

**"ROAD MAP" FIT FOR THE FUTURE
TENTERFIELD SHIRE COUNCIL**

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LONG TERM FINANCIAL PLAN ASSUMPTIONS



Section 3 – Foundation One – Planning Assumptions

3.0 Foundation One – Planning Assumption

The Long Term Financial Plan consolidates each Departments annual service program and associated financial resource requirements. These financial requirements have been determined using a number of planning assumptions:

1. Demographics of the local government area.
2. Economic growth / development of council.
3. Economic growth from a local government / area / state country view point.
4. Service delivery.
5. Service levels.
6. Rate pegging.
7. Major planned expenditure.

3.1 Demographics of the Local Government Area

Council has used ABS data to project population growth (Source ABS, Regional Population Growth Australia). Between 2008 and 2012 the population of the Tenterfield LGA increased from 6796 to 6996 an increase of 2.94% over 4 years. A population increase index of 0.735% per annum has therefore been used in the development of this plan. This growth forecast is supported by regional population data provided by the NSW Department of Planning which forecasts an increase of 0.9% per annum to 2031. More specific information on the demographic profile of Council is provided in the Community Strategic Plan (Section 3 – Tenterfield Shire Profile). The proximity of Tenterfield to high population areas in South East Queensland and the North Coast of NSW and the relative affordability of housing and land indicate that this growth could be expected to continue.

3.2 Economic Growth / Development of Council

In response to consistent growth in recent years Council has invested in a new sewerage treatment works in Tenterfield and water plant at Urbenville. A new industrial estate has been developed in Tenterfield to meet an expectation for demand. A Senior Economic Development Officer, Tourism Officer and Community Development Officer are now employed by Council.

There are proposed borrowings of \$11m in the Long Term Financial Plan for the following projects –

1. Replacement of Tenterfield water supply dam wall 2016/17 – project cost \$7m; borrowings \$3.5m.

2. Tenterfield water treatment plant upgrade or replacement 2019/20 – project cost \$4.5m; borrowings \$2.25m
3. Reduction of infrastructure backlog / asset renewal (roads, buildings and stormwater) 2024/25 – project cost \$5.25m; borrowings \$5.25m.

The largest demographic profile in Tenterfield is now the age groups under the age of 25 which accounts for nearly 40% of the population. Council is endeavouring to encourage business development to provide opportunities for members of this demographic profile who have traditionally had to leave the area to find employment. Tenterfield has an unemployment rate of 6.8%, 1.5% above the average of similar size Councils.

Council has also invested in providing facilities for families by operating a cinema and heavily subsidising the operation of recreational facilities such as the swimming pool and sporting grounds. The Long Term Financial Plan reflects continued subsidisation of community services.

Council is implementing Strategic Planning with a focus on increasing the population. Council has adopted a new Local Environment Plan (LEP) and is taking a strategic look at land use planning to promote development.

There is an increased focus on economic development and tourism strategies. An Economic Development Strategic Plan has been adopted by Council following a number of public meetings held throughout the Shire.

Council has adopted the Tenterfield Main Street Masterplan following a process of community engagement through public meetings and the establishment of an office in the main street manned by the consulting architect to allow the community direct input into the plan.

In only 12 months the first stage of the project was completed and following further community consultation has updated the Tenterfield Main Street Masterplan incorporating concept design, public exhibition and detailed design for Bruxner Park. These works have now commenced and are scheduled for completion early in 2015/16 with completion of the final stage funded in 2015/16.

Council has staff with the necessary financial and asset management skills and a properly qualified chief financial officer to help ensure fiscal responsibility.

3.3 Economic Growth (From a Local Government Area/State/Country Viewpoint)

A CPI index of 2.5% has been used in the Long Term Financial Plan based on Reserve Bank of Australia projections (Feb 2015) that underlying inflation will reside in the 2-3% range.

3.4 Service Delivery

The Community Strategic Plan describes the communities' aspirations and priorities it would like to achieve over the next 10 years in the following focus areas -

1. Towns Villages and Economic Growth
2. Infrastructure
3. Environment
4. Community
5. Sports, Recreation and Culture
6. Government Leadership

The achievement of the strategies detailed in the plan relies on partnership with a number of government agencies at state and federal level. These partnerships are detailed in the plan.

3.5 Service Levels

Council completed a "road show" presenting the challenges facing the Tenterfield Shire in maintaining and improving assets in Nov/Dec 2012. As part of this process, and through subsequent surveys mailed to every Tenterfield Shire Resident (also available online), the service expectations and level of understanding regarding asset management were determined.

The Long Term Financial Plan is based on providing agreed levels of service. The levels of service Council proposes to provide are detailed in Council's Asset Management Plan's. They reflect a standard that meets legislative and technical requirements, as well as the reasonable expectations of the community. The Asset Management Plans have been linked to the Long Term Financial Plan.

Council made severe cuts to expenditure in the 2013/14 budget that has flowed into the 2015/16 budget and subsequent years of the Long Term Financial Plan as recommended by NSW Treasury Corporation. In general terms, budget increases have been limited to 2.5%.

3.6 Rating Pegging

Rate pegging limits the amount of money a Council can raise from ordinary or special rates by setting an increase on these limits from previous years.

Rate pegging limits are determined by the Independent Pricing and Regulatory Tribunal (IPART). This year (2015/16) IPART has allowed a maximum increase of 2.40% except where it has permitted an increase above the rate pegging limit following a Special Rate Variation (SRV) application by a Council.

Council has among the lowest rates in NSW. Information compiled by IPART (Independent Pricing & Regulatory Tribunal) from information collected by the Australian Bureau of Statistics and the Office of Local Government shows the following differences between Tenterfield's general

rates and other comparable Councils (2012/13 data). Comparative data for 2013/14 has not yet been released.

Rate	Tenterfield	Average	Difference
Residential	\$333	\$517	\$184
Farmland	\$1,060	\$2,258	\$1,198
Business	\$783	\$1,197	\$414

The development of comprehensive Asset Management Plans (AMPs), discussed further in this report, has identified that more investment in the maintenance and renewal of assets is required to meet agreed service levels. The AMPs have renewal projects to meet service level requirements.

Council has prioritised these projects and has developed strategies for funding them. Council's principal funding sources for capital works are government grants, Section 94 Plan contributions, rates, and user charges and fees. In the water, sewerage and waste undertakings which are not funded from general rates revenue, Council has been able to increase user charges and fees above the CPI index to provide funding that cannot be sourced from grants or borrowing.

Council has increased its user charges and fees significantly above the CPI index to provide additional revenue.

To fund investment in the maintenance and renewal of assets it was necessary for Council to apply to IPART for a Special Rates Variation (SRV) to increase Council general rates by 15% in 2014/14 and 10% per annum for the following 3 years for Council's Main Street Project, buildings and parks and for roads infrastructure renewal across the Shire, with the increase to form a permanent part of Council's rates base. In June 2014 IPART announced that Councils' application had been successful and approved an increase for the full amount requested.

In order to meet Council's key financial strategy, to achieve at least breakeven operating position, and to meet the Fit for the Future financial performance measures it will be necessary for Council to apply for a further SRV of 3% in addition to the rate peg increase (assumed to be 3%) to apply from the 2018/19 rating year for a period of seven years with the increase to be built into the rate base (permanent). The financial modelling for this is detailed in Scenario 3 included in Section 9 of the LTFP.

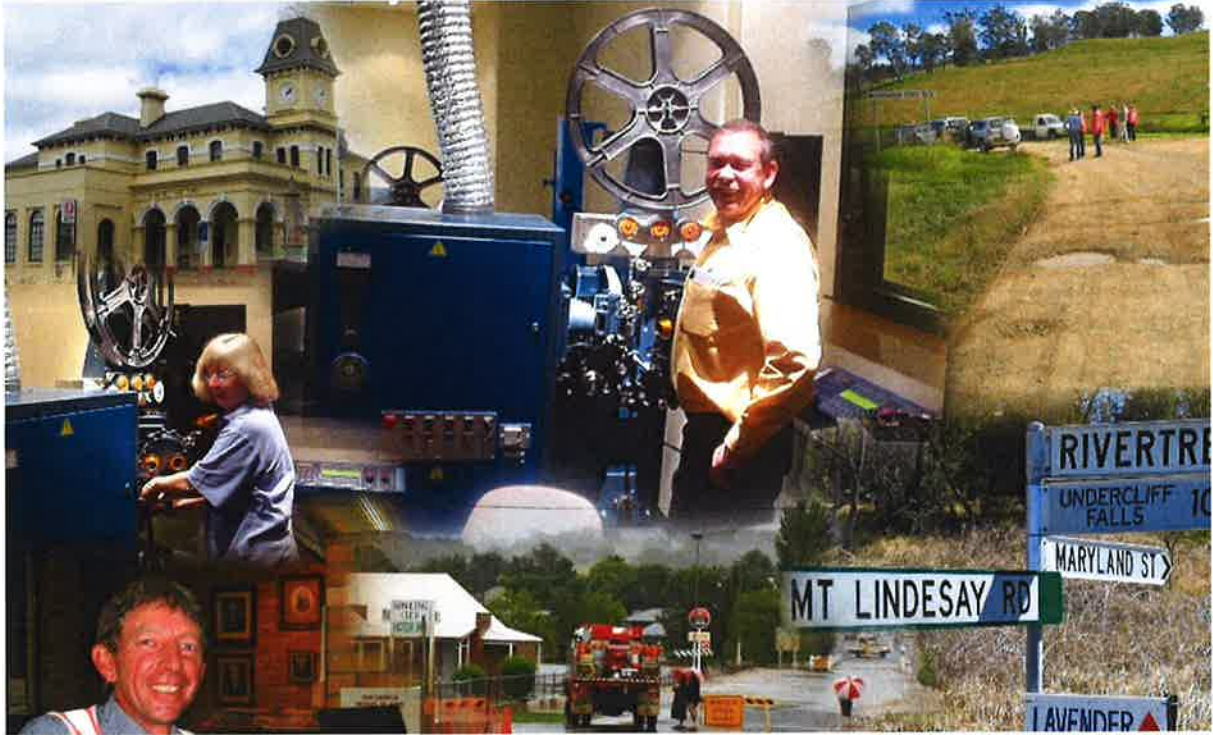
Council currently has 34.8% non-rateable land (National Parks, State Forest and other non-rateable land) and this needs to be addressed and

negotiated into the future with the State and Federal Governments. The total area of Tenterfield Shire is 7,333 km² with the non-rateable area being 2,554 km².

3.7 Major Planned Expenditure

The following major items of planned expenditure are proposed during the period of the Long Term Financial Plan –

1. Replacement Tenterfield water supply dam wall 2016/17 – Project cost \$7.0m
2. Tenterfield water treatment plant upgrade or replacement commencing 2019/20 – Project cost \$4.5m
3. Rebuild the Mt Lindesay Road between Legume & Woodenbong 2015/16 to 2018/19 - \$11.5m (subject to availability of grant funding).



Section 4 – Foundation Two – Revenue Forecasts

4.0 Foundation Two – Revenue Forecast

The main sources of Council's income are –

1. Rates and Annual Charges
2. User Charges and Fees
3. Grants
4. Borrowings
5. Net Gain from the Disposal of Assets

Council's Revenue Policy detailing Council's rates and charges is contained in the Community Strategic Plan (see Section 4 – Resourcing Strategy).

4.1 Rates and Annual Charges

Rate income is limited by rate pegging which restricts the percentage by which the total income raised from rates can be increased. Annual charges are represented by service charges for water, sewerage, waste management and stormwater management.

In February 2014 Council applied to IPART for a special rate variation (SRV) to increase rates in 2014/15 by 15% and then 10% the following 3 years (the increase including the rate peg amount, not additional to it) and for it to be a permanent variation with the increase being retained in the rates base. The SRV was approved in June, 2014. Council will also be applying to IPART for a further SRV of 3% in addition to the rate peg increase, to apply from 2018/19 following the conclusion of the current SRV. The further development of Council's Asset management Plans has identified the need to invest significantly in the renewal of infrastructure, particularly roads and plant assets while the Fit for the Future requirements show that Council requires more income to ensure its sustainability and to demonstrate it has the capacity to meet future requirements.

While a financial model for a scenario where there is no additional SRV is included in Section 9 being "Scenario 1 – Fit for the Future BASE (No SRV)", "Scenario 3 – Fit for the Future 3% SRV + Rate Peg" is the recommended model.

The rate peg limit is based on the Local Government Cost Index (LGCI). The rate peg is usually higher than the annual increase in consumer prices. For the purposes of the Long Term Financial Plan 2.5% has been used for future years as the CPI index.

All eligible pensioners are entitled to the maximum available pension rebate of \$250 in respect of combined general rates and waste management charges. The maximum rebate for water and sewerage charges of \$87.50 is also available to all pensioners.

Council expects a moderate but consistent increase in population based on census information.

For the purposes of the Long Term Financial Plan (Scenario 3 – Recommended) the following percentage increases have been applied to rates and annual charges.

Year	General	Waste	Water	Sewerage	Stormwater
2015/16	10%	10%	10%	3%	Nil
2016/17	10%	10%	10%	3%	Nil
2017/18	10%	5%	5%	3%	Nil
2018/19	6%	5%	5%	3%	Nil
2019/20	6%	5%	5%	3%	Nil
2020/21	6%	5%	5%	3%	Nil
2021/22	6%	5%	5%	3%	Nil
2022/23	6%	5%	5%	3%	Nil
2023/24	6%	5%	5%	3%	Nil
2024/25	6%	5%	5%	3%	Nil

The water and sewerage funds are required to achieve operating surpluses and also have large capital expenditure programs to finance. Operating surpluses before capital items will be achieved by the water and sewerage funds in 2020/21. The waste management fund currently achieves an operating surplus but there will be significant on-going investment in Waste Management projects over the duration of the LTFP and thereafter.

4.2 User Charges and Fees

User charges and fees are represented by specific user charges for water, sewerage and waste management (non-domestic services). They may also include cemetery fees, library fees and administration charges on grant works. User charges and fees represent 12% of Council income (2013/14 data) compared to 11% in 2013. Council increased user charges and fees by 10% in 2013/14 and 2014/15, and in 2015/16 and 2016/17 will increase user charges and fees by 10% wherever possible. Statutory and regulatory fees have been budgeted to increase at the CPI index of 2.5%; these fees are often not set by Council.

In order to increase revenues from fees and charges Council has continued to broaden the range of grants that it now charges a project management fee and has doubled the fee from 5% to 10%. In some cases Council is not able to charge the full 10% because of constraints imposed by the funding source. This provides a significant revenue stream to

Council and off-sets the costs incurred by Council in providing administration and technical support for projects–

Year	Amount
2013/14	\$181,000 (Actual)
2014/15	\$261,000 (Budget)
2015/16	\$702,457
2016/17	\$503,468
2017/18	\$507,468
2018/19	\$511,623
2019/20	\$266,176
2020/21	\$272,317
2021/22	\$276,790
2022/23	\$281,367
2023/24	\$286,360
2024/25	\$291,161

Council's "Fees and Charges" are detailed in Councils Revenue Policy (refer Delivery Program 2013-17 Section 4 – Resourcing Strategy). The "Fees and Charges" document contains pricing codes which indicate if full recovery is obtained, a subsidy is provided or if the charge is statutory (among various options).

4.3 Interest and Investments

Surplus funds are invested in accordance with Councils investment Policy. The investment policy considers the preservation of capital, liquidity and the return on investment. Council has decided that investments will only be placed with the following banks, Commonwealth, National Australia Bank, Westpac, ANZ, Bankwest and St George Bank.

For the purpose of the Long Term Financial Plan Council has used an interest rate of 2.80% for 2015/16 as an average based on the current cash rate of 2.0%. This has been forecast to increase to 3.0% in 2016/17 and then remain static.

The level of outstanding rates as indicated by the "Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage" shown in Note 13 of the General Purpose Finance Statements has fluctuated but has averaged

10.62% over the last 3 years however improved collection procedures through the engagement of solicitors specialising in debt recovery and the settlement of a number of long term debts has resulted in a significant decrease in outstanding rates in 2014/15.

A change in billing practices for non- residential water and sewerage charges has also reduced the level of outstanding annual charges in 2014/15 by including non-residential water and sewerage charges on the rates notice. This has allowed rate-payers to pay by 4 instalments with the last instalment due on 31 May. Previously non-residential annual charges were included with the consumption accounts issued in December and June each year with the final account not due until 1 August of the following financial year. Council will continue to apply the maximum interest rate to overdue rates and annual charges as allowed by the Office of Local Government. In 2015/16 the interest rate will be 8.50%. This figure has been used for the purposes of the Long Term Financial Plan.

4.4 Other Revenues

A major contributor to Councils revenue in this category is rental of Council property which provided 25% of total other revenues in 2013/14 and is expected to contribute 40% in 2015/16. Rental arrangements are indexed by the CPI in most cases and for the purposes of the Long Term Financial Plan a rate of 2.5% has been used.

Insurance rebates are expected to contribute 14% of revenues in 2015/16 and reimbursement of RFS program costs 22%.

For the purposes of the LTFP an indexation rate of 2.5% has been used.

4.5 Grants

Operating and capital grants make up a significant proportion of Council's income.

The nature, amount and timing of these grants are not generally in the control of Council and as such assumptions need to be made about future years. The assumption for operating grants which have been received in the past on an annual basis is that they will continue from year to year and have been indexed at 2.5% where indexation normally occurs. A number of operating grants are not automatically indexed and they have been capped at existing levels for the purpose of the plan. Where Council is required to provide a contribution to receive a grant then this contribution has been provided for in the Long Term Financial Plan and has been indexed at 2.5%.

The following grants will provide a major source of funding to Council during the next 10 years -

Financial Assistance Grant

Funding provided by the Financial Assistance Grant (FAGS) can be used for any purpose. The amount of the FAGS grant has been capped at

2014/15 levels in 2015/16 and 2016/17 and is then projected to increase by 2.5% per annum. The decision of the Commonwealth Government to cap Financial Assistance Grant funding for 3 year will cost the Council \$1.5m in the first 10 years. Financial Assistance Grant projects are listed below –

Year	Grant Amount
2015/16	\$4,190,475
2016/17	\$4,190,475
2017/18	\$4,295,237
2018/19	\$4,402,618
2019/20	\$4,512,683
2020/21	\$4,625,500
2021/22	\$4,741,138
2022/23	\$4,859,666
2023/24	\$4,981,158
2024/25	\$5,105,687

Roads to Recovery Grant

The Roads to Recovery Grant is an important funding source for Council's road network. The Roads to Recovery program started in 2001 and in 2014/15 commenced its fourth round of funding. In this round the funding for year two of the program (2015/16) has been doubled to partly off-set the effect of the reduction in Financial Assistance Grant. The grant has been indexed for the following round to reflect a 2.5% overall (not annual) indexation. This is consistent with previous indexing patterns which have not kept pace with inflation. In contrast to many capital grants, Council is not required to provide any co-contribution to this grant but is required to maintain expenditure on its road network funded from non-grant sources. Funding provided by the Roads to Recovery Program is not intended to replace council spending on roads or State Government assistance to Councils for local road construction or maintenance.

Year	Grant Amount
2015/16	\$1,480,413
2016/17	\$740,207

2017/18	\$740,207
2018/19	\$740,207
2019/20	\$740,207
2020/21	\$758,000
2021/22	\$758,000
2022/23	\$758,000
2023/24	\$758,000
2024/25	\$758,000

Regional Roads Repair Program

The Regional Roads Repair Program was renewed for a further four years in 2014/15; the assumption has been made that the Roads & Maritime services (RMS) will continue to fund the program beyond the lifecycle of the current program. Council will continue to utilise the Regional Roads Supplementary Grant and the Regional Roads Block Grant to provide matching contributions. An annualised indexation of 2.5% has been applied to each 5 year program.

The funding of the Repair program is detailed in the table below.

Year	Repair Grant	Supp. Grant	Block Grant
2015/16	\$265,334	\$130,000	\$135,334
2016/17	\$270,646	\$130,000	\$140,646
2017/18	\$276,058	\$130,000	\$146,058
2018/19	\$281,569	\$130,000	\$151,569
2019/20	\$287,200	\$133,000	\$154,200
2020/21	\$292,944	\$159,944	\$133,000
2021/22	\$298,803	\$165,803	\$133,000
2022/23	\$304,779	\$171,779	\$133,000
2023/24	\$310,875	\$174,875	\$136,000
2024/25	\$317,093	\$181,093	\$136,000

Special Grants

Council invests considerable effort in pursuing grant funding. In the recent past Council has achieved considerable funding for the Legume to Woodenbong road renewal and for works associated with the main street. The following special grants are included in the LTFP -

Year	Amount	Description
2015/16	\$235,000	Blackspot funding MR622
2015/16	\$110,911	Blackspot funding MR622
2015/16	\$160,000	Fixing Country Roads Wallaby Creek Bridge
2015/16	\$1,500,000	Fixing Country Roads – Legume to Woodenbong Road
2015/16 – 2018/19 (4 Years)	\$2,500,000 p.a	Special Grant – Rebuild Legume to Woodenbong Road
2015/16	\$350,000	Bridges Renewal Program – Bookookoorara Bridge
2015-16 – 2018-19 (4 years)	\$130,000 p.a	RMS Supplementary Grant (used to match Repair Grant)
2019/20 – 2022/23 (4 years)	\$133,000 p.a	RMS Supplementary Grant (used to match Repair Grant)
2023/24 – 2024/25 (2 years)	\$136,000 p.a	RMS Supplementary Grant (used to match Repair Grant)

Regional Roads Block Grant

The Regional Roads Block Grant is funding provided by the RMS for expenditure on Regional Roads in the Shire. Some of this funding is directed to capital expenditure projects on regional roads, such as the Repair Program or to special grants provided for works on regional roads such as the Legume to Woodenbong Road renewal project and the

Blackspots program. The allocations for the ten years of the LTFP are estimated below and are based on an estimated 2.5% indexation.

Year	Amount
2015/16	\$1,300,000
2016/17	\$1,332,500
2017/18	\$1,365,812
2018/19	\$1,399,957
2019/20	\$1,434,956
2020/21	\$1,470,830
2021/22	\$1,507,601
2022/23	\$1,545,291
2023/24	\$1,583,923
2024/25	\$1,623,521

Water Infrastructure Grants

Council will be constructing a new dam wall at its water supply in Tenterfield commencing in 2016/17 with 50% funding for the design and construction phases being provided by the NSW Office of Water. Construction of a new water treatment plant for the Tenterfield supply will commence in 2019/20 with 50% subsidy provided by the NSW Office of Water for the design and construction phases.

Other operating and capital grants have been reviewed individually. Council has previously been able to meet the project milestones and funding requirements for the receipt of grants.

4.6 Borrowings

Tenterfield Shire Council has low levels of debt and proposes to use debt funding in future for large non-recurrent capital works projects that will deliver economic benefits to future generations.

New borrowings are proposed in the Long Term Financial Plan for the following purposes –

1. Replacement of Tenterfield water supply dam wall 2016/17 – project cost \$7m; borrowings \$3.5m. Interest rate 4.70%.
2. Tenterfield water treatment plant upgrade or replacement 2019/20 – project cost \$4.5m; borrowings \$2.25m. Interest Rate 4.70%.

3. Reduction of infrastructure backlog / asset renewal (roads, buildings and stormwater) 2024/25 – project cost \$5.25m; borrowings \$5.25m. Interest Rate 4.70%.

4.7 Net Gain from the Disposal of Assets

Council will routinely continue to trade plant and equipment. An annual loss of between \$41,000 and \$61,000 on change-over has been estimated.

Council will continue to review all Council land and buildings with the potential to sell or lease including rationalization of facilities such as road reservations, open spaces and community halls, however no sales are factored into the plan.

Council is continuing to market land in its industrial estate. While there has been on-going interest in the blocks this has not been translated into sales. Therefore for the purpose of this plan no sales have been factored into the plan.



Section 5 – Foundation Three – Expenditure Forecasts

5.0 Foundation Three – Expenditure Forecasts

The main areas of Council expenditure are as follows –

1. Employee Costs
2. Borrowing Costs
3. Materials and Contracts
4. Depreciation
5. Other Expenses
6. New Expenditure Items

5.1 Employee Costs

Councils long term forecast relating to staffing is contained in detail within the Workforce Plan. For the purpose of the LTFP, a number of different indexation factors have been applied to the components which constitute employee costs. These include Salaries and Wages, travelling costs, employee leave entitlements, superannuation, workers compensation, fringe benefits tax, training costs, recruitment of senior staff and other expenses.

In respect of salaries and wages the state award increase has been used in 2015/16 and 2016/17 for the purpose of indexation and plus an allowance of 0.075% to reflect annual salary step increases following performance reviews. From 2017/18 years the CPI index plus the salary step indexation factor has been used to calculate salaries and wages.

Superannuation costs reflect that Council is party to an industry defined benefit superannuation plan. Since 2009/10 Council has been paying an additional \$108,828 per year to allow the fund to recover from a deficiency caused by the Global Financial crisis. In 2019/20 further additional contributions will cease resulting in an 11.46% decrease in superannuation costs from the previous year. However from 2021/22 superannuation guarantee entitlements will increase from 9.5% to 10%, and then increase by 0.5% per annum to 2025/26 at which time the contribution rate will be 12%. In 2021/22 Councils superannuation payments will increase by 9.197%, 8.786% in 2022/23, 8.359% in 2023/24 and 8.095% in 2024/25.

Workers Compensation costs will increase significantly in 2015/16 by \$251,000 to \$416,000, are estimated to reduce by \$111,420 in 2016/17, before decreasing to historical levels in 2018/19 (adjusted by the salaries and wages indexation factor).

The overall movements before consideration of the effect of capitalised employee costs is shown in the table below –

Year	Amount	Indexation
2015/16	\$7,552,667	Based on existing salary structure indexed

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		by State Award increase plus performance increment factor of 0.775%. Other components individually costed.
2016/17	\$7,647,396	1.25% - Workers compensation decrease
2017/18	\$7,838,196	2.49% - Reduction in ELE costs due to reduction in salary and wages indexation factor.
2018/19	\$7,900,927	0.80% - Significant reduction in workers compensation premiums to historic levels
2019/20	\$7,995,408	1.20% - Significant reduction in superannuation costs due to expiry of additional defined benefit scheme contribution
2020/21	\$8,203,949	2.61%
2021/22	\$8,461,816	3.14% - Increase in superannuation guarantee
2022/23	\$8,727,451	3.14% - Increase in superannuation guarantee
2023/24	\$9,000,552	3.13% - Increase in superannuation guarantee
2024/25	\$9,282,333	3.13% - Increase in superannuation guarantee

The total amount of employee benefits and on costs is reduced by capitalised costs. A proportion of staff resources are spent on capital

projects and these costs are reflected in the balance sheet usually as part of Infrastructure Property Plant and Equipment (i.e. road construction/renewal projects, water and sewerage infrastructure projects) rather than expensed directly through the operating statement.

Beyond the short term it has not been determined which projects will be completed by day labour and what will be completed by contractors. Therefore estimations of capitalised expenses have been made based on historic percentages applied to projects where funding is confirmed, and disregarding projects where contractors would normally be utilised (e.g. water treatment plant construction).

Announcements of additional funding over the life of the plan are likely and will further impact projections. The small percentage increase shown in a number of years is indicative that announcements of forward funding for capital works are typically not made years in advance and it is difficult to factor into a ten year plan.

In view of the foregoing, in the future there may be an increase or decrease in employee benefits and on-costs depending on the utilisation of day labour on capital projects; this would normally be offset by a movement in contract costs shown in the operating statement as part of Materials and Contracts. Variations from year to year in Capitalised Expenses will affect the net Employee Benefits and on costs expense.

Estimated Capitalised Employee Benefits and On-Costs are shown below -

Year	Amount
2015/16	\$900,000
2016/17	\$491,000
2017/18	\$513,000
2018/19	\$518,000
2019/20	\$541,000
2020/21	\$545,000
2021/22	\$556,000
2022/23	\$558,000
2023/24	\$609,000
2024/25	\$554,000

Approximately 15% of staff are over 60 years of age and the expectation is that these staff will retire in the next 10 years. The Employee Leave Entitlements (ELE) reserve is currently cash funded at 50.5% of the actual liability. Council reassesses its reserve provisions from year to year based on the age profile of its staff. Council's auditors have previously reviewed the ELE reserve and have noted that it is more than adequate given the existing staff levels and age profiles.

For wages staff, on-costs are assigned to labour hours to recover fixed employment costs such as workers compensation, superannuation premiums, annual leave, long service leave, sick leave, public holidays and training costs.

For salaried staff, fixed employment costs are not recovered and are direct charged to the appropriate cost heading except to the extent that they can be accurately recovered.

The appropriate share of organisation support costs (finance, human resources, information technology and administration) are divided between funds and service functions (within funds) based on an agreed set of cost drivers. The water, sewerage and waste management funds will contribute in excess of \$1.1m to the general fund in 2015/16 toward administration costs.

The percentage of operating expenditure attributable to employee costs is equal to the state average based on 2012/13 comparative data. In 2015/16 Council will spend 36% of its total operating expenditure on employee benefits and on-costs.

Council	Percentage of total expenditure
Tenterfield	36%
State Average	36%

5.2 Borrowing Costs

There are new projects to be funded by borrowing in the Long Term Financial Plan as detailed below –

1. Replacement of Tenterfield water supply dam wall 2016/17 – project cost \$7m; borrowings \$3.5m. Interest Rate 4.70%.
2. Tenterfield water treatment plant upgrade or replacement 2019/20 – project cost \$4.5m; borrowings \$2.25m. Interest Rate 4.70%.
3. Reduction of infrastructure backlog / asset renewal (roads, buildings and stormwater) 2024/25 – project cost \$5.25m; borrowings \$5.25m. Interest Rate 4.70%.

Council is currently receiving an interest rate subsidy through the Local Infrastructure Renewal Scheme (LIRS) in respect of the Main Street project and in the future will apply for any interest rate subsidies for which

it is eligible. Possible interest rate subsidies are not included in the Long Term Financial Plan.

New loans will increase total borrowing costs during the period of the plan however during the term of the plan some existing debt will be retired, listed below –

Loan	Amount	End Date
Tenterfield Industrial Estate	\$800,000	29/12/2016
Urbenville Medical Centre	\$150,000	14/05/2020
Bridges MR622	\$1,000,000	30/06/2020
Waste Management Rehabilitation	\$1,250,000	21/12/2022
Main Street Renewal	\$1,200,000	25/02/2025

5.3 Materials and Contracts

For the purposes of the Long Term Financial Plan, 2.5% has been used as the CPI index for materials and contracts costs where applicable. However it should be stressed that in most cases overall budget increases are limited to CPI (2.5% in this plan) and managers are expected to find savings/efficiencies to ensure that expenditure is contained within these strict parameters. Therefore since salaries and wage cost increases are above 2.50% over the life of the plan; cost reductions are expected to be achieved.

5.4 Depreciation

In accordance with the requirements of the Office of Local Government Council has revalued a number of asset classes in recent years. Assets will continued to be revalued at a frequency of approximately 5 years.

Depreciation costs are not indexed; rather by reference to Councils Asset Management Plans depreciation charges for each year is calculated based on additions to the asset base and disposals of assets. As a result of this there are variations from year to year

The impact of future revaluations has not been factored into depreciation calculations.

5.5 Other Expenses

For the purposes of the Long Term Financial Plan, 2.5% has been used as the CPI index for other expenses. This indexation percentage has been used for all other expenses including payments/grants to other organisations.

5.6 New Expenditure Items

The Capital Works Program for 2015/16 included as an appendix to the Revenue Policy shows that in general fund the majority of Councils capital works are funded by grants.

The special rates variation application approved by IPART Council in May 2014 will provide Council with additional funding to complete capital works that have broad community support.


All funds raised through the SRV will be allocated to capital works projects between 2014/15 and 2023/24.

Council's Asset Management Plans provide specific information on what upgrade and renewal projects are proposed to meet agreed levels of service. Where it has not been possible to fund all proposed works priority has been given to asset renewal projects. There has been a focus on roads maintenance and renewal across the Shire in a planned way (refer adopted Road Network Management Plan).

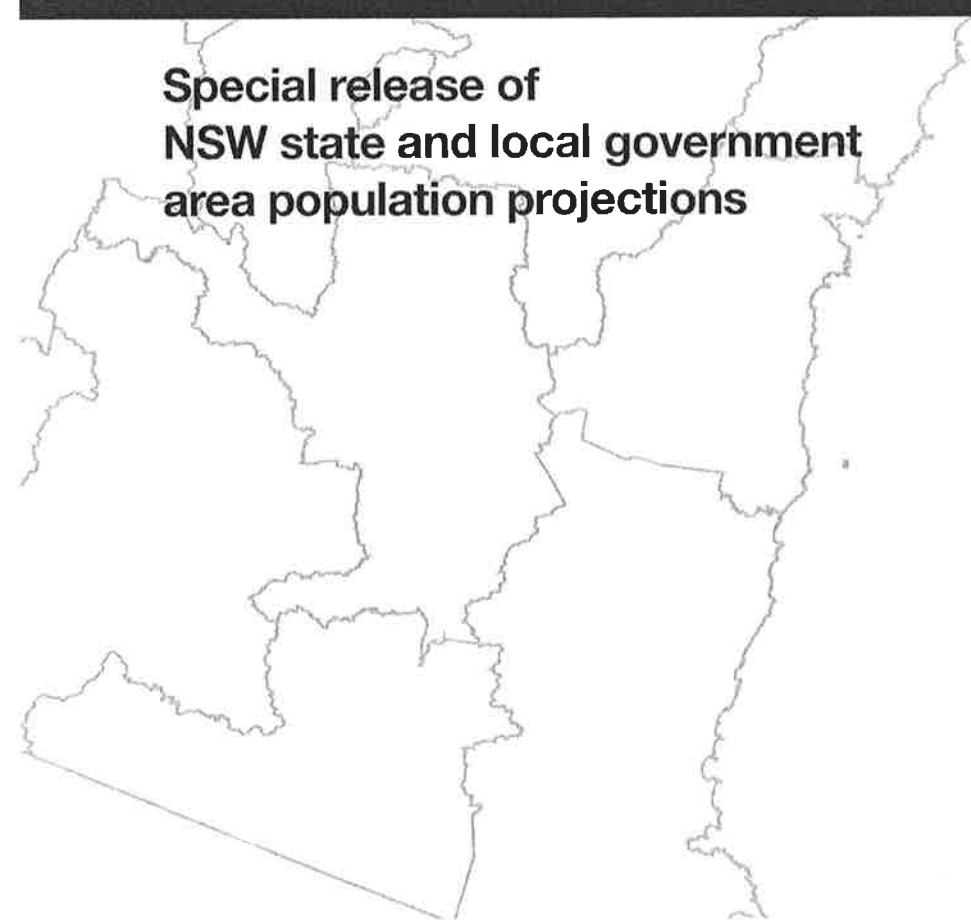
Borrowings are proposed to fund major capital works detailed in this Long Term Financial Plan as previously outlined.

A15

REGIONAL POPULATION STATISTICS & PROJECTIONS



New South Wales in the future: Preliminary 2013 population projections



Special release of
NSW state and local government
area population projections



Regional NSW LGAs	2001	2006	2011	2016	2021	2026	2031	Total Change		Annual average change (%) 2011-2031
								2011-2031	2011-2031	
Murray	6,156	6,677	7,159	8,600	9,400	10,200	10,900	3,800	52.9	2.1
Murrumbidgee	2,662	2,593	2,338	2,200	2,000	1,900	1,700	-600	-26.3	-1.5
Muswellbrook	15,221	15,937	16,322	17,100	17,900	18,600	19,300	2,900	18.0	0.8
Nambucca	18,171	18,649	19,286	20,100	20,800	21,200	21,500	2,300	11.7	0.6
Narrabri	14,537	13,734	13,475	13,100	12,900	12,700	12,400	-1,000	-7.6	-0.4
Narrandera	6,739	6,267	6,123	5,800	5,600	5,500	5,300	-800	-13.8	-0.7
Narramine	7,117	6,826	6,929	6,900	6,900	6,900	6,800	-100	-1.5	-0.1
Oberon	5,287	5,273	5,207	5,300	5,300	5,400	5,400	200	3.4	0.2
Orange	36,999	37,108	39,480	41,100	42,700	44,300	45,800	6,300	16.0	0.7
Palerang	10,896	12,949	14,835	17,500	19,600	21,500	23,300	8,500	57.1	2.3
Parkes	15,047	14,895	15,084	15,100	15,300	15,400	15,600	500	3.1	0.2
Port Macquarie-Hastings	65,378	71,284	74,949	79,600	83,800	86,900	89,400	14,500	19.3	0.9
Queanbeyan	33,765	38,092	39,826	43,600	47,200	50,600	53,800	13,900	35.0	1.5
Richmond Valley	21,183	22,143	22,697	23,300	24,100	24,500	24,800	2,100	9.1	0.4
Shoalhaven	87,650	92,346	96,043	98,500	101,500	104,100	106,400	10,300	10.8	0.5
Singleton	21,230	22,948	23,456	24,700	25,800	26,800	27,700	4,300	18.2	0.8
Snowy River	7,207	7,583	7,752	8,200	8,600	8,900	9,200	1,500	18.9	0.9
Tamworth Regional	53,973	55,936	58,351	60,900	63,700	66,400	68,800	10,500	17.9	0.8
Temora	6,337	6,124	5,928	5,600	5,400	5,200	5,000	-900	-15.6	-0.9
Tenterfield	6,897	6,793	7,024	7,600	7,900	8,200	8,500	1,500	20.8	0.9
Tumbarumba	3,735	3,692	3,440	3,300	3,300	3,300	3,200	-200	-6.9	-0.4
Tumut Shire	11,470	11,273	11,272	10,500	10,100	9,700	9,300	-2,000	-17.6	-1.0
Tweed	74,577	83,089	88,463	93,700	98,200	101,500	104,300	15,900	17.9	0.8
Upper Hunter Shire	13,538	13,589	14,206	14,900	15,500	16,000	16,500	2,300	16.4	0.8
Upper Lachlan Shire	7,271	7,349	7,378	7,500	7,700	7,800	7,900	500	6.5	0.3
Uralla	6,099	6,007	6,260	6,700	7,000	7,200	7,400	1,200	18.8	0.9
Urana	1,431	1,306	1,180	1,100	900	900	800	-400	-30.3	-1.8
Wagga Wagga	56,722	59,646	61,509	64,100	66,900	70,100	73,000	11,500	18.7	0.9
Wakool	4,929	4,554	4,080	4,000	3,700	3,500	3,400	-700	-17.7	-1.0
Walcha	3,307	3,321	3,122	3,000	3,000	2,900	2,800	-300	-11.0	-0.6
Walgett	8,328	7,273	6,860	6,700	6,400	6,200	5,900	-1,000	-14.5	-0.8

Tamworth Regional

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	12,150	12,800	13,300	20.8	20.1	19.3	1,150	9.6
15-64	36,550	37,950	39,450	62.6	59.7	57.3	2,900	7.9
65+	9,650	12,900	16,050	16.6	20.3	23.4	6,400	66.1
All ages	58,350	63,650	68,800	100.0	100.0	100.0	10,450	17.9

Temora

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	1,200	950	800	20.3	17.2	15.7	-400	-34.8
15-64	3,450	2,900	2,400	58.4	53.6	48.1	-1,050	-30.6
65+	1,250	1,600	1,800	21.3	29.2	36.2	550	43.5
All ages	5,950	5,400	5,000	100.0	100.0	100.0	-950	-15.6

Tenterfield

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	1,350	1,450	1,550	19.2	18.5	18.0	200	13.3
15-64	4,250	4,300	4,300	60.5	54.4	50.8	50	1.4
65+	1,400	2,150	2,650	20.3	27.1	31.2	1,200	86.0
All ages	7,000	7,900	8,500	100.0	100.0	100.0	1,450	20.8

Tumbarumba

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	650	600	550	18.5	18.0	17.7	-50	-11.0
15-64	2,150	1,950	1,750	62.2	58.4	54.3	-400	-18.8
65+	650	800	900	19.3	23.6	28.0	250	35.4
All ages	3,450	3,300	3,200	100.0	100.0	100.0	-250	-6.9

Tumut Shire

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	2,250	1,900	1,600	20.0	18.8	17.2	-650	-29.1
15-64	6,950	5,850	5,000	61.8	58.0	54.0	-1,950	-28.0
65+	2,050	2,350	2,650	18.2	23.2	28.8	650	30.7
All ages	11,250	10,100	9,300	100.0	100.0	100.0	-2,000	-17.6

Tweed

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	15,550	17,000	17,150	17.6	17.3	16.5	1,650	10.5
15-64	53,050	55,600	55,400	59.9	56.6	53.1	2,350	4.4
65+	19,900	25,600	31,800	22.5	26.1	30.5	11,900	59.7
All ages	88,450	98,200	104,350	100.0	100.0	100.0	15,850	17.9

Unincorporated NSW

Age	Number of people			Age distribution (% of total population)			Growth 2011-31	
	2011	2021	2031	2011	2021	2031	No.	%
<15	200	350	400	17.3	22.1	21.6	250	119.3
15-64	750	1,000	1,100	69.1	60.0	57.3	350	45.6
65+	150	300	400	13.6	17.9	21.1	250	171.8
All ages	1,100	1,650	1,950	100.0	100.0	100.0	850	75.5

LGA	2010 interim revision	2013 release	LGA	2010 interim revision	2013 release
Blayney	7,600	8,700	Mid-Western Regional	22,600	26,100
Bogan	2,200	2,600	Moree Plains	12,600	11,100
Bombala	2,100	2,000	Murray	9,300	10,900
Boorowa	2,100	2,700	Murrumbidgee	2,900	1,700
Bourke	2,700	2,300	Muswellbrook	18,200	19,300
Brewarrina	1,600	1,700	Nambucca	20,900	21,500
Broken Hill	14,900	15,100	Narrabri	11,400	12,400
Byron	42,300	31,800	Narrandera	5,300	5,300
Cabonne	13,900	18,600	Narromine	6,200	6,800
Carrathool	2,800	2,100	Oberon	5,800	5,400
Central Darling	1,300	1,800	Orange	43,200	45,800
Clarence Valley	57,700	53,900	Palerang	20,300	23,300
Cobar	4,300	4,800	Parkes	15,000	15,600
Coffs Harbour	97,900	80,500	Port Macquarie-Hastings	103,200	89,400
Conargo	1,300	1,800	Queanbeyan	61,900	53,800
Coolamon	4,400	4,200	Richmond Valley	25,700	24,800
Cooma-Monaro	10,600	10,800	Shoalhaven	125,000	106,400
Coonamble	3,200	3,100	Singleton	30,500	27,700
Cootamundra	7,000	7,100	Snowy River	10,900	9,200
Corowa Shire	13,500	13,400	Tamworth Regional	65,900	68,800
Cowra	13,600	11,700	Temora	5,700	5,000
Deniliquin	7,700	5,700	Tenterfield	6,900	8,500
Dubbo	46,600	45,400	Tumbarumba	3,200	3,200
Dungog	9,700	9,800	Tumut Shire	10,600	9,300
Eurobodalla	53,300	43,400	Tweed	127,500	104,300
Forbes	8,700	9,200	Upper Hunter Shire	13,200	16,500
Gilgandra	4,000	4,100	Upper Lachlan Shire	7,200	7,900
Glen Innes Severn	8,300	8,900	Uralla	6,000	7,400
Gloucester	5,100	5,700	Urana	900	800
Goulburn Mulwaree	28,800	31,800	Wagga Wagga	73,100	73,000
Great Lakes	48,400	41,600	Wakool	4,200	3,400
Greater Hume Shire	9,000	11,200	Walcha	3,000	2,800
Greater Taree	53,600	50,600	Walgett	6,300	5,900
Griffith	29,900	20,200	Warren	2,100	2,100
Gundagai	3,500	3,400	Warrumbungle Shire	8,500	9,500
Gunnedah	10,600	13,400	Weddin	3,200	3,500
Guyra	4,200	5,000	Wellington	7,800	8,600
Gwydir	4,700	5,100	Wentworth	7,000	7,000
Harden	3,200	3,600	Wingecarribee	58,900	51,000
Hay	3,000	2,100	Yass Valley	20,000	23,200
Inverell	16,400	19,600	Young	14,600	13,000
Jerilderie	1,200	1,200			