities</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Borrowings  | 11,962,794           | 8,794,947            | 6,055,723            | 3,861,259            | 1,736,482            | 714,305              | 224,740              | -                    | -                    | -                    |
| Provisions  | 1,927,000            | 1,984,810            | 2,044,354            | 2,105,685            | 2,168,855            | 2,233,921            | 2,300,939            | 2,369,967            | 2,441,066            | 2,514,298            |
| <b>Total Non Current Liabilities</b>              | <b>13,889,794</b>    | <b>10,779,757</b>    | <b>8,100,077</b>     | <b>5,966,944</b>     | <b>3,905,337</b>     | <b>2,948,226</b>     | <b>2,525,679</b>     | <b>2,369,967</b>     | <b>2,441,066</b>     | <b>2,514,298</b>     |
| <b>TOTAL LIABILITIES</b>                          | <b>37,644,889</b>    | <b>34,722,902</b>    | <b>31,880,355</b>    | <b>29,472,034</b>    | <b>27,614,192</b>    | <b>25,831,874</b>    | <b>25,158,113</b>    | <b>25,023,044</b>    | <b>25,159,007</b>    | <b>25,526,045</b>    |
| <b>NET ASSETS</b>                                 | <b>979,639,538</b>   | <b>985,975,653</b>   | <b>993,507,350</b>   | <b>1,002,074,123</b> | <b>1,011,405,302</b> | <b>1,021,278,206</b> | <b>1,028,709,682</b> | <b>1,037,324,023</b> | <b>1,046,625,531</b> | <b>1,056,349,252</b> |
| <b>Equity</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained Earnings                                 | 568,373,537          | 574,709,653          | 582,241,351          | 590,808,123          | 600,139,302          | 610,012,207          | 617,443,682          | 626,058,023          | 635,359,531          | 645,083,252          |
| Revaluation Reserve                               | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          |
| <b>Total Equity</b>                               | <b>979,639,538</b>   | <b>985,975,653</b>   | <b>993,507,350</b>   | <b>1,002,074,123</b> | <b>1,011,405,302</b> | <b>1,021,278,206</b> | <b>1,028,709,682</b> | <b>1,037,324,023</b> | <b>1,046,625,531</b> | <b>1,056,349,253</b> |

| Marrickville Council  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Scenario 2  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Statement of Cash Flows   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Cash Flows from Operating Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges  | 58,132,777          | 61,570,422          | 63,453,777          | 65,509,941          | 67,701,007          | 69,963,546          | 70,136,578          | 72,465,157          | 74,871,815          | 77,362,218          |
| User Charges & Fees   | 14,066,773          | 14,903,074          | 21,480,116          | 18,940,632          | 19,992,460          | 20,734,390          | 21,173,365          | 22,476,875          | 22,606,903          | 22,958,194          |
| Investment & Interest Income                                    | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Grants & Contributions  | 11,634,321          | 11,607,234          | 11,936,758          | 11,728,332          | 11,717,310          | 12,080,350          | 12,027,711          | 12,356,657          | 12,696,508          | 12,823,991          |
| Other   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Benefits & On-Costs                                    | (48,891,811)        | (50,172,743)        | (52,529,281)        | (54,083,141)        | (55,286,541)        | (57,201,925)        | (58,936,995)        | (60,749,856)        | (62,610,743)        | (64,523,891)        |
| Materials & Contracts   | (25,933,857)        | (23,687,721)        | (24,115,598)        | (24,400,524)        | (25,083,592)        | (25,839,818)        | (26,596,663)        | (27,343,840)        | (28,113,928)        | (28,988,288)        |
| Borrowing Costs   | (1,176,003)         | (935,558)           | (728,855)           | (524,134)           | (357,051)           | (211,029)           | (88,444)            | (34,253)            | (9,346)             | 0                   |
| Other   | (13,783,947)        | (14,428,014)        | (15,648,857)        | (15,602,319)        | (16,081,830)        | (16,570,847)        | (17,688,546)        | (17,605,333)        | (18,158,162)        | (18,637,726)        |
| <b>Net Cash provided (or used in) Operating Activities</b>      | <b>9,481,412</b>    | <b>15,117,862</b>   | <b>20,908,851</b>   | <b>18,979,426</b>   | <b>20,290,823</b>   | <b>21,076,188</b>   | <b>18,599,465</b>   | <b>20,605,849</b>   | <b>20,874,996</b>   | <b>21,163,383</b>   |
| <b>Cash Flows From Investing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Investment Securities                                   | 120,863,544         | 122,072,179         | 123,292,901         | 124,525,830         | 125,771,088         | 127,028,799         | 128,299,087         | 129,582,078         | 130,877,899         | 132,186,678         |
| Sale of Real Estate Assets                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Infrastructure, Property Plant & Equipment              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Purchase of Investment Securities                               | (118,030,699)       | (105,609,759)       | (113,667,247)       | (118,952,039)       | (122,011,206)       | (125,170,703)       | (126,308,554)       | (129,351,167)       | (130,068,612)       | (132,419,594)       |
| Purchase of Infrastructure, Property, Plant & Equipment         | (28,772,363)        | (29,513,814)        | (25,476,205)        | (21,715,652)        | (21,809,955)        | (21,146,145)        | (19,700,574)        | (20,543,786)        | (21,302,468)        | (21,455,482)        |
| Contributions paid to Joint Ventures & Associates               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Net cash provided (or used in) Investing Activities</b>      | <b>(25,896,218)</b> | <b>(13,047,294)</b> | <b>(15,801,351)</b> | <b>(16,116,861)</b> | <b>(17,999,773)</b> | <b>(19,239,149)</b> | <b>(17,672,441)</b> | <b>(20,281,625)</b> | <b>(20,422,281)</b> | <b>(21,657,448)</b> |
| <b>Cash flows from Financing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Proceeds from Borrowing & Advances                              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Payments of Borrowing & Advances                                | (3,304,985)         | (3,241,795)         | (3,167,847)         | (2,739,224)         | (2,194,464)         | (2,124,777)         | (1,022,177)         | (489,565)           | (224,740)           | 0                   |
| <b>Net Cash Flow provided (or used in) Financing Activities</b> | <b>(3,304,985)</b>  | <b>(3,241,795)</b>  | <b>(3,167,847)</b>  | <b>(2,739,224)</b>  | <b>(2,194,464)</b>  | <b>(2,124,777)</b>  | <b>(1,022,177)</b>  | <b>(489,565)</b>    | <b>(224,740)</b>    | <b>0</b>            |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>   | <b>(19,719,791)</b> | <b>(1,171,227)</b>  | <b>1,939,653</b>    | <b>123,341</b>      | <b>96,586</b>       | <b>(287,737)</b>    | <b>(95,152)</b>     | <b>(165,341)</b>    | <b>227,975</b>      | <b>(494,065)</b>    |
| Plus Cash & Cash Equivalents - beginning of year                | 23,248,663          | 3,528,872           | 2,357,645           | 4,297,299           | 4,420,639           | 4,517,225           | 4,229,488           | 4,134,335           | 3,968,994           | 4,196,968           |
| <b>Cash &amp; Cash Equivalents - end of year</b>                | <b>3,528,872</b>    | <b>2,357,645</b>    | <b>4,297,299</b>    | <b>4,420,639</b>    | <b>4,517,225</b>    | <b>4,229,488</b>    | <b>4,134,335</b>    | <b>3,968,994</b>    | <b>4,196,968</b>    | <b>3,702,903</b>    |
|   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Plus Investments on hand - end of year                          | 18,056,973          | 14,285,616          | 13,709,399          | 13,935,608          | 13,175,726          | 13,817,630          | 12,027,097          | 11,796,186          | 11,386,899          | 11,619,815          |
| <b>Total Cash &amp; Cash Equivalents &amp; Investments</b>      | <b>21,585,845</b>   | <b>16,643,261</b>   | <b>18,006,698</b>   | <b>18,356,247</b>   | <b>17,692,951</b>   | <b>18,047,118</b>   | <b>16,161,432</b>   | <b>15,765,180</b>   | <b>15,583,867</b>   | <b>15,322,718</b>   |

## 5. SCENARIO 3: BUSINESS AS USUAL

### 5.1 Scenario 3 Overview

Scenario 3 is predicated on:

- continuation of existing services at current service levels
- continuation of existing levels of investment in infrastructure maintenance and renewal
- continuation of existing income sources.

This scenario also incorporates the following ‘major projects’:

- preparation of concept plans for a Community Hub with Open Space and Library at the Marrickville Hospital site and initial demolition and site preparation works.
- relocation of the State Emergency Service Headquarters
- establishment of the Debbie & Abbey Borgia Multipurpose Children’s Centre
- completion of refurbishment of the Administration Centre in Petersham.

### 5.2 Scenario 3 Context

Council recognised a number of years ago that it could not continue to provide the current levels of service it offered, let alone offer new services, without generating additional revenue, reducing its costs or both. Council has since grown some services with additional staff numbers and introduced others in response to community needs.

Council has received a determination from IPART to increase the rates for 2015/16 by 2.4%. This annual increase will be levied irrespective of the proposed SRV determination to fund the business as usual Scenario.

It is evident that while Council’s immediate and long term financial position is capable of delivering existing services at their current levels given current costs, an uncertain economic environment and the changing nature of the Marrickville community will generate new or expanded needs for services and for associated funding.

Council's major income source, rates, is capped by the State Government and continues to grow at a slower pace than salaries, State government charges and other costs. In this environment, ongoing financial sustainability can only be achieved by further cost savings or income generation proposals or by shedding or reducing existing programs. Council has committed to an ongoing budget review process aimed at identifying cost savings or income generation options throughout the life of this LTFP.

There is limited scope to fund major capital works in such an environment. Scenario 1 outlines a potential method of delivering on an infrastructure renewal shortfall and new capital works. Scenario 2 outlines a method of dealing with the infrastructure renewal shortfall only. Both scenarios are illustrative only. As and when the need develops to fund major infrastructure, provide new or expanded services or invest more in infrastructure maintenance, Council will engage with the Marrickville community and develop these options further.

### **5.3 Scenario 3 Financial Projections**

The following tables outline the financial impact of the Scenario 3 over the next 10 years by Key Result Area and by External Reporting Category:



# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 3 - Marrickville Council -10 Year Income Statement Projection by KRA |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Rates &amp; Annual Charges</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 150,000             | 154,200             | 158,550             | 162,900             | 167,550             | 172,200             | 177,000             | 181,950             | 187,050             | 192,300             |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 14,400,451          | 14,916,011          | 15,308,815          | 15,744,984          | 16,240,768          | 16,751,092          | 17,257,135          | 17,793,050          | 18,346,903          | 18,922,369          |
| Innovative Effective, Consultative and Representative Council                 | 43,582,326          | 44,922,583          | 46,354,838          | 47,914,721          | 49,547,713          | 51,235,699          | 51,192,593          | 52,933,776          | 54,733,518          | 56,593,764          |
| <b>Rates &amp; Annual Charges</b>   | <b>58,132,777</b>   | <b>59,992,794</b>   | <b>61,822,203</b>   | <b>63,822,605</b>   | <b>65,956,031</b>   | <b>68,158,991</b>   | <b>68,626,728</b>   | <b>70,908,776</b>   | <b>73,267,471</b>   | <b>75,708,433</b>   |
| <b>User Fees &amp; Charges</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 10,225,959          | 10,552,507          | 12,028,150          | 12,396,149          | 12,813,096          | 13,246,994          | 13,661,125          | 14,069,591          | 14,494,350          | 14,930,430          |
| Creative and Cultural Marrickville  | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 100                 | 103                 | 106                 | 109                 |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 5,917,578           | 6,097,399           | 6,260,846           | 6,431,548           | 6,618,301           | 6,807,859           | 7,000,085           | 7,203,519           | 7,413,548           | 7,631,502           |
| Innovative Effective, Consultative and Representative Council                 | 199,514             | 205,557             | 211,617             | 217,920             | 224,260             | 231,722             | 241,324             | 248,066             | 255,949             | 263,282             |
| <b>User Fees &amp; Charges</b>  | <b>16,343,151</b>   | <b>16,855,563</b>   | <b>18,500,713</b>   | <b>19,045,717</b>   | <b>19,655,757</b>   | <b>20,286,675</b>   | <b>20,902,634</b>   | <b>21,521,280</b>   | <b>22,163,953</b>   | <b>22,825,323</b>   |
| <b>Interest Income</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective, Consultative and Representative Council                 | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| <b>Interest Income</b>  | <b>2,847,000</b>    | <b>2,926,296</b>    | <b>3,305,824</b>    | <b>3,335,752</b>    | <b>3,367,744</b>    | <b>3,399,736</b>    | <b>3,432,760</b>    | <b>3,467,266</b>    | <b>3,547,418</b>    | <b>3,647,015</b>    |
| <b>Other Income</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 1,490,940           | 1,532,482           | 1,575,394           | 1,617,940           | 1,664,427           | 1,710,507           | 1,758,049           | 1,808,158           | 1,858,719           | 1,911,417           |
| Creative and Cultural Marrickville  | 103,720             | 106,232             | 108,861             | 111,514             | 114,262             | 117,087             | 119,994             | 123,384             | 126,878             | 130,645             |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 6,640,643           | 7,221,322           | 7,469,817           | 7,615,169           | 7,676,788           | 7,891,176           | 8,117,149           | 8,350,677           | 8,616,295           | 8,882,623           |
| Innovative Effective, Consultative and Representative Council                 | 4,350,856           | 4,474,836           | 4,600,896           | 4,730,264           | 4,865,839           | 5,003,015           | 5,144,507           | 5,290,958           | 5,442,639           | 5,597,185           |
| <b>Other Income</b>   | <b>12,586,159</b>   | <b>13,334,872</b>   | <b>13,754,968</b>   | <b>14,074,887</b>   | <b>14,321,316</b>   | <b>14,721,785</b>   | <b>15,139,699</b>   | <b>15,573,177</b>   | <b>16,044,532</b>   | <b>16,521,871</b>   |
| <b>Grants &amp; Contribs - Operating</b>                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 1,828,030           | 1,879,941           | 1,983,586           | 2,037,323           | 2,093,649           | 2,150,845           | 2,209,816           | 2,271,871           | 2,335,782           | 2,402,848           |
| Creative and Cultural Marrickville  | 26,282              | 11,168              | 11,481              | 11,800              | 12,130              | 12,470              | 12,820              | 13,204              | 13,601              | 14,009              |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 2,204,384           | 2,009,748           | 2,037,494           | 1,652,922           | 1,691,409           | 1,730,971           | 1,771,674           | 1,818,725           | 1,867,098           | 1,922,434           |
| Innovative Effective, Consultative and Representative Council                 | 3,334,625           | 3,219,976           | 3,196,473           | 3,111,518           | 3,047,473           | 3,128,187           | 3,211,922           | 3,297,730           | 3,386,562           | 3,478,418           |
| <b>Grants &amp; Contribs - Operating</b>                                      | <b>7,393,321</b>    | <b>7,120,833</b>    | <b>7,229,034</b>    | <b>6,813,563</b>    | <b>6,844,661</b>    | <b>7,022,473</b>    | <b>7,206,232</b>    | <b>7,401,530</b>    | <b>7,603,043</b>    | <b>7,817,709</b>    |
| <b>Grants &amp; Contribs - Capital</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 841,000             | 882,000             | 1,000,909           | 1,105,000           | 953,900             | 1,029,277           | 679,146             | 696,377             | 714,415             | 732,848             |
| Innovative Effective, Consultative and Representative Council                 | 3,400,000           | 3,604,401           | 3,706,815           | 3,809,769           | 3,918,749           | 4,028,600           | 4,142,333           | 4,258,750           | 4,379,050           | 4,273,434           |
| <b>Grants &amp; Contribs - Capital</b>  | <b>4,241,000</b>    | <b>4,486,401</b>    | <b>4,707,724</b>    | <b>4,914,769</b>    | <b>4,872,649</b>    | <b>5,057,877</b>    | <b>4,821,479</b>    | <b>4,955,127</b>    | <b>5,093,465</b>    | <b>5,006,282</b>    |
| <b>Net Gain on Sales of Assets</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Innovative Effective Representative   | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Net Gain on Sales of Assets</b>  | <b>43,300</b>       | <b>4,100</b>        | <b>49,200</b>       | <b>25,000</b>       | <b>50,300</b>       | <b>48,900</b>       | <b>37,600</b>       | <b>31,250</b>       | <b>70,900</b>       | <b>30,950</b>       |
| <b>Total Income from Continuing Operations</b>                                | <b>101,586,708</b>  | <b>104,720,859</b>  | <b>109,369,666</b>  | <b>112,032,293</b>  | <b>115,068,458</b>  | <b>118,696,437</b>  | <b>120,167,132</b>  | <b>123,858,406</b>  | <b>127,790,781</b>  | <b>131,557,583</b>  |

# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Scenario 3 - Marrickville Council -10 Year Income Statement Projection by KRA |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 2014/2015          | 2015/2016          | 2016/2017          | 2017/2018          | 2018/2019          | 2019/2020          | 2020/2021          | 2021/2022          | 2022/2023          | 2023/2024          |
|   | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             | Budget             |
| <b>Expenditure</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Employee Costs</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 14,271,673         | 14,740,227         | 16,045,017         | 16,569,842         | 17,131,875         | 17,721,683         | 18,258,472         | 18,821,181         | 19,399,007         | 19,992,014         |
| Creative and Cultural Marrickville  | 1,680,188          | 1,635,564          | 1,689,260          | 1,619,001          | 1,676,193          | 1,736,342          | 1,789,559          | 1,844,422          | 1,901,486          | 1,960,275          |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 24,630,824         | 25,192,123         | 25,857,019         | 26,625,778         | 27,515,851         | 28,436,132         | 29,274,126         | 30,146,682         | 31,041,503         | 31,962,661         |
| Innovative Effective, Consultative and Representative Council                 | 8,455,926          | 8,753,097          | 9,087,736          | 9,419,768          | 9,115,383          | 9,462,056          | 9,770,669          | 10,094,961         | 10,427,711         | 10,769,494         |
| <b>Employee Costs</b>   | <b>49,038,611</b>  | <b>50,321,011</b>  | <b>52,679,032</b>  | <b>54,234,389</b>  | <b>55,439,302</b>  | <b>57,356,213</b>  | <b>59,092,826</b>  | <b>60,907,245</b>  | <b>62,769,707</b>  | <b>64,684,444</b>  |
| <b>Materials &amp; Contracts</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse, Socially Just, Educated, Safe & Healthy                              | 2,569,901          | 2,636,300          | 2,763,058          | 2,834,050          | 2,907,753          | 2,982,985          | 3,060,405          | 3,142,332          | 3,226,669          | 3,314,657          |
| Creative and Cultural Marrickville  | 1,015,921          | 689,685            | 708,505            | 727,686            | 747,791            | 768,151            | 789,153            | 811,296            | 834,096            | 857,901            |
| Vibrant Economy, Planned & Sustainable Urban Environment                      | 15,934,330         | 15,355,119         | 15,635,401         | 15,770,516         | 16,254,496         | 16,730,651         | 17,239,157         | 17,766,758         | 18,343,095         | 18,933,636         |
| Innovative Effective, Consultative and Representative Council                 | 6,525,205          | 5,960,347          | 5,845,639          | 5,929,227          | 6,059,152          | 6,268,992          | 6,445,007          | 6,587,370          | 6,701,620          | 6,902,085          |
| <b>Materials &amp; Contracts</b>  | <b>26,045,357</b>  | <b>24,641,451</b>  | <b>24,952,603</b>  | <b>25,261,479</b>  | <b>25,969,192</b>  | <b>26,750,779</b>  | <b>27,533,722</b>  | <b>28,307,755</b>  | <b>29,105,480</b>  | <b>30,008,280</b>  |
| <b>Borrowing Costs</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Innovative Effective Representative   | 1,176,003          | 935,558            | 728,855            | 524,134            | 357,051            | 211,029            | 88,444             | 34,253             | 9,346              | -                  |
| <b>Borrowing Costs</b>  | <b>1,176,003</b>   | <b>935,558</b>     | <b>728,855</b>     | <b>524,134</b>     | <b>357,051</b>     | <b>211,029</b>     | <b>88,444</b>      | <b>34,253</b>      | <b>9,346</b>       | <b>-</b>           |
| <b>Other Expenses</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse Socially Just Safe & Healthy  | 1,484,383          | 1,526,446          | 1,861,684          | 1,917,598          | 1,981,821          | 2,042,652          | 2,110,904          | 2,178,057          | 2,248,005          | 2,315,457          |
| Creative Marrickville   | 133,390            | 136,990            | 140,590            | 144,370            | 148,210            | 152,170            | 156,250            | 160,598            | 165,074            | 169,683            |
| Vibrant Economy Planned & Sustainable Environment                             | 7,695,465          | 8,141,782          | 8,365,502          | 8,609,742          | 8,853,890          | 9,113,796          | 9,383,092          | 9,661,846          | 9,949,834          | 10,177,476         |
| Innovative Effective Representative   | 4,470,709          | 4,622,796          | 5,281,081          | 4,930,609          | 5,097,909          | 5,262,229          | 6,038,300          | 5,604,833          | 5,795,249          | 5,975,111          |
| <b>Other Expenses</b>   | <b>13,783,947</b>  | <b>14,428,014</b>  | <b>15,648,857</b>  | <b>15,602,319</b>  | <b>16,081,830</b>  | <b>16,570,847</b>  | <b>17,688,546</b>  | <b>17,605,333</b>  | <b>18,158,162</b>  | <b>18,637,726</b>  |
| <b>Depreciation</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Diverse Socially Just Safe & Healthy  | 948,468            | 948,595            | 949,468            | 949,606            | 961,030            | 972,455            | 983,880            | 995,307            | 1,006,734          | 1,018,166          |
| Creative Marrickville   | 4,812              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              | 4,816              |
| Vibrant Economy Planned & Sustainable Environment                             | 8,534,912          | 8,638,629          | 8,746,062          | 8,853,450          | 8,972,295          | 9,092,289          | 9,211,880          | 9,333,835          | 9,458,218          | 9,585,102          |
| Innovative Effective Representative   | 1,004,160          | 1,004,298          | 1,004,450          | 1,004,601          | 1,017,135          | 1,029,668          | 1,042,200          | 1,054,733          | 1,067,271          | 1,079,813          |
| <b>Depreciation</b>   | <b>10,492,352</b>  | <b>10,596,338</b>  | <b>10,704,796</b>  | <b>10,812,473</b>  | <b>10,955,276</b>  | <b>11,099,228</b>  | <b>11,242,776</b>  | <b>11,388,691</b>  | <b>11,537,039</b>  | <b>11,687,897</b>  |
| <b>Total Expenditure from Continuing Operations</b>                           | <b>100,536,270</b> | <b>100,922,372</b> | <b>104,714,143</b> | <b>106,434,794</b> | <b>108,802,651</b> | <b>111,988,096</b> | <b>115,646,314</b> | <b>118,243,278</b> | <b>121,579,734</b> | <b>125,018,347</b> |
| <b>Net Operating Result from Continuing Operations</b>                        | <b>1,050,438</b>   | <b>3,798,487</b>   | <b>4,655,523</b>   | <b>5,597,499</b>   | <b>6,265,807</b>   | <b>6,708,341</b>   | <b>4,520,818</b>   | <b>5,615,128</b>   | <b>6,211,047</b>   | <b>6,539,236</b>   |

# REVISED: DECEMBER 2014 – PROPOSED ADDITIONAL RATE INCREASE

| Marrickville Council*                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 10 Year Income Statement Projection                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Scenario 3   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|  | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Income from Continuing Operations</b>               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges                                 | 58,132,777          | 59,992,794          | 61,822,203          | 63,822,605          | 65,956,031          | 68,158,991          | 68,626,728          | 70,908,776          | 73,267,471          | 75,708,433          |
| User Fees & Charges                                    | 16,343,151          | 16,855,563          | 18,500,713          | 19,045,717          | 19,655,757          | 20,286,675          | 20,902,634          | 21,521,280          | 22,163,953          | 22,825,323          |
| Interest Income  | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Other Income   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| Grants & Contribs - Operating                          | 7,393,321           | 7,120,833           | 7,229,034           | 6,813,563           | 6,844,661           | 7,022,473           | 7,206,232           | 7,401,530           | 7,603,043           | 7,817,709           |
| Grants & Contribs - Capital                            | 4,241,000           | 4,486,401           | 4,707,724           | 4,914,769           | 4,872,649           | 5,057,877           | 4,821,479           | 4,955,127           | 5,093,465           | 5,006,282           |
| Net Gain on Capital Sales                              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Total Income from Continuing Operations</b>         | <b>101,586,708</b>  | <b>104,720,859</b>  | <b>109,369,666</b>  | <b>112,032,293</b>  | <b>115,068,458</b>  | <b>118,696,437</b>  | <b>120,167,132</b>  | <b>123,858,406</b>  | <b>127,790,781</b>  | <b>131,557,583</b>  |
| <b>Expenditure</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Costs   | 49,038,611          | 50,321,011          | 52,679,032          | 54,234,389          | 55,439,302          | 57,356,213          | 59,092,826          | 60,907,245          | 62,769,707          | 64,684,444          |
| Materials & Contracts                                  | 26,045,357          | 24,641,451          | 24,952,603          | 25,261,479          | 25,969,192          | 26,750,779          | 27,533,722          | 28,307,755          | 29,105,480          | 30,008,280          |
| Borrowing costs  | 1,176,003           | 935,558             | 728,855             | 524,134             | 357,051             | 211,029             | 88,444              | 34,253              | 9,346               | -                   |
| Other Expenses   | 13,783,947          | 14,428,014          | 15,648,857          | 15,602,319          | 16,081,830          | 16,570,847          | 17,688,546          | 17,605,333          | 18,158,162          | 18,637,726          |
| Depreciation   | 10,492,352          | 10,596,338          | 10,704,796          | 10,812,473          | 10,955,276          | 11,099,228          | 11,242,776          | 11,388,691          | 11,537,039          | 11,687,897          |
| <b>Total Expenditure from Continuing Operations</b>    | <b>100,536,270</b>  | <b>100,922,372</b>  | <b>104,714,143</b>  | <b>106,434,794</b>  | <b>108,802,651</b>  | <b>111,988,096</b>  | <b>115,646,314</b>  | <b>118,243,278</b>  | <b>121,579,734</b>  | <b>125,018,347</b>  |
| <b>Net Operating Result from Continuing Operations</b> | <b>1,050,438</b>    | <b>3,798,487</b>    | <b>4,655,523</b>    | <b>5,597,499</b>    | <b>6,265,807</b>    | <b>6,708,341</b>    | <b>4,520,818</b>    | <b>5,615,128</b>    | <b>6,211,047</b>    | <b>6,539,236</b>    |

| Marrickville Council                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Scenario 3  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Statement of Financial Position                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|   | 30-Jun-15            | 30-Jun-16            | 30-Jun-17            | 30-Jun-18            | 30-Jun-19            | 30-Jun-20            | 30-Jun-21            | 30-Jun-22            | 30-Jun-23            | 30-Jun-24            |
| <b>Current Assets</b>                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash & Cash Equivalents                           | 5,597,872            | 790,475              | 437,175              | 2,753,701            | 1,222,577            | 420,247              | 342,262              | 1,793,168            | 1,043,833            | 276,050              |
| Investments                                       | 18,056,973           | 16,355,287           | 9,697,711            | 10,324,019           | 9,428,449            | 9,631,643            | 10,399,290           | 10,023,354           | 9,465,742            | 9,546,933            |
| Receivables                                       | 6,433,298            | 6,963,982            | 11,813,996           | 11,572,053           | 12,039,783           | 12,580,824           | 12,920,525           | 10,890,250           | 11,580,529           | 12,292,047           |
| Inventories                                       | 221,100              | 222,206              | 223,317              | 224,433              | 225,555              | 226,683              | 227,816              | 228,956              | 230,100              | 231,251              |
| Other   | 601,400              | 583,358              | 565,857              | 548,882              | 532,415              | 516,443              | 500,949              | 485,921              | 471,343              | 457,203              |
| <b>Total Current Assets</b>                       | <b>30,910,643</b>    | <b>24,915,307</b>    | <b>22,738,056</b>    | <b>25,423,088</b>    | <b>23,448,780</b>    | <b>23,375,840</b>    | <b>24,390,843</b>    | <b>23,421,649</b>    | <b>22,791,548</b>    | <b>22,803,484</b>    |
| <b>Non Current Assets</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investments                                       | 14,240,500           | 4,453,413            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Infrastructure Property Plant & Equipment         | 967,796,284          | 984,435,006          | 992,858,244          | 993,341,785          | 999,703,246          | 1,004,681,188        | 1,007,492,012        | 1,013,919,822        | 1,020,875,275        | 1,027,747,739        |
| Investments accounted for using the equity method | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            | 2,317,000            |
| <b>Total Non Current Assets</b>                   | <b>984,353,784</b>   | <b>991,205,419</b>   | <b>995,175,244</b>   | <b>995,658,785</b>   | <b>1,002,020,246</b> | <b>1,006,998,188</b> | <b>1,009,809,012</b> | <b>1,016,236,822</b> | <b>1,023,192,275</b> | <b>1,030,064,739</b> |
| <b>TOTAL ASSETS</b>                               | <b>1,015,264,427</b> | <b>1,016,120,726</b> | <b>1,017,913,300</b> | <b>1,021,081,873</b> | <b>1,025,469,026</b> | <b>1,030,374,028</b> | <b>1,034,199,855</b> | <b>1,039,658,471</b> | <b>1,045,983,823</b> | <b>1,052,868,223</b> |
| <b>Current Liabilities</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables  | 5,686,500            | 5,800,230            | 5,916,235            | 6,034,559            | 6,155,250            | 6,278,355            | 6,403,923            | 6,532,001            | 6,662,641            | 6,795,894            |
| Borrowings  | 3,241,795            | 3,167,847            | 2,739,224            | 2,194,464            | 2,124,777            | 1,022,177            | 489,565              | 224,740              | -                    | -                    |
| Provisions  | 12,806,800           | 12,934,868           | 13,064,217           | 13,194,859           | 13,326,807           | 13,460,076           | 13,594,676           | 13,730,623           | 13,867,929           | 14,006,609           |
| <b>Total 30 - Current Liabilities</b>             | <b>21,735,095</b>    | <b>21,902,945</b>    | <b>21,719,675</b>    | <b>21,423,882</b>    | <b>21,606,835</b>    | <b>20,760,608</b>    | <b>20,488,164</b>    | <b>20,487,364</b>    | <b>20,530,570</b>    | <b>20,802,502</b>    |
| <b>Non Current Liabilities</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Borrowings  | 11,962,794           | 8,794,947            | 6,055,723            | 3,861,259            | 1,736,482            | 714,305              | 224,740              | -                    | -                    | -                    |
| Provisions  | 1,927,000            | 1,984,810            | 2,044,354            | 2,105,685            | 2,168,855            | 2,233,921            | 2,300,939            | 2,369,967            | 2,441,066            | 2,514,298            |
| <b>Total Non Current Liabilities</b>              | <b>13,889,794</b>    | <b>10,779,757</b>    | <b>8,100,077</b>     | <b>5,966,944</b>     | <b>3,905,337</b>     | <b>2,948,226</b>     | <b>2,525,679</b>     | <b>2,369,967</b>     | <b>2,441,066</b>     | <b>2,514,298</b>     |
| <b>TOTAL LIABILITIES</b>                          | <b>35,624,889</b>    | <b>32,682,702</b>    | <b>29,819,753</b>    | <b>27,390,826</b>    | <b>25,512,172</b>    | <b>23,708,834</b>    | <b>23,013,843</b>    | <b>22,857,331</b>    | <b>22,971,636</b>    | <b>23,316,800</b>    |
| <b>NET ASSETS</b>                                 | <b>979,639,538</b>   | <b>983,438,024</b>   | <b>988,093,547</b>   | <b>993,691,046</b>   | <b>999,956,853</b>   | <b>1,006,665,194</b> | <b>1,011,186,012</b> | <b>1,016,801,139</b> | <b>1,023,012,187</b> | <b>1,029,551,423</b> |
| <b>Equity</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained Earnings                                 | 568,373,538          | 572,172,025          | 576,827,548          | 582,425,047          | 588,690,853          | 595,399,194          | 599,920,012          | 605,535,140          | 611,746,187          | 618,285,423          |
| Revaluation Reserve                               | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          | 411,266,000          |
| <b>Total Equity</b>                               | <b>979,639,538</b>   | <b>983,438,025</b>   | <b>988,093,548</b>   | <b>993,691,047</b>   | <b>999,956,853</b>   | <b>1,006,665,194</b> | <b>1,011,186,012</b> | <b>1,016,801,140</b> | <b>1,023,012,187</b> | <b>1,029,551,423</b> |



| Marrickville Council  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Scenario 3  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Statement of Cash Flows   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|   | 2014/2015<br>Budget | 2015/2016<br>Budget | 2016/2017<br>Budget | 2017/2018<br>Budget | 2018/2019<br>Budget | 2019/2020<br>Budget | 2020/2021<br>Budget | 2021/2022<br>Budget | 2022/2023<br>Budget | 2023/2024<br>Budget |
| <b>Cash Flows from Operating Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rates & Annual Charges  | 58,132,777          | 59,992,794          | 61,822,203          | 63,822,605          | 65,956,031          | 68,158,991          | 68,626,728          | 70,908,776          | 73,267,471          | 75,708,433          |
| User Charges & Fees   | 16,155,773          | 16,324,879          | 13,650,699          | 19,287,660          | 19,188,027          | 19,745,634          | 20,562,933          | 23,551,555          | 21,473,674          | 22,113,805          |
| Investment & Interest Income                                    | 2,847,000           | 2,926,296           | 3,305,824           | 3,335,752           | 3,367,744           | 3,399,736           | 3,432,760           | 3,467,266           | 3,547,418           | 3,647,015           |
| Grants & Contributions  | 11,634,321          | 11,607,234          | 11,936,758          | 11,728,332          | 11,717,310          | 12,080,350          | 12,027,711          | 12,356,657          | 12,696,508          | 12,823,991          |
| Other   | 12,586,159          | 13,334,872          | 13,754,968          | 14,074,887          | 14,321,316          | 14,721,785          | 15,139,699          | 15,573,177          | 16,044,532          | 16,521,871          |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employee Benefits & On-Costs                                    | (48,911,811)        | (50,192,943)        | (52,549,683)        | (54,103,747)        | (55,307,353)        | (57,222,945)        | (58,958,225)        | (60,771,299)        | (62,632,400)        | (64,545,764)        |
| Materials & Contracts   | (25,933,857)        | (24,527,721)        | (24,836,598)        | (25,143,154)        | (25,848,501)        | (26,627,674)        | (27,408,155)        | (28,179,677)        | (28,974,840)        | (29,875,027)        |
| Borrowing Costs   | (1,176,003)         | (935,558)           | (728,855)           | (524,134)           | (357,051)           | (211,029)           | (88,444)            | (34,253)            | (9,346)             | 0                   |
| Other   | (13,783,947)        | (14,428,014)        | (15,648,857)        | (15,602,319)        | (16,081,830)        | (16,570,847)        | (17,688,546)        | (17,605,333)        | (18,158,162)        | (18,637,726)        |
| <b>Net Cash provided (or used in) Operating Activities</b>      | <b>11,550,412</b>   | <b>14,101,839</b>   | <b>10,706,458</b>   | <b>16,875,882</b>   | <b>16,955,692</b>   | <b>17,474,001</b>   | <b>15,646,461</b>   | <b>19,266,869</b>   | <b>17,254,853</b>   | <b>17,756,597</b>   |
| <b>Cash Flows From Investing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Investment Securities                                   | 114,029,000         | 115,169,290         | 116,320,983         | 117,484,193         | 118,659,035         | 119,845,625         | 121,044,081         | 122,254,522         | 123,477,067         | 124,711,838         |
| Sale of Real Estate Assets                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sale of Infrastructure, Property Plant & Equipment              | 43,300              | 4,100               | 49,200              | 25,000              | 50,300              | 48,900              | 37,600              | 31,250              | 70,900              | 30,950              |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Purchase of Investment Securities                               | (111,196,155)       | (103,680,517)       | (101,209,994)       | (110,110,501)       | (115,763,465)       | (117,548,819)       | (118,811,728)       | (121,878,586)       | (122,919,455)       | (124,793,029)       |
| Purchase of Infrastructure, Property, Plant & Equipment         | (28,772,363)        | (27,160,314)        | (23,052,100)        | (19,218,824)        | (19,238,222)        | (18,497,260)        | (16,972,222)        | (17,733,584)        | (18,407,960)        | (18,474,139)        |
| Contributions paid to Joint Ventures & Associates               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Net cash provided (or used in) Investing Activities</b>      | <b>(25,896,218)</b> | <b>(15,667,441)</b> | <b>(7,891,911)</b>  | <b>(11,820,132)</b> | <b>(16,292,352)</b> | <b>(16,151,554)</b> | <b>(14,702,269)</b> | <b>(17,326,398)</b> | <b>(17,779,448)</b> | <b>(18,524,380)</b> |
| <b>Cash flows from Financing Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Receipts</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Proceeds from Borrowing & Advances                              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Payments</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Payments of Borrowing & Advances                                | (3,304,985)         | (3,241,795)         | (3,167,847)         | (2,739,224)         | (2,194,464)         | (2,124,777)         | (1,022,177)         | (489,565)           | (224,740)           | 0                   |
| <b>Net Cash Flow provided (or used in) Financing Activities</b> | <b>(3,304,985)</b>  | <b>(3,241,795)</b>  | <b>(3,167,847)</b>  | <b>(2,739,224)</b>  | <b>(2,194,464)</b>  | <b>(2,124,777)</b>  | <b>(1,022,177)</b>  | <b>(489,565)</b>    | <b>(224,740)</b>    | <b>0</b>            |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>   | <b>(17,650,791)</b> | <b>(4,807,397)</b>  | <b>(353,300)</b>    | <b>2,316,526</b>    | <b>(1,531,124)</b>  | <b>(802,330)</b>    | <b>(77,985)</b>     | <b>1,450,906</b>    | <b>(749,335)</b>    | <b>(767,783)</b>    |
| Plus Cash & Cash Equivalents - beginning of year                | 23,248,663          | 5,597,872           | 790,475             | 437,175             | 2,753,701           | 1,222,577           | 420,247             | 342,262             | 1,793,168           | 1,043,833           |
| <b>Cash &amp; Cash Equivalents - end of year</b>                | <b>5,597,872</b>    | <b>790,475</b>      | <b>437,175</b>      | <b>2,753,701</b>    | <b>1,222,577</b>    | <b>420,247</b>      | <b>342,262</b>      | <b>1,793,168</b>    | <b>1,043,833</b>    | <b>276,050</b>      |
|   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Plus Investments on hand - end of year                          | 18,056,973          | 16,355,287          | 9,697,711           | 10,324,019          | 9,428,449           | 9,631,643           | 10,399,290          | 10,023,354          | 9,465,742           | 9,546,933           |
| <b>Total Cash &amp; Cash Equivalents &amp; Investments</b>      | <b>23,654,845</b>   | <b>17,145,762</b>   | <b>10,134,886</b>   | <b>13,077,720</b>   | <b>10,651,026</b>   | <b>10,051,890</b>   | <b>10,741,552</b>   | <b>11,816,522</b>   | <b>10,509,575</b>   | <b>9,822,983</b>    |

## 6. PERFORMANCE MONITORING

Marrickville Council will use the following indicators to measure its financial performance. These measures are linked to those used in Council's published financial statements and also to the indicators used by the OLG in its annual publication of comparative information on councils in NSW. This means that the measures, and Marrickville Council's progress against them, are both transparent and comparable. A table of the projected rates is provided at the end of this section

### 6.1 Operating Performance Ratio

This ratio measures a Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, fair value adjustments and reversal or revaluation decrements are excluded. The benchmark is greater than 0%

### 6.2 Own Source Operating Revenue

This ratio measures financial flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own sourced revenue. The benchmark is greater than 60%.

### 6.3 Unrestricted Current Ratio

The Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due. Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs. The benchmark is greater than 1.5.

### 6.4 Debt Services Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2.

### 6.5 Rates and Annual Charges Outstanding

This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

### 6.6 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months.

| Marrickville Council   |           |           |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Key Performance Indicators   |           |           |           |           |           |           |           |           |           |           |
| Key Performance Indicators- Scenario 1                                   | 30-Jun-15 | 30-Jun-16 | 30-Jun-17 | 30-Jun-18 | 30-Jun-19 | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 |
| Operating Performance  | -3.28%    | -0.93%    | 1.54%     | 4.07%     | 6.54%     | 8.59%     | 8.49%     | 9.21%     | 9.51%     | 9.77%     |
| Own Source Operating Revenue   | 73.31%    | 73.91%    | 74.42%    | 75.39%    | 76.26%    | 76.82%    | 77.17%    | 77.28%    | 77.32%    | 77.52%    |
| Unrestricted Current Ratio   | 1.43      | 1.08      | 1.07      | 1.12      | 1.07      | 1.11      | 1.18      | 1.28      | 1.45      | 1.59      |
| Debt Services Cover Ratio  | 2.20      | 2.91      | 3.72      | 5.38      | 8.08      | 10.16     | 21.34     | 48.09     | 111.84    | N/A       |
| Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage | 2.80%     | 2.88%     | 2.97%     | 3.06%     | 3.15%     | 3.25%     | 3.34%     | 3.44%     | 3.55%     | 3.65%     |
| Cash Expenses Cover ratio  | 5.38      | 2.74      | 1.65      | 1.77      | 1.50      | 1.52      | 1.59      | 1.79      | 2.11      | 2.39      |
| Key Performance Indicators- Scenario 2                                   | 30-Jun-15 | 30-Jun-16 | 30-Jun-17 | 30-Jun-18 | 30-Jun-19 | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 |
| Operating Performance  | -3.28%    | 1.81%     | 2.64%     | 3.34%     | 3.96%     | 4.15%     | 2.22%     | 3.02%     | 3.37%     | 3.66%     |
| Own Source Operating Revenue   | 73.31%    | 73.81%    | 73.95%    | 74.48%    | 74.90%    | 75.01%    | 74.94%    | 75.06%    | 75.11%    | 75.33%    |
| Unrestricted Current Ratio   | 1.30      | 1.17      | 1.13      | 1.19      | 1.16      | 1.22      | 1.16      | 1.13      | 1.13      | 1.12      |
| Debt Services Cover Ratio  | 2.20      | 3.58      | 4.02      | 5.08      | 6.77      | 7.61      | 13.80     | 31.63     | 73.91     | N/A       |
| Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage | 2.80%     | 2.88%     | 2.97%     | 3.06%     | 3.15%     | 3.25%     | 3.34%     | 3.44%     | 3.55%     | 3.65%     |
| Cash Expenses Cover ratio  | 4.62      | 2.69      | 2.25      | 2.26      | 2.14      | 2.12      | 1.86      | 1.78      | 1.71      | 1.64      |
| Key Performance Indicators- Scenario 3                                   | 30-Jun-15 | 30-Jun-16 | 30-Jun-17 | 30-Jun-18 | 30-Jun-19 | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 |
| Operating Performance  | -3.28%    | -0.69%    | -0.05%    | 0.64%     | 1.26%     | 1.45%     | -0.26%    | 0.56%     | 0.91%     | 1.21%     |
| Own Source Operating Revenue   | 73.31%    | 73.38%    | 73.44%    | 73.97%    | 74.40%    | 74.51%    | 74.50%    | 74.63%    | 74.68%    | 74.90%    |
| Unrestricted Current Ratio   | 1.42      | 1.14      | 1.04      | 1.19      | 1.09      | 1.13      | 1.19      | 1.14      | 1.11      | 1.10      |
| Debt Services Cover Ratio  | 2.20      | 2.97      | 3.28      | 4.17      | 5.57      | 6.26      | 11.18     | 25.91     | 60.70     | N/A       |
| Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage | 2.80%     | 2.88%     | 2.97%     | 3.06%     | 3.15%     | 3.25%     | 3.34%     | 3.44%     | 3.55%     | 3.65%     |
| Cash Expenses Cover ratio  | 4.88      | 2.78      | 1.25      | 1.60      | 1.28      | 1.17      | 1.23      | 1.32      | 1.15      | 1.04      |



## **6.7 Review of Long Term Financial Plan**

A final, qualitative performance measure will be the regular review of this Long Term Financial Plan. Marrickville Council is taking a continuous improvement approach to the LTFP. It is expected that the document will be progressively refined, as Council's knowledge regarding the various assumptions increases and as Council and the community begin to consider and discuss the various scenarios.

It is anticipated that Council will review the LTFP, including the three scenarios, at least annually.