## Financial Modelling Scenarios Outcomes by 2019 - 2020

Efficiency

meet

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Scenarios	Scenario Description	\$ ('m') NEW SRV ONLY This is only the new SRV excle embedding of the 4.43% SRV po yearly anticipated rate	ost 16/17 and	\$ ('m') COMBINED SRV Additional revenue inclusive of new SRV & embedding existing 4.43% SRV post 16/17. These amounts are inclusive of yearly anticipated rate peg	Op. Perf.	Own Source Revenue	Bldg & Infra Renewals	Infra Backlog	Asset Maint	Debt Servi
Current LTFP	As LTPF currently is, no action plans included within the	p		,						
	modelling	NIL	0	NIL	X	meet	X	X	X	meet
Scenario 1	No additional SRV, maintaining existing 4.43% SRV and includes all other action plans	NIL	0	16/17 - 0 17/18 - 1.9m 18/19 - 2m 19/20 - 2.1m	х	meet	Improves & then deteriorates	Improves	Improves & stabilises	meet
Scenario 2	New SRV - one off with aim to meet all TCORP ratios, commencing 16/17, maintaining existing 4.43% SRV and includes all other action plans	18,360	39.13%	16/17 - 18.8m 17/18 - 21.2m 18/19 - 21.7m 19/20 - 22.3m	meet 17/18	meet	meet 17/18	Improves & meets in 21/22	meet 18/19	meet
Scenario 2a	As per Scenario 2, New SRV - Phased over 3 years from 16/17 (as opposed to one-off), maintaining existing 4.43% SRV and includes all other action plans Yr 1 - 16/17 Yr 2 - 17/18 Yr 3 - 18/19	6.1m 13.1m 20.1m	13.6% 13.6% 11.93% 	7.2m 17.6m 26.4m	meets 17/18	meet	meet 18/19	meets in 21/22	improves & meets in 25/26	meet
Scenario 2b	As per Scenario 2, New SRV - Phased over 5 years from 16/17 (as opposed to one-off), maintaining existing 4.43% SRV and includes all other action plans Yr 1 - 16/17 Yr 2 - 17/18 Yr 3 - 18/19 Yr 4 - 19/20 Yr 5 - 20/21	3.6m 7.6m 11.9m 16.5m 20.7m	8.1% 8.1% 8.1% 8.1% 6.73%	4.8m 11.9m 17.8m 24.3m 30.5m	meet 18/19	meet	meet 18/19	Improves & meets in 21/22	improves & meets in 25/26	meet
Scenario 2c	As per Scenario 2, New SRV - Phased over 5 years from 17/18 (as opposed to one-off), maintaining existing 4.43% SRV and includes all other action plans  Yr 1 - 17/18  Yr 2 - 18/19  Yr 3 - 19/20  Yr 4 - 20/21  Yr 5 - 21/22	3.8m 7.8m 12.2m 16.9m 21.2m	8.1% 8.1% 8.1% 6.73%	6.701m 12.012m 17.875m 24.351m 30.557m	meet 19/20	meet	Improves & meets in 21/22	Improves & meets in 22/23	Improves & meets 25/26	meet
Scenario 3	Modelling to focus on one-off new SRV, required to achieve Operating Performance ratio benchmarks commencing 16/17, maintaining existing 4.43% SRV and includes all other action plans.	8,000	17.67%	16/17 - 8m 17/18 - 10.1m 18/19 - 10.4m 19/20 - 10.7m	meet	meet	Improves in 5 years, but deteriorates	Improves in 5 years, trending downwards	Improves in 5 years, then stabilises	meet
Scenario 4a	New SRV - one off, maintaining existing 4.43% SRV and includes all other action plans	11,500	25.40%	16/17 - 11.5m 17/18 - 13.7m 18/19 - 14.1m 19/20 - 14.4m	meet 17/18	meet	Improves 5 years & stabilises	Improves in 5 years & meets in 11 years	meet 18/19	meet
Scenario 4b	As per Scenario 4a, with new SRV to be phased over 3 years starting 17/18 (to meet 6 ratios) - not renewals ratio, maintaining existing 4.43% SRV and includes all other action plans  Yr 1 - 17/18  Yr 2 - 18/19  Yr 3 - 19/20	4.8m 10.28m 14m	10% 10% 6.0% 26.0%	6.8m 12.3m 16.7m	meet 19/20	meet	Improves	Improves & meets in 26/27	Improves & meets in 25/26	meet

## The Fit for the Future Financial Modelling Journey WHAT DID IT LOOK LIKE? Fit for the Future Assessment Criteria **FINANCIAL OUTCOMES & NEXT ACTIVITY** IMPACT STEPS Own Bldg & Infra Debt Asset Op. Perf. Source Efficiency Backlog Main Service Renewals Revenue (refer to Financial Modelling Scenarios Sheet) (by 2019/20 \$'000) $Commenced\ with\ current\ Long\ Term\ Financial\ Plan\ with\ current$ budgeting levels and approved rate levels with assumed rate cap Completed assessment against Fit for the Future benchmarks Only 3 benchmarks met, 4 Meet Meet Meet not met. Further financial Refer to current LTFP opportunities required. Developed Action Plans considering areas for financial opportunities, including: Raise additional income from fees and charges 372 Implement Property Business Unit 1,765 $Potential\,dividend\,from\,Water\,and\,Sewer\,funds$ 1,921 $Loan\,Review-reduction\,in\,interest\,expense$ 226 Savings in depreciation from asset review 922 Savings achieved from adopted Procurement Strategy 250 Improved leave management practices 100 Ongoing business improvement - to be determined tbd\* Total savings from Action Plans 5,556 Included Action Plans and Embedded existing SRV of 4.43%2,066 embedded SRV into modelling 3 benchmarks met 1 not Assessed against FFF benchmarks after considering Action Plans met, 3 showing Improves then improvement. and embedding of SRV Meet Demonstrating the need for additional SRV to be Meet Meet considered to bridge gap to meet benchmark levels Following acknowledgement that an SRV will be required to meet the gap in addition to the Action Plans above and embedding of existing 4.43% SRV, undertook further financial modelling to assess SRV options Assessed SRV level to meet Operating Performance Benchmark 4 benchmarks met, 3 not only, without asset benchmarks 8,000 Meet met. Will need to consider Meet Meet further SRV options. Refer to Scenario 3 Meets 4 ratios in time with the other 3 improving. Assessed SRV level to meet/improve 6 of the 7 ratios, assuming an Improves Improves Improves SRV commencing in 17/18 phased over 3 years Building & Infra Renewals will never be met without a Meet 14.000 Meet Meet & meets & meets 19/20 in 26/27 stabilises in 25/26 further SRV. Undertook independent peer review by AEC at Step 8. Found that Action Plans, embedding of SRV and additional \$14m through additional SRV will significantly improve Council's position however Assessed SRV level to meet all ratios in time assuming SRV Improves Meets all ratios in time. Meet commencing in 17/18 phased over 5 years Meet Meet Meet This scenario is reflected 21,200 & meets & meets & meets 19/20 in 21/22 in 25/26 in the submission $Refer\,Financial\,Modelling\,Scenarios\,Sheet\,to\,demonstrate\,the$ $additional\,revenue\,raised\,each\,year\,of\,the\,SRV\,when\,combining\,the$ new SRV and the embedded 4.43% SRV. This additional revenue also including the anticipated yearly rate peg. Further modelling variations on Scenarios 2c and 4b were explored considering different phasing options. These are referenced as Scenarios 2a/2b & 4a in the Financial Scenarios Sheet.