

Addendum to revised Delivery Program 2018-2022

ARMIDALE
Regional Council

Resourcing Strategy

Time – Money – People – Assets

Unleash the opportunities

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Strategy Background

Section 403 of the *Local Government Act 1993* (the Act) requires Council to have a long-term strategy called a Resourcing Strategy. The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.

The Resourcing Strategy is part of a set of plans and strategies established under section 406 of the Act known as Integrated Planning and Reporting (IP&R) guidelines.

The IP&R framework is built on a quadruple bottom line, that is, the pillars of sustainability of economy, social, environmental and civic leadership. The plans reinforce the imperative of the integration of sustainability into Council's core business.

The framework is summarised in the following diagram:



While the Community Strategic Plan 2017-2027 provides a vehicle for expressing long-term community aspirations, these goals and objectives can not be achieved without sufficient resources (time, money, people and assets) to carry them out. Some strategies identified in the Community Strategic Plan are the responsibility of Council, while others are the responsibility of other levels of government and others rely on input from community groups or individuals. The Resourcing Strategy addresses the strategies that are the responsibility of Council.

Armidale Regional Council Profile

The Armidale Regional Council (ARC) area is located in the New England region of New South Wales, about halfway between Sydney and Brisbane.

Some of the key economic indicators available for the region are:

Population	30,779 persons
Average Annual Population Growth Rate	Approx. 0.6%
Land Area	8,630km ²
Population Density	0.04 persons per hectare
Gross Regional Produce	\$1.54 billion
Largest Industries	Education and Training Agriculture, Forestry and Fishing Health Care and Social Assistance

ARC was formed by the amalgamation of Armidale Dumaresq Council and Guyra Shire Council on 12 May 2016. The former councils were found to be financially unsustainable under the “fit for the future” framework established by the NSW Government. The resulting council was left with the responsibility of a large rural road network and the same level of services spread over a ratepayer base of around 13,340 rateable assessments.

Merging two entities identified as financially unsustainable does not immediately improve the long term financial outlook for the new entity. As the new entity, ARC must develop the required strategies to achieve a financially sustainable outlook.

ARC’s relatively low population density means that it has a lower rate base than city-based regions from which to raise revenues to maintain infrastructure and provide services. Underpinning this challenge is the NSW local government environment of rate capping, which limits the amount of taxation-based revenue that can be raised as well as the restrictions placed on types of charges that can be raised and setting of amounts for statutory fees and charges.

Strategy Overview

The Resourcing Strategy provides Council with an agreed roadmap for managing its financial resources and is aligned with the objectives and priorities of the 2020-21 Operational Plan.

Council's Resourcing Strategy consists of three sections:

1. Long term financial plan incorporating the 2020-21 budget;
2. Workforce management plan; and
3. Asset management planning.

Long Term Financial Plan

This Plan reflects Council's desire and capacity to deliver the strategies, initiatives, works and programs identified in the Community Strategic Plan, Delivery Program and Operational Plan. The Plan is underpinned by the Financial Policy and Strategy 2017-2021. The Plan includes:

- The 2020-21 budget;
- Projected financial position over a ten year timeframe (2020-21 to 2029-2030);
- Key assumptions used to develop forecasts;
- Sensitivity analysis and financial modelling of different forecast scenarios; and
- Key performance indicator results.

Workforce Management Plan 2018-2022

Council's workforce planning addresses the people resourcing requirements of the Delivery Program and Operational Plan. It ensures Council has the people best able to achieve its strategic direction and deliver appropriate services and programs effectively and efficiently. The plan includes:

- Analysis of current workforce and identification of gaps;
- Forecasts of workforce requirements;
- Strategies to address gaps; and
- Methods of periodic monitoring and evaluation.

Asset Management Planning

Council has a significant portfolio of community infrastructure assets under its care and control. The Asset Management Strategy accounts for and plans for all of the existing assets, and any new asset solutions proposed in the Community Strategic Plan and Delivery Program.

The Asset Management Strategy is underpinned by an Asset Management Policy and sub-plans that identify all built assets under Council's ownership and outlines the risk management strategies for them.

Financial Sustainability

Financial sustainability for local governments is critical as they are responsible for directly providing the community with a wide range of public services and community infrastructure and facilities. This requires local governments to hold and maintain a significant base of infrastructure assets, which necessitates not only substantial initial investments but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

There are many definitions of financial sustainability with the definition developed by NSW Treasury Corporation being:

A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

Council has recognised that financial sustainability requires the following:

- Council must achieve a fully funded operating position;
- Council must maintain sufficient cash reserves;
- Council must have an appropriate funded capital program;
- Council must maintain its asset base; and
- And expenditure on assets should be driven by asset management plans.

As with many local governments, a major challenge for Council is the management of ageing assets in need of renewal and replacement. Infrastructure assets such as roads, bridges, pathways, kerbs, stormwater drains and public buildings present particular challenges as their condition and longevity can be difficult to determine. The creation of new assets also presents challenges in terms of funding for initial construction and ongoing service costs.

Council also recognises and is responding to some impactful environmental and social challenges over the past few years including drought, bushfires and COVID-19. These challenges have an enormous bearing on the resources of Council and the delivery of services, both in the short and long-term.

2020-21 Budget & Long Term Financial Plan

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2020-21 Budget

Introduction

Council's 2020/21 budget has been developed in accordance with the Financial Policy and Strategy 2017-2021, which advocates for a financially sustainable position. Financial sustainability is measured through Council's financial results including the performance against key benchmarks developed by the NSW Office of Local Government.

Over the last 2 financial years Council has improved on previous reported results in key areas of financial sustainability including operating performance results and cash results.

This was necessitated by budget forecasts for significant operating deficits and very low levels of cash reserves. The 2018/19 financial year saw actual reported results increase positively across all key performance indicators and the 2019/20 financial year was on a similar trajectory if not for the impacts outlined below.

The 2019/20 financial year is noted as being highly unusual with the combined impacts of drought, fire, flood and pandemic in one financial period.

From a budgetary perspective, the 2019/20 financial year has been significantly impacted by two key events:

1. Ongoing severe drought conditions have negatively impacted Council's Water Fund by around \$6.3 million. This includes around \$3.3 million in net costs associated with drought response, communications, rebate programs and bore drilling and around a \$3 million reduction in revenue from water usage charges resulting from decreased water usage.
2. The impact of COVID-19 shutdowns has had a negative impact on the local economy and also Council's General Fund budget outlook. The impact on the 2019/20 budget is estimated to result in a loss of revenue in the order of \$700,000 predominantly relating to airport user charges and decreased rent and lease income. The impact on the 2020/21 budget is forecast to be a loss of revenue of \$925,000 although could be much higher due to the flow on impacts to the local economy that may take some time to realise.

The region also experienced bushfires and flooding leading to additional negative budgetary and cash impacts.

For the 2020/21 financial year, an extensive process has been undertaken in order to deliver a budget that attempts to mitigate these impacts as far as possible without cuts to services. While holding or reducing expenditure has occurred where possible, there has also been provision made around economic recovery including providing funding and support for business stimulus. A key initiative will be the development of a Business Ecosystem as a centralised coordinator of investment promotion and a one-stop service centre for investors and business operators. Council also plans to deliver a \$40 million capital program to assist with local investment and employment including finalisation of Stage 1 of the Airport Business Park.

Due to the above factors, a key focus of the development of the 2020/21 budget has been to minimise operating deficits across all funds and, where possible, redirect funding to economic recovery initiatives to assist with the response to COVID-19 impacts. The budget position will be supported with strategies to ensure that costs are tightly controlled and that financial management across the business is a key priority during a challenging economic period.

There will be a detrimental impact to Council's operating result and key performance indicators as a result of the current conditions and associated impacts on Council's budget with the operating performance ratio and the asset renewals ratio being most impacted.

The 2020/21 budget includes a consolidated operating deficit of \$2.3 million with the following fund operating deficit results:

General Fund	(\$1,456,477)
Water Fund	(\$621,045)
Sewer Fund	(\$205,177)
Consolidated	(\$2,282,699)

Council is forecasting an unrestricted cash position of around \$3 million by 30 June 2021. The unrestricted cash position is important as it is Council's main buffer for unexpected events, such as natural disasters. The level of unrestricted cash forecast in the 2020/21 budget would only cover Council's operational costs for around 3-4 weeks if a situation occurred where Council was unable to receive payments.

While it would be desirable to further improve the cash position beyond this from a financial risk perspective, Council recognises that it will be necessary to divert funding to the economic recovery associated with COVID-19 and, as a result, has increased funding to areas where economic recovery is a key focus as well as continuing to support a large capital program.

Unbudgeted Supporting Documents and Initiatives

Council has a large number of supporting documents that may be in the form of a plan, strategy, study, or similar, that have potential actions but have not yet been funded through the Delivery Program or Operational Plan process. The Operational Plan and budget are the tools used to allocate the limited resources available to Council to the highest level needs and priorities.

The large volume of supporting documents provide clear, longer term intent and direction for Council in terms of what it would like to do and what it will endeavour to do with the resources that may be available. These supporting documents are important in planning future services and are used to identify and respond to opportunities for future external funding and/or an increase or redirection of existing funding.

There are a large number of other potential initiatives or programs that have not been included in the financial estimates at this stage, due to the lack of certainty around the timing, funding and/or probability of completion. These initiatives or projects may be introduced through the budget review process when they reach a point of clarity and funding is available that enables their inclusion.

Budget Process

Council prepares an annual budget and long term financial plan in line with the requirements of the *Local Government Act 1993*. However, it is important to recognise that a budget is an estimate prepared at a point in time and is therefore subject to change. Thus, to recognise amendments to the budget quarterly budget reviews are performed throughout the financial year. As Council's funding sources are relatively fixed, it is important that any reviews to the budget do not significantly detrimentally impact the forecast operating and cash results.

Operating Budget

The operating budget contains revenue and expenditure that is classified in accordance with the Australian Accounting Standards as operating and not capital. The budget is also presented in the format required by the Australian Accounting Standards being a set of financial statements including:

- Income Statement;
- Balance Sheet;
- Cashflow Statement; and
- Equity Statement.

Council is required by the *Local Government Act 1993* to account for and show the budget separately for:

- Water Fund;
- Sewer Fund; and
- General Fund (everything else).

The main categories of revenue and expenditure shown in the operating budget are outlined below.

Rates and Annual Charges

Information on the amounts set for rates and annual charges are contained in the Revenue Policy 2020-2021, which is a separate document also adopted as part of the budget.

Council levies a range of ordinary rates for different categories of land as well as annual charges for water, sewer, waste and drainage.

Increases in rate income are subject to annual determination by the Independent Pricing and Regulatory Tribunal (IPART). For the 2020-21 financial year, IPART has set a rate peg of 2.6%. The rate peg determines the maximum percentage amount by which a council may increase its general income for the year. The rate peg applies to general income in total, and not to individual ratepayers' rates. This cap only applies to income contained in the general income calculation and therefore does not apply to annual charges.

Rates Harmonisation

Since amalgamation of Armidale Dumaresq and Guyra Shire Council in 2016 Council has been required to maintain two rating systems for the local government area. This was due to a four year rate freeze imposed by the NSW Government. This meant that Council could not adjust rates beyond the rate peg in the first four years after amalgamation which saw different rates being paid in the former local government areas.

Under current legislation Council must maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories within the Armidale Regional Local Government Area. This will take effect from 1 July 2021 and will only affect general rates. There will be no increase in total rates collected by Council due to harmonisation, but the structure and distribution between rating sub-categories will change as a result.

Council has performed modelling on the current rating structure and determined that the most impacted categories and sub-categories from harmonisation will be:

- Residential Non-Urban
- Business Non-Urban
- Farmland

This is based on a harmonisation model that seeks to minimise individual impacts on ratepayers.

The challenge in harmonising rates is recognised by the NSW Government. The Minister for Local Government has committed to taking a bill to the Parliament early next year which would provide options for Council to implement rates harmonisation more gradually. There is no guarantee that the bill will be passed by Parliament so we must continue under the current law and current date of July 1 2021.

Equalisation of Services and Charges

Harmonisation of services and charges is continuing in order to establish equity and consistency across the Armidale Regional Council region. A key area of focus for harmonisation in the 2020-21 financial year is the harmonisation of water, sewerage and waste charges. Changes included in the 2020-21 budget and revenue policy in order to achieve this outcome are:

- Water consumption charges will be harmonised with the overall yield achieved similar to previous years;
- Sewerage charges will be harmonised with the overall yield achieved similar to previous years;
- Progression towards harmonisation of rural waste management charges; and
- The Waterfall Way Landfill Levy will be levied on all properties.

In addition, a new charge to cover the additional operational costs of the Waterfall Way Landfill has been introduced at \$65 per property and will apply to all properties in the region.

Further information on Council's rates and annual charges are contained in the 2020-2021 Revenue Policy.

Special Rate Variation (SRV)

What is a Special Rate Variation?

An SRV is a way of lifting ordinary rate revenue above the rate peg. They are often necessary due to:

- The historical level of rates is unsustainable;
- Cost drivers rise faster than inflation;
- Population growth creates costs that outstrip the revenue back to local government; and
- New costs are created without a source of funding e.g. cost shifting, economic growth, community expectation, natural disasters, climate change.

SRVs used to be applied for sparingly but this has increased in recent years due to a focus on financial sustainability and growing awareness of significant local government asset management challenges.

History of Special Rate Variations

In comparison with other NSW councils, Armidale-Dumaresq and Guyra Shire Councils used the SRV process minimally over the past decades. Compared with other NSW councils, ratepayers in this region have experienced modest rates increases over 20 years+.

The table below indicates temporary SRVs that were used to increase rates revenue for a temporary period of five to ten years. The percentage increases include the SRV and the annual rate peg. The table starts in 2005/06, and before that year the Councils had not applied for or been granted any SRV since 1997/98.

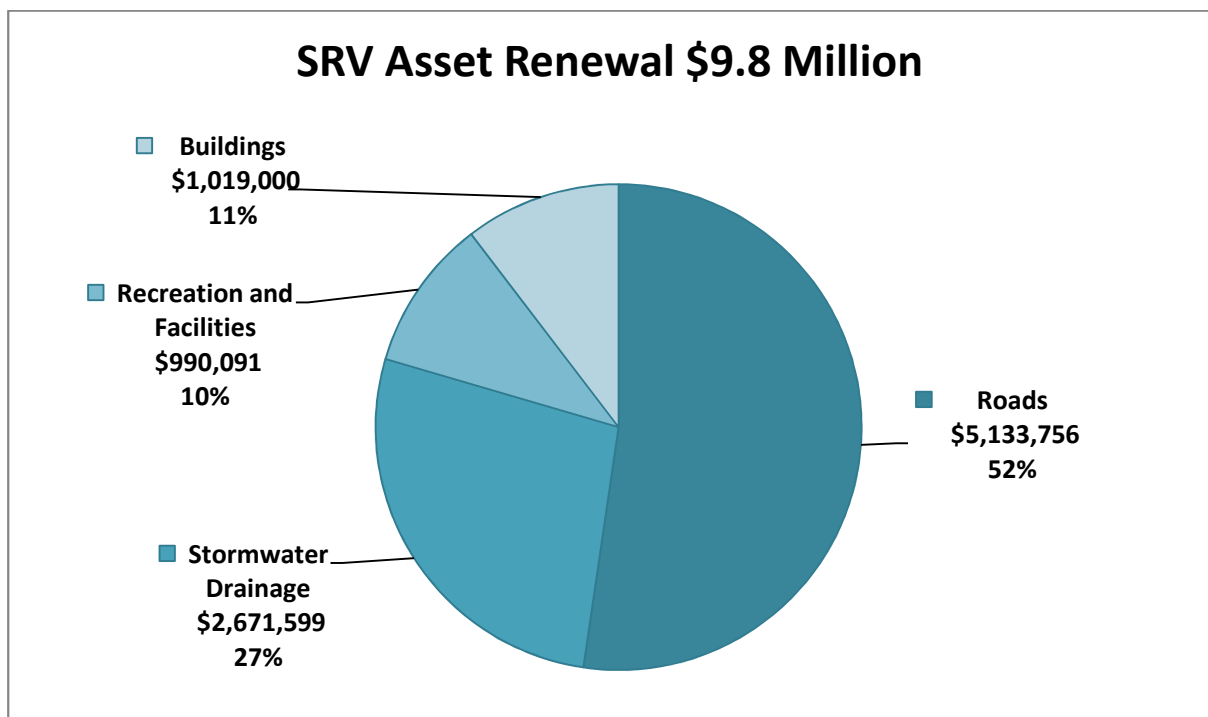
Council	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Rate Peg	3.50%	3.60%	3.40%	3.20%	3.50%	2.60%	2.80%	3.60%	3.40%	2.30%
Armidale Dumaresq	5.78% (expired 2013/14)									12.30% (expires 2020/21)
Guyra Shire					8.43% (expired 2013/14)					8.00% permanent

It can be seen from the above table that temporary SRVs have been used as an additional source of funding by both the former Armidale Dumaresq and Guyra Shire Councils for the last 15 years.

Background

On 3 June 2014, the NSW Independent Pricing and Regulatory Tribunal (IPART) approved Special Rate Variations for the former Guyra Shire Council and Armidale Dumaresq Council. It was determined that Guyra Shire Council may increase its general rate income by 8.0%, including the rate peg of 2.3%. The increase above the rate peg can be retained in the Councils general income base permanently. It was determined that Armidale Dumaresq Council may increase its general rate income by 12.3%, including the rate peg of 2.3%. The increase above the rate peg can be retained in the Councils general income base for 7 years, being 2014-15 to 2020-21.

As at 30 June 2021, the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council over a seven year period will expire, reducing Council’s overall rates income by \$1.5 million annually. Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage, buildings and other community facilities in accordance with the following graph.



Proposed 2021/22 SRV Application

To maintain current levels of service Council must apply this year to the NSW Independent Pricing & Regulatory Tribunal (IPART) to have the temporary SRV made permanent. Before making a submission, Council will consult the community on three options for an SRV including a higher SRV amount to allow for further investment in maintaining infrastructure, in particular renewal works on roads, footpaths, community buildings and other structures. On 28 October 2020, Council resolved to begin public engagement on three SRV options, to formally notify IPART that Council intends to submit an application, and to include rates harmonisation in the community engagement.

The following SRV options have been proposed:

1. A permanent SRV of 18.5% plus 2.0% rate peg (total 20.5%) commencing in 2021-22;
2. A permanent SRV of 8.5% plus 2.0% rate peg (total 10.5%) commencing in 2021-22; and
3. Discontinuation of the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council and ending on 30 June 2021.

The SRV options have been described to the community as:

SRV Scenario	Description
1. Improve Services	Continuation of the temporary SRV plus an additional SRV increase Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum. This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.
2. Maintain Services	Continuation of the temporary SRV - Does not address future growth Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021. This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.
3. Decrease Services	Discontinuation of the temporary SRV - Financially unsustainable Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum. This option will see a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council's medium and long term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates.

Key Purpose of the SRV

As indicated in the description of the SRV options, the focus of the proposed 2021/22 SRV is financial sustainability and asset renewal funding.

The SRV funding will be used for managing Council's existing infrastructure. This includes renewal and ongoing maintenance of assets such as buildings, roads, drainage, parks and facilities. Renewal activities extend the life of the asset such as re-sheeting a section of road. Maintenance includes repairs, painting, replacement of broken fixtures, etc. The SRV will be used for managing existing infrastructure to ensure assets are kept at current service standards and replaced at the planned replacement time rather than allowing assets to deteriorate to a point where major rehabilitation would be required.

Further details on the financial outcomes of each SRV scenario are shown under the Long Term Financial Plan section in this document.

User Charges and Fees

Information on the amounts set for user charges and fees are contained in the Fees and Charges 2020-2021, which is a separate document also adopted as part of the budget.

Fees for services have been established having due consideration of the following factors:

- The importance of the service to the community;
- The cost of providing the service;
- The level of subsidy, if any, appropriate from other funding sources;
- Where applicable, the price set by a relevant industry body;
- Any factors specific in the *Local Government Act 1993*; and
- Market rates or pricing for similar services.

With many services provided by local government being of the nature of a public good, it can be difficult to fully recover the cost of many services. The pricing for many regulatory services is also constrained by amounts set by the NSW Government for these services. Council has a strong focus on recovering costs by way of user charges and fees; however, is cognisant of the reality that full cost recovery is only possible in some situations.

Interest and Investment Revenue

Interest revenue represents the returns paid by financial institutions on funds invested plus the interest penalty levied on overdue rates and charges.

Other Revenues

"Other revenues" is a category that essentially captures revenues that are not assigned to another category. For Council, this category includes items such as rent and least income and fines.

Operating Grants and Contributions

Council receives a significant level of funding in the form of operating grants and contributions. The biggest funding sources in his category are:

- Financial Assistance Grants;
- Roads to Recovery; and
- Regional Roads Funding.

Any change to government policy that negatively impacts on these funding levels would have significant consequences for Council.

Capital Grants and Contributions

Council usually receives capital grants and contributions for once off projects and in 2020-21 Council is forecast to receive the following grants:

- Kempsey Road Natural Disaster Restoration \$5 million;
- Airport industrial land development \$3.8 million;
- Kempsey Road Big Hill Project \$2.8 million;
- Puddledock Dam Pipeline Upgrade \$1.4 million; and
- Dumaresq Dam Stability Upgrade \$1.2 million.

These funding sources are allocated to specific capital projects and cannot be used to fund day to day operations. For this reason, while this revenue is shown in the Income Statement, it is excluded from the operating result when considering financial performance.

Capital grants and contributions are an important funding source as they are the main way that Council can access the funding required to construct new or improved community assets. However, consideration of new community assets requires careful consideration. While this is looked on favourable by the community, new assets generally create additional operational costs and add to Council's infrastructure renewal funding requirements and infrastructure backlog.

Employee Costs

Employee costs represent the full cost of employing staff including wages, superannuation, annual leave, sick leave, long service leave, workers compensation and training and development.

For the 2020-21 budget, the award increase has been assumed to be similar to historical levels.

The superannuation guarantee rate is currently 9.5%. At this time, the superannuation guarantee rate is scheduled to increase to 10% from 1 July 2021 and then to progressively increase by 0.5% per annum to 12% by 1 July 2025.

Borrowing Costs

Borrowing costs represent the interest on loans payable in accordance with Council's loan schedule.

Materials and Contracts

The category of materials and contracts includes the cost of running Council's fleet and provisions for purchases such as gravel, stores and consumables. It also contains payments for contracted maintenance services.

Depreciation

Depreciation represents the consumption of an asset over its useful life and is the only non cash item in the Income Statement.

Depreciation expense rises annually by indexation representing the estimated increased cost of the replacement of assets. Depreciation is also increased by the construction of new assets. Depreciation is an important estimate as it is used to measure Council's performance in renewing assets.

Other Expenses

"Other expenses" includes the cost of items such as electricity, insurance, communications and software licensing. This category also contains Council's contributions to third parties. There is a range of support provided to external contributions both in the form of direct financial support and non-financial or in-kind support.

Council provides around \$750,000 per annum in direct financial support to community groups and for community wellbeing initiatives. In addition to this a range of in kind support services are provided.

Net Operating Result

The net operating result is calculated as:

- Total income from continuing operations
- *Less:* Total expenses from continuing operations

The net operating result includes capital income and is an indicator of the extent to which revenue raised covers operational expenses only or is available for capital funding purposes or other purposes.

Net Operating Result before Capital Grants and Contributions

This is commonly referred to as just the Operating Result and similarly indicates the extent to which revenue raised covers operational expenses only or is available for capital funding purposes or other purposes. However, it excludes capital income and is a better indicator on which to measure Council's financial performance because Council should at least be covering depreciation expense with operating revenues.

Proceeds from Sale of Assets

This is capital funding which is generated from the sale or disposal of assets. In the 2020/21 financial year Council is forecast to dispose of \$1.3 million in fleet trade in or auction sales.

Unrestricted Cash

Unrestricted cash is the balancing item between cash funding and cash expenditure. In the following graphs this is either shown as a source of funding or a source of expenditure. Where unrestricted cash is shown as a source of funding, this represents utilisation of cash held in reserve in the current financial year that has been built up over previous financial years. Where unrestricted cash is shown as a source of expenditure, this represents the planned build up of unrestricted cash to either be held as a buffer against unexpected events or to be used in a future financial year.

Cash Reserves

Cash reserves are established either through legislative provisions or by way of Council resolving to establish reserves. Reserves that are statutory are referred to as externally restricted reserves whereas reserves that are established by way of Council's own funding determinations are referred to as internally restricted reserves.

In the General Fund, Council will transfer \$7.1 million from cash reserves to assist with funding the 2020/21 budget. These reserve transfers include:

- Unspent grants \$4.8 million
- Unspent loan funding for landfill construction \$339,000
- Airport capital works \$903,000
- PreSchool upgrade \$480,000
- S7.12 Contribution Plan \$90,000
- 2019/20 Carry Forward Works \$45,000
- Other internal reserves \$365,000

Transfers to reserve total \$1.3 million and include:

- Domestic Waste Management \$300,000
- Kolora repairs and maintenance \$205,000
- Other internal reserves \$585,000
- S7.12 Contribution Plan \$250,000

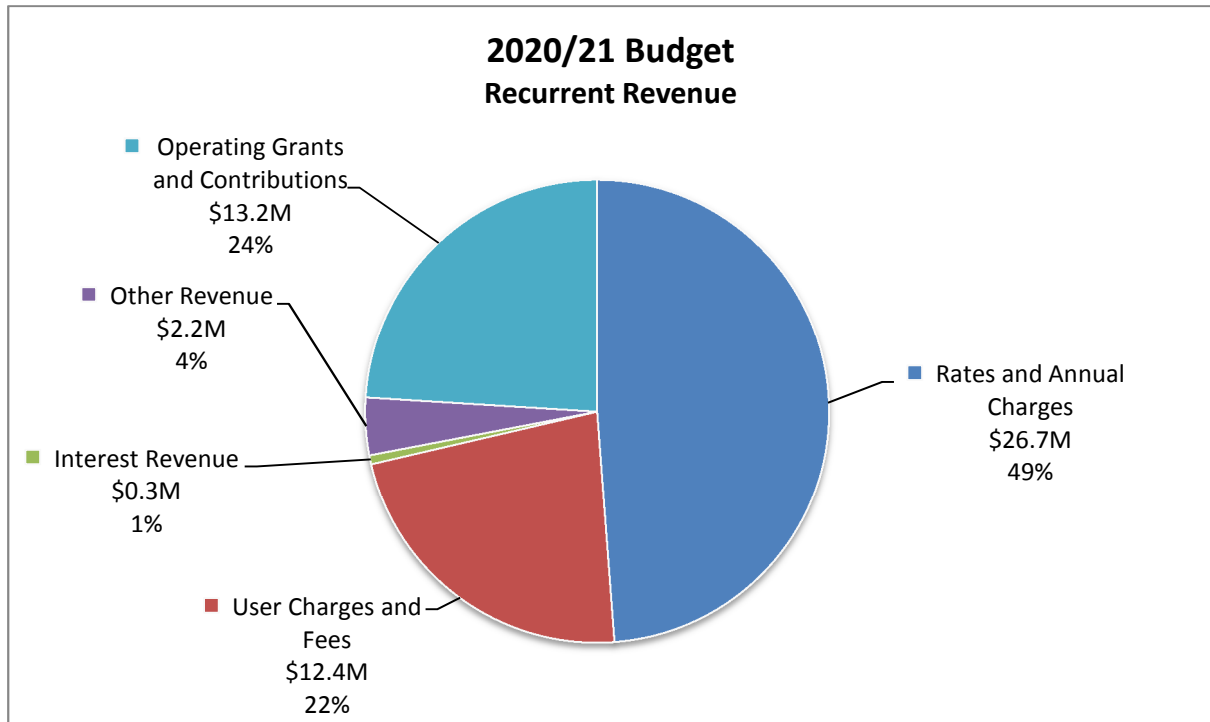
Financial Results

The financial results for the 2020-21 original budget are outlined on the following pages by fund.

General Fund

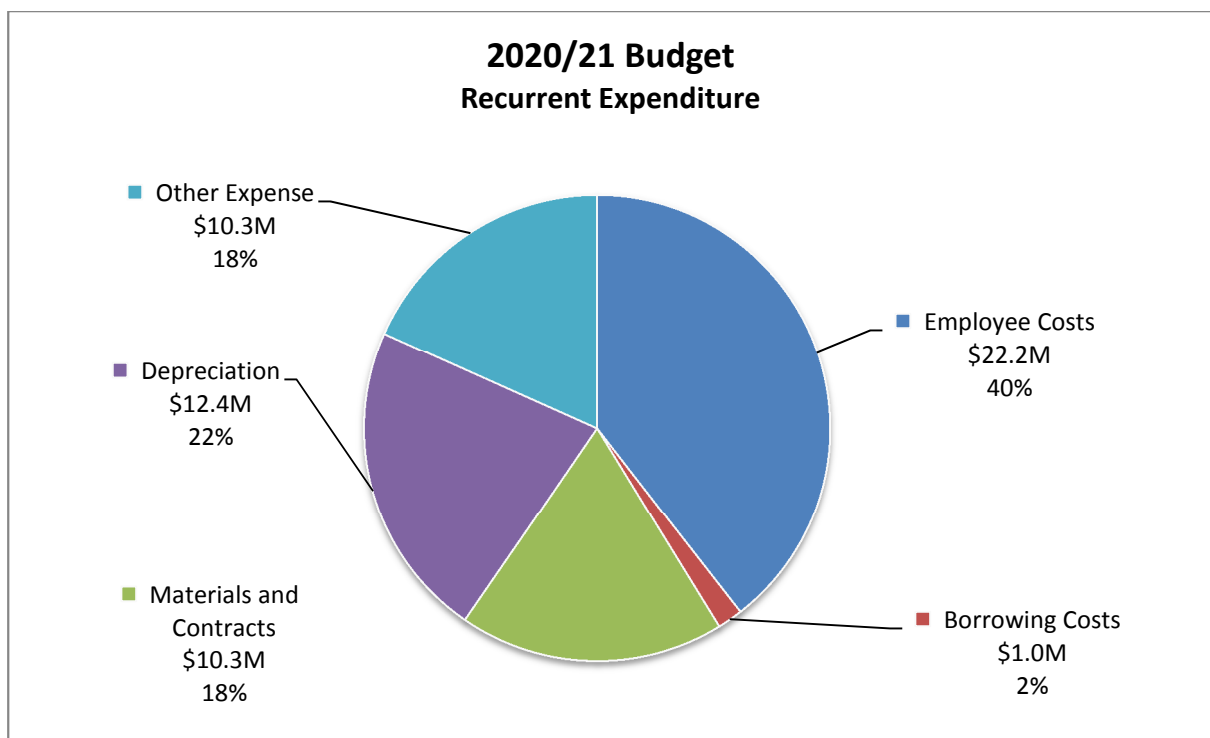
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$54.8 million. The breakup of this revenue is shown below.



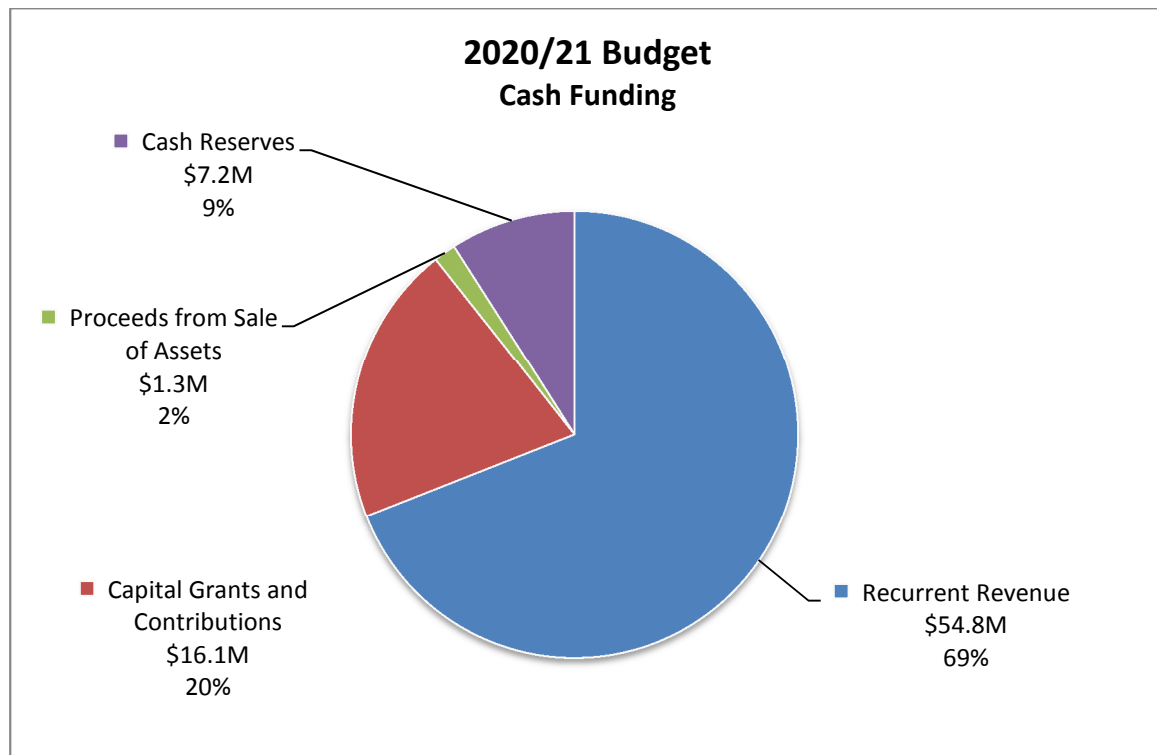
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$56.2 million. The breakup of this expenditure is shown below.



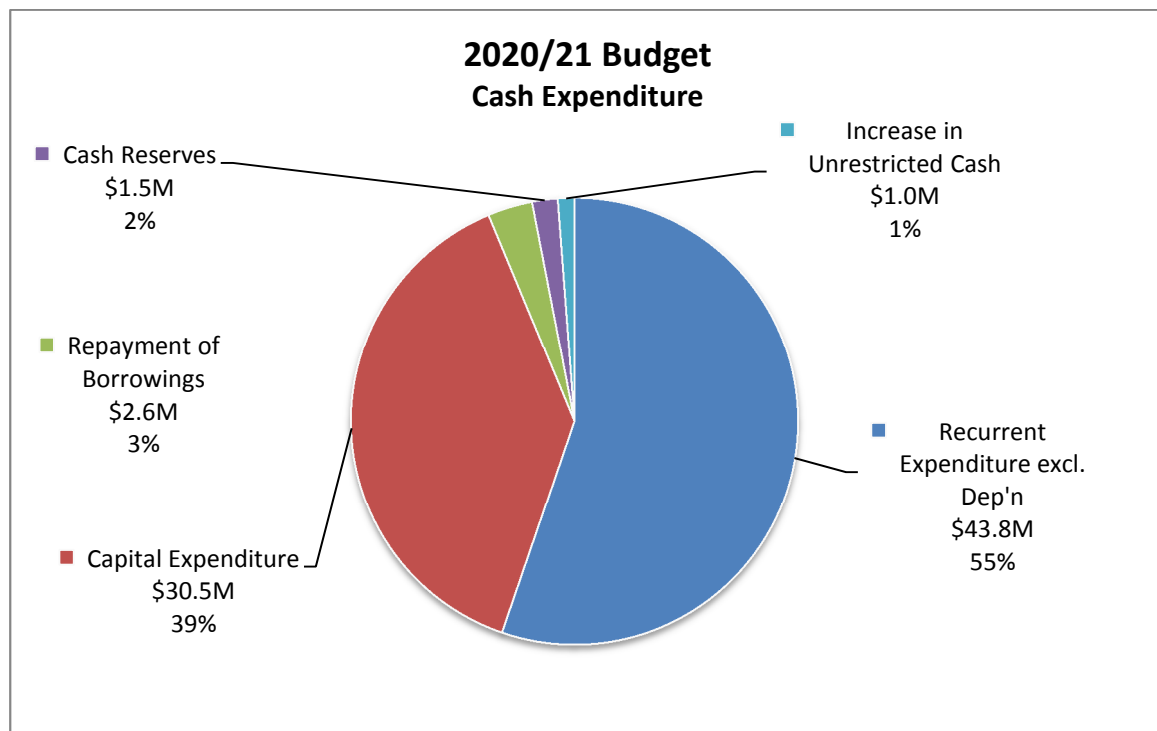
Cash Funding

Total cash funding available for the 2020-21 budget is \$79.3 million. The breakup of funding is shown below.



Cash Expenditure

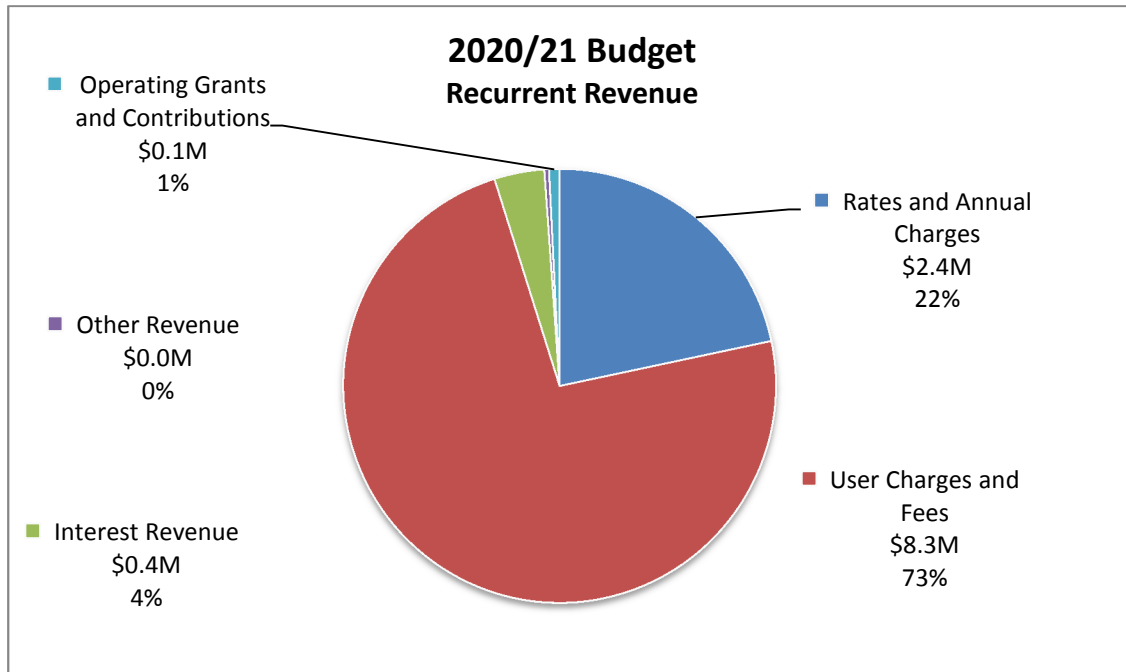
Total cash expended or used in the 2020-21 budget is \$79.3 million. The breakup of expenditure is shown below.



Water Fund

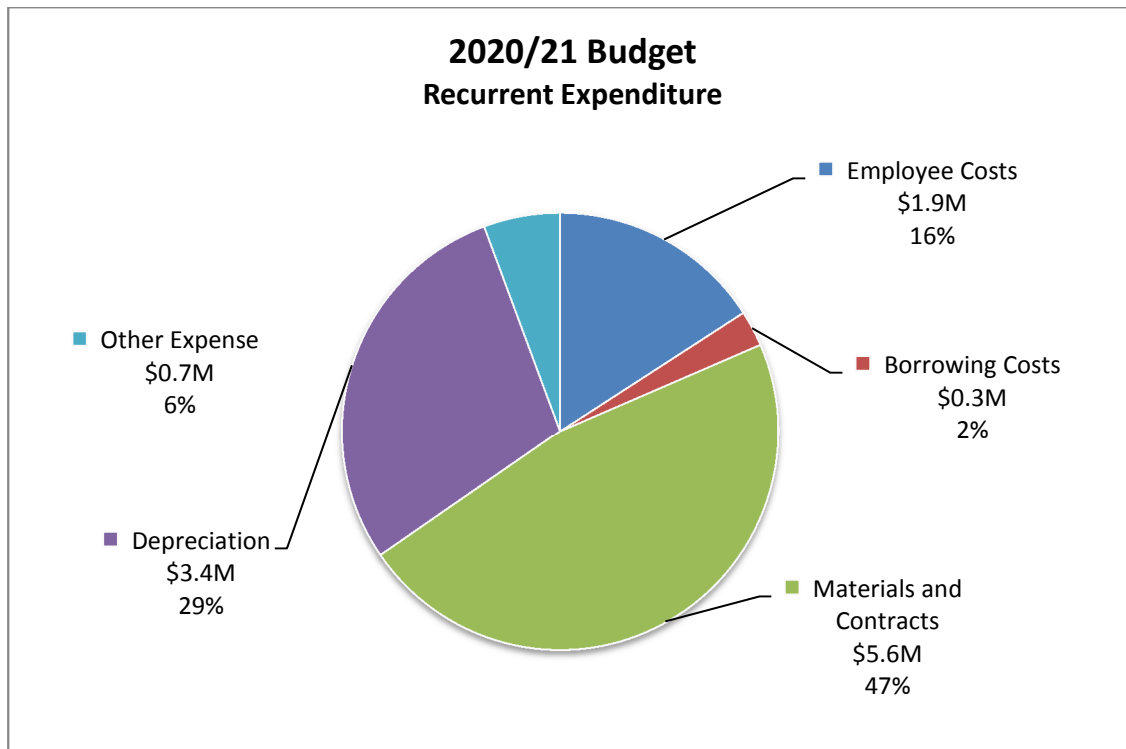
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$11.2 million. The breakup of this revenue is shown below.



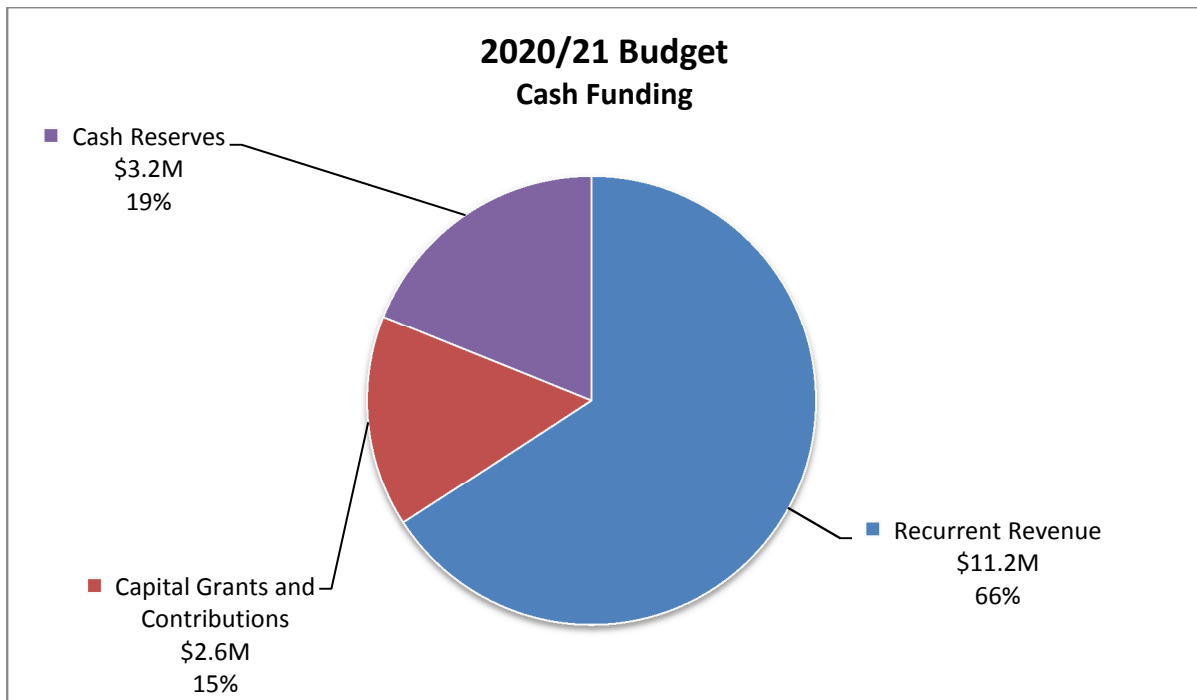
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$11.8 million. The breakup of this expenditure is shown below.



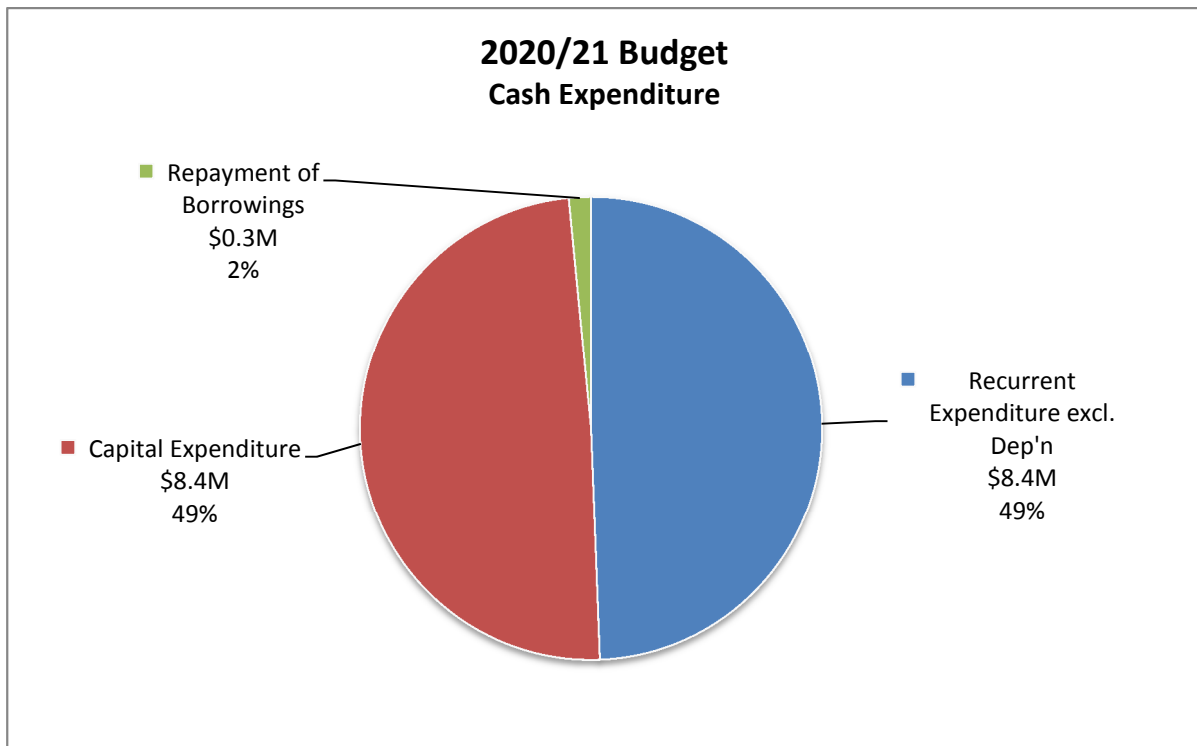
Cash Funding

Total cash funding available for the 2020-21 budget is \$17.0 million. The breakup of funding is shown below.



Cash Expenditure

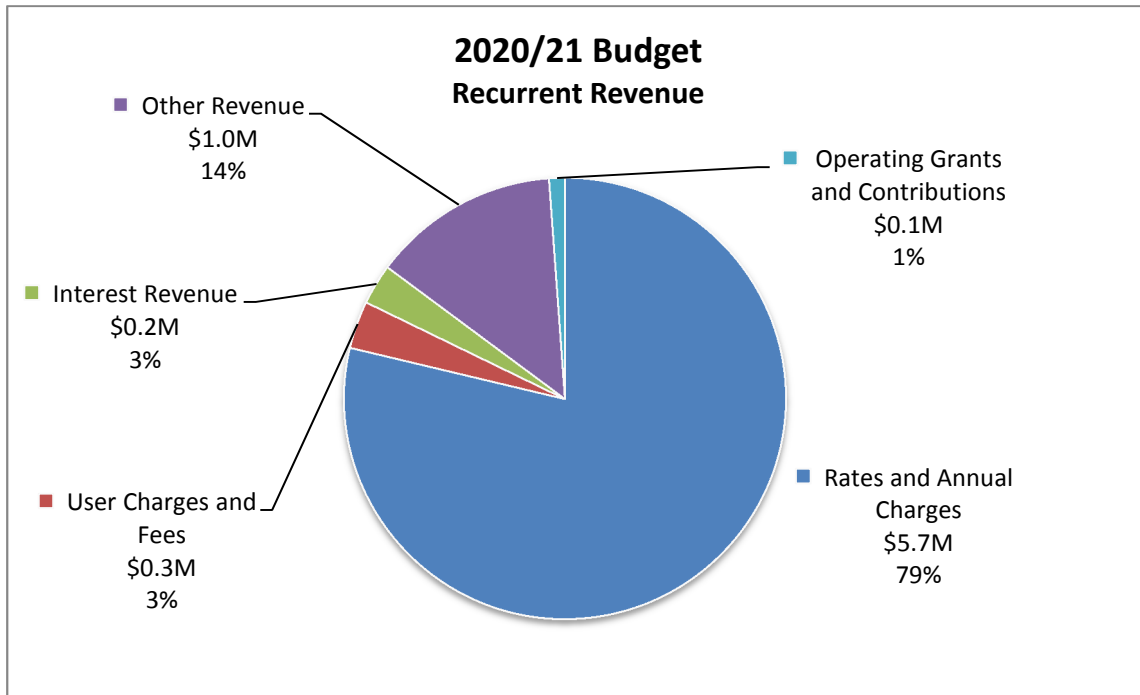
Total cash expended or used in the 2020-21 budget is \$17.0 million. The breakup of expenditure is shown below.



Sewer Fund

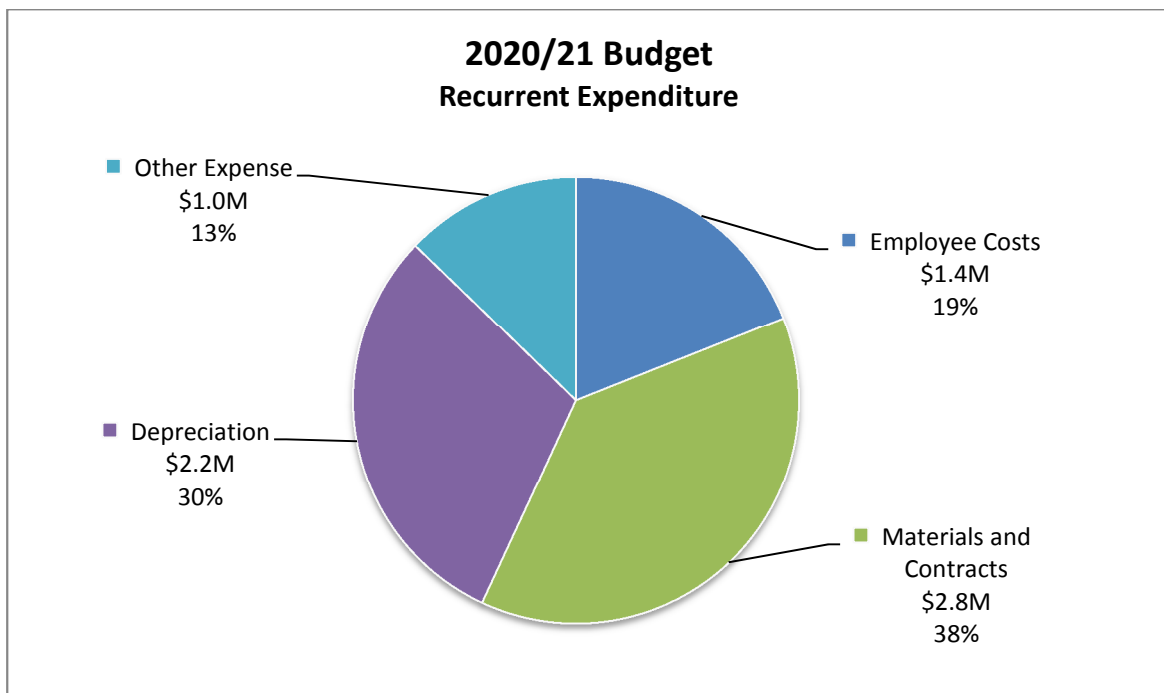
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$7.2 million. The breakup of this revenue is shown below.



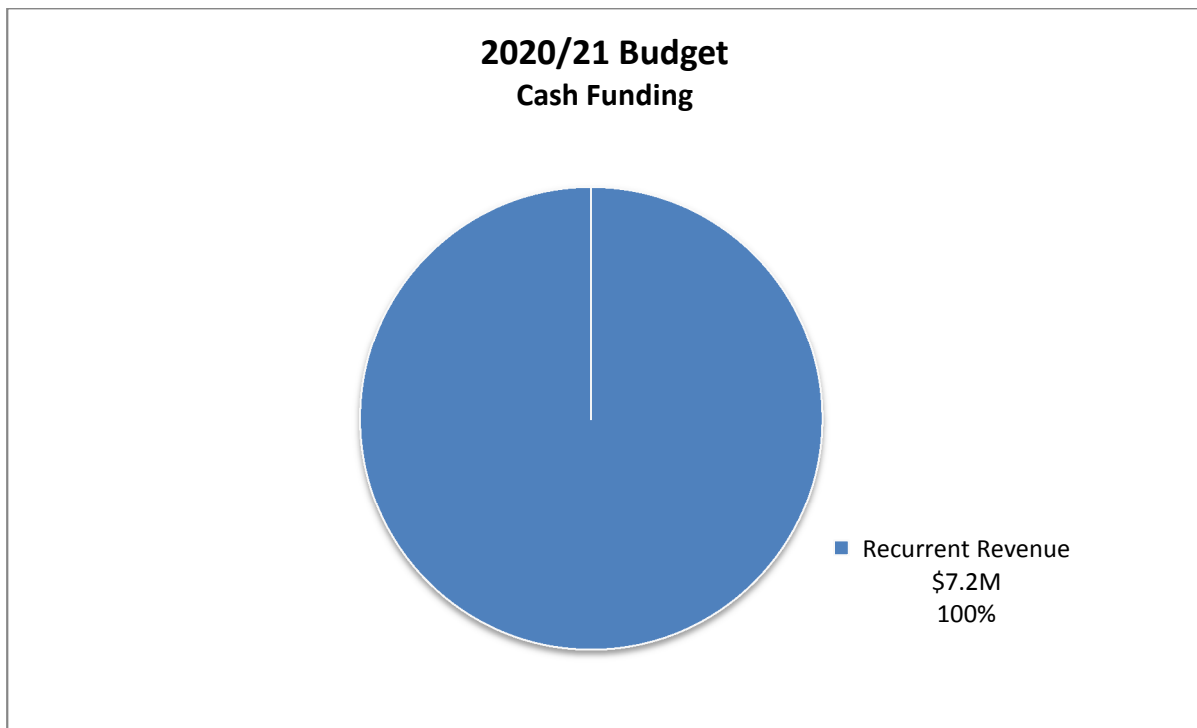
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$7.4 million. The breakup of this expenditure is shown below.



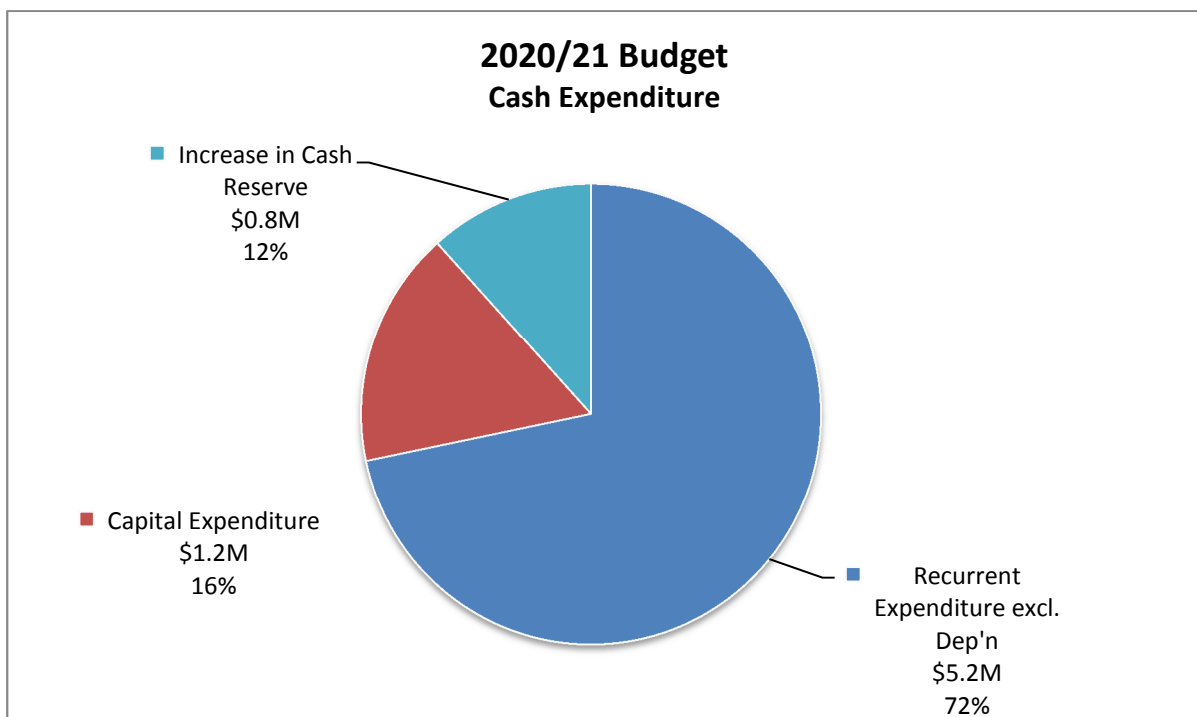
Cash Funding

Total cash funding available for the 2020-21 budget is \$7.2 million. The breakup of funding is shown below.



Cash Expenditure

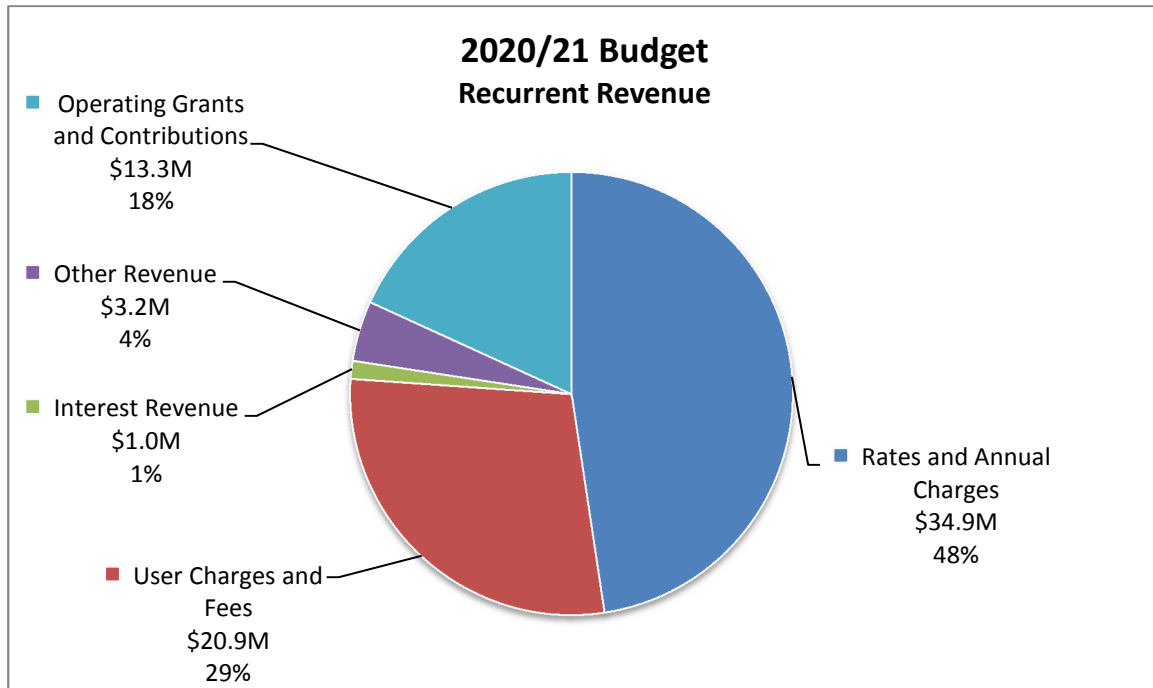
Total cash expended or used in the 2020-21 budget is \$7.2 million. The breakup of expenditure is shown below.



Consolidated Result

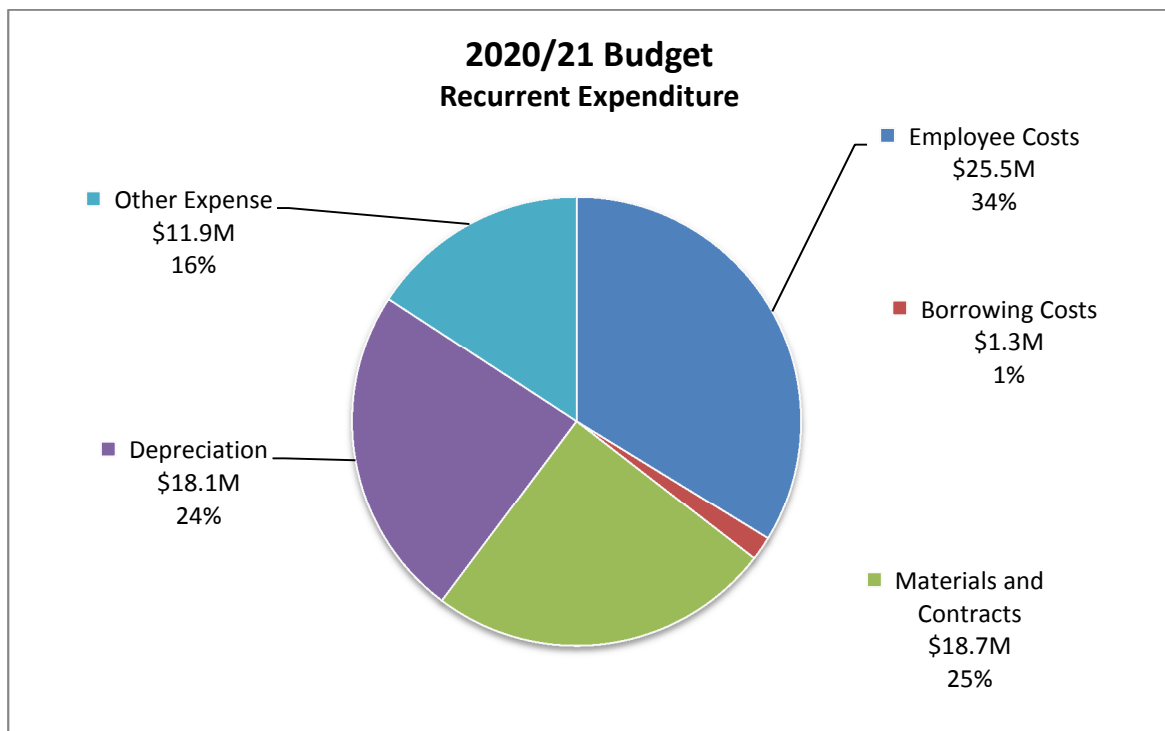
Recurrent Revenue

The 2020-21 budget includes total recurrent revenue of \$73.2 million. The breakup of this revenue is shown below.



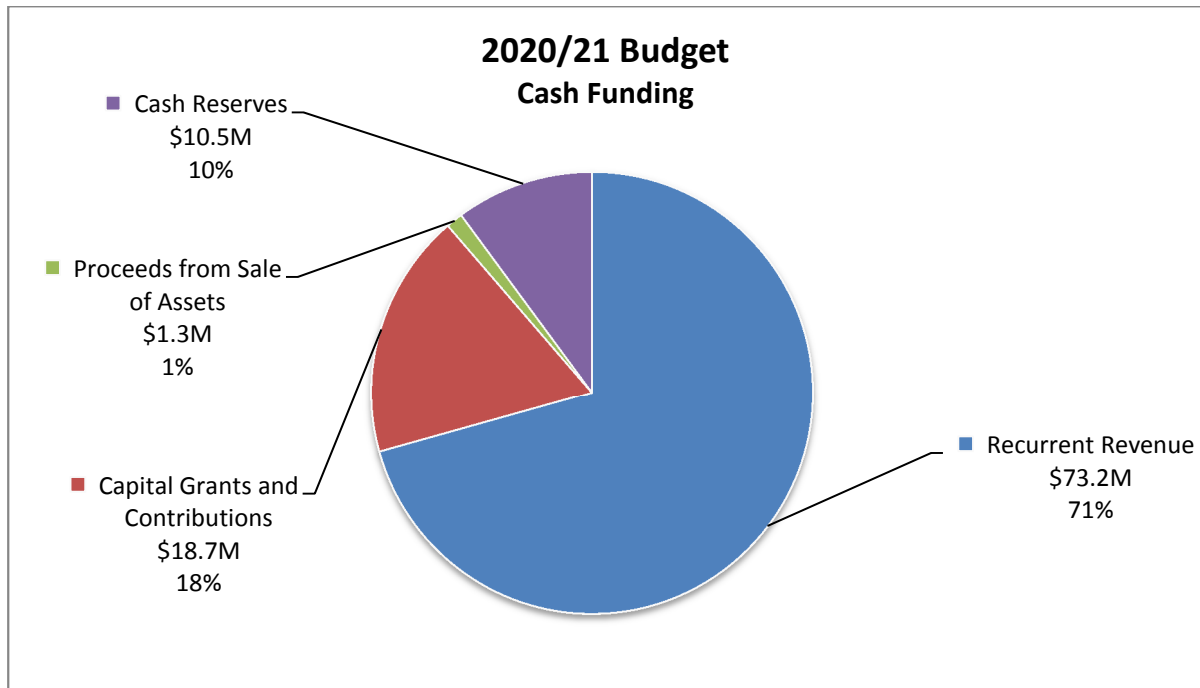
Recurrent Expenditure

The 2020-21 budget includes total recurrent expenditure of \$75.5 million. The breakup of this expenditure is shown below.



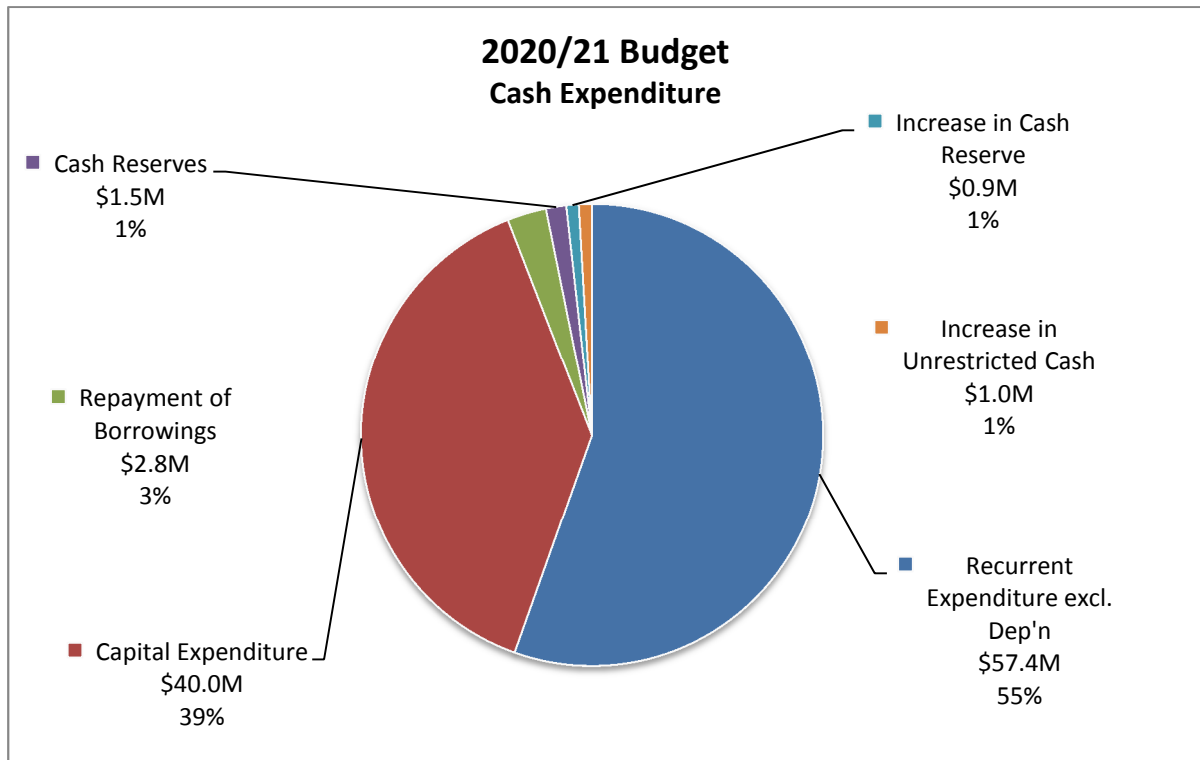
Cash Funding

Total cash funding available for the 2020-21 budget is \$103.6 million. The breakup of funding is shown below.



Cash Expenditure

Total cash expended or used in the 2020-21 budget is \$103.6 million. The breakup of expenditure is shown below.



2020-21 Income Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Income from Continuing Operations				
Rates & Annual Charges	26,733	2,435	5,691	34,859
User Charges & Fees	12,355	8,250	251	20,856
Interest & Investment Revenue	342	409	208	959
Other Revenues	2,185	39	990	3,214
Operating Grants & Contributions	13,155	88	84	13,326
Capital Grants & Contributions	16,068	2,593		18,661
Total Income from Continuing Operations	70,838	13,813	7,224	91,875
Expenses from Continuing Operations				
Employee Costs	22,187	1,880	1,414	25,480
Borrowing Costs	989	313	-	1,302
Materials & Contracts	10,336	5,552	2,815	18,703
Depreciation & Amortisation	12,405	3,426	2,248	18,079
Other Expenses	10,310	671	952	11,933
Total Expenses from Continuing Operations	56,226	11,842	7,429	75,497
Net Operating Result	14,612	1,971	(205)	16,378
Net Operating Result before Capital Grants and Contributions	(1,456)	(621)	(205)	(2,283)

2020-21 Balance Sheet

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
ASSETS				
Current Assets				
Cash & Cash Equivalents	5,889		2,767	8,656
Investments	14,474	19,829	15,457	49,760
Receivables	8,958	2,423	974	12,355
Inventories	541		305	846
Other	401			401
Total Current Assets	30,264	22,252	19,503	72,068
Non-Current Assets				
Receivables	329			329
Infrastructure, Property, Plant & Equipment	604,088	179,561	107,266	890,915
Total Non-Current Assets	604,417	179,561	107,266	891,244
TOTAL ASSETS	634,680	201,813	126,769	963,262
LIABILITIES				
Current Liabilities				
Payables	6,727	9		6,736
Income received in advance	1,091	109		1,200
Borrowings	2,707	281		2,988
Provisions	8,409			8,409
Total Current Liabilities	18,934	399	0	19,333
Non-Current Liabilities				
Borrowings	14,041	3,949		17,990
Provisions	3,588			3,588
Total Non-Current Liabilities	17,628	3,949	0	21,578
TOTAL LIABILITIES	36,563	4,348		40,911
Net Assets	598,118	197,464	126,769	922,351
EQUITY				
Retained Earnings	584,843	191,205	122,534	898,582
Revaluation Reserves	13,275	6,259	4,235	23,769
Total Equity	598,118	197,464	126,769	922,351

2020-21 Cashflow Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Cash Flows from Operating Activities				
Receipts:				
Rates & Annual Charges	26,733	2,435	5,691	34,859
User Charges & Fees	12,355	8,250	251	20,856
Interest & Investment Revenue Received	342	409	208	959
Grants & Contributions	29,223	2,681	84	31,987
Other	2,185	39	990	3,214
Payments:				
Employee Costs	(22,187)	(1,880)	(1,414)	(25,480)
Materials & Contracts	(10,336)	(5,552)	(2,815)	(18,703)
Borrowing Costs	(989)	(313)		(1,302)
Other	(10,310)	(671)	(952)	(11,933)
Net Cash provided (or used in) Operating Activities	27,016	5,397	2,043	34,456
Cash Flows from Investing Activities				
Receipts:				
Sale of Investment Securities		3,225		3,225
Sale of Infrastructure, Property, Plant & Equipment	1,268			1,268
Payments:				
Purchase of Infrastructure, Property, Plant & Equipment	(30,488)	(8,360)	(1,200)	(40,048)
Net Cash provided (or used in) Investing Activities	(29,220)	(5,135)	(1,200)	(35,555)
Cash Flows from Financing Activities				
Receipts:				
Proceeds from Borrowings				
Payments:				
Repayment of Borrowings	(2,567)	(263)		(2,830)
Net Cash Flow provided (used in) Financing Activities	(2,567)	(263)	0	(2,830)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,772)	0	843	(3,929)
Plus: Cash, Cash Equivalents & Investments - beginning of year	10,661	0	1,924	12,585
Cash & Cash Equivalents - end of the year	5,889	0	2,767	8,656
Cash & Cash Equivalents - end of the year	5,889	0	2,767	8,656
Investments - end of the year	14,474	19,829	15,457	49,760
Cash, Cash Equivalents & Investments - end of the year	20,363	19,829	18,224	58,415
Representing:				
- External Restrictions	12,698	1,885	1,530	50,750
- Internal Restrictions	4,751			4,751
- Unrestricted	2,914	17,944	16,694	2,914
Total	20,363	19,829	18,224	58,415

2020-21 Equity Statement

\$'000	General Fund	Water Fund	Sewer Fund	Consolidated Result
Opening Balance	583,506	195,493	126,974	905,973
Net Operating Result for the Year	14,612	1,971	(205)	16,378
Closing Equity Balance	598,118	197,464	126,769	922,351

Capital Budget

Background

The original budget for the 2020-2021 capital program was developed by identifying critical works, projects that are pre existing commitments and grant dependent projects. Using this criteria the 2020/21 capital program has reached \$40 million, which is higher than prior year capital program delivery.

There are a number of projects that were programmed to be completed in the 2019/20 financial year that have been carried forward to the 2020/21 capital program due to the impact of drought, fires and floods. These conditions have not only prevented works proceeding due to issues such as lack of water but have also diverted resources to respond to disaster events.

Description	Gross	External Funding	Council Funding
General Fund	\$30,488,104	\$23,005,044	\$7,483,060
Water Fund	\$8,360,000	\$2,592,500	\$5,767,500
Sewer Fund	\$1,200,000	\$0	\$1,200,000
Total	\$40,048,104	\$25,597,544	\$14,450,560

Further detail on the 2020/21 capital program is contained in Council's 2020/21 Operational Plan.

Long Term Financial Plan

Introduction

The Long Term Financial Plan (LTFP) directly links to Council's Operational Plan and sets the framework to provide cost effective services within available resources for the duration of the forecast.

The IP&R framework requires Council to prepare a LTFP covering a period of at least ten years. The LTFP is essential for being able to determine:

- The extent to which resources will be available to deliver outcomes identified in the Community Strategic Plan and Delivery Program ;
- The ability of Council to meet financial sustainability targets over the term of the LTFP ; and
- The ability to evaluate and measure the impact of changes to service levels or the introduction of new service levels.

The overall objective of Council's LTFP is to maintain current service levels, identify a capital works program that meets the asset renewal requirements contained in Council's asset management plans and achieve a financially sustainable position.

Based on the following assumptions, the LTFP represents Council's estimates of projected 'secure' revenue within rate peg limits, the maintenance of existing services, infrastructure and facilities, and the delivery of initiatives identified in the Operational Plan 2020-2021.

Assumptions

As with all forecasts, it must be acknowledged that things change over time and that long term forecasts are useful as a guidance tool which can identify financial issues in advance and enable a strategy or plan to be developed to deal with them. This LTFP has been prepared using a number of assumptions, which are applicable from 2020-21 onwards.

The LTFP has been developed with the overriding assumption that Council will prioritise projects in accordance with available funding and will continue to maintain its current service levels.

The LTFP is based on maintaining existing services at current levels of service. Service levels can affect operating costs and income as well as asset maintenance costs. The LTFP demonstrates that Council's General Fund is not in a position to introduce additional unfunded services or increase service levels above existing levels.

The LTFP also includes the following specific assumptions:

General Assumptions

Item	Comment
Population Growth	In line with NSW Government's population forecasts, Council's population is currently estimated at 32,750 and this is projected to increase to 36,500 by 2031. These growth estimates have been incorporated into both revenues and expenses.

Recurrent Revenue Assumptions

Item	Comment
Rate Peg	The rate peg amount is closely related to local government CPI rates as determined by IPART. The rate peg has been determined at 2% for 2021/22 and IPART recommends use of 2.5% for financial modelling.
Special Rate Variation (SRV)	<p>The base scenario assumes no SRV funding and the remaining two scenarios assume the following SRV options:</p> <ol style="list-style-type: none"> 1. Council will apply for a permanent Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum. 2. Council will apply for a permanent Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current temporary SRV which is due to end in 2021.
Annual Charges – Waste & Drainage	<p>Increased in line with estimated CPI increase of 2.5%.</p> <p>There is an impact from reduction of the Waterfall Way landfill levy in line with reduced loan repayments as follows: 2023/24 \$600,000 2026/27 \$300,000 2027/28 \$1,100,000</p> <p>While this doesn't have an overall net impact on cash as the levy proceeds offset the loan repayments it does negatively impact the operating result.</p>
Annual & User Charges – Water & Sewer	The increase has been set to generate a sufficient level of funding for the water and sewer capital program forecasts.
User Charges & Fees – Non Statutory	<p>Increased in line with estimated CPI increase of 2.5% based on the assumption that service levels will be maintained. Council is committed to all opportunities to increase user fees where possible.</p> <p>In 2020/21 a decrease in airport user fees and charges of around \$825,000 has been recognised due to COVID-19 shutdown provisions. This is assumed to largely correct in 2021/22 as restrictions are eased and flight services resume.</p>
User Charges & Fees - Statutory	Increases for these fees are not set by Council.
Interest & Investment Revenues	Recalculated based on forecast cash levels with an interest rate between 1%-2% over the life of the forecast.
Other Revenues	Increased in line with estimated CPI increase of 2.5%.
Operating Grants & Contributions	<p>Indexation has been applied to operating grants at 2.0%.</p> <p>In 2021/22 a decrease in the Roads to Recovery grant of \$715,000 has been recognised as Council is currently receiving a temporary increase in the level of funding as a result of drought funding.</p> <p>Also in 2021/22 Council estimates Financial Assistance Grant funding will fall by \$300k due to the Tingha boundary adjustment and this has been removed from both operating revenue and expenditure.</p>

Recurrent Expenditure Assumptions

Item	Comment
Employee Costs	<p>Based on estimated award increases, increment increases and includes an allowance for staffing numbers growth.</p> <p>Movement in employee costs is determined through industry wide award negotiations and market forces. Impacts affecting wages volatility include internal and external factors, such as skills shortages, staff turnover, attraction and retention of skilled and experienced staff, increases in superannuation, award increase and changes in service levels.</p>
Borrowing Costs	Included as per loan borrowings schedule. New loans have only been assumed for the Water Fund.
Materials & Contracts	<p>These costs generally increase in line with CPI; however a small growth allowance has also been assumed.</p> <p>The 2021/22 election is likely to increase these costs by at least \$250,000 in that year.</p>
Depreciation	<p>The 2019-20 depreciation rates for each class of assets are assumed to continue over the life of the forecast.</p> <p>In accordance with accounting standard requirements, all classes of assets will continue to be revalued in the future, including a revaluation of transport assets that is currently underway.</p>
Other Expenses	<p>These costs often increase above the level of CPI.</p> <p>In 2021/22 an increase of \$300,000 will occur in these costs for the increase in the Emergency Services Levy passed onto councils by the NSW Government to pay for increased workers compensation insurance.</p>

Capital Assumptions

Item	Comment
Capital Grants & Contributions	An assumption is made that Council will continue to receive capital grants and contributions from Federal and State sources, at a level that is consistent with previous years.
Capital Expenditure – New Assets	Included as per the capital program. Ongoing new capital projects have been assumed to be completed but beyond 2021/22 new capital spend consists of projects at the airport, a minor amount of new footpaths and other structures expenditure and a minor component of upgrade road works.
Capital Expenditure – Asset Renewal	<p>Asset renewal projections are in accordance with the funding available under each SRV scenario. The increase in funding from the SRV is applied to General Fund asset renewal as follows:</p> <ul style="list-style-type: none"> • Maintain Services – additional \$1.5 million in asset renewal funding annually above decrease services (no SRV) scenario • Improve Services – additional \$3.3 million in asset renewal funding annually above decrease services (no SRV) scenario

Item	Comment
Loan Repayments	<p>Repayments on the present loan are forecast in accordance with the borrowings schedule.</p> <p>New borrowings are assumed to be financed by 20 year loans at a current indicative borrowing rate of 2.5%. Two new loans have been assumed in the forecast for the Water Fund for the purpose of infrastructure funding.</p> <p>The loan taken out for the landfill has a \$4 million balloon payment due in the 2023-24 financial year. This has been assumed to be refinanced for a further 4 years at 4% to smooth out the cashflows required for the borrowing program.</p>
Fixed Asset Values	The value of fixed assets is based on the current value of PPE adjusted for the forecast level of purchases and disposals.
Proceeds from Asset Sales	Provision has been made for the trade in or disposal of plant and fleet in line with the replacement program but no other asset sales have been assumed.

Budgeted Financial Statements

Budgeted Income Statement

This statement outlines:

- All sources of Council's income (revenue)
- All recurrent expenditure. These expenses relate to operations and do not include capital expenditure although depreciation of assets is included.

The Net Operating Result for the year is a measure of Council's financial performance. This figure is determined by deducting total recurrent expenditure from total income.

The Net Operating Result before Capital Grants and Contributions therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs). This result is considered the most relevant measure of financial sustainability as it excludes income that can only be used for the acquisition of new assets.

Budgeted Balance Sheet

This statement outlines what Council owns (assets) and what it owes (liabilities) at a point in time. Council's net worth is determined by deducting total liabilities from total assets – the larger the net equity, the stronger the financial position.

Budgeted Cashflow Statement

This statement summarises the actual flows of cash for a period and explains the change in the cash balance held from the start of the period through to the end of the reporting period. The Cashflow Statement shows the receipt and payment of all operating, investing and financing transactions, and the impact of this on cash balances and the forecast level of unrestricted cash at the end of each reporting period.

SRV SCENARIO: Decrease Services

LTFP Income Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	34,654	36,005	36,811	38,256	39,759	41,023	41,541	43,193	44,912	46,701
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	84,362	78,644	79,813	83,386	86,306	88,137	90,045	94,809	96,670	99,531
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	8,120	366	(443)	1,132	1,987	1,677	1,338	3,752	3,189	3,531
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(4,149)	(3,659)	(3,603)	(2,866)	(2,077)	(1,503)	(1,697)	(779)	218	1,266
General Fund Operating Result	177	(1,456)	(3,490)	(3,175)	(3,380)	(3,073)	(2,754)	(2,715)	(3,510)	(3,228)	(2,913)	(2,604)
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(4,149)	(3,659)	(3,603)	(2,866)	(2,077)	(1,503)	(1,697)	(779)	218	1,266

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,516	14,678	14,916	14,190	15,413	19,038	20,075	27,021	33,241	42,810
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,096	66,245	60,882	55,763	52,222	55,826	56,863	63,810	70,029	79,598
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	898,615	906,393	908,041	911,147	913,664	909,161	908,049	903,551	899,373	892,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	899,232	907,009	908,657	911,764	914,280	909,777	908,665	904,168	899,990	893,271
TOTAL ASSETS	947,878	961,426	972,327	973,254	969,539	67,527	966,502	965,603	965,529	967,977	970,019	972,869
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	901,322	901,688	901,245	902,377	904,364	906,042	907,379	911,131	914,320	917,850
EQUITY												
Retained Earnings	845,741	862,119	870,239	870,605	870,162	871,294	873,281	874,959	876,296	880,048	883,237	886,767
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	901,322	901,688	901,245	902,377	904,364	906,042	907,379	911,131	914,320	917,850

LTFP Cashflow Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	34,654	36,005	36,811	38,256	39,759	41,023	41,541	43,193	44,912	46,701
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	26,650	19,360	19,026	21,088	22,442	22,643	22,827	25,779	25,766	26,673
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(37,096)	(27,977)	(22,484)	(24,265)	(24,173)	(17,659)	(21,592)	(18,686)	(19,577)	(17,660)

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years										
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Equipment													
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(31,844)	(19,758)	(15,516)	(18,669)	(18,207)	(16,442)	(20,378)	(17,529)	(18,400)	(16,423)	
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-	
Payments:													
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Increase/(Decrease) in Cash & Cash Equivalents plus: Cash, Cash Equivalents & Investments - beginning of year	9,816	(3,928)	(2,412)	162	237	(726)	1,223	3,624	1,038	6,946	6,220	9,569	
Cash & Cash Equivalents - end of the year	20,856	16,928	14,516	14,678	14,916	14,190	15,413	19,038	20,075	27,021	33,241	42,810	
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253	
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,560	51,709	46,346	41,228	37,687	41,291	42,328	49,274	55,494	65,063	
Representing:													
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458	
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835	
- Unrestricted	2,139	3,091	1,913	1,351	1,178	131	599	2,493	883	7,534	11,454	16,770	
Total	72,151	64,997	58,560	51,709	46,346	41,228	37,687	41,291	42,328	49,274	55,494	65,063	

Key Performance Indicators

	Bench- mark		Draft	Original	Projected Years									
			Actual	Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(6.59%)	(5.81%)	(6.05%)	(5.33%)	(4.63%)	(4.44%)	(5.66%)	(5.04%)	(4.40%)	(3.81%)
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(5.75%)	(4.90%)	(4.70%)	(3.61%)	(2.52%)	(1.77%)	(1.95%)	(0.86%)	0.23%	1.30%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	69.73%	77.22%	77.50%	77.36%	77.59%	78.27%	78.38%	76.36%	78.49%	79.60%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	72.40%	80.60%	81.69%	81.19%	81.48%	82.60%	82.86%	81.88%	83.58%	84.50%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.05x	1.07x	1.04x	1.08x	1.26x	1.19x	1.55x	1.80x	2.09x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	2.83x	2.91x	3.39x	3.92x	4.57x	5.66x	13.73x	18.45x	26.79x	145.11x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	3.74x	3.57x	3.9x	4.43x	5.06x	6.27x	10.48x	12.32x	15.09x	24.26x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.01	5.89	5.87	5.58	5.75	6.15	5.90	7.29	7.84	8.99
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.49	0.34	0.29	0.03	0.14	0.58	0.21	1.71	2.54	3.64
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	47.9%	42.7%	44.0%	54.3%	55.3%	52.9%	75.3%	40.7%	55.9%	41.4%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	74.3%	91.8%	69.9%	84.3%	80.7%	54.5%	68.0%	56.5%	58.2%	49.2%

	Bench- mark		Draft Actual	Original Budget	Projected Years									
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.41%	2.66%	2.91%	3.13%	3.35%	3.59%	3.72%	4.05%	4.31%	4.67%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	2.01%	2.04%	2.18%	2.25%	2.33%	2.55%	2.71%	2.94%	3.16%	3.45%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

SRV SCENARIO: Maintain Services

LTFP Income Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	36,122	37,529	38,393	39,898	41,463	42,792	43,378	45,099	46,890	48,755
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	85,830	80,168	81,395	85,028	88,011	89,907	91,882	96,716	98,649	101,585
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	9,588	1,890	1,139	2,774	3,692	3,447	3,174	5,658	5,167	5,585
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(2,681)	(2,135)	(2,021)	(1,224)	(372)	266	140	1,127	2,196	3,320
General Fund Operating Result	177	(1,456)	(2,022)	(1,651)	(1,798)	(1,431)	(1,049)	(946)	(1,673)	(1,321)	(935)	(550)
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(2,681)	(2,135)	(2,021)	(1,224)	(372)	266	140	1,127	2,196	3,320

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,484	14,671	14,990	14,407	15,834	19,728	21,102	28,454	35,153	45,276
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,064	66,237	60,956	55,980	52,643	56,516	57,890	65,243	71,941	82,064
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	900,115	909,393	912,541	917,147	921,164	918,161	918,549	915,551	912,873	907,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	900,732	910,009	913,157	917,764	921,780	918,777	919,165	916,168	913,490	908,271
TOTAL ASSETS	947,878	961,426	973,796	976,246	974,113	973,743	974,423	975,293	977,055	981,410	985,431	990,335
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	902,790	904,680	905,819	908,593	912,285	915,732	918,906	924,564	929,731	935,316
EQUITY												
Retained Earnings	845,741	862,119	871,707	873,597	874,736	877,510	881,202	884,649	887,823	893,481	898,648	904,233
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	902,790	904,680	905,819	908,593	912,285	915,732	918,906	924,564	929,731	935,316

LTFP Cashflow Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	36,122	37,529	38,393	39,898	41,463	42,792	43,378	45,099	46,890	48,755
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	28,118	20,884	20,608	22,730	24,146	24,412	24,664	27,685	27,745	28,727
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(38,596)	(29,477)	(23,984)	(25,765)	(25,673)	(19,159)	(23,092)	(20,186)	(21,077)	(19,160)

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years										
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Equipment													
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(33,344)	(21,258)	(17,016)	(20,169)	(19,707)	(17,942)	(21,878)	(19,029)	(19,900)	(17,923)	
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-	
Payments:													
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Increase/(Decrease) in Cash & Cash Equivalents plus: Cash, Cash Equivalents & Investments - beginning of year	9,816	(3,928)	(2,443)	187	319	(584)	1,428	3,894	1,374	7,353	6,698	10,123	
Cash & Cash Equivalents - end of the year	20,856	16,928	14,484	14,671	14,990	14,407	15,834	19,728	21,102	28,454	35,153	45,276	
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253	
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,529	51,702	46,421	41,445	38,108	41,981	43,355	50,708	57,406	67,529	
Representing:													
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458	
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835	
- Unrestricted	2,139	3,091	1,881	1,344	1,252	347	1,020	3,183	1,910	8,967	13,366	19,236	
Total	72,151	64,997	58,529	51,702	46,421	41,445	38,108	41,981	43,355	50,708	57,406	67,529	

Key Performance Indicators

	Bench- mark		Draft	Original	Projected Years									
			Actual	Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(3.71%)	(2.94%)	(3.13%)	(2.41%)	(1.71%)	(1.50%)	(2.62%)	(2.00%)	(1.37%)	(0.78%)
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(3.64%)	(2.80%)	(2.58%)	(1.51%)	(0.44%)	0.31%	0.16%	1.22%	2.30%	3.34%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	70.45%	77.82%	78.10%	77.97%	78.19%	78.87%	78.99%	77.01%	79.10%	80.19%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	72.88%	80.97%	82.04%	81.55%	81.84%	82.94%	83.20%	82.24%	83.91%	84.81%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.05x	1.07x	1.05x	1.1x	1.29x	1.24x	1.63x	1.90x	2.22x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	3.24x	3.33x	3.91x	4.5x	5.24x	6.51x	15.96x	21.39x	31x	167.55x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	4.09x	3.9x	4.26x	4.84x	5.52x	6.82x	11.43x	13.41x	16.38x	26.27x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.01	5.89	5.89	5.63	5.85	6.31	6.14	7.61	8.26	9.53
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.49	0.34	0.31	0.08	0.24	0.74	0.44	2.04	2.97	4.18
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	63.1%	57.5%	58.5%	68.4%	69.1%	66.4%	88.4%	53.5%	68.4%	53.6%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	83.9%	101.1%	79.0%	93.1%	89.3%	62.9%	76.3%	64.6%	66.1%	56.8%

	Bench- mark		Draft	Original	Projected Years									
			Actual	Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.34%	2.53%	2.71%	2.86%	3.01%	3.18%	3.23%	3.48%	3.66%	3.92%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	1.97%	1.97%	2.06%	2.09%	2.13%	2.31%	2.42%	2.60%	2.78%	3.01%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

SRV SCENARIO: Improve Services

LTFP Income Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	33,409	34,859	37,972	39,449	40,386	41,966	43,610	45,021	45,691	47,500	49,383	51,342
User Charges & Fees	18,091	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue	1,376	959	693	615	547	490	443	441	469	520	596	685
Other Revenues	3,658	3,214	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Operating Grants & Contributions	16,979	13,326	11,013	11,233	11,458	11,687	11,920	12,159	12,402	12,650	12,903	13,161
Capital Grants & Contributions	23,025	18,661	12,269	4,026	3,160	3,998	4,064	3,181	3,034	4,531	2,971	2,265
Total Income	96,538	91,875	87,680	82,087	83,388	87,097	90,158	92,135	94,195	99,117	101,142	104,172
Expenses from Continuing Operations												
Employee Costs	23,750	25,480	25,830	26,476	27,138	27,816	28,512	29,224	29,955	30,704	31,472	32,258
Borrowing Costs	2,000	1,302	1,146	1,153	1,044	893	744	606	505	436	368	319
Materials & Contracts	21,274	18,703	18,987	19,656	20,353	21,077	21,831	22,616	23,433	24,283	25,168	26,089
Depreciation & Amortisation	17,594	18,079	18,531	18,994	19,469	19,955	20,454	20,966	21,490	22,027	22,578	23,142
Other Expenses	8,231	11,933	11,749	11,998	12,253	12,512	12,778	13,049	13,325	13,608	13,897	14,192
Losses on Disposal of Assets	1,454											
Revaluation/impairment IPPE	2,099											
Total Expenses	76,402	75,497	76,243	78,277	80,256	82,254	84,319	86,460	88,708	91,058	93,482	96,001
Net Operating Result	(20,310)	16,378	11,437	3,810	3,132	4,843	5,839	5,675	5,488	8,059	7,660	8,172
Net Operating Result before Capital Grants and Contributions	(2,889)	(2,283)	(831)	(215)	(28)	844	1,775	2,495	2,453	3,528	4,689	5,907
General Fund Operating Result	177	(1,456)	(172)	269	195	637	1,098	1,283	640	1,080	1,558	2,037
Water Fund Operating Result	(4,084)	(621)	(563)	(499)	(357)	(67)	240	585	970	1,388	1,837	2,308
Sewer Fund Operating Result	1,018	(205)	(95)	15	134	274	437	627	843	1,061	1,294	1,562
Consolidated Operating Result	(2,889)	(2,283)	(831)	(215)	(28)	844	1,775	2,495	2,453	3,528	4,689	5,907

LTFP Balance Sheet

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
ASSETS												
Current Assets												
Cash & Cash Equivalents	20,856	16,928	14,534	14,840	15,352	15,037	16,812	21,134	23,022	30,976	38,366	49,277
Investments	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253
Receivables	12,248	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223	12,223
Inventories	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Other	606	606	606	606	606	606	606	606	606	606	606	606
Non-current assets classified as "held for sale"	1,359	680	680	680	680	680	680	680	680	680	680	680
Total Current Assets	87,391	79,532	73,113	66,406	61,318	56,611	53,621	57,923	59,810	67,764	75,155	86,065
Non-Current Assets												
Receivables	312	337	337	337	337	337	337	337	337	337	337	337
Infrastructure, Property, Plant & Equipment	860,175	881,277	901,915	912,993	917,941	924,347	930,164	928,961	931,149	929,951	929,073	925,655
Other	279	279	279	279	279	279	279	279	279	279	279	279
Total Non-Current Assets	860,487	881,894	902,532	913,609	918,557	924,964	930,780	929,577	931,765	930,568	929,690	926,271
TOTAL ASSETS	947,878	961,426	975,645	980,015	979,875	981,574	984,401	987,500	991,575	998,331	1,004,844	1,012,336
LIABILITIES												
Current Liabilities												
Payables	8,463	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383
Income received in advance	7,245	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519	7,519
Borrowings	2,831	2,988	3,440	3,272	3,144	3,012	2,576	1,412	1,303	1,147	680	689
Provisions	7,329	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303	12,303
Total Current Liabilities	25,868	31,193	31,645	31,477	31,349	31,217	30,782	29,618	29,509	29,352	28,886	28,895
Non-Current Liabilities												
Payables	253	59	59	59	59	59	59	59	59	59	59	59
Borrowings	20,946	17,959	20,289	21,017	17,873	14,861	12,285	10,873	9,569	8,422	7,742	7,053

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisions	23,987	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013	19,013
Total Non-Current Liabilities	45,186	37,030	39,360	40,089	36,945	33,933	31,356	29,944	28,641	27,494	26,814	26,124
TOTAL LIABILITIES	71,054	68,224	71,006	71,566	68,294	65,150	62,138	59,562	58,150	56,846	55,699	55,019
Net Assets	876,824	893,202	904,639	908,450	911,581	916,424	922,263	927,938	933,426	941,485	949,145	957,317
EQUITY												
Retained Earnings	845,741	862,119	873,556	877,367	880,498	885,341	891,180	896,855	902,343	910,402	918,062	926,234
Revaluation Reserves	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083	31,083
Total Equity	876,824	893,202	904,639	908,450	911,581	916,424	922,263	927,938	933,426	941,485	949,145	957,317

LTFP Cashflow Statement

\$'000	Draft	Original	Projected Years									
	Actual 2019/20	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	33,429	34,859	37,972	39,449	40,386	41,966	43,610	45,021	45,691	47,500	49,383	51,342
User Charges & Fees	22,184	20,856	22,439	23,387	24,376	25,407	26,484	27,606	28,777	29,999	31,274	32,605
Interest & Investment Revenue Received	1,944	959	693	615	547	490	443	441	469	520	596	685
Grants & Contributions	28,400	31,987	23,281	15,259	14,618	15,685	15,984	15,340	15,436	17,181	15,874	15,426
Other	852	3,488	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,916	4,014	4,115
Payments:												
Employee Costs	(23,001)	(25,480)	(25,830)	(26,476)	(27,138)	(27,816)	(28,512)	(29,224)	(29,955)	(30,704)	(31,472)	(32,258)
Materials & Contracts	(24,574)	(18,977)	(18,987)	(19,656)	(20,353)	(21,077)	(21,831)	(22,616)	(23,433)	(24,283)	(25,168)	(26,089)
Borrowing Costs	(2,350)	(1,302)	(1,146)	(1,153)	(1,044)	(893)	(744)	(606)	(505)	(436)	(368)	(319)
Other	(5,795)	(11,933)	(11,749)	(11,998)	(12,253)	(12,512)	(12,778)	(13,049)	(13,325)	(13,608)	(13,897)	(14,192)
Net Cash provided (or used in) Operating Activities	31,129	34,456	29,968	22,804	22,600	24,798	26,293	26,641	26,977	30,087	30,238	31,314
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	79,000	3,226	4,025	7,014	5,600	4,392	4,765	20	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,870	1,268	1,228	1,205	1,367	1,203	1,202	1,197	1,215	1,157	1,177	1,236
Deferred Debtor Receipts	15											
Payments:												
Purchase of Investment Securities	(72,059)											
Purchase of Infrastructure, Property, Plant &	(28,153)	(40,048)	(40,396)	(31,277)	(25,784)	(27,565)	(27,473)	(20,959)	(24,892)	(21,986)	(22,877)	(20,960)

\$'000	Draft Actual 2019/20	Original Budget 2020/21	Projected Years										
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Equipment													
Net Cash provided (or used in) Investing Activities	(18,327)	(35,555)	(35,144)	(23,058)	(18,816)	(21,969)	(21,507)	(19,742)	(23,678)	(20,829)	(21,700)	(19,723)	
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	-	5,770	4,000	-	-	-	-	-	-	-	-	
Payments:													
Repayment of Borrowings	(2,986)	(2,830)	(2,988)	(3,440)	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Cash Flow provided (used in) Financing Activities	(2,986)	(2,830)	2,782	560	(3,272)	(3,144)	(3,012)	(2,576)	(1,412)	(1,303)	(1,147)	(680)	
Net Increase/(Decrease) in Cash & Cash Equivalents plus: Cash, Cash Equivalents & Investments - beginning of year	9,816	(3,928)	(2,394)	306	512	(315)	1,775	4,322	1,887	7,954	7,391	10,910	
Cash & Cash Equivalents - end of the year	20,856	16,928	14,534	14,840	15,352	15,037	16,812	21,134	23,022	30,976	38,366	49,277	
Investments - end of the year	51,295	48,069	44,045	37,031	31,431	27,038	22,274	22,253	22,253	22,253	22,253	22,253	
Cash, Cash Equivalents & Investments - end of the year	72,151	64,997	58,578	51,871	46,783	42,075	39,086	43,387	45,275	53,229	60,620	71,530	
Representing:													
- External Restrictions	59,991	52,888	47,792	41,213	35,723	31,417	27,203	28,718	31,225	31,315	33,410	37,458	
- Internal Restrictions	10,020	9,017	8,855	9,145	9,445	9,680	9,885	10,080	10,220	10,425	10,630	10,835	
- Unrestricted	2,139	3,091	1,931	1,513	1,614	978	1,998	4,589	3,830	11,489	16,579	23,237	
Total	72,151	64,997	58,578	51,871	46,783	42,075	39,086	43,387	45,275	53,229	60,620	71,530	

Key Performance Indicators

	Bench- mark		Draft	Original	Projected Years									
			Actual	Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Performance Ratio	>0%	General Fund	6.60%	(2.66%)	(0.31%)	0.46%	0.33%	1.04%	1.73%	1.97%	0.97%	1.58%	2.20%	2.79%
		Water Fund	(41.80%)	(5.53%)	(4.87%)	(4.12%)	(2.82%)	(0.50%)	1.73%	4.02%	6.35%	8.66%	10.91%	13.06%
		Sewer Fund	14.15%	(2.84%)	(1.27%)	0.19%	1.64%	3.22%	4.92%	6.75%	8.67%	10.42%	12.15%	14.00%
		Consolidated	0.90%	(3.12%)	(1.10%)	(0.28%)	(0.04%)	1.02%	2.06%	2.80%	2.69%	3.73%	4.78%	5.80%
Own Source Operating Revenue	>60%	General Fund	54.12%	58.75%	71.30%	78.53%	78.82%	78.69%	78.91%	79.57%	79.71%	77.78%	79.81%	80.88%
		Water Fund	64.75%	80.59%	70.12%	83.93%	88.75%	86.27%	86.79%	90.03%	90.45%	93.52%	93.80%	94.07%
		Sewer Fund	91.20%	98.84%	98.87%	98.89%	98.91%	98.94%	98.96%	98.99%	99.01%	99.04%	99.06%	99.09%
		Consolidated	58.56%	65.18%	73.45%	81.41%	82.47%	81.99%	82.27%	83.35%	83.61%	82.67%	84.31%	85.19%
Unrestricted Current Ratio	>1.5x	Consolidated	2.64x	1.12x	1.05x	1.06x	1.09x	1.08x	1.15x	1.36x	1.34x	1.76x	2.07x	2.43x
Debt Service Cover Ratio	>2x	General Fund	4.06x	3.36x	3.76x	3.86x	4.55x	5.24x	6.09x	7.58x	18.76x	25.1x	36.3x	195.81x
		Water Fund	(1.11)x	5.41x	5.63x	3.69x	3.15x	3.44x	3.74x	4.57x	4.99x	5.44x	6.18x	7.72x
		Sewer Fund	158.9x	102.14x	110.44x	118.83x	127.72x	137.76x	149.03x	161.7x	175.75x	189.98x	205.05x	221.97x
		Consolidated	4.06x	4.12x	4.54x	4.32x	4.72x	5.35x	6.08x	7.52x	12.62x	14.77x	18.01x	28.81x
Cash Expense Cover Ratio (including restricted cash)	>3 months	General Fund	6.72	6.39	6.02	5.94	5.98	5.78	6.09	6.64	6.59	8.19	8.98	10.40
		Water Fund	142.45	29.55	25.85	19.44	15.52	11.53	6.91	6.80	7.16	8.23	9.46	9.85
		Sewer Fund	57.61	43.46	36.33	28.23	20.78	17.54	15.15	17.71	20.28	17.97	20.46	25.29
		Consolidated	14.75	12.89	8.71	7.08	5.89	4.96	4.00	3.92	3.89	3.80	3.71	3.63
Cash Expense Cover Ratio (unrestricted cash)	>3 months	Consolidated	0.59	0.79	0.50	0.38	0.40	0.24	0.47	1.07	0.89	2.61	3.68	5.05
Buildings & Infrastructure Renewals Ratio	>100%	General Fund	17.8%	60.2%	81.3%	75.3%	75.9%	85.4%	85.6%	82.5%	104.2%	68.9%	83.4%	68.2%
		Water Fund	0.0%	125.7%	64.3%	133.5%	74.8%	142.9%	129.0%	50.8%	49.6%	48.4%	56.5%	70.3%
		Sewer Fund	0.0%	44.3%	202.4%	237.7%	172.7%	122.6%	115.0%	66.9%	65.3%	136.5%	70.6%	49.9%
		Consolidated	17.8%	72.6%	95.3%	112.3%	89.9%	103.8%	99.7%	73.1%	86.2%	74.2%	75.5%	66.0%

	Bench- mark		Draft	Original	Projected Years									
			Actual	Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Infrastructure Backlog Ratio	<2%	General Fund	2.12%	2.19%	2.27%	2.37%	2.48%	2.55%	2.61%	2.70%	2.68%	2.83%	2.92%	3.09%
		Water Fund	0.91%	0.88%	1.02%	0.88%	0.99%	0.81%	0.68%	0.90%	1.13%	1.37%	1.58%	1.74%
		Sewer Fund	2.29%	2.27%	1.80%	1.18%	0.87%	0.77%	0.70%	0.85%	1.00%	0.83%	0.96%	1.21%
		Consolidated	1.87%	1.90%	1.92%	1.87%	1.91%	1.90%	1.90%	2.02%	2.08%	2.21%	2.33%	2.51%
Asset Maintenance Ratio	>100%	General Fund	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
		Water Fund	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
		Sewer Fund	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		Consolidated	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Operating Expenditure per capita	N/A	General Fund	\$1,749	\$1,673	\$1,623	\$1,597	\$1,571	\$1,547	\$1,563	\$1,552	\$1,543	\$1,534	\$1,526	\$1,518
		Water Fund	\$430	\$352	\$349	\$348	\$345	\$340	\$342	\$339	\$337	\$334	\$331	\$328
		Sewer Fund	\$192	\$221	\$219	\$216	\$213	\$210	\$212	\$211	\$209	\$208	\$206	\$205
		Consolidated	\$2,370	\$2,246	\$2,191	\$2,161	\$2,129	\$2,096	\$2,118	\$2,102	\$2,088	\$2,075	\$2,063	\$2,051

Risk and Sensitivity Analysis

Introduction

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

Temporary Special Rate Variation (SRV)

The temporary SRV in place for the former Armidale Dumaresq Council will expire 30 June 2021. The impact of this SRV expiring without an alternative source of funding available would be significant as rate income would need to reduce by around \$1.5m recurrently.

This would have a significant impact on the General Fund and would immediately impact the level unrestricted cash available as well as result in an operating deficit of over \$3 million. Without a significant change in service levels, the General Fund would completely run out of unrestricted cash within 2 years if this scenario eventuates.

Financial Assistance Grants

The NSW Government has advised it is currently reviewing the grant methodology in line with NSW policy to direct the general purpose component of the grant to councils with greatest relative need. As Council is forecast to receive around \$6 million in financial assistance grants, changes to the allocation of these grants or a change in government policy that affects the value and timing of when these grants are paid would have a significant impact.

If, for example, Council experienced a 10% reduction in the level of these grants then it would immediately result in an operating deficit of over \$600,000 and would also impact unrestricted cash.

Unexpected Events

While a range of possible scenarios can be modelled, Council's largest risk is from the impact of unexpected events, particularly where they have a financial impact within the year they are identified. Such risks included:

- Project cost overruns due to unforeseen factors;
- Changes to government funding policies (e.g. removal of advance payment of financial assistance grants or reduction in grant funding sources);
- Severe weather events (not declared disaster events) causing significant damage to road infrastructure (e.g. landslips, blocked stormwater drains, potholes);
- Unexpected shifting of costs from other levels of government; and
- Downturn in the economy resulting in lower revenues from user charges and fees (e.g. landfill fees and development approval fees).

As most of these impacts would significantly affect the General Fund, it has been identified as an important strategy to increase the level of unrestricted cash to act as a buffer against these types of events.

**Workforce Management Plan
2018 - 2022**

Unleash the opportunities

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Introduction

Armidale Regional Council's (ARC) Workforce Planning process is a dynamic process designed to match workforce requirements with organisational objectives, now and into the future. It provides Council with direction and helps identify workforce requirements needed to meet the expectations of the Community as provided in the Community Strategic Plan.

The Integrated Planning and Reporting (IP&R) Framework and *Fit for the Future Improvement Plan* conveys the need to outline how council will achieve financial sustainability into the future, including through its workforce. The need for a Workforce Plan is a well considered theme within the sector and has been recognised and promoted as a means of addressing the future challenges facing the industry and changing operational needs.

In addition to delivering on the expectations of the community and requirements of the IP&R, one of the five key objectives of the NSW State Government's Stronger Councils initiative is *Sound Organisational Health*. The implementation of the Workforce Management Plan (WMP) is included in the scope of the *Sound Organisational Health* project.

Themes of the need to address increasing skill shortages through innovative attraction and retention strategies and leadership skill development amongst all senior managers, including General Managers and Directors was identified as part of the Independent Local Government Review Panel outcomes.

It is intended that this Plan will be an evolving document that will change as the community and the organisation continues to grow and change. Council will continuously review and monitor the Workforce Management Plan to ensure its meeting the organisations needs.

Building The Workforce Management Plan

As part of the process of building the workforce management plan, consideration was given to a wide variety of issues related to the standard of our service delivery, key projects resourcing requirements and linking into key strategic objectives of Council.

Looking To The Future

Council's strategic workforce priorities will continue to build upon the achievements made to date and develop the committed and capable workforce it already has.

In addition, the priorities and action plans contained herein are informed by key workforce trends, the changing environment and Council's workforce profile. Across the local government industry and Australia, there are consistent themes of change which are impacting on the nature of work and defining the workforce of the future. Council will need to be conscious of and responsive to these changes.

Significant trends include:

The Impact Of Technology

With the rapid change in technology occurring, Council and its workforce need to evolve at the same pace.

Technological improvements make it possible for Council to offer more flexible work arrangements through the opportunity to telecommute and work from virtual offices or home. Information is now more easily accessible and able to be shared more quickly than ever before and with fewer resources.

Technology allows Council to find efficiencies in operations through automation and process improvement as well as better opportunity to access advanced networking and learning. Communication has changed significantly with the ease of access to information, cyber security, and real time responses becoming a larger part of how we communicate.

Over the coming years, Council will look to address the challenges and opportunities for its people brought about through the impact of technology.

An Older Experienced Workforce

Approximately 40%¹ of Council employees are over the age of 50. This statistic is not uncommon across Australian organisations as the Baby Boomers generation age. According to the Australian Bureau of Statistics Census 2011, over 50 year olds represented 37% of all local government staff compared to 29% of all workers nationally.

¹ Information extracted from Tech One Council Data 12 April 2018

Indications are that the number of Australians aged 65 or over will have more than doubled by 2055. This will potentially bring new challenges for Australia including the need for older workers to stay in the workforce longer. Employers will need to consider ways to accommodate and maximise the opportunity that an ageing workforce brings to a community while maintaining a safe and productive workplace.

The ageing of Council's workforce presents challenges for Council in terms of working arrangements retention of corporate knowledge, safe work practices and succession planning.

Council will look to address the challenges and maximise the opportunities brought about through the changing demographic of its workforce.

A Healthy Workplace As A Driver Of Performance

Most Australian adults spend around half their waking hours at work so it's obvious that the workplace is an important setting for promoting and supporting good health across the population.

It is not just physical health that needs addressing with reports indicating that one in five adults will experience mental illness at some point in their life. The operational impact of illness, both physical and mental is broad. A healthy workplace can increase productivity, reduce sick leave and presentism, improve staff morale and motivate and improve workplace relationships.

The Australian Government - Department of Health 'Healthy Workers Initiative' reports that it has been estimated that the healthiest Australian employees are three times more productive at work than their colleagues.¹

1. The increase in preventable disease and workplace injury resulting from unhealthy living is a major cause of workplace absence or disruption.²
2. Lifestyle risk factors such as smoking, excessive drinking, poor diet, inactivity and excess body weight can contribute to time away from work.
3. Loss in productivity due to obesity through absenteeism, attending work when sick and premature death is estimated to cost \$6.4 billion a year.

¹ Medibank Private (2005) The Health of Australia's Workforce, www.medibank.com.au/pdfs/MEDI_Workplace_Web_Sp.pdf.

² Medibank Private (2005) The Health of Australia's Workforce, www.medibank.com.au/pdfs/MEDI_Workplace_Web_Sp.pdf.



The Need For Talent Attraction

The projected decline of the available regional labour force in the years ahead will impact on the Council's ability to deliver services. This will necessitate a greater emphasis on not only attracting new employees, but on retaining current employees in an increasingly tight and competitive labour market.

Factors such as a lack of social engagement, entertainment, retail, industry, investment and transport opportunities, combined with perceived geographic remoteness, has an impact on the ability to attract skilled staff. The proximity of larger centres such as Tamworth and coastal communities such as Coffs Harbour together with the relative proximity of Sydney and Brisbane through air and rail services offset some of these factors to a limited extent.

Armidale Regional Council's Workforce Management Plan provides the strategic direction to create a sustainable workforce. Council must continue investing in the development and retention of the right people, with the right capabilities, skills and behaviours, in the right jobs.



The Ability To Manage Change – Building Resilience In The Workforce

The local government environment and the societies and communities in which Council operate are dynamic. Over the past century the number of local councils in NSW has more than halved and recent changes in NSW have seen further reductions to the number of councils in the State. The Fit for the Future reform process has more recently impacted directly on the local government environment. The ongoing review and change that this reform brings to local government is wide reaching and will continue to evolve over the foreseeable future.

In addition to larger structural changes such as council boundaries, councils regularly review their operational needs and the mix of staffing needed to fulfill their operational obligations and commitment to the community. Council functions are also varied due to legislation or funding programs changes which are influenced by State and Federal Governments.

This type of environment requires a workforce which is responsive, cooperative and resilient to endure the changes in a safe and sustainable way. It is important that Council address these challenges to ensure the health of its staff and the organisation.

Aligning HR Practices With The Organisation

Workforce planning is about organisation development and forecasting and predicting trends. It is not a static process but a continual process designed to analyse Council's current situation, identify and assess future needs and develop solutions to ensure Council continues to be able to deliver on the community's expectations.

Simply, it is about the right people, with the right skills at the right time, doing the right things.

A strategic focused Workforce Management plan will align the workforce to create value for the community. Creating a council with strong key performance indicators, the right people in the right jobs and developing a strong culture will optimise overall performance.

HR Management systems and structures will be reviewed and considered as to the best way to meet the objectives of the Workforce Management Plan.



Operational Efficiencies

The Fit for the Future reform process is focused on building on stronger and more sustainable system of local government. The NSW Government wants communities to have confidence that their council is financially sound, operating efficiently and in a strong position to guide community growth and deliver quality services.

As part of the priorities of Armidale Regional Council, it is important that as part of the *Delivering the Benefits of Council Amalgamations project*, Council is committed to ensuring it is a well run and well operated organisation that delivers value for money to residents and businesses.

The Workforce Management Plan forms a part of this commitment as Council considers resourcing requirements, including staff, of all operations. There will be a focus on process improvement leading to financial efficiencies for the organisation.

Strategies To Address The Workforce Challenges Faced By The Sector

1. Improving Workforce Planning and Development
2. Keeping our People and Communities Safe and Healthy
3. Promoting Local Government as a Place-Based Employer of Choice
4. Retaining and Attracting a Diverse Workforce
5. Creating a Contemporary Workplace
6. Investing in Skills
7. Culture Development
8. Improving Productivity and Leveraging Technology
9. Maximising Management and Leadership
10. Implementation and Collaboration

These strategies directly link Council's Workforce Management Plan with the Local Government NSW Workforce Management Plan and the strategies outlined in the Future-Proofing Local Government: National Workforce Strategy 2013 – 2020 compiled by the Local Government Practice Unit of Local Government Managers Australia (LGMA) on behalf of the Australian Centre of Excellence for Local Government.



1. Improving workforce planning and development

As part of the Integrated Planning and Reporting (IP&R) framework Council is required to prepare a 4 year workforce management plan which addresses the human resource requirements of the 4 year Delivery Program. The Delivery Program details the principal activities to be undertaken to achieve the key elements established in the Community Strategic Plan.

Actions	
1.1	Fully integrate the plan with the Operational Plan, Delivery Program, Long Term Financial Plan and Asset Management Plan.
1.2	Create a framework to assess Workforce Planning and Organisation capability
1.3	Implement programs which provide career development opportunities to youth through targeted Apprenticeship, Traineeship and Cadetship arrangements.
1.4	Consult broadly with ELT, Management team and other key stakeholders on the components of the Workforce Management Plan to create a greater understanding of the importance of the plan and its operational linkages.
1.4	Build and support a highly responsive and adaptable workforce which is able to respond easily to changes in demand and service expectations.
1.6	Develop workforce planning capabilities and understanding for all managers to allow resourcing considerations to become incorporated into strategic planning.
1.7	Provide greater support for managing hard to fill and business critical roles including the development and implementation of a Succession Planning Program.
1.8	Develop and implement a holistic Transition to Retirement Program.



2. Keeping our People and Communities Safe and Healthy

The Workforce Management emphasizes the importance of Safety, Health and Wellbeing as a fundamental component of our operations at Council.

Armidale Regional Council Safety Vision

At Armidale Regional Council we believe that the responsibility for safety starts with each one of us and that all injuries are preventable and that no task is so important that it can't be done safely. Through our "Live Safe" program we intentionally set the bar high in safety and encourage everyone to 'look out for their mates'.

Building a strong wellbeing and safety culture is a challenge that will play a critical part in improving the health and wellbeing of our staff.

The workforce Management Plan acknowledges the emphasis on compliance in the *Work, Health and Safety Act 2011* and the inherent need to focus on risk management.

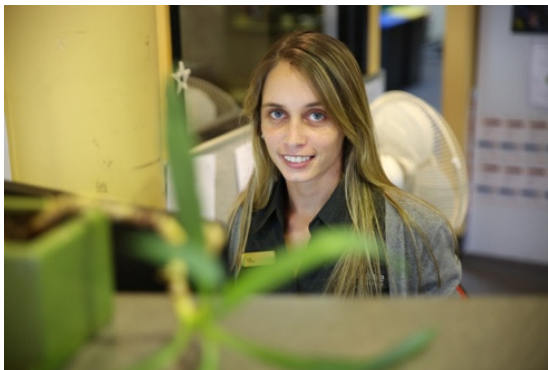
Actions	
2.1	Assist with, and promote organisational safety for the life of this plan.
2.2	Provide clarity of safety responsibilities to meet legislative and organisational standards and expectations.
2.3	Review our recruitment and fitness for work processes to ensure staff are fit for the defined role.
2.4	Review and build/rebuild systems processes, policies and tools to manage all safety and risk elements effectively across Council.
2.5	Ensure supervisors continually undertake safety conversations to reinforce safety awareness.
2.6	Develop, consult, adopt and proactively implement initiatives which focus on fatigue management, mental health, contractor management and risk, incident and audit online reporting systems.



3. Promoting Local Government as a Place-Based Employer of Choice

In an environment where skill shortages are increasing across vital areas of Councils operations, Council needs to be in a strong position to compete for highly skilled and talented people to join the organisation. Local Government and Council aim to be seen as somewhere that people want to work and stay and aspire to be an Employer of Choice.

Actions	
3.1	Develop and implement an Employer Branding Strategy to promote local government and ARC as an employer of choice.
3.2	Proactively identify opportunities to collaborate and regularly participate in industry events which promote Local Government and ARC as an employer.
3.3	Maintain Council's focus on entrenching the principles of diversity and inclusion within every component of our organisation.
3.4	Promote the benefits of living and working in the region to support regional workforce growth and Council employment.
3.5	Participate in relevant Awards that support the promotion of ARC as an employer of choice.



4. Retaining and Attracting a Diverse Workforce

It is vital that we have the right people, with the right capabilities, skills and attitudes in the right jobs. The experience and knowledge that Council's people hold is one of its biggest assets. Council will attract and retain the right people from a diverse range of backgrounds to enhance the work environment for all employees. Council will develop, implement and continually improve recruitment and selection techniques to ensure they generate the immediate and longer-term needs of the organisation.

Actions	
4.1	Develop an innovative Recruitment Strategy for Council which supports the Employer Branding Strategy and that aligns with our values and our organisation cultural expectations.
4.2	Improve Council's career website presence and access for job seekers.
4.3	Review the formal and informal influences on our behaviour to ensure these align to our preferred culture and desired business outcomes.
4.4	Review and implement on-boarding process to maximise engagement and retention.
4.5	Enable cultural change across Council that enhances Council's constructive and community focused culture.
4.6	Continue to strengthen and embed Council's safety culture.
4.7	Develop and implement a Graduate Leadership Program.



5. Creating a Contemporary Workplace

The fifth strategy focuses on the creation of a contemporary workplace, that is a workplace that is able to grow and adapt to the ever changing environment that the sector experiences. The creation of a contemporary workplace that is flexible and progressive will assist to making Council attractive to future generations of leaders.

Actions	
5.1	Support the organisation in the development of networking and resource sharing opportunities through the New England Joint Organisation (JO).
5.2	Review performance management systems and processes and identify and implement a contemporary system for Council.
5.3	Review industrial arrangements that may impact on our capacity to deliver service excellence and hinder our ability to create an environment where staff can enjoy a high level of job satisfaction.
5.4	Develop and deliver recognition program.
5.5	Maintain staff health and wellbeing programs aimed at increasing health, functional capacity and wellbeing.
5.6	Complete major review of HR related policies to ensure alignment with council's strategic direction and compliance.
5.7	Increase the focus on excellence in the development of an inclusive, innovative and high performance culture.
5.8	Progress our Leadership and Culture journey through the implementation of the Culture Plan.



6. Investing in Skills

The investment in training and development opportunities, beyond compliance and risk management exercises, is key to the ongoing sustainability of Council. It provides benefits to both Council and staff, improving the capacity of the organisation to adapt to change, gains in productivity and an increase in employee job satisfaction and motivation.

Actions	
6.1	Continue to invest in development and training to develop highly skilled, accountable and innovative staff.
6.2	Proactively identify, promote and lobby for external funding and scholarship opportunities for training and education for existing staff development.
6.3	Investigate the opportunity to implement a staff exchange program with targeted organisations to broaden experience and enhance relationships with strategic partners
6.4	Council to participate in the annual Local Government Management Challenge.
6.5	Partner with Universities, TAFE and high schools to develop a program of work experience and vocational skill development.
6.6	Development and implementation of a structured Leadership Program to form part of Council's Corporate Training Plan.
6.7	Support a Joint Organisation regional council approach to compliance training programs.



7. Culture Development

Council is embarking on a transformational change journey. The 2017 culture measure has provided Council with the unique opportunity and insights to focus on those areas that provide the opportunities to celebrate and leverage the strengths at Council to move forward with purpose.

Actions	
7.1	Progress our Leadership and Culture journey through the implementation of the Culture Plan.
7.2	Develop a whole Council Internal Communications framework that ensures consistent messages and is flexible and fit for purpose.
7.3	Ongoing focus on the development of high performing, inclusive teams.
7.4	Create awareness of and continue to embed Council Values into operations.

8. Improving Productivity and Leveraging Technology

Technology allows Council to find efficiencies in operations through automation and process improvement as well as better opportunities to access advanced networking and learning opportunities.

Actions	
8.1	Identify opportunities to use technology to support our staff, increase productivity and meet our quality service expectations.
8.2	Investigate and implement human resource information system software (HRIS) which integrates with existing Council systems.
8.3	Maximise use of intranet with HR information ie. Diversity statistics, Manager tool kits and checklists and policies.
8.4	Council will continue to use relevant data and metrics to form and support strategic decisions and program development.
8.5	Undertake a technology skills gap analysis within the current workforce and address gaps as required.
8.6	Embrace technology to support increased access to learning opportunities including online learning and webinars.



9. Maximising Management and Leadership

Great teams accomplish great work. Councils that assist their managers and executives to become good people managers are well placed to deal with workforce challenges of the future.

Actions	
9.1	Improve the leadership capability of the current and future leaders of Council.
9.2	Developing and implementing a leadership and management capability framework.
9.3	Development of high performing and inclusive teams.
9.4	Promote mentoring opportunities for the management group and throughout the organisation.
9.5	Investment in 'team building' activities for both the ELT and management groups to encourage greater collaboration and understanding between the individuals.
9.6	Develop on-line HR resources and systems to support the delivery of identified strategies and to provide for employee self service options.

10. Implementation and Collaboration

The final strategic priority is vital in ensuring the strategic priorities of the Workforce Management Plan are realised. The resourcing and collaboration between both internal and external parties will guide the delivery of the plan. The actions and measures outlined below will provide a way of monitoring, evaluating and communication the progress of the delivery of the plan.

Actions	
10.1	Prepare and regularly report on an annual action plan that will be endorsed by the Executive Leadership Team detailing activities aimed at achieving the Workforce Management Plan objectives
10.2	Establish resourcing requirements to deliver all actions in the Plan and establish budget requirements.
10.3	Monitor progress of the plan every six months and review actions every 12 months for action and relevance, including reporting to the Executive Leadership Team.
10.4	Developing appropriate measures of performance and culture as the basis of measuring and rewarding performance.
10.5	Implementing an appropriate benchmarking methodology around key performance measures, both internally and externally.

Asset Management Planning

Unleash the opportunities

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Introduction

On 12 May 2016 the Minister for Local Government announced the newly formed Armidale Regional Council – a merger of the former Armidale Dumaresq and Guyra Shire Councils. Prior to this, the former Councils had each endorsed an Asset Management Policy. Armidale Regional Council’s Asset Management Policy will provide the framework for the Asset Management Strategy and Plans. It will provide a strategic direction for the management of Council’s assets to support the service delivery needs of the community into the future, balanced with the available financial resources and workforce to ensure long term sustainable service provision.

Council is currently in the process of reviewing the Asset Management Framework which will include Council’s Asset Management Policy, Strategy and associated Plans. Asset Management Plans have been developed and contain specific details about:

- asset inventory, values and condition
- asset based levels of service
- demand and service management
- risk management
- maintenance and renewal estimates

The plans will cover the following asset categories:

Table 1 Summary of combined infrastructure asset values as at 30 June 2020

Asset Class	Gross Replacement Cost (CRC) 000’s	Written Down Value (WDV) 000’s	Annual Depreciation Expense 000’s
Transport ¹	\$442,579	\$346,220	-\$5,429
Buildings	\$118,483	\$61,760	-\$2,149
Stormwater	\$60,393	\$46,906	-\$630
Parks, Recreation and Other	\$10,878	\$6,608	-\$142
Water Supply	\$239,718	\$161,608	-\$3,163
Sewerage Network	\$134,885	\$96,688	-\$2,082
Airport	\$9,545	\$6,977	-\$370
Combined	\$1,016,481	\$726,767	-\$13,965

¹ Excludes non depreciable earthworks

Development of asset management plans for Council’s infrastructure assets is a mandatory requirement for NSW local governments. Local Government Act 1993 Section 8B “Principles of sound financial management”. The Act states that:

- a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - i. performance management and reporting
 - ii. asset maintenance and enhancement

- iii. funding decisions
 - iv. risk management practices
- d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
- i. policy decisions are made after considering their financial effects on future generations
 - ii. the current generation funds the cost of its services

Financial Sustainability

Council is the custodian of community assets with a current replacement cost \$1.2 billion as at 30 June 2020. Council faces a significant challenge in distributing sufficient funds to each asset class to maintain adequate condition, functionality and capacity. Funding for individual assets cannot be considered in isolation. The strategy and plans need to consider the condition and outlook for each asset class but also have an overall position that takes into account the risk and dependency of service levels being managed.

Council must ensure that community assets such as roads, bridges, stormwater, footpaths, buildings, waste, water and sewerage infrastructure are maintained in a manner that will enable the long term financial sustainability for current and future generations. This will be achieved by ensuring efficient and effective service delivery and ensuring appropriate funds are allocated to maintain and renew infrastructure assets. Asset funding requirements are identified in asset management plans, which should then inform capital works programs and be funded in Council's long term financial forecast. Failure to achieve this outcome will result in an asset backlog being created and unsatisfactory condition of assets will result. This will cause negative long term impacts to the community and impact the ability for the local community to facilitate economic growth including population growth.

Current State of Assets

Similar to other councils across the state, Council is struggling with the challenge of maintaining and renewing older assets. Our asset maintenance and building and infrastructure asset renewal performance is below indicative benchmarks set by the State Government. Council has collected and developed indicative data set that reveals a significant proportion of our infrastructure assets are more than 50 years old and almost all of these are high-cost/long-life assets (eg, roads and drainage infrastructure) with an expected life of around 60-100 years.

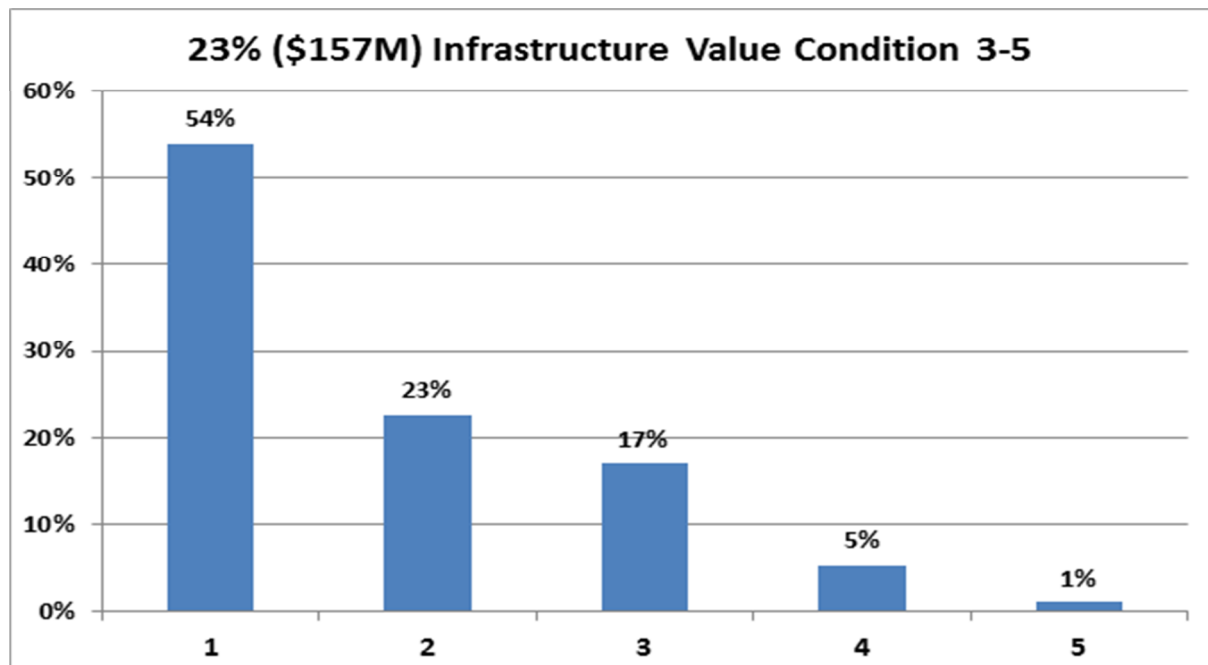
Funding the ongoing projected renewal of these assets is a significant financial challenge for Council and is the main reason why Council is proposing a special rate variation. Funding asset renewal requires ongoing review of possible revenue sources from facilities and properties to ensure a fairer allocation between subsidy from rates and user charges is achieved.

The table below shows the volume of infrastructure assets currently under management as at 30 June 2020.

Asset Sub Class	Volume	Replacement Cost \$'000
Sealed Roads	779km	\$158,031
Unsealed Roads	1,078km	\$31,133
Bulk Earthworks	2,027km	\$142,101
Bridges & Culverts	112	\$64,962
Stormwater Drainage	119km	\$60,393
Footpaths	132km	\$14,219
Kerb and Gutter	252km	\$21,844
Traffic Furniture (Roundabouts, etc)	307	\$10,289
Buildings	264	\$118,483
Other Structures (Pools, parks infrastructure, playgrounds, etc)	300	\$40,800
Airport Infrastructure	16	\$9,545
TOTAL		\$671,800

For these assets, the average condition by asset value is:

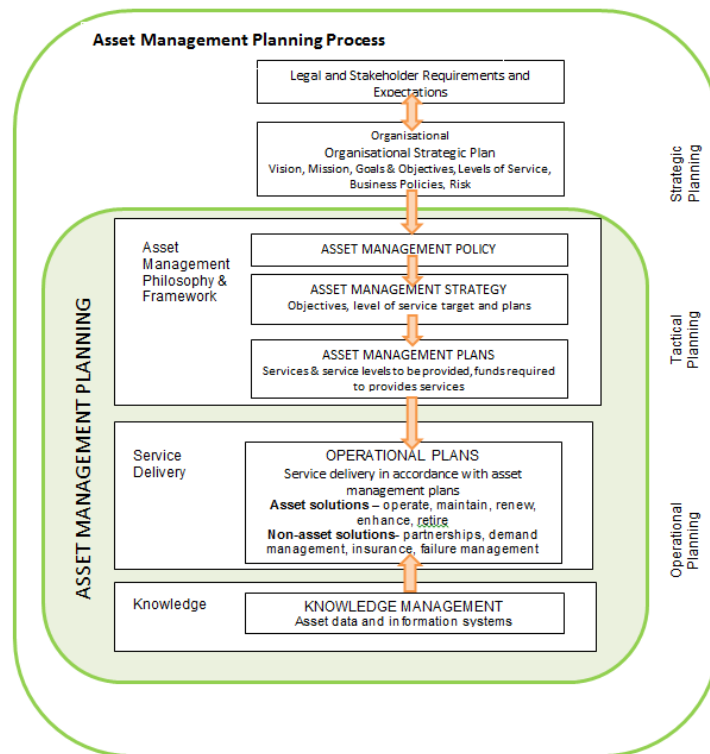
Condition	1	2	3	4	5
Replacement cost \$'000	\$361,880	\$152,601	\$114,258	\$35,844	\$7,216



Definition of each level of condition		
Condition Rating	IP&R description	IPWEA Description
1	Excellent/ very good	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

Asset Management Planning Process

Asset Management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provide in an economically optimal way. In turn, affordable service levels can be determined by assessing financial sustainability under scenarios with different proposed services levels. Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation’s strategic plan, developing asset management policy, strategy, asset management plans and operational plans, linked to a long-term financial plan with a funding plan.



Infrastructure assets play both a direct and an indirect role in achieving the strategic objectives. Council's asset play a role in the delivery of key strategies linked to the following community outcomes contained in the Community Strategic Plan:

Strategic Direction: Environment and Infrastructure

Community Outcome 2: The community can participate in initiatives which contribute to a sustainable lifestyle

Community Outcome 3: The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works

Strategic Direction: Growth, Prosperity and Economic Development

Community Outcome 3: The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural offerings and activities

Community Outcome 5: The community has access to transport which enables connectivity both locally and outside of the region

Strategic Direction: Leadership for the Region

Community Outcome 2: Council exceeds community expectations when managing its budget and operations