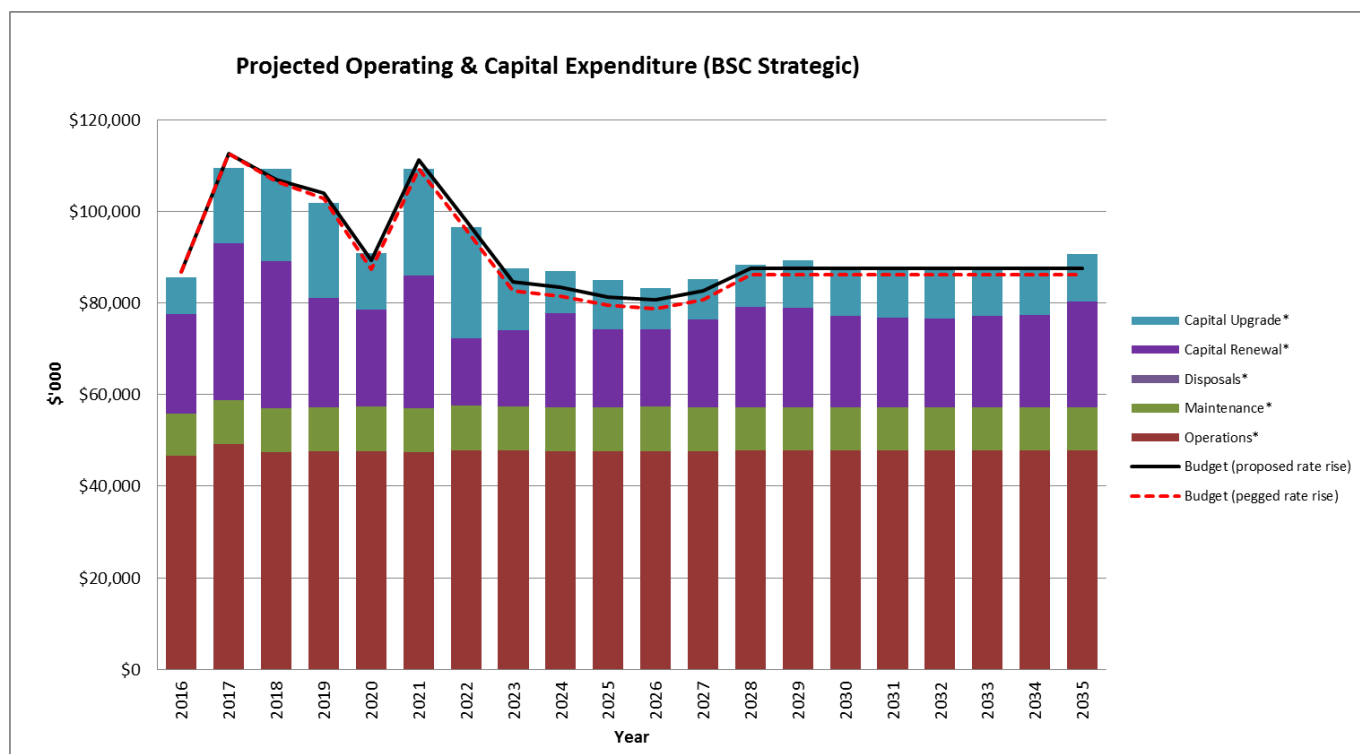


## APPENDIX 10 - EXTRACTS FROM ASSET MANAGEMENT PLAN OVERVIEW

### Projected Operating and Capital Expenditure and Budget



There are three key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

#### Long term - Life Cycle Cost

- Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense).
- The expected 10 year life cycle expenditure is \$75,815k per year (10-year average operations, maintenance and depreciation expense).
- The 10 year life cycle budget is \$80,345k (10-year average budgeted operations, maintenance and capital renewal expenditure). This value will heavily depend on the timing of asset renewals.
- The difference between the average 10 year lifecycle budget and the average 10 year lifecycle expenditure gives an indication to the sustainability. The life cycle gap for services covered by this asset management plan is +\$4,530 per year
- Life cycle expenditure is 106% of life cycle costs giving a life cycle sustainability index of 1.06
- The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the *average* cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle budget, it is most likely that outlays will need to be increased or cuts in services made in the future.

### Medium term – 10 year financial planning period

- This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10-year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.
- These projected expenditures may be compared to budgeted expenditures in the 10-year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.
- 10-year average operations, maintenance and capital renewal expenditure required over the first 10-year planning period is \$80,369k per year.
- 10 year average operations, maintenance and capital renewal budget is \$79,949k per year
- This gives a 10-year funding deficit of -\$420k per year and a 10-year sustainability indicator of 99%.

### Financial Sustainability Indicators

Figure Five shows the projected asset renewals & upgrades in the 10-year planning period compared to the 10 year capital budget (with & without the proposed rate rise)

**Figure 5: Projected and Budgeted Capital Renewal & Upgrade Expenditure**

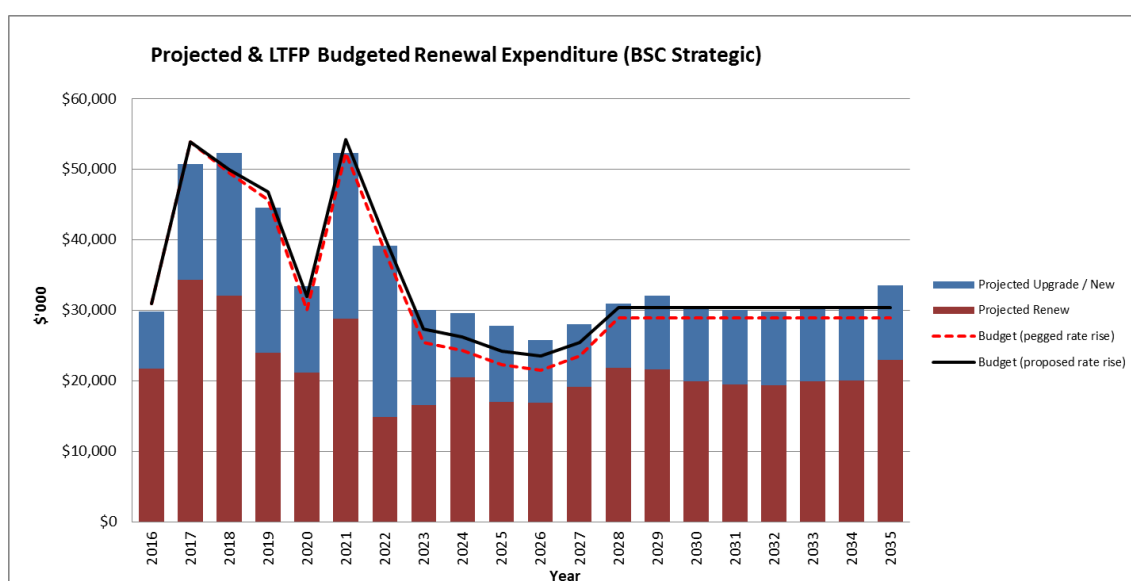


Table 3 shows the shortfall between projected and budgeted renewals.

**Table 3: Projected and Budgeted Capital Renewal & Upgrade Expenditure**

Year	Projected Capital (\$'000)	Planned Renewal Budget (\$'000)	Capital Funding Short-fall (\$'000) (-ve Gap, +ve Surplus)	Cumulative Short-fall (\$'000) (-ve Gap, +ve Surplus)
2016	\$29,772	\$30,928	\$1,156	\$1,156
2017	\$50,766	\$53,908	\$3,142	\$4,298
2018	\$52,289	\$49,934	-\$2,355	\$1,943
2019	\$44,580	\$46,832	\$2,252	\$4,195
2020	\$33,470	\$31,952	-\$1,518	\$2,677

2021	\$52,316	\$54,212	\$1,896	\$4,572
2022	\$39,114	\$40,408	\$1,294	\$5,866
2023	\$30,095	\$27,300	-\$2,795	\$3,070
2024	\$29,612	\$26,197	-\$3,415	-\$344
2025	\$27,783	\$24,164	-\$3,619	-\$3,963

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

We will manage the 'gap' by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

### Expenditure projections for long term financial plan

Table 4 shows the projected expenditures for the 10-year long term financial plan. Expenditure projections are in current (non-inflated) values.

**Table 4: Expenditure Projections for Long Term Financial Plan (\$000)**

Year	Operations (\$000)	Maintenance (\$000)	Projected Capital Renewal (\$000)	Capital Upgrade/ New (\$000)	Disposals (\$000)
2016	\$46,611	\$9,188	\$21,754	\$8,018	\$0
2017	\$49,255	\$9,468	\$34,269	\$16,497	\$0
2018	\$47,491	\$9,604	\$32,031	\$20,258	\$0
2019	\$47,642	\$9,554	\$23,910	\$20,670	\$0
2020	\$47,705	\$9,659	\$21,133	\$12,337	\$0
2021	\$47,508	\$9,562	\$28,855	\$23,461	\$0
2022	\$47,851	\$9,668	\$14,832	\$24,282	\$0
2023	\$47,840	\$9,568	\$16,596	\$13,499	\$0
2024	\$47,626	\$9,674	\$20,505	\$9,107	\$0
2025	\$47,715	\$9,572	\$17,043	\$10,740	\$0

*Note: All projected expenditures are in 2015/16 values*

### 3.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in Council's 10-year long term financial plan.

### 3.3 Valuation Forecasts

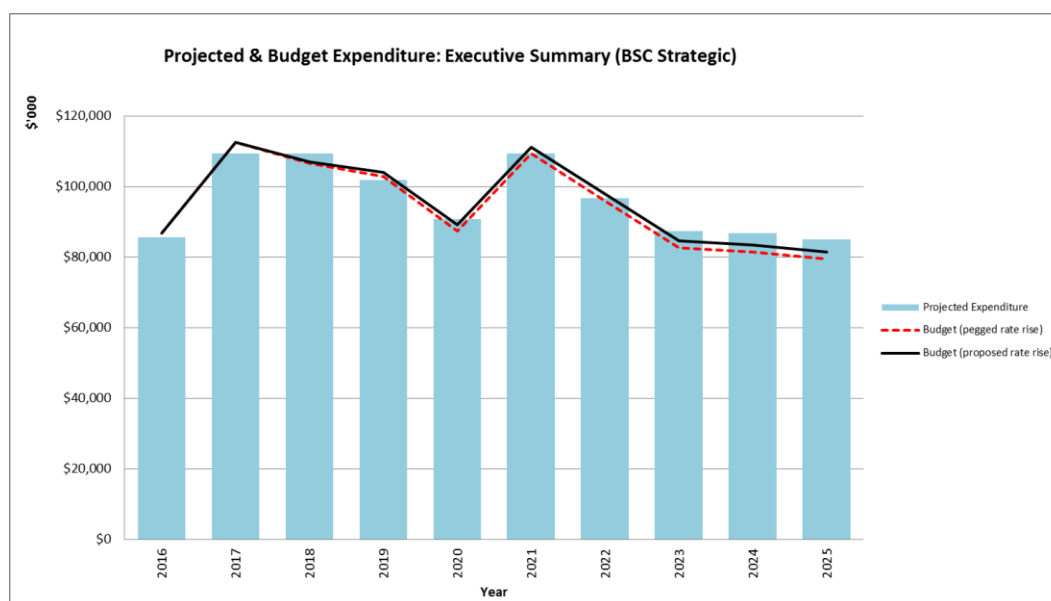
The projected cost to provide the services covered by this Asset Management Plan includes operations, maintenance, renewal and upgrade of existing assets over the next 10-year planning period is \$96,256 k per year (excluding CPI).

Council's estimated available funding for this period is \$95,836 k per year which is 99.6% of the cost to provide the service. This is a funding deficit of -\$420k per year. Projected and budgeted expenditure are shown in table 5 and Figure 6 below.

**Table 5: Expenditure (CPI excluded)**

Fund	Executive Summary - What does it cost?	(\$'000)	
		Prior to SRV	After SRV
General Fund	10-year total cost [O, M, R & U]	\$619,100	\$619,100
	10-year average cost	\$61,910	\$61,910
	10-year total LTFP budget [O, M, R & U]	\$602,619	\$615,685
	10-year average LTFP budget	\$60,262	\$61,568
	10-year AM financial indicator	97.3%	99.4%
	10-year average funding shortfall	-\$1,648	-\$342
Water & Sewer	10-year total cost [O, M, R & U]	\$343,456	\$343,456
	10-year average cost	\$34,346	\$34,346
	10-year total LTFP budget [O, M, R & U]	\$342,675	\$342,675
	10-year average LTFP budget	\$34,267	\$34,267
	10-year AM financial indicator	99.8%	99.8%
	10-year average funding shortfall	-\$78	-\$78
ALL	10-year total cost [O, M, R & U]	\$962,556	\$962,556
	10-year average cost	\$96,256	\$96,256
	10-year total LTFP budget [O, M, R & U]	\$945,293	\$958,359
	10-year average LTFP budget	\$94,529	\$95,836
	10-year AM financial indicator	98.2%	99.6%
	10-year average funding shortfall	-\$1,726	-\$420

**Figure 6: Projected Expenditure (CPI excluded)**



## AMP Overview Appendix B Projected Operating and Capital Expenditure and Budget (per AMP)

Figure B02: Land, Buildings & Structures

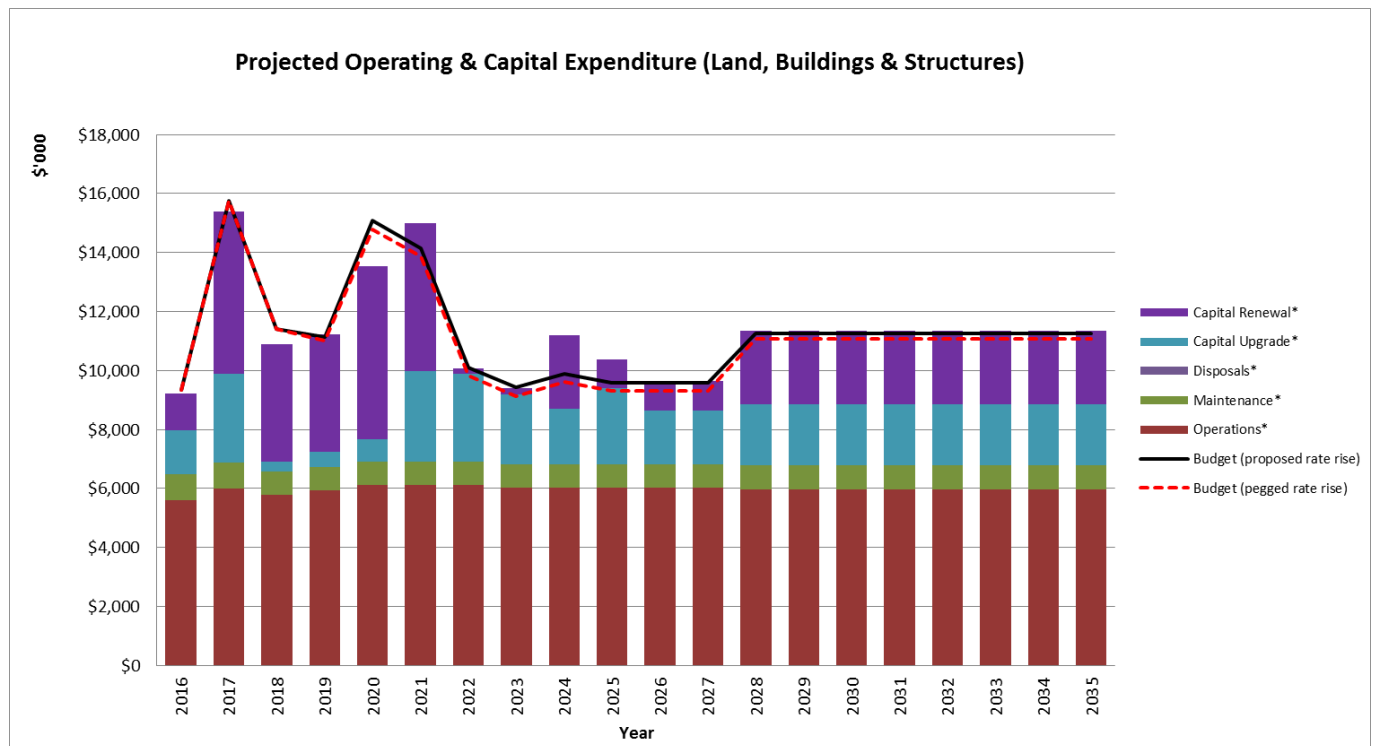


Figure B03: Open Spaces & Reserves

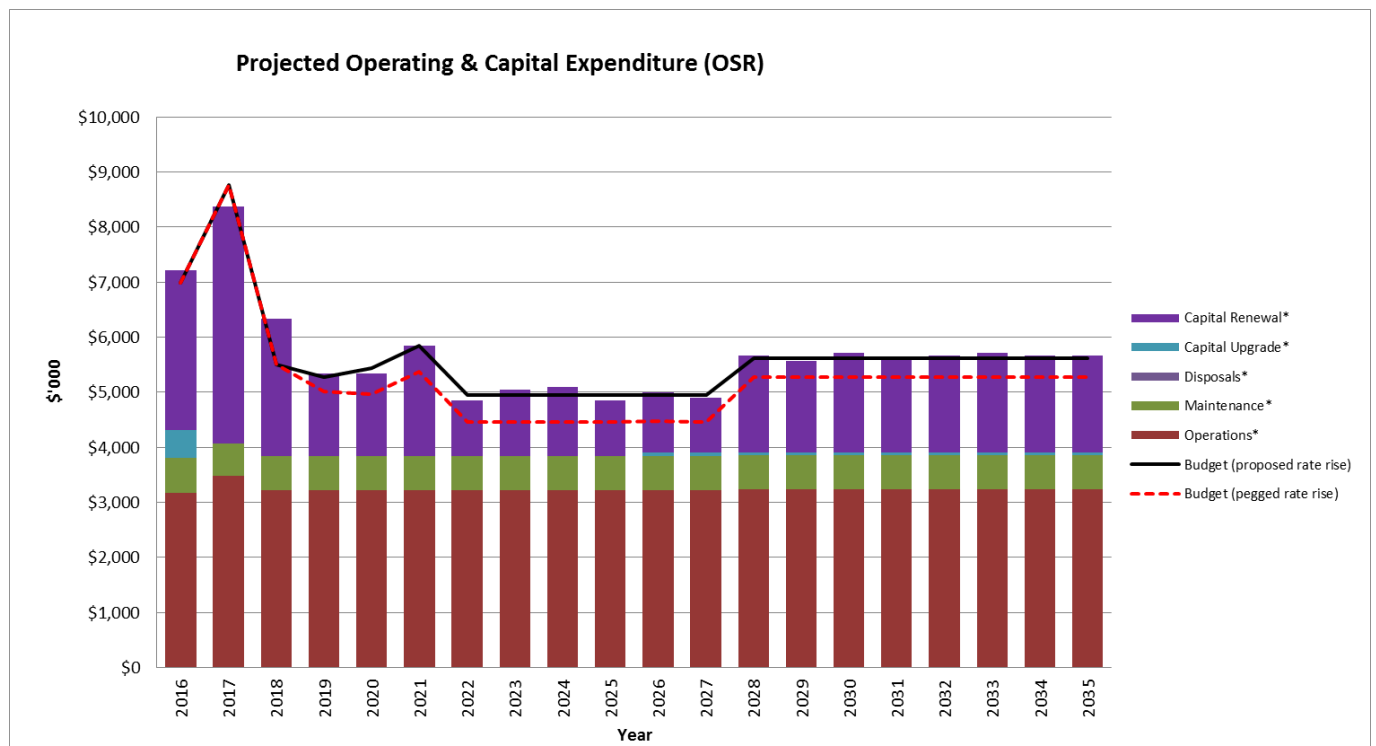


Figure B06: Road & Transport

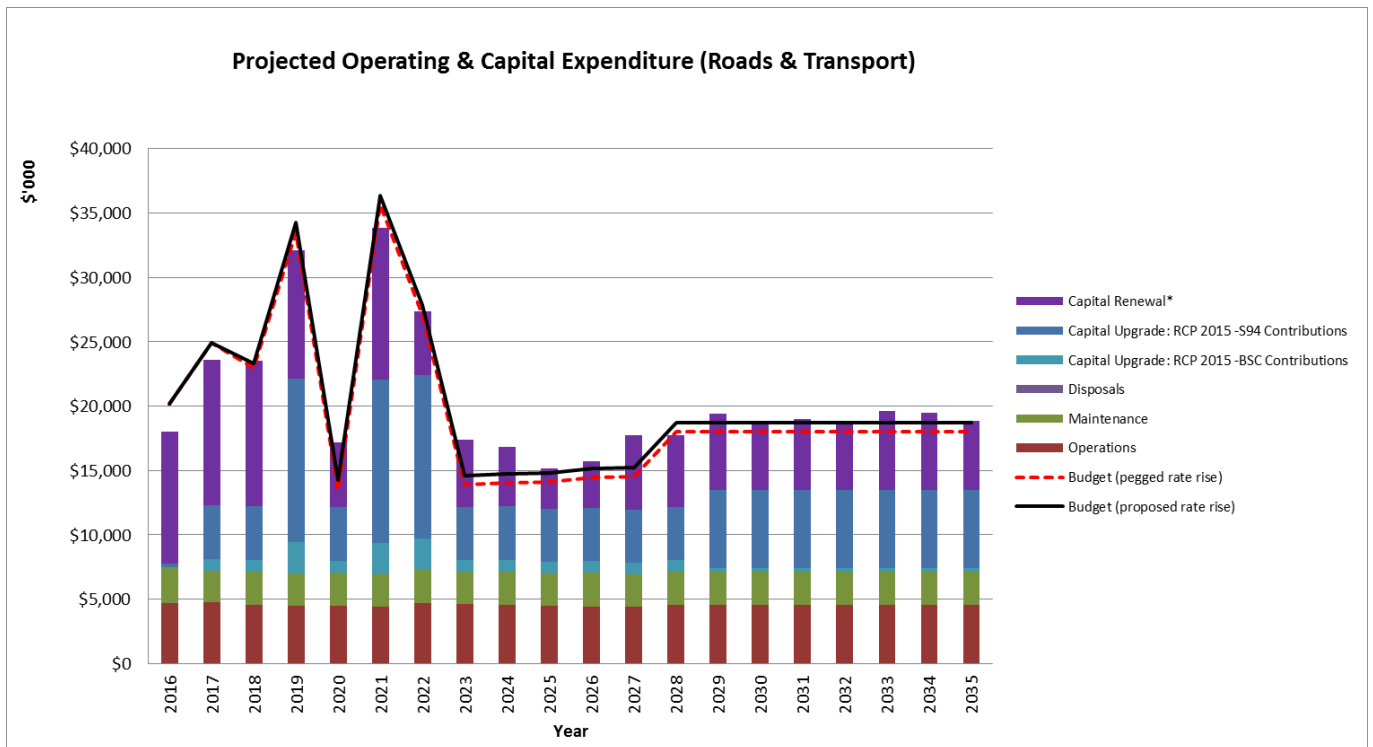


Figure B07: Stormwater

