- total income is forecast to increase by an average of 3% per annum;
- new infrastructure to support population growth will be funded by s94 contributions where possible;
- proceeds from asset sales over future years will be used in part to fund future assets renewal program. Assets sales are also required to fund Council's co-contribution for developer contribution funded works;
- current outstanding loan will be discharged over time from net revenue generated from leasing out the new operational building.

## Key challenges

**Rate pegging**

Council's ability to align funding with expenditure is restrained by 'rate pegging', which means that the annual increase in rating revenue is determined by an external body, namely the Independent Pricing and Regulatory Tribunal (IPART). Over half of Council's income is dependent on rates.

**Special rates variations**

There are two Special Rate Variations (SRV) projected in the LTFP. These are:

1. The SRV – Infrastructure: In 2014, Council successfully obtained a continuation of the SRV for Infrastructure in perpetuity. Based on the result of the community engagement a resounding 81% of ratepayers supported continuing the SRV for local roads improvements.
2. The SRV – Environmental (Environmental Levy): Ku-ring-gai Council's Environmental Levy program, in place since 2005, funds the annual delivery of approximately $2.8 million of environmental initiatives and programs within the Ku-ring-gai local government area (LGA). This has enabled delivery of new and enhanced environmental programs and initiatives that would not otherwise be possible within Council's ordinary budget. The Environmental Levy is due to expire 30 June 2019, at which time the environmental programs and initiatives reliant on Levy funding will cease, if the Levy is not renewed. At its Ordinary Meeting of 13 June 2017, Council resolved to prepare a Special Rate Variation application under section 508(2) of the Local Government Act 1993 for the permanent continuation of the Environmental Levy at the amount currently paid by Ku-ring-gai ratepayers. This amount is a rate of five (5) per cent above the ordinary rate, if successful would continue from 1 July 2019. Council's intention is to seek renewal of this SRV.

Detailed scenarios have been developed in the LTFP to model and analyse the impact of continuation of the environmental levy.

**Growth**

With population growth, there will be an increasing demand for new and enhanced assets and services. Council spends in the range of $14 to 18 million (excluding the Local Centre Major Projects) each year on upgrading and creating new assets. This is predominantly funded through development contributions. These assets will require maintenance and renewal in future years, and as cultural diversity and our ageing population increases, there will be competing demands for services, programs and access to community facilities.

**Condition of our Assets**

Maintaining our infrastructure assets to an acceptable condition was a key challenge for Council. In 2014 community consultation identified roads, footpaths and stormwater drainage as the main Council service areas in need of additional resource allocation, with community building, parks and playgrounds also mentioned as priorities.

Since obtaining the SRV for roads Council has been able to invest heavily into local roads and has seen great results with a reported 73% of roads assets in condition 3 or better[3].

Throughout 2017/18 Council staff with the assistance of an independent consultant revised the technical and financial infrastructure data to review the condition of our assets and to ensure that adequate funding was being allocated to maintenance and renewal.

**Infrastructure backlog**

Funding shortfalls for infrastructure asset renewal is a well-documented problem facing local government.

In 2016/17 Council's Special Schedule 7 reported the infrastructure backlog for all assets classes at $27 million. As a result of the review and changes to asset conditions and investment of additional funding into asset renewal the revised forecast backlog by end of 2018/19 will have reduced to $16 million.

[3] Ku-ring-gai Council Annual Report 2016/2017 – Special Schedule 7

Council staff have undertaken further work and are formulating new funding strategies and renewal and maintenance programs to achieve further reductions in the infrastructure backlog. The strategies and how Council proposes to fund these programs are detailed in the Long Term Financial Plan and the Asset Management Strategy.

**Infrastructure renewal and maintenance funding**

The review of Council's asset information and infrastructure backlog has led to an internal review of capital and operational expenditure. As a result, additional funding has been allocated to improving our existing assets, whilst operational expenditure has also been reviewed and additional funding is allocated towards asset maintenance.

**Asset Sales**

Council will fund specific civic and community projects through the sale of under-utilised or surplus assets (property). These projects are intent on delivering new civic and community assets and infrastructure either through the acquisition and development of new facilities and/or through Council's co-contribution to deliver facilities and infrastructure identified in the Ku-ring-gai Contributions Plan 2010. The Contributions Plan works program for the next 10 years requires a co-contribution from Council of $11 million which has been included in the LTFP.

The reasoning for Council to divest of these assets is to ensure that Council meets the future needs of the community by providing purpose built facilities and maintaining financial sustainability. The LTFP identifies asset sales as a short, medium and long term funding strategy which relies in part on the future reclassification of land from Community to Operational.

Where Council plans a large scale "community hub" type projects such as the Lindfield Village Green, the Community Hubs in Lindfield and Turramurra, and the Gordon Civic Precinct it is expected that these projects should be commercially feasible in their own right such that they do not require long term borrowings, or a drain on ordinary rates revenue.

Further, where feasible, such projects will be expected to produce a dividend for Council above and beyond the community facilities incorporated in the precinct. Planning for these projects should consider the inclusion of commercial opportunities of sufficient return to cover ongoing operational costs of the public spaces in the precinct.

The delivery of major civic and community projects will therefore require current and future Councils to implement the strategies identified in the LTFP

**Major Projects & Property Development Funding**

Council is planning for three major revitalisation projects over the next ten years, being in the local centres of in Lindfield, Turramurra and Gordon that will provide civic improvements and community facilities. It is assumed in the Long term Financial Plan that these projects are funded by a combination of developer contributions along with the return from retail and commercial development on the sites. Critical to the success of these projects and Council's financial sustainability is to ensure that Council has sufficient funds in reserve to insulate against the financial risks of development. As such Council has established a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales. As an added benefit of establishing this reserve, it is assumed that interest earned on these funds is allocated to renewing Council's infrastructure assets, thereby contribution to financial sustainability by looking after existing assets as well as facilitating the provision of new community facilities..

**Sustainability Roadmap**

Following several years of uncertainty with forced amalgamations and the proposed merger of Council, then the election of a new Council a renewed vigour to concentrate on the future of Ku-ring-gai Council ensued. Throughout 2017/18 Council senior staff initiated a process to review services, identify opportunities for savings, efficiencies and additional revenue within the organisation.

There were a number of drivers that instigated the review. Council staff spent a considerable time assessing the long term financial impacts of many important projects including the local centre major projects in Lindfield, Turramurra and Gordon, along with day-to-day operational requirements, and improving the condition of existing assets to reduce our infrastructure backlog. Additionally, Council faces further challenges associated with:

- A low rate of revenue growth not keeping pace with cost increases
- Overall demand for services is growing as the population increases and changes
- The asset portfolio is growing which increases depreciation, maintenance and renewal
- FFTF benchmarks remain in force, and are being used as a basis for the state government to issue performance improvement orders.

This culminated in two key organisational focus areas being conducted:

1. Horizontal Service Review (HRS) – the HRS engaged the leadership team to identify savings within their relevant service areas. The process focussed on collecting information about what we do and opportunities for cost savings and additional revenue. As a result $23m[4] was identified from the HSR over the next 10 years of the Long Term Financial Plan which has been allocated to infrastructure renewal.

2. Strategic Service Review (SSR) – the SSR has commenced to consider the delivery of services over the longer term. This involved reviewing the provision services to ensure they best meet the needs of the community. This review process will continue in coming years and will involve further planning and service level reviews with the elected Council and in consultation with the community.

**Workforce challenges**

Ku-ring-gai Council is facing a number of challenges, both now and into the future. These are predominantly related to the nature of Local Government, the diversity of our organisation and expectations of the community. Many of these challenges will have an impact on the workforce.

The key issues that have been considered in the development of the Workforce Management Strategy include; the ageing workforce, leadership capability, skill shortages, the multigenerational workforce, workforce sustainability and continuous improvement.

**Local Government Benchmarks**

All NSW councils are required to meet a number of financial and infrastructure benchmarks and ratios. The key financial indicators are industry accepted measures of financial health and sustainability. A summary of these indicators and benchmarks are provided below.

In addition to the standard “Fit for the Future indicators” a new assets ratio has been included “Cost to Agreed Service level”. This new ratio is prescribed by the Office of Local Government (OLG) and provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total infrastructure assets portfolio. The impact and performance of this ratio is discussed in detail in the Asset Management Strategy and the Long Term Financial Plan.

[4] 2017/18 prices.

| Key Financial Indicators | Purpose of indicator | Benchmark |
|---|---|---|
| **SUSTAINABILITY** | | |
| ***Operating Performance Ratio*** (Operating revenue excluding capital grants and Contributions-operating expenses divided by Operating revenue excluding capital grants and contributions) | *To measure Council's ability to contain operating expenditure within operating revenue* | *>=break-even average over 3 years* |
| ***Own Source Revenue Ratio*** (Total operating revenue less grants & contributions divided by total operating revenue) | *To assess the degree of Council's dependence upon grants and contributions* | *>60% average over 3 years* |
| ***Building & Infrastructure Renewal Ratio*** (Asset renewals expenditure divided by depreciation, amortisations & impairment expenses) | *To assess the rates at which assets are renewed relative to the rate at which they are depreciated (consumed)* | *>100% average over 3 years* |
| **INFRASTRUCTURE AND SERVICE MANAGEMENT** | | |
| ***Infrastructure Backlog Ratio*** (Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by total infrastructure assets | *To measure the proportion of assets backlog against total value of Council's infrastructure assets* | *<2%* |
| ***Cost to Agreed Level of service*** (Estimated Cost to bring to agreed level of service divide by Gross Replacement Cost of infrastructure assets) | *To measure proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset* | *Condition 1* |
| ***Asset Maintenance Ratio*** (Actual maintenance expenditure divided by required annual asset maintenance) | *To assess the actual asset maintenance expenditure relative to required asset maintenance* | *>100% average over 3 years* |
| ***Debt service ratio*** (Net debt service cost divided by revenue from continuing operations) | *To assess the impact of loan principal and interest repayment on the discretionary revenue of Council* | *<20% average over 3 years* |
| **EFFICIENCY** | | |
| ***Real Operating Expenditure per capita*** (Operating expenditure divided by total population) | *To asses real operational expenditure per capita* | *Decreasing* |

Within the Long Term Financial Plan and the Asset Management Strategy there is demonstrable evidence on how Ku-ring-gai Council is meeting and/or will meet the benchmarks established by the NSW Government over the next 10 years.

*Echo Point Walking Tracks*

## Our options - scenario planning

The Resourcing Strategy considers two options or 'scenarios' to address the key challenges facing Council. The two scenarios are explored in detail to determine the impact on Council's funding, workforce and assets. The two scenarios are outlined below and are discussed in more detail in the Long Term Financial Plan (LFTP) and Asset Management Strategy (AMS).

- **Scenario 1 Base Case Scenario without the special rate variation (SRV) for Environment (Environmental Levy)**

- **Scenario 2 - Scenario with the continuation of the special rate variation (SRV) for Environment (Environmental Levy)**

## Our proposal

Council's optimal scenario is Scenario 2 which assumes continuation of the current SRV for Environment (Environmental levy). This scenario is based on the continuation of the current levy and continuation of the environmental projects that this funds. This scenario provides the best balance between contributing to the priorities of the community as identified in the Community Strategic Plan and the quality of life and amenity of Ku-ring-gai and ongoing financial sustainability.

Council considers that the continuation in the level of funding is required to undertake much needed work on Ku-ring-gai's bushland, waterways and urban environment and meet community expectations in regards to sustainability. A detailed scenario has been developed to model and analyse the impact of continuation of the environmental levy and is further discussed in the LTFP.

# SCENARIO PLANNING

The LTFP is a model to consider scenarios for the funding of operating and capital expenditure. Detailed forecasts of all sources of operating revenue and expenditure are utilised to derive the maximum surplus available to apply to Council's rolling program of capital investments in new or refurbished infrastructure.

### Scenario 1 - Base Case Scenario without the Special Rate Variation (SRV) for Environment (Environmental Levy)

### Scenario 2 - Scenario with the continuation of the Special Rate Variation (SRV) for Environment (Environmental Levy)

Both Scenario 1 and 2 are financially sustainable in terms of maintaining a balanced budget, sufficient unrestricted cash and available working capital, sufficient cash reserves and a permissible debt service ratio over the medium term. Both scenarios are also modelled to address Council's renewal assets gap as much as possible as part of the funding strategy discussed earlier, however, the variance between both scenarios is the level of funding allocated to Council's environmental programs and works.

Council's optimal scenario is Scenario 2, which assumes continuation of the SRV for Environment as this will continue the current environmental program without major impact. As this requires approval from an external authority, the Independent Pricing and Regulatory Tribunal (IPART), the base scenario cannot be scenario 1. The base scenario is non-optimal, but is the only one that can be delivered without external approval. Council has resolved to apply to IPART under Section 508(2) of the Local Government Act to continue this SRV permanently. Both scenarios are modelled for a period of 10 years. Each of them considers the impact on key financial indicators in the LTFP, impact on ratepayers and current service levels.  The forecast income statement, balance sheet and cash flow statement for the scenarios are provided in appendices to this report.

## Scenario 1 - Base Case Scenario without the Special Rate Variation (SRV) for the Environment (Environmental Levy)

The base scenario of the LTFP shows the financial results of delivering the current level of service as per the 2018/19 budget expanded out over 10 years and adjusted by various price forecast indexes as detailed in the financial assumptions section of this document.

The adopted principle under this scenario is that all available surplus funds will be diverted towards Council's assets renewal as a priority. This scenario is sustainable according to the recognised financial sustainability measures and can be delivered, however**, it does not address the delivery of environmental programs and works to meet community expectations about the environment and sustainability**. **This scenario identifies the impact of not continuing the SRV for Environment starting from 2019/20 onwards. The associated environmental programs and works that this levy will fund is also eliminated.**

If IPART does not support the continuation of an Environmental Levy there will be a need to significantly review Council's long-term financial plan and service delivery across many areas. Council would need to assess whether or not to continue with some components of the levy program and would then need to determine a funding source from other critical areas and services should it be determined that some components of the current levy will continue. This will lead to a significant reduction in the scale and scope of Council's environmental programs and works, and will impact the operational programs and capital works reliant on Environmental Levy contributions. Council will be unable to manage its natural assets and the sustainability performance of its built assets at current service levels.

The quality of our natural environment, including our waterways and bushland, would decline, as well as the environmental performance of our buildings; support for community programs would decrease; the operational cost savings realised through Levy initiatives would fall; and the essential service functions provided by levy funded staff would be significantly compromised.

The modelling involves reduced rates collections compared to 2018/19 as the special rate variation component of Council's environmental levy, totalling approximately $2.8 million per annum and increasing in future years should be eliminated together with the associated environmental programs that this funds. The scenario modelling shows that without additional funding, not only Council will be unable to undertake the environmental programs it has planned as described above, but also the future impact on the funding shortfall may grow over time as some environmental programs will have to be funded from Council's general revenue.

The scenario without the levy excludes additional revenue from the levy and its associated costs to fund environmental programs like, employee costs, materials & contracts, and other relevant expenses.

## ❖ Impact on ratepayers

Scenario 1 assumes expiry of the current SRV (Environmental levy) and no continuation

Under Scenario 1 Council assumes that the current SRV is expiring at the end of 2018/19 and the proposed permanent SRV is not approved by IPART. Under this scenario Council will increase the rates each year by the rate peg which has a cumulative effect of 13.1% over 5 years. The current environmental levy of 5% will expire in June 2019 and no additional funding will be received.

The impact of the expiring levy on residential rates is explained in the table and notes below. The example is based on residential rates charged on an average land value of $1.128 million.

- The current Environmental Levy of 5% above the ordinary rate expires in June 2019 and is not renewed. The average residential rate decreases by 2.6% from $1,500 in 2018/19 to $1,461 in 2019/20 due to the expiring Environmental Levy causing rates to decrease to $1,425 and the 2.5% rate peg causing rates to increase from $1,425 to $1,461.
- From 2020/21 rates are impacted by the rates peg (2.5%) increase only.
- The cumulative increase in rates until 2023/24 (over 5 years) is 13.1% or $187 (applied to the level of rates after the Environmental Levy has expired of $1,425).
- Business rates will have similar movements in rates with a cumulative increase over 5 years of 13.1% or $599.
-

**Impact on Rates with SV expiring and not being renewed (assumed rate peg of 2.5%)**

| | Base Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|---|---|---|---|---|---|---|
| **Residential Rates** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **Cumulative Increase** |
| Average residential rate under the assumed rate peg of 2.5% per annum | $1,500 | $1,461 | $1,497 | $1,535 | $1,573 | $1,612 | 13.1% |
| Annual increase (%) | | -2.6% | 2.5% | 2.5% | 2.5% | 2.5% | |
| Cumulative impact of Environmental Levy not being renewed above base year levels after current Environmental Levy expiry ($1,425) | | $36 | $72 | $110 | $148 | $187 | |

** Average residential rate on average Land Value of $1,128,000*

| | Base Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|---|---|---|---|---|---|---|
| **Business Rates** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **Cumulative Increase** |
| Average business rate under the assumed rate peg of 2.5% per annum | $4,800 | $4,674 | $4,791 | $4,911 | $5,033 | $5,159 | 13.1% |
| Annual increase (%) | | -2.6% | 2.5% | 2.5% | 2.5% | 2.5% | |
| Cumulative impact of Environmental Levy not being renewed above base year levels after current Environmental Levy expiry ($4,560) | | $114 | $231 | $351 | $473 | $599 | |

**Average business rate on average Land Value of $905,000*

*Note: These tables have been developed as per the guidelines issued by IPART, however, they may not represent the exact impact on individual ratepayers due to various factors impacting Council's rating structure.*

## ❖ Impact on Key Financial indicators

There is no significant impact on financial indicators if the levy is not continued due to it's size (around $2.8m per annum) and partial offsetting of operating expenditure associated with it, however, there is still a deterioration in the main financial sustainability ratios as explained below. Most expenditure associated with the environmental levy is operating in nature therefore there is no impact on Infrastructure assets ratios.

### *Operating Performance Ratio*

Operating Performance Ratio is one of the most important financial indicators for Council. It measures Council's ability to contain operating expenditure within operating revenue. Council's long term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council's expenses are below its associated revenue. Council's Operating Performance Ratio from year 2 (2019/20) is expected to permanently drop on average by 0.2% if the environmental levy is not continued. This is due to reduced operating revenue generated from the levy of around $2.8m per annum.

### *Own Source Revenue Ratio*

This ratio assesses the degree of Council's dependence upon grants and contributions. Council's own source revenue ratio remains above the benchmark of >60% in all future years at around 79%, however due to reduced income from the levy, this indicator will also permanently deteriorate by approximately 0.4% per annum.

As explained below if Council does not receive an approval for continuation of the environmental levy and makes no other accommodating adjustments to its spending or revenue raising policies, the operating performance ratios ratio as well as the own source revenue ratios will both continue to deteriorate in future years.

### Operating Performance Ratio

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 - Without Environmental Levy | 6.5% | 3.1% | 5.1% | 5.1% | 4.8% | 4.4% | 3.4% | 3.5% | 3.8% | 4.5% |
| Scenario 2 - With Environmental Levy | 6.5% | 3.3% | 5.4% | 5.7% | 5.2% | 4.6% | 3.6% | 3.6% | 3.9% | 4.6% |
| *Impact* | *0.0%* | *-0.2%* | *-0.3%* | *-0.6%* | *-0.4%* | *-0.2%* | *-0.2%* | *-0.1%* | *-0.1%* | *-0.1%* |

### Own Source Revenue

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 - Without Environmental Levy | 82.3% | 77.8% | 75.7% | 74.0% | 76.2% | 78.6% | 80.2% | 82.1% | 82.3% | 82.3% |
| Scenario 2 - With Environmental Levy | 82.3% | 77.9% | 76.1% | 74.5% | 76.6% | 79.0% | 80.6% | 82.5% | 82.6% | 82.6% |
| *Impact* | *0.0%* | *-0.1%* | *-0.4%* | *-0.5%* | *-0.4%* | *-0.4%* | *-0.4%* | *-0.4%* | *-0.3%* | *-0.3%* |

### Scenario 2 - Scenario with the continuation of the Special Rate Variation (SRV) for the Environment (Environmental Levy)

This scenario shows the financial results of delivering the current level of service as per the forecast 2018/19 budget expanded out over 10 years with the current Environmental Levy funding for environmental programs and works. It would mean that existing levels of rates income would be maintained and existing level of funds available for environmental programs will be maintained. This amount is estimated at $2.8 million for 2018/19 and grows in future years with estimated rates pegging and property growth. This scenario requires approval of Council's special rate variation by IPART. Council already has an environmental levy in place and this scenario will mean continuation of the current level of funding for future environmental programs and works. This scenario is Council's preferred one and is considered sustainable. Council considers that the continuation in the level of funding is required to undertake much needed work on Ku-ring-gai's bushland, waterways and urban environment and meet community expectations in regards to sustainability.

The future Environmental Levy program will be based on the priorities and areas of importance expressed by the community through its Community Strategic Plan, as well as the consultation conducted as part of the proposed Special Rate Variation application.
As per the current Environmental Levy program, it is envisaged that programs and works will align with Council's capital works and operational programs; will have a strong focus on the delivery of on-ground outcomes to improve the condition of the natural environment and to address climate change; and will work closely with residents to facilitate behavioural change. The need to augment maintenance activities and budgets will also be important, for example, in the areas of bushland and bush fire management. Ongoing funding for the maintenance of current Environmental Levy projects will also be important. The essential service functions provided by Levy funded staff will also continue.

The result of approving the special variation in full is shown and reflected in the revenue forecast with the additional expenditure levels intended to be funded by the special variation. Income from the continuation of the Environmental Levy will be used entirely to fund Council's environmental works

It is estimated that the special rates variation will produce the following increase in Council revenue over the next 10 years to 2027/28 ( refer table below).

Pending approval for an ongoing levy Council will receive approximately $31.5 million in total over a 10-year period. If continuation of the special rate variation is not approved, the environmental program will need to be reduced by eliminating levy funded projects, so that the total program value each year equals only the funding available from other sources.

### Projected Environmental Levy Rates

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| Special Rate Variation | 2,821 | 2,891 | 2,963 | 3,037 | 3,113 | 3,191 | 3,271 | 3,353 | 3,440 | 3,526 |
| Less: Pensioner Rebates | (15) | (16) | (16) | (16) | (16) | (17) | (17) | (17) | (18) | (18) |
| Levy available for Environmental Projects | **2,806** | **2,875** | **2,947** | **3,021** | **3,097** | **3,174** | **3,254** | **3,335** | **3,422** | **3,508** |

## ❖ Impact on ratepayers

Scenario 2 assumes expiry of the current SRV and continuation of a permanent SRV for the Environment (Environmental Levy)

Under this scenario the existing SRV will expire at the end of 2018/19 and will be replaced with a permanent levy. The proposed permanent levy is equivalent to the current temporary levy of 5% of the rates income. If the SRV is approved, the additional revenue generated from the special variation will permanently go into council's revenue base.

The impact of the expiring levy and continuation of a permanent levy on residential rates is explained in the table below. It must be noted that if this Scenario is adopted and Council's application is successful there is no change to the status quo as the ratepayers will continue to pay the Environmental Levy at current rates. The increase in rates will be mainly due to the rates peg. The table and notes below explain the impact on residential and business rates. The example is based on residential rates charged on an average land value of $1.128m.

- The current Environmental Levy of 5% above the ordinary rate expires in June 2019 and is replaced with a permanent Environmental Levy at the same rate (5%). The average residential rate increases by 2.1% from $1,500 in 2018/19 to $1,532 in 2019/20 due to the expiring Environmental Levy causing rates to decrease to $1,425 and the new Environmental Levy of 5% and the 2.5% rate peg causing rates to increase from $1,425 to $1,532
- From 2020/21 rates are impacted by the rates peg (2.5%) increase only
- The cumulative increase in rates until 2023/24 (over 5 years) is 18.7% or $266 (applied to the level of rates after the Environmental Levy has expired of $1,425)
- The business rates will have similar movements in rates with a cumulative increase over 5 years of 18.7% or $851.

### Impact on Rates with SV expiring and being renewed (assumed rate peg of 2.5%)

| | Base Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|---|---|---|---|---|---|---|
| **Residential Rates** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **Cumulative Increase** |
| Average residential rate with an expiring Environmental Levy of 5% in 2018/19 & a new Environmental Levy of 5% commencing in 2019/20 | $1,500 | $1,532 | $1,570 | $1,610 | $1,650 | $1,691 | 18.7% |
| Annual increase (%) | | 2.1% | 2.5% | 2.5% | 2.5% | 2.5% | |
| Cumulative impact ($) of Environmental Levy being renewed above base year levels after expiry of current Environmental levy ($1,425) | | $107 | $145 | $185 | $225 | $266 | |

*Average rate on average Land Value of $1,128,000*

| | Base Year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|---|---|---|---|---|---|---|
| **Business Rates** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** | **Cumulative Increase** |
| Average business rate with an expiring Environmental Levy of 5% in 2018/19 & a new Environmental Levy of 5% commencing in 2019/20 | $4,800 | $4,908 | $5,030 | $5,150 | $5,156 | $5,285 | 18.7% |
| Annual increase (%) | | 2.1% | 2.5% | 2.5% | 2.5% | 2.5% | |
| Cumulative impact ($) of Environmental Levy being renewed above base year levels after expiry of current Environmental levy ($4,560) | | $342 | $465 | $590 | $719 | $851 | |

** Average business rate on average Land Value of $905,000*

*Note: These tables have been developed as per the guidelines issued by IPART, however, they may not represent the exact impact on individual ratepayers due to various factors impacting Council's rating structure.*

Council is seeking a permanent extension of an existing infrastructure levy that has been in place since 2005. As such, the impact on the continuation of the special rate variation on the community is not significant given the size of the proposed levy, the ratepayers' capacity to pay and the fact that the levy is currently being paid by residents. The capacity to pay is also demonstrated by the Socio-Economic Indexes for Areas (SEIFA) which is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. SEIFA confirms that residents of the Ku-ring-gai Council local government area are ranked the most advantaged LGA area in the country. In 2016, household income for the Ku-ring-gai LGA stated that 46.0% of persons household income was in the highest income bracket versus the Sydney average of 28.3%.
The current environmental levy is around $78 per annum on an average residential rate of $1,500 and $65 per annum on an average business rate of $4,800. Due to strong support from the community in previous years and the factors described above it is considered reasonable to ask the ratepayers to continue to pay this levy in future to secure the ongoing delivery and continuity of Council's environmental and sustainability programs and works.

Special rate variations are also included as a rebate within Council rates and charges policy for eligible pensioners. Council's rating policy grants a voluntary pensioner rebate amount of 8.5% of the total Council rates and charges to offset the special rate variations. The continuation of the levy will not create financial stress or hardship as the levy has been in place since 2005 and the community had indicated strong support for its continuation.

### ❖ Impact on Key Financial indicators

All financial sustainability indicators will improve due to additional revenue of around $2.8 million per annum from the environmental levy; however there is no significant increase in the Operating performance ratio due to additional expenditure associated with the levy offsetting the revenue. The expenditure associated with the environmental levy is mainly operating in nature and is equivalent to the amount of revenue.

The Operating Performance ratio will see a permanent improvement of around 0.2% per annum on average and the Own source operating revenue of around 0.3% per annum on average.

**Operating Performance Ratio**

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 - Without Environmental Levy | 6.5% | 3.3% | 5.4% | 5.7% | 5.2% | 4.6% | 3.6% | 3.6% | 3.9% | 4.6% |
| Scenario 2 - With Environmental Levy | 6.5% | 3.1% | 5.1% | 5.1% | 4.8% | 4.4% | 3.4% | 3.5% | 3.8% | 4.5% |
| *Impact* | *0.0%* | *0.2%* | *0.3%* | *0.6%* | *0.4%* | *0.2%* | *0.2%* | *0.1%* | *0.1%* | *0.1%* |

**Own Source Revenue**

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| Scenario 1 - Without Environmental Levy | 82.3% | 77.9% | 76.1% | 74.5% | 76.6% | 79.0% | 80.6% | 82.5% | 82.6% | 82.6% |
| Scenario 2 - With Environmental Levy | 82.3% | 77.8% | 75.7% | 74.0% | 76.2% | 78.6% | 80.2% | 82.1% | 82.3% | 82.3% |
| *Impact* | *0.0%* | *0.1%* | *0.4%* | *0.5%* | *0.4%* | *0.4%* | *0.4%* | *0.4%* | *0.3%* | *0.3%* |

# KEY FINANCIAL INDICATORS

The key financial indicators are industry accepted measures of financial health and sustainability. This section provides the financial ratios for Council's preferred scenario - Scenario 2 which assumes continuation of the environmental levy. As described in the "scenario planning" section of this document there is no significant variation between the two scenarios in terms of financial sustainability indicators ( Operating Performance ratio and Own source revenue ratio)  due to the size of the levy compared to overall income and the offset of the expenditure associated with it. There is no impact on assets ratio between the two scenarios, as the majority of the expenditure associated with environmental programs and works is operational in nature.

Council's future financial performance and position is measured against the Fit for the Future (FFTF) performance indicators. In addition to the standard FFTF indicators a new ratio has been included "Cost to bring assets to Agreed Service level". This new ratio is prescribed in the latest Draft Code of Accounting Practice (Special Schedules) released by the Office of Local Government (OLG) in April 2018. As per the OLG guidelines: "The ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset." This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets. The ratio provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total infrastructure assets portfolio. Council's funding strategy addressed future budget decisions in relation to the outstanding works. This ratio is discussed in more detail in the Assets Management Strategy.

A summary of these indicators and their benchmarks is provided below.

| Key Financial Indicators | Purpose of indicator | Benchmark |
|---|---|---|
| **SUSTAINABILITY** | | |
| ***Operating Performance Ratio*** (Operating revenue excluding capital grants and contributions-operating expenses divided by Operating revenue excluding capital grants and contributions) | *To measure Council's ability to contain operating expenditure within operating revenue* | *>=break-even average over 3 years* |
| ***Own Source Revenue Ratio*** (Total Operating revenue less grants and contributions divided by total Operating revenue) | *To assess the degree of Council's dependence upon grants and contributions* | *>60% average over 3 years* |
| ***Building & Infrastructure Renewal Ratio*** (Asset renewals expenditure divided by depreciation, amortisations & impairment expenses) | *To assess the rates at which assets are renewed relative to the rate at which they are depreciated (consumed)* | *>100% average over 3 years* |
| **INFRASTRUCTURE AND SERVICE MANAGEMENT** | | |
| ***Infrastructure Backlog Ratio*** (Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by total infrastructure assets | *To measure the proportion of assets backlog against total value of Council's infrastructure assets* | *<2%* |
| ***Cost to agreed level of service (***The sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets) | *The ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset* | *0* |
| ***Asset Maintenance Ratio*** (Actual maintenance expenditure divided by required annual asset maintenance) | *To assess the actual asset maintenance expenditure relative to required asset maintenance* | *>100% average over 3 years* |
| ***Debt service ratio*** (Net debt service cost divided by revenue from continuing operations) | *To assess the impact of loan principal and interest repayment on the discretionary revenue of Council* | *<20% average over 3 years* |
| **EFFICIENCY** | | |
| ***Real Operating Expenditure per capita*** (Operating expenditure divided by total population) | *To asses real operational expenditure per capita* | *Decreasing* |

The projected key financial indicators for Scenario 2 – continuation of the environmental levy for the next 10 years are presented below.

### Key Performance Indicators - Scenario 2

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/24 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **SUSTAINABILITY** | | | | | | | | | | |
| Operating Performance Ratio | 6.5% | 3.3% | 5.4% | 5.7% | 5.2% | 4.6% | 3.6% | 3.6% | 3.9% | 4.6% |
| Own Source Revenue | 82.3% | 77.9% | 76.1% | 74.5% | 76.6% | 79.0% | 80.6% | 82.5% | 82.6% | 82.6% |
| Building & Infrastructure Asset Renewal Ratio | 132% | 131% | 128% | 130% | 127% | 151% | 138% | 135% | 137% | 137% |
| **INFRASTRUCTURE AND SERVICE MANAGEMENT** | | | | | | | | | | |
| Infrastructure Backlog Ratio to Bring to Satisfactory | 2.5% | 2.2% | 1.6% | 1.1% | 0.4% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Infrastructure Backlog Ratio to bring to Agreed Level of Service | 3.6% | 3.0% | 2.6% | 2.1% | 1.6% | 0.9% | 0.4% | 0.1% | 0.0% | 0.0% |
| Asset Maintenance Ratio | 108% | 105% | 104% | 103% | 102% | 102% | 101% | 101% | 100% | 100% |
| Debt Service Ratio (3 year Av) | 1.8% | 1.7% | 1.4% | 1.5% | 1.5% | 1.5% | 1.3% | 1.9% | 1.9% | 1.9% |
| **EFFICIENCY** | | | | | | | | | | |
| Real Operating expenditure (per capital) | 921 | 909 | 909 | 895 | 899 | 892 | 892 | 881 | 873 | 867 |

*Council has a new funding strategy to address the current backlog and decrease it in future years as detailed under the LTFP Funding Strategy in this document.

Scenario 2 highlights Council's strong future financial position and performance as indicated by the financial ratios above.

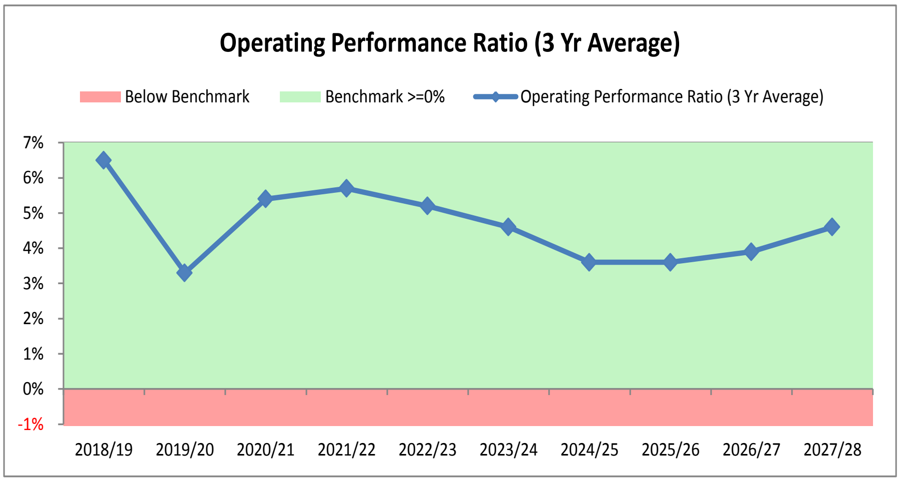
All FFTF Financial indicators are meeting current industry benchmarks in all forecast years. Council adopted a new funding strategy for asset renewals, which will see this ratio significantly decrease by 2022/23 with further reduction in future years. Council forecasts no Infrastructure backlog by 2022/23. The new funding strategy is discussed in detail under the Funding Strategy section in this document.

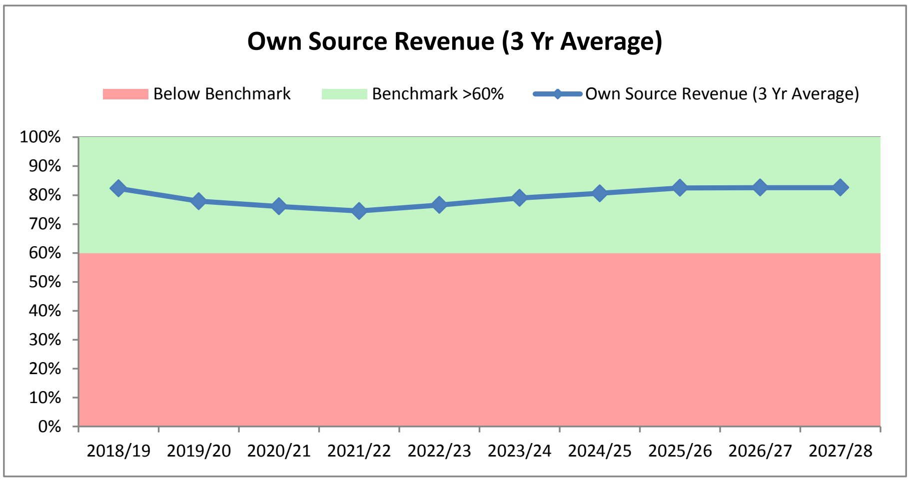
## Sustainability Ratios: Operating Performance Ratio, Own Source Revenue Ratio and Infrastructure Backlog Ratio

**Operating Performance Ratio** is an important financial indicator for Council. Our long-term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council's expenses are below its associated revenue. This indicator excludes capital income and gain or loss on sale of assets.

Council's current performance ratio is above the benchmark, which means that Council can easily contain operating expenditure (excluding capital grants and contributions) within its operating revenue. The ratio outperforms benchmark for the entire forecast period of the LTFP with an increasing trend starting from 2019/20 onwards.

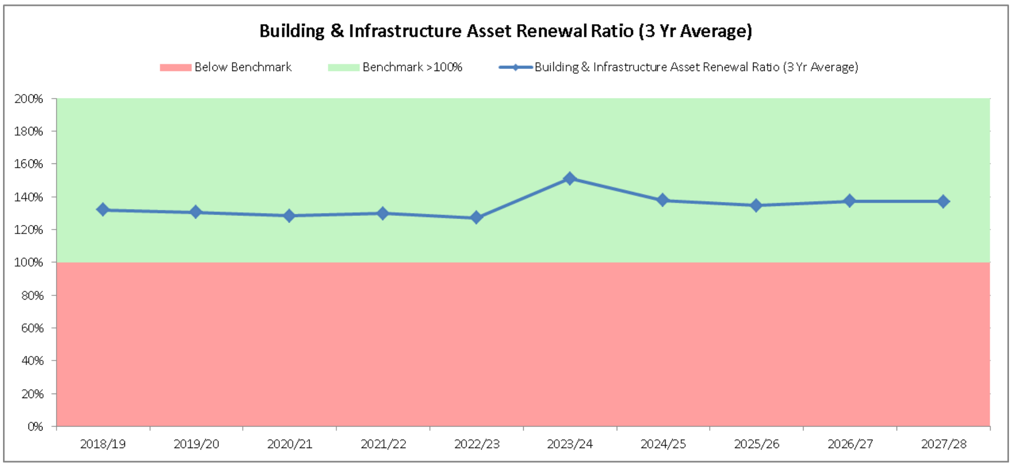
**Own Source Revenue Ratio** measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's Own Source Operating Revenue Ratio remains above the benchmark of ( >60%) in all future years. Council forecasts a sufficient level of fiscal flexibility, in the event of being faced with future unforseen events.



**Building & Infrastructure Asset renewals Ratio** This indicator assesses Council's rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. An indicator of 100% indicates that the amount spent on asset renewals equals the amount of depreciation. Council's ratio stands at 132% in 2018/19 and will be above benchmark in all future years.

Council is continuing to focus on appropriate asset standards for renewal and maintenance.



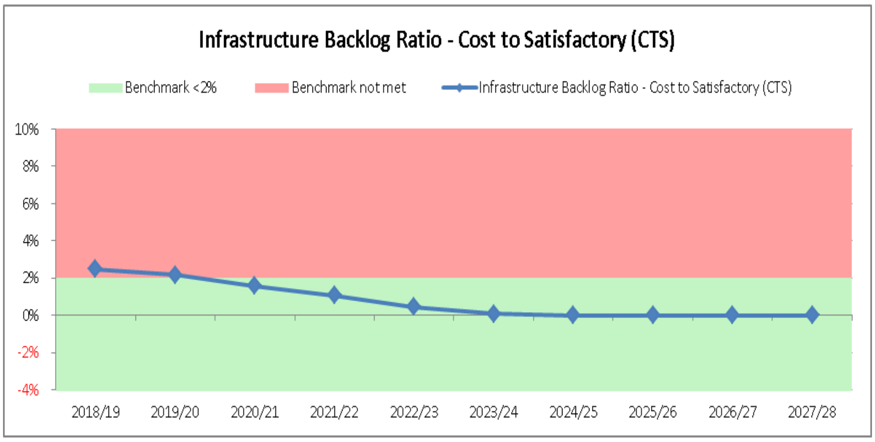

## Infrastructure and Service Management: Infrastructure Backlog Ratio, Assets Maintenance Ratio and Debt Service Ratio

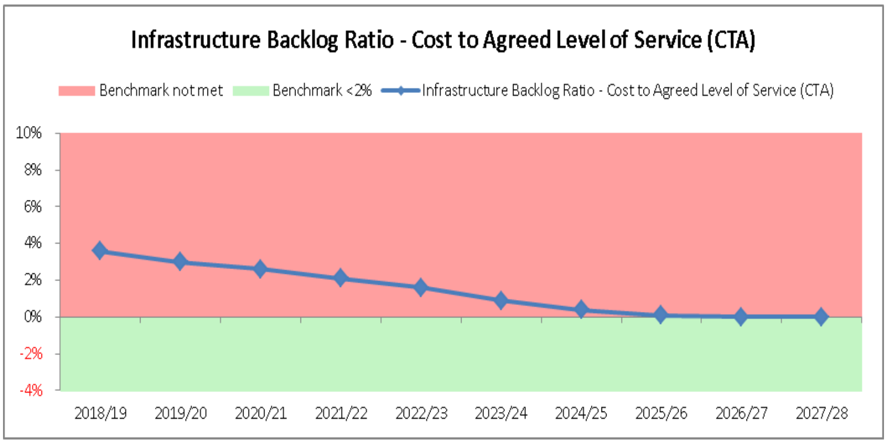
The Infrastructure Assets Ratios measure Council's ability to renew and maintain its asset base to decrease the infrastructure asset backlog in future years. Asset Ratios have been incorporated into Council's Asset Management Strategy and Asset Management Plans and are monitored within Council's Long Term Financial Plan. Council continues its commitment to maintain financial sustainability and decrease the infrastructure backlog.

**Infrastructure Backlog Ratio** measures what proportion the backlog is against the total value of Council's infrastructure. Council's Infrastructure Backlog Ratio has a positive downward trend in the first 4 years, recording a decrease of 2.3% from 2.4% in 2019 to 0.09% in 2022. The infrastructure backlog will achieve the benchmark of 2% by 2020 and will be fully eliminated by 2023.

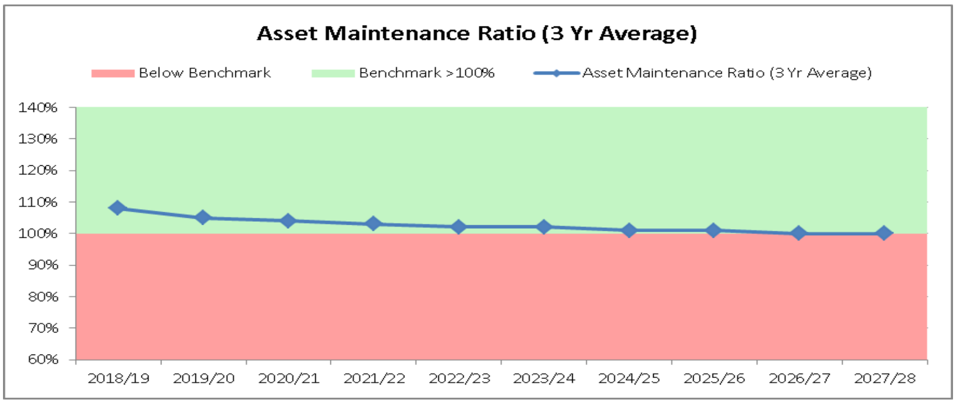
**Cost to bring assets to Agreed Service level -** this ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset. This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets. Council's Cost to bring to agreed level was revised in 2018 and stood at $42 million. During the life of this plan this liability is also eliminated by 2027/28.

Over 10 years of this financial plan a total of $247 million is invested into infrastructure asset renewals and the backlog, as well as the cost to agreed level of service is eliminated by the end of this financial plan (from $16 million in 2018/19 for backlog and $42 million in 2017/18 ( for cost to agreed level of service) to nil by 2027/28.



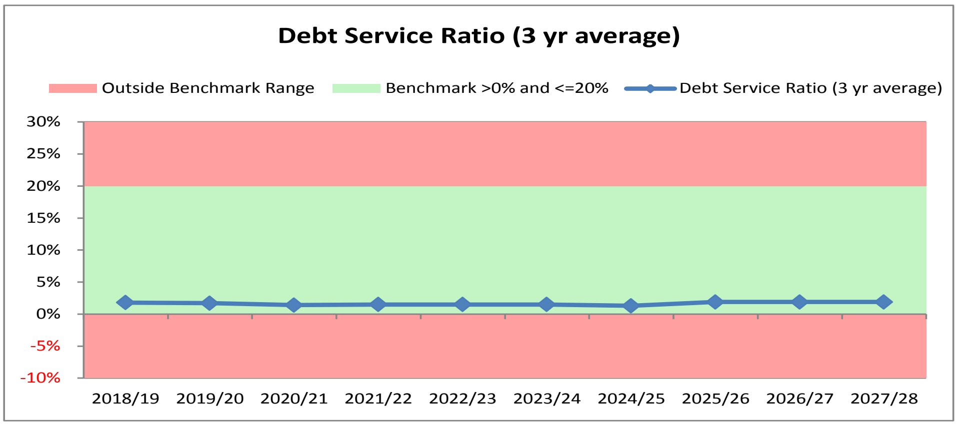




**Council's Asset Maintenance Ratio** is above benchmark at 100.9%. An indicator above 100% indicates Council is investing enough funds to stop the Infrastructure Backlog from growing. Council is committed to increase expenditure on asset maintenance in future to stop the increase in infrastructure backlog. Assets Maintenance expenditure is explained in more detail in the Funding strategy of this document.



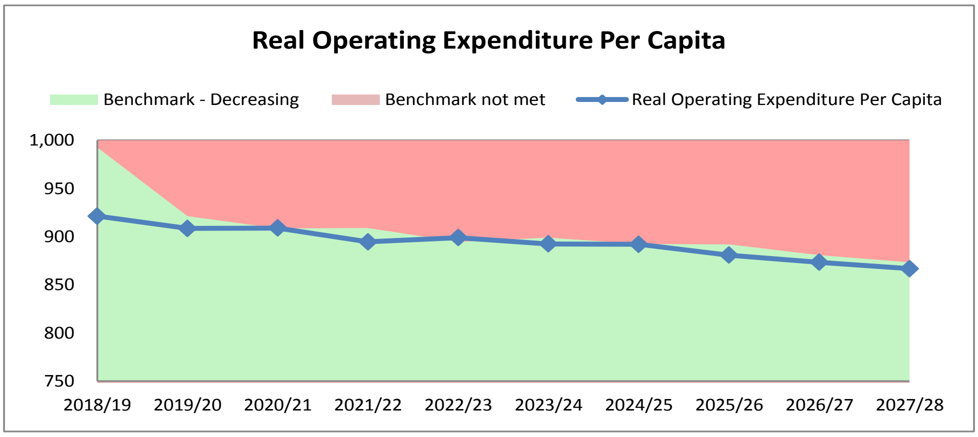
**Debt Service Ratio**: The purpose of the Debt Service Ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. In accordance with Council's Long Term Financial Plan, borrowing is only undertaken in accordance with Council's borrowing principles outlined in this document.

Council's ability to service its debt remains strong for the entire period of the LTFP. As per Council’s new funding strategy, the outstanding debt for infrastructure renewal is fully discharged by 2034 from general revenue and  from net revenue generated through leasing out Council’s new administration building for 10 years. The level of Council’s borrowing is discussed in more detail under Summary of Borrowing section of this document.




## Efficiency Ratio: Real Operating Expenditure per Capita

This indicator compares operational expenditure to population and is a ratio that measures efficiency. Council forecasts a downward trend in all future years of the financial plan. A decrease in the operating expenditure per capita of approximately 1% per year will be achieved while maintaining the same level of service. It is worth mentioning that this can be achieved while maintaining a strong operating surplus in all future years after funding depreciation on infrastructure assets.



# CONCLUSION

Ku-ring-gai Council is in a sound financial position. The LTFP provides for Operating Surpluses after allowing for the depreciation expense on Council's $1.1 billion portfolio (2016/17) of largely depreciable assets such as roads, footpaths, drains and buildings. If capital grants and contributions are excluded, the operating result remains in surplus throughout the 10 years of the LTFP. Council maintains healthy levels of working capital and reserves in the LTFP, and has a strategy in place to fund renewal of infrastructure assets and to manage its debt funding via identified sources of repayment from its investment property.

As part of the long term planning, Council has developed strategic asset management plans and is continuously reviewing and quantifying the renewal gap for infrastructure assets, identifying opportunities to broaden the revenue base, and reviewing its borrowing strategies.

The LTFP provides for the following:

- meets all Fit for the Future KPIs during the life of this Plan
- achieves operating surpluses in all years
- has affordable loan borrowing
- fully catches up on the infrastructure assets backlog ( cost to satisfactory and cost to agreed level of service) and provision of ongoing renewal expenditure to match depreciation
- invests in capital expenditure to provide new open space and community facilities for our growing community.

# Appendix A - LTFP Forecasts and Assumptions

### LTFP FORECASTS AND ASSUMPTIONS

| | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2025/27 | Projected 2025/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| FORECASTS - ACCESS ECONOMICS | | | | | | | | | | |
| Consumer Price Index ( CPI) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Average Weekly Ord Time Earnings | 2.8% | 2.9% | 2.9% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% |
| BBSW - 90 Day | 1.8% | 2.3% | 2.8% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% | 3.1% |
| INCOME ASSUMPTIONS | | | | | | | | | | |
| Rates | | | | | | | | | | |
| Rates Pegging Forecast | 2.3% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Rates Growth | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% |
| **Total Rates Change** | 3.0% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.3% | 3.3% |
| Fees and Charges | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Domestic Waste Price Increase | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 2.0% | 2.0% | 3.0% |
| Pensioner Rebate Growth | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.8% | 1.8% |
| Stormwater Management Charge (rates growth only) | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% | 0.8% |
| Trade Waste - Annual Charges | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 3.0% | 3.0% |
| Interest Income | | | | | | | | | | |
| Interest Income - Rate | 2.9% | 3.4% | 3.9% | 4.2% | 4.2% | 4.2% | 4.2% | 4.2% | 4.2% | 4.2% |
| Grants Income | | | | | | | | | | |
| Recurrent Grants (CPI) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Capital Grants (CPI) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Proceeds from Assets Sales | | | | | | | | | | |
| Asset Sales | 1,565 | 6,631 | 57,400 | 8,499 | 5,975 | 5,482 | 5,779 | 6,048 | 4,600 | 5,219 |
| EXPENDITURE ASSUMPTIONS | | | | | | | | | | |
| Labour Costs | 3.3% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% |
| Super - new scheme compulsory increase phased in. (Old Scheme employees at set rates) | 9.5% | 9.5% | 9.5% | 10.0% | 10.5% | 11.0% | 11.5% | 12.0% | 12.0% | 12.0% |
| Material & Contracts - Operational Expenditure | | | | | | | | | | |
| Operating Expenses (CPI ) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Street Lighting Charges (IPART Decision) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Building Electricity Charges (IPART) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Water Charges (IPART Determination) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Fire Levy (CPI) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Planning Levy (CPI ) | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Materials & Contracts - Capital Expenditure | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% | 2.4% |
| Borrowing Costs | | | | | | | | | | |
| Loan Rate (95 bps over 90 BBSW or max of 3.4%) | 3.0% | 3.3% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% | 3.4% |

# Appendix B - Scenario 1 - Base Case Scenario without the Special Rate Variation for Environment

**10 Year Financial Plan for the Years ending 30 June 2028**

## Projected Income Statement

Scenario 1- Base Case Scenario without the Special Rate Variation for Environment

| $'000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income from Continuing Operations** | | | | | | | | | | |
| Rates & Annual Charges | 81,821 | 83,995 | 86,571 | 88,862 | 91,219 | 93,643 | 96,372 | 99,178 | 102,443 | 105,796 |
| Environmental Levy | 2,821 | - | - | - | - | - | - | - | - | - |
| User Charges & Fees | 20,331 | 21,006 | 21,566 | 22,075 | 22,595 | 23,129 | 23,675 | 24,233 | 24,819 | 25,419 |
| Interest & Investment Revenue | 4,182 | 4,375 | 5,052 | 5,515 | 4,756 | 4,224 | 4,512 | 5,133 | 5,837 | 6,642 |
| Other Revenues | 11,544 | 11,930 | 12,282 | 12,326 | 12,742 | 13,065 | 13,397 | 13,738 | 14,088 | 14,446 |
| Grants & Contributions for Operating Purp | 6,656 | 6,651 | 6,594 | 6,729 | 6,900 | 7,019 | 7,166 | 7,308 | 7,496 | 7,619 |
| Grants & Contributions for Capital Purpose | 19,194 | 43,512 | 35,465 | 30,374 | 32,316 | 21,268 | 22,130 | 22,377 | 23,664 | 25,000 |
| ***Other Income:*** | | | | | | | | | | |
| Net gains from the disposal of assets | 1,165 | 5,881 | 55,005 | 8,199 | 5,555 | 5,182 | 5,479 | 5,748 | 4,600 | 5,069 |
| **Total Income from Continuing Ope** | **147,714** | **177,350** | **222,535** | **174,080** | **176,083** | **167,530** | **172,731** | **177,715** | **182,947** | **189,991** |
| Total Income excluding Proceeds from Asset Sales & Capital Income | 127,355 | 127,957 | 132,065 | 135,507 | 138,212 | 141,080 | 145,122 | 149,590 | 154,683 | 159,922 |
| **Expenses from Continuing Operations** | | | | | | | | | | |
| Employee Benefits & On-Costs | 41,499 | 42,903 | 44,354 | 46,007 | 47,727 | 49,515 | 51,376 | 53,312 | 55,116 | 56,980 |
| Borrowing Costs | 647 | 737 | 730 | 684 | 626 | 579 | 536 | 439 | 338 | 283 |
| Materials & Contracts | 38,490 | 39,388 | 40,341 | 41,293 | 42,268 | 43,265 | 44,286 | 45,331 | 46,401 | 47,496 |
| Depreciation & Amortisation | 17,268 | 18,187 | 18,918 | 19,535 | 20,495 | 21,062 | 21,634 | 22,191 | 22,789 | 23,378 |
| Other Expenses | 17,229 | 17,498 | 17,921 | 18,344 | 18,778 | 19,221 | 19,673 | 20,138 | 20,614 | 21,100 |
| Other Operational Projects Expenses | 5,602 | 2,699 | 3,361 | 2,327 | 2,580 | 2,420 | 3,218 | 2,322 | 2,412 | 2,586 |
| **Total Expenses from Continuing O** | **120,735** | **121,412** | **125,625** | **128,190** | **132,474** | **136,062** | **140,723** | **143,733** | **147,670** | **151,823** |
| **Net Operating Result for the Year** | **26,979** | **55,938** | **96,910** | **45,890** | **43,609** | **31,468** | **32,008** | **33,982** | **35,277** | **38,168** |
| Net Operating Result for the year before Grants & Contributions provided for Capital Purposes | 7,785 | 12,426 | 61,445 | 15,516 | 11,293 | 10,200 | 9,878 | 11,605 | 11,613 | 13,168 |

## 10 Year Financial Plan for the Years ending 30 June 2028

### Projected Balance Sheet

Scenario 1- Base Case Scenario without the Special Rate Variation for Environment

| $ '000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | |
| **Current Assets** | | | | | | | | | | |
| Cash & Cash Equivalents | 11,434 | 16,764 | 19,035 | 15,669 | 17,409 | 12,876 | 10,107 | 11,139 | 10,859 | 12,703 |
| Investments | 80,710 | 70,789 | 53,658 | 47,659 | 38,552 | 37,036 | 43,939 | 48,983 | 57,511 | 64,503 |
| Receivables | 10,750 | 10,918 | 11,234 | 11,491 | 11,642 | 11,808 | 12,124 | 12,491 | 12,926 | 13,372 |
| Inventories | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 |
| Other | 1,900 | 1,900 | 1,900 | 1,900 | 2,000 | 2,000 | 2,100 | 2,100 | 2,200 | 2,200 |
| Non-Current Assets Held for Sale | 750 | 2,395 | 300 | 420 | 300 | 300 | 300 | - | 150 | 3,230 |
| **Total Current Assets** | **105,771** | **102,993** | **86,355** | **77,367** | **70,130** | **64,248** | **68,798** | **74,940** | **83,873** | **96,236** |
| **Non-Current Assets** | | | | | | | | | | |
| Investments | 47,401 | 41,574 | 76,774 | 68,191 | 55,160 | 52,992 | 62,869 | 70,085 | 82,287 | 92,291 |
| Receivables | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 |
| Infrastructure, Property, Plant & Equipmer | 1,232,057 | 1,300,887 | 1,380,902 | 1,439,357 | 1,503,638 | 1,537,379 | 1,550,999 | 1,568,464 | 1,581,042 | 1,597,203 |
| Investment Property | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 |
| Intangible Assets | 533 | 578 | 618 | 653 | 685 | 715 | 742 | 768 | 793 | 817 |
| **Total Non-Current Assets** | **1,316,906** | **1,379,954** | **1,495,208** | **1,545,116** | **1,596,398** | **1,628,001** | **1,651,525** | **1,676,232** | **1,701,037** | **1,727,226** |
| **TOTAL ASSETS** | **1,422,677** | **1,482,947** | **1,581,563** | **1,622,482** | **1,666,528** | **1,692,248** | **1,720,323** | **1,751,172** | **1,784,910** | **1,823,462** |
| **LIABILITIES** | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | |
| Payables | 21,191 | 26,188 | 28,259 | 24,669 | 26,115 | 21,089 | 18,060 | 18,868 | 18,412 | 19,977 |
| Borrowings | 1,549 | 1,067 | 783 | 1,812 | 1,454 | 1,184 | 1,380 | 4,433 | 1,592 | 1,707 |
| Provisions | 11,499 | 11,890 | 12,294 | 12,712 | 13,145 | 13,592 | 14,054 | 14,531 | 15,026 | 15,536 |
| **Total Current Liabilities** | **34,239** | **39,145** | **41,336** | **39,194** | **40,713** | **35,865** | **33,494** | **37,832** | **35,030** | **37,221** |
| **Non-Current Liabilities** | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 21,472 | 20,887 | 20,387 | 17,546 | 16,450 | 15,536 | 13,959 | 6,473 | 7,723 | 5,901 |
| Provisions | 342 | 354 | 366 | 379 | 391 | 405 | 419 | 433 | 447 | 463 |
| **Total Non-Current Liabilities** | 21,814 | 21,241 | 20,753 | 17,925 | 16,841 | 15,941 | 14,378 | 6,906 | 8,170 | 6,364 |
| **TOTAL LIABILITIES** | **56,053** | **60,386** | **62,089** | **57,118** | **57,555** | **51,805** | **47,872** | **44,738** | **43,200** | **43,584** |
| Net Assets | **1,366,623** | **1,422,561** | **1,519,474** | **1,565,364** | **1,608,973** | **1,640,443** | **1,672,451** | **1,706,434** | **1,741,710** | **1,779,877** |
| **EQUITY** | | | | | | | | | | |
| Retained Earnings | 856,998 | 912,936 | 1,009,846 | 1,055,736 | 1,053,455 | 1,087,204 | 1,085,463 | 1,121,186 | 1,120,740 | 1,159,354 |
| Revaluation Reserves | 509,625 | 509,625 | 509,628 | 509,628 | 555,518 | 553,239 | 586,988 | 585,248 | 620,970 | 620,523 |
| **Council Equity Interest** | **1,366,623** | **1,422,561** | **1,519,474** | **1,565,364** | **1,608,973** | **1,640,443** | **1,672,451** | **1,706,434** | **1,741,710** | **1,779,877** |
| Total Equity | **1,366,623** | **1,422,561** | **1,519,474** | **1,565,364** | **1,608,973** | **1,640,443** | **1,672,451** | **1,706,434** | **1,741,710** | **1,779,877** |

**10 Year Financial Plan for the Years ending 30 June 2028**

## Projected Cash Flow Statement

Scenario 1- Base Case Scenario without the Special Rate Variation for Environment

| $ '000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Rates & Annual Charges | 84,459 | 83,826 | 86,255 | 88,606 | 91,068 | 93,477 | 96,056 | 98,812 | 102,008 | 105,349 |
| User Charges & Fees | 20,331 | 21,006 | 21,566 | 22,075 | 22,595 | 23,129 | 23,675 | 24,233 | 24,819 | 25,419 |
| Investment & Interest Revenue Received | 18,830 | 20,123 | - 13,017 | 20,097 | 26,894 | 7,908 | - 12,268 | - 7,127 | - 14,893 | - 10,354 |
| Grants & Contributions | 25,850 | 50,163 | 42,059 | 37,103 | 39,216 | 28,287 | 29,296 | 29,685 | 31,160 | 32,619 |
| Bonds, Deposits, Retention amounts rece | - | | | | | | | | | |
| Other | 11,444 | 11,930 | 12,282 | 12,326 | 12,642 | 13,065 | 13,297 | 13,738 | 13,988 | 14,446 |
| **Payments:** | | | | | | | | | | |
| Employee Benefits & On-Costs | - 41,121 | - 42,500 | - 43,938 | - 45,577 | - 47,282 | - 49,055 | - 50,900 | - 52,820 | - 54,607 | - 56,454 |
| Materials & Contracts | - 35,558 | - 34,391 | - 38,270 | - 44,883 | - 40,823 | - 48,291 | - 47,314 | - 44,524 | - 46,856 | - 45,931 |
| Borrowing Costs | - 647 | - 737 | - 730 | - 684 | - 626 | - 579 | - 536 | - 439 | - 338 | - 283 |
| Bonds, Deposits, Retention amounts refur | - | | | | | | | | | |
| Other | - 22,831 | - 20,197 | - 21,282 | - 20,671 | - 21,358 | - 21,641 | - 22,891 | - 22,460 | - 23,026 | - 23,686 |
| **Net Cash provided (or used) in Operati** | **60,758** | **89,223** | **44,925** | **68,392** | **82,326** | **46,300** | **28,414** | **39,098** | **32,255** | **41,125** |
| | | | | | | | | | | |
| **Cash Flows from Investing Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Sale of Infrastructure, Property, Plant & Ec | 1,565 | 6,631 | 57,400 | 8,499 | 5,975 | 5,482 | 5,779 | 6,048 | 4,600 | 5,219 |
| **Payments:** | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant | - 59,230 | - 89,457 | - 99,271 | - 78,445 | - 85,108 | - 55,131 | - 35,582 | - 39,681 | - 35,543 | - 42,793 |
| **Net Cash provided in Investing Activitie** | **- 57,665** | **- 82,826** | **- 41,871** | **- 69,946** | **- 79,133** | **- 49,649** | **- 29,803** | **- 33,633** | **- 30,943** | **- 37,574** |
| | | | | | | | | | | |
| **Cash Flows from Financing Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 1,585 | - | - | - | - | - | - | - | - | - |
| **Payments:** | | | | | | | | | | |
| Repayments of Borrowings & Advances | - 1,549 | - 1,067 | - 783 | - 1,812 | - 1,454 | - 1,184 | - 1,380 | - 4,433 | - 1,592 | - 1,707 |
| **Net Cash provided in Financing Activit** | 36 | - 1,067 | - 783 | - 1,812 | - 1,454 | - 1,184 | - 1,380 | - 4,433 | - 1,592 | - 1,707 |
| | | | | | | | | | | |
| Net Increase/(Decrease) in Cash & Cash Equivalents | **3,129** | **5,330** | **2,271** | **- 3,366** | **1,739** | **- 4,533** | **- 2,769** | **1,032** | **- 280** | **1,844** |
| Plus: Cash & Cash Equivalents - beginnin | 8,305 | 11,434 | 16,764 | 19,035 | 15,669 | 17,409 | 12,876 | 10,107 | 11,139 | 10,859 |
| **Cash & Cash Equivalents - end of year** | 11,434 | 16,764 | 19,035 | 15,669 | 17,409 | 12,876 | 10,107 | 11,139 | 10,859 | 12,703 |
| Plus: Investments on hand - end of year | 128,111 | 112,363 | 130,432 | 115,850 | 93,712 | 90,028 | 106,808 | 119,068 | 139,798 | 156,794 |
| Total Cash, Cash Equivalents & Investments | **139,545** | **129,127** | **149,467** | **131,519** | **111,121** | **102,904** | **116,915** | **130,207** | **150,657** | **169,497** |

# Appendix C - Scenario 2 – Scenario with the continuation of the Special Rate Variation for Environment

**10 Year Financial Plan for the Years ending 30 June 2028**

**Projected Income Statement**

Scenario 2 - Scenario with the continuation of the Special Rate Variation for Environment

| $'000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income from Continuing Operations** | | | | | | | | | | |
| Rates & Annual Charges | 81,821 | 83,980 | 86,556 | 88,846 | 91,203 | 93,626 | 96,355 | 99,161 | 102,426 | 105,778 |
| Environmental Levy | 2,821 | 2,891 | 2,963 | 3,037 | 3,113 | 3,191 | 3,271 | 3,353 | 3,440 | 3,526 |
| User Charges & Fees | 20,331 | 21,006 | 21,566 | 22,075 | 22,595 | 23,129 | 23,675 | 24,233 | 24,819 | 25,419 |
| Interest & Investment Revenue | 4,182 | 4,375 | 5,053 | 5,510 | 4,749 | 4,226 | 4,521 | 5,151 | 5,864 | 6,680 |
| Other Revenues | 11,544 | 11,930 | 12,282 | 12,326 | 12,742 | 13,065 | 13,397 | 13,738 | 14,088 | 14,446 |
| Grants & Contributions for Operating Purposes | 6,656 | 6,651 | 6,594 | 6,729 | 6,900 | 7,019 | 7,166 | 7,308 | 7,496 | 7,619 |
| Grants & Contributions for Capital Purposes | 19,194 | 43,512 | 35,465 | 30,374 | 32,316 | 21,268 | 22,130 | 22,377 | 23,664 | 25,000 |
| ***Other Income:*** | | | | | | | | | | |
| Net gains from the disposal of assets | 1,165 | 5,881 | 55,005 | 8,199 | 5,555 | 5,182 | 5,479 | 5,748 | 4,600 | 5,069 |
| **Total Income from Continuing Operations** | **147,714** | **180,226** | **225,484** | **177,096** | **179,173** | **170,706** | **175,994** | **181,069** | **186,397** | **193,537** |
| Total Income excluding Proceeds from Asset Sales & Capital Income | 127,355 | 130,833 | 135,014 | 138,523 | 141,302 | 144,256 | 148,385 | 152,944 | 158,133 | 163,468 |
| **Expenses from Continuing Operations** | | | | | | | | | | |
| Employee Benefits & On-Costs | 41,499 | 42,903 | 44,354 | 46,007 | 47,727 | 49,515 | 51,376 | 53,312 | 55,116 | 56,980 |
| Borrowing Costs | 647 | 737 | 730 | 684 | 626 | 579 | 536 | 439 | 338 | 283 |
| Materials & Contracts | 38,490 | 39,388 | 40,341 | 41,293 | 42,268 | 43,265 | 44,286 | 45,331 | 46,401 | 47,496 |
| Depreciation & Amortisation | 17,268 | 18,187 | 18,918 | 19,535 | 20,495 | 21,062 | 21,634 | 22,191 | 22,789 | 23,378 |
| Other Expenses | 17,229 | 17,498 | 17,921 | 18,344 | 18,778 | 19,221 | 19,673 | 20,138 | 20,614 | 21,100 |
| Other Operational Projects Expenses | 5,602 | 4,632 | 5,585 | 4,353 | 5,504 | 5,414 | 6,283 | 5,459 | 5,622 | 5,873 |
| **Total Expenses from Continuing Operations** | **120,735** | **123,345** | **127,849** | **130,216** | **135,398** | **139,056** | **143,788** | **146,870** | **150,880** | **155,110** |
| **Net Operating Result for the Year** | **26,979** | **56,881** | **97,635** | **46,880** | **43,775** | **31,650** | **32,206** | **34,199** | **35,517** | **38,427** |
| Net Operating Result for the year before Grants & Contributions provided for Capital Purposes | 7,785 | 13,369 | 62,170 | 16,506 | 11,459 | 10,382 | 10,076 | 11,822 | 11,853 | 13,427 |

**10 Year Financial Plan for the Years ending 30 June 2028**

## Projected Balance Sheet

Scenario 2 - Scenario with the continuation of the Special Rate Variation for Environment

| $ '000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | |
| **Current Assets** | | | | | | | | | | |
| Cash & Cash Equivalents | 11,434 | 17,131 | 19,262 | 16,057 | 17,815 | 13,190 | 10,531 | 11,472 | 11,298 | 13,051 |
| Investments | 80,710 | 70,773 | 53,679 | 47,545 | 38,527 | 37,086 | 44,070 | 49,203 | 57,831 | 64,929 |
| Receivables | 10,750 | 11,016 | 11,335 | 11,593 | 11,746 | 11,916 | 12,236 | 12,607 | 13,046 | 13,497 |
| Inventories | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 |
| Other | 1,900 | 1,900 | 1,900 | 2,000 | 2,000 | 2,100 | 2,100 | 2,200 | 2,200 | 2,300 |
| Non-Current Assets Held for Sale | 750 | 2,395 | 300 | 420 | 300 | 300 | 300 | - | 150 | 3,230 |
| **Total Current Assets** | **105,771** | **103,443** | **86,703** | **77,842** | **70,615** | **64,820** | **69,465** | **75,709** | **84,752** | **97,234** |
| **Non-Current Assets** | | | | | | | | | | |
| Investments | 47,401 | 41,565 | 76,804 | 68,028 | 55,124 | 53,063 | 63,056 | 70,400 | 82,744 | 92,901 |
| Receivables | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 195 |
| Infrastructure, Property, Plant & Equipment | 1,232,057 | 1,301,906 | 1,382,720 | 1,442,243 | 1,506,524 | 1,540,265 | 1,553,885 | 1,571,350 | 1,583,928 | 1,600,089 |
| Investment Property | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 | 36,720 |
| Intangible Assets | 533 | 578 | 618 | 653 | 685 | 715 | 742 | 768 | 793 | 817 |
| **Total Non-Current Assets** | **1,316,906** | **1,380,964** | **1,497,056** | **1,547,839** | **1,599,248** | **1,630,958** | **1,654,598** | **1,679,433** | **1,704,380** | **1,730,722** |
| **TOTAL ASSETS** | **1,422,677** | **1,484,406** | **1,583,760** | **1,625,681** | **1,669,863** | **1,695,778** | **1,724,063** | **1,755,142** | **1,789,133** | **1,827,957** |
| **LIABILITIES** | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | |
| Payables | 21,191 | 26,704 | 28,787 | 25,210 | 26,626 | 21,612 | 18,596 | 19,416 | 18,974 | 20,552 |
| Borrowings | 1,549 | 1,067 | 783 | 1,812 | 1,454 | 1,184 | 1,380 | 4,433 | 1,592 | 1,707 |
| Provisions | 11,499 | 11,890 | 12,294 | 12,712 | 13,145 | 13,592 | 14,054 | 14,531 | 15,026 | 15,536 |
| **Total Current Liabilities** | **34,239** | **39,661** | **41,865** | **39,735** | **41,225** | **36,388** | **34,030** | **38,381** | **35,591** | **37,795** |
| **Non-Current Liabilities** | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 21,472 | 20,887 | 20,387 | 17,546 | 16,450 | 15,536 | 13,959 | 6,473 | 7,723 | 5,901 |
| Provisions | 342 | 354 | 366 | 379 | 391 | 405 | 419 | 433 | 447 | 463 |
| **Total Non-Current Liabilities** | 21,814 | 21,241 | 20,753 | 17,925 | 16,841 | 15,941 | 14,378 | 6,906 | 8,170 | 6,364 |
| **TOTAL LIABILITIES** | **56,053** | **60,902** | **62,618** | **57,659** | **58,066** | **52,329** | **48,408** | **45,286** | **43,762** | **44,159** |
| Net Assets | **1,366,623** | **1,423,504** | **1,521,142** | **1,568,022** | **1,611,797** | **1,643,449** | **1,675,655** | **1,709,856** | **1,745,371** | **1,783,797** |
| **EQUITY** | | | | | | | | | | |
| Retained Earnings | 856,998 | 913,879 | 1,011,514 | 1,058,394 | 1,055,289 | 1,090,044 | 1,087,495 | 1,124,243 | 1,123,012 | 1,162,670 |
| Revaluation Reserves | 509,625 | 509,625 | 509,628 | 509,628 | 556,508 | 553,405 | 588,160 | 585,613 | 622,359 | 621,127 |
| **Council Equity Interest** | **1,366,623** | **1,423,504** | **1,521,142** | **1,568,022** | **1,611,797** | **1,643,449** | **1,675,655** | **1,709,856** | **1,745,371** | **1,783,797** |
| Total Equity | **1,366,623** | **1,423,504** | **1,521,142** | **1,568,022** | **1,611,797** | **1,643,449** | **1,675,655** | **1,709,856** | **1,745,371** | **1,783,797** |

## 10 Year Financial Plan for the Years ending 30 June 2028

### Projected Cash Flow Statement

Scenario 2 - Scenario with the continuation of the Special Rate Variation for Environment

| $ '000 | Projected 2018/19 | Projected 2019/20 | Projected 2020/21 | Projected 2021/22 | Projected 2022/23 | Projected 2023/24 | Projected 2024/25 | Projected 2025/26 | Projected 2026/27 | Projected 2027/28 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Rates & Annual Charges | 84,459 | 86,605 | 89,200 | 91,625 | 94,162 | 96,647 | 99,306 | 102,144 | 105,427 | 108,853 |
| User Charges & Fees | 20,331 | 21,006 | 21,566 | 22,075 | 22,595 | 23,129 | 23,675 | 24,233 | 24,819 | 25,419 |
| Investment & Interest Revenue Received | 18,830 | 20,148 | - 13,092 | 20,420 | 26,671 | 7,728 | - 12,456 | - 7,326 | - 15,108 | - 10,575 |
| Grants & Contributions | 25,850 | 50,163 | 42,059 | 37,103 | 39,216 | 28,287 | 29,296 | 29,685 | 31,160 | 32,619 |
| Bonds, Deposits, Retention amounts received | - | | | | | | | | | |
| Other | 11,444 | 11,930 | 12,282 | 12,226 | 12,742 | 12,965 | 13,397 | 13,638 | 14,088 | 14,346 |
| **Payments:** | | | | | | | | | | |
| Employee Benefits & On-Costs | - 41,121 | - 42,500 | - 43,938 | - 45,577 | - 47,282 | - 49,055 | - 50,900 | - 52,820 | - 54,607 | - 56,454 |
| Materials & Contracts | - 35,558 | - 33,875 | - 38,258 | - 44,870 | - 40,852 | - 48,278 | - 47,302 | - 44,511 | - 46,843 | - 45,918 |
| Borrowing Costs | - 647 | - 737 | - 730 | - 684 | - 626 | - 579 | - 536 | - 439 | - 338 | - 283 |
| Bonds, Deposits, Retention amounts refunded | - | | | | | | | | | |
| Other | - 22,831 | - 22,130 | - 23,506 | - 22,697 | - 24,282 | - 24,635 | - 25,956 | - 25,597 | - 26,236 | - 26,973 |
| **Net Cash provided (or used) in Operating Activities** | **60,758** | **90,609** | **45,584** | **69,621** | **82,344** | **46,209** | **28,524** | **39,006** | **32,361** | **41,034** |
| **Cash Flows from Investing Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Sale of Infrastructure, Property, Plant & Equipment | 1,565 | 6,631 | 57,400 | 8,499 | 5,975 | 5,482 | 5,779 | 6,048 | 4,600 | 5,219 |
| **Payments:** | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | - 59,230 | - 90,476 | - 100,070 | - 79,513 | - 85,108 | - 55,131 | - 35,582 | - 39,681 | - 35,543 | - 42,793 |
| **Net Cash provided in Investing Activities** | **- 57,665** | **- 83,845** | **- 42,670** | **- 71,014** | **- 79,133** | **- 49,649** | **- 29,803** | **- 33,633** | **- 30,943** | **- 37,574** |
| **Cash Flows from Financing Activities** | | | | | | | | | | |
| **Receipts:** | | | | | | | | | | |
| Proceeds from Borrowings & Advances | 1,585 | - | - | - | - | - | - | - | - | - |
| **Payments:** | | | | | | | | | | |
| Repayments of Borrowings & Advances | - 1,549 | - 1,067 | - 783 | - 1,812 | - 1,454 | - 1,184 | - 1,380 | - 4,433 | - 1,592 | - 1,707 |
| **Net Cash provided in Financing Activities** | 36 | - 1,067 | - 783 | - 1,812 | - 1,454 | - 1,184 | - 1,380 | - 4,433 | - 1,592 | - 1,707 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | **3,129** | **5,697** | **2,131** | **- 3,205** | **1,757** | **- 4,624** | **- 2,659** | **940** | **- 174** | **1,753** |
| Plus: Cash & Cash Equivalents - beginning of year | 8,305 | 11,434 | 17,131 | 19,262 | 16,057 | 17,815 | 13,190 | 10,531 | 11,472 | 11,298 |
| **Cash & Cash Equivalents - end of year** | 11,434 | 17,131 | 19,262 | 16,057 | 17,815 | 13,190 | 10,531 | 11,472 | 11,298 | 13,051 |
| Plus: Investments on hand - end of year | 128,111 | 112,338 | 130,483 | 115,573 | 93,651 | 90,149 | 107,126 | 119,603 | 140,575 | 157,830 |
| Total Cash, Cash Equivalents & Investments | **139,545** | **129,469** | **149,745** | **131,630** | **111,466** | **103,339** | **117,657** | **131,075** | **151,873** | **170,881** |