



Willoughby City Council

Long Term Financial Plan

2013-2025

City Of Diversity



Asset data used in this plan is based on information presented to Council in November 2013. Other financial data is based on the 2013/14 Annual Accounts and 2014/15 Operational Plan adopted June 2014.

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1. INTRODUCTION

The introduction of the Integrated Planning and Reporting reforms by the State Government, requires all NSW Council's to plan and adopt a strong sustainability focus (including financial sustainability) with a minimum 10 year strategic planning framework relative to their local community areas and the activities of their Councils. In the context of these reforms, Council has developed its Resourcing Strategy.

While our Community Strategic Plan (CSP) provides the community an avenue via which they can express their aspirations and priorities for the future of the City, the Resourcing Strategy identifies what is needed in terms of resources to meet these outcomes. In short, the Resourcing Strategy looks at the assets, funding, time and people required to turn our aspirations into reality. The Long Term Financial Plan (LTFP) is one of three components that together are Council's Resourcing Strategy. The remaining two components are our Asset Management Strategy (and Plans) and our Workforce Strategy.

This LTFP has been developed through financial modelling and with input from key management and staff. The aim is to structure a fully integrated and consulted plan that demonstrates the financial impacts of providing different levels of service, new and renewal of assets together with the implications on Council finances. The Plan also considers alternate funding sources - such as user fees and charges, grants and rates - in the short, medium and long term.

The 2014/15-2024/25 LTFP outlines the following 11 years forecast and projects Council's future financial performance. The Plan also presents key financial indicators and strategies for Council to make sound decisions in meeting its financial sustainability challenge over the period.

The LTFP has been updated with 2013/14 Actuals, revised economic data and asset management projections based on extensive community engagement during 2012/13 and 2013/14.

1.1. Objectives

The objectives of this plan are to:

- Provide a transparent account of Council's financial situation to the community,
- Identify the financial risks and opportunities confronting Council - both short and long term,
- Identify alternative revenue options to maintain the existing service levels to the community,
- Maintain a balanced budget and be financially viable over the long term,
- Demonstrate a mixture of financial outcomes through testing the sensitivity of key assumptions,
- Incorporate the financial effects from Council's other strategic plans,
- Provide an early warning of potential hazards to Council's financial sustainability,
- Provide a basis for Council to make sound strategic decisions that best serve the community's interests, and
- Meet the requirements of the Office of Local Government's (OLG) Integrated Planning & Reporting (IP&R) framework.

1.2. Integration

The LTFP is guided by the Council's Community Strategic Plan, the Willoughby City Strategy – *together towards tomorrow* (2010 to 2025). It also draws information from the actions and projects identified in Council's Delivery Program 2013 -2017 and the Annual Operational Plan. The LTFP is also integrated with the Workforce Plan and Asset Management Plans. It "integrates" these components through consideration of activities that might have a financial impact on Council for example: future staffing levels, training and development needs, maintenance programs for infrastructure and levels of service. All of these have been progressively considered in the development of the LTFP. As these community and corporate plans and policies are reviewed including community consultations, so too will the LTFP to ensure an on-going synergy.

Local Government Planning and Reporting framework



1.3. Resourcing Strategy Snapshot

▪ Long Term Financial Plan (LTFP)

Willoughby City Council's Long Term Financial Plan (LTFP G4) encompasses the period from 2014/15 to 2024/25.

It examines financial sustainability through the use of Council's forecast for the period and outlines financial outcomes and financial indicators with the aim of ensuring Council can meet its financial challenge over time.

The financial modelling also includes measures for productivity improvement and cost efficiencies without compromising current service levels and income maximisation, together with key financial statements and financial performance indicators. Sensitivity analysis against various scenario options is also provided. The sensitivity testing results are guides to assist Council to assess its financial risks and opportunities and help to make informed decisions about future operations, services and asset expenditures.

Long-term modelling and planning is difficult; it relies on a variety of dynamic assumptions that will undoubtedly change during the Plan period. The LTFP will therefore be reviewed regularly and updated annually with the development of the Operational Plan and the completion of annual Financial Statements.

- **Workforce Planning**

The Workforce Plan identifies current and future staffing needs as well as how we might retain current employees, attract new ones and ensure that these employees are appropriately supported in their professional development. Council's key strategies in human resources are to deliver a fair and harmonious working environment as well as maintaining the right level of skilled staff for now and the future.

The Workforce Plan has an impact on the LTFP in so far as a significant portion of Council's operating budget is allocated to funding its labour force. There are some costs involved with the current strategies but they will be funded by the Human Resources normal operating budget.

Some of the strategies contained within the Workforce Plan involve researching future options and include items such as salary benchmarking. This information will be used to adjust the LTFP once it becomes available.

- **Asset Management Plans**

In order to provide various services to the community, Willoughby Council is responsible for a vast pool of assets and is therefore faced with the challenge of funding their management in the most efficient way possible. Limited funding, community wants and legislative changes mean that Council needs to review its asset management practices and devise a strategy for their continuous improvement.

Council's asset management practices have been undergoing continual improvement since the adoption of the first asset management policy in 2009. More recently, in early 2014, a revised asset management strategy, policy and nine asset management plans were adopted by Council. These plans covered the following asset types: Council buildings, Road pavements, footpaths, kerb and gutter, stormwater, bridges, parks, playgrounds and sportsgrounds, with a total replacement value of over \$790 million. Asset management plans are still being developed for the remaining types of assets under Council's care and control, including bushland, retaining walls, sea walls and street furniture.

All of the asset management adopted in 2014 were completed using a bottom-up approach. This means that Council has detailed data relating to the location, general attributes, condition, expected life and replacement costs of all 23,000 individual assets identified so far. The plans identify the current state of each of Council's asset portfolios, the target level of service for each and all known or expected service deficiencies. Target levels of service are the result of extensive community engagement which took place throughout 2013. Using this information, a variety of scenarios were simulated over a 20 years period to determine the optimal allocation of Council's current funding and to identify any funding gaps now or in the future. The former is referred to here as the "Base Case", while the latter is the "Sustainable Case".

1.4. Structure & Method

The LTFP is consistent with IP&R framework requirements in assessing Council's short, medium and long term financial viability. It will be reviewed annually and used as a tool in assisting with the development of Council's annual budget, delivery program and any special rate variation applications.

The LTFP is structured into 2 financial cases

- Base case (Case1)
- Sustainable Service case (Case 2A) (Case 2B)

Each case incorporates a range of assumptions and shows a specific financial outcome. The Sustainable Service case introduces increased revenues to fund additional infrastructure works as outlined during the recent community consultation.

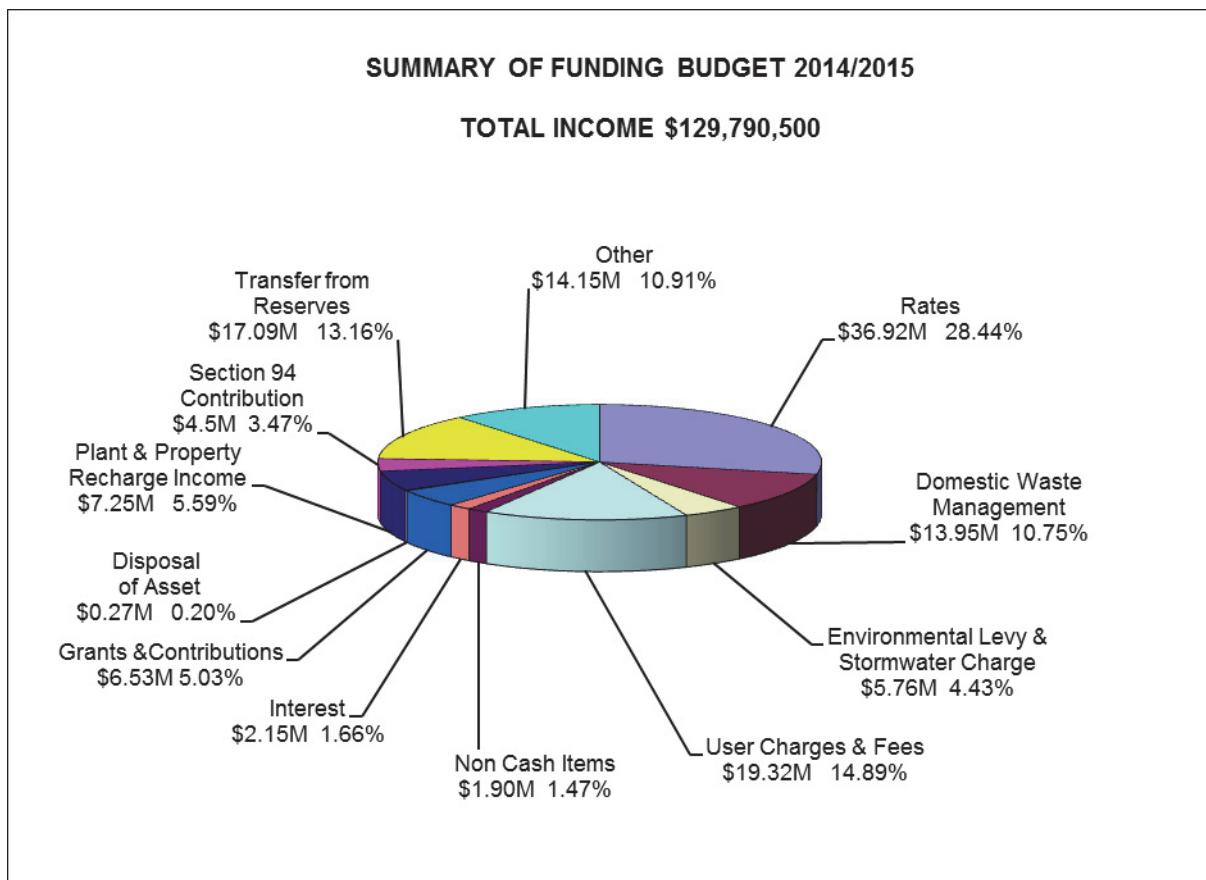
A separate section lists the community aspirational projects from the Community Strategic Plan (CSP) and outlines any potential long-term financial implications.

Base case – Case1	Sustainable Service case – Case2	Community Aspirational Projects Non-Funded Potential Future
This case represents “business as usual”, a continuing of current and previous operations. It includes some constraints such as utilisation of Reserves to fund some of the capital expenditure initiatives and with limited budgets addressing the infrastructural renewal level. Based on this case funding model, Council asset base is deemed unsustainable.	<p>This case is built on Case 1 but incorporates the additional funding required to maintain existing service levels and planned infrastructural assets in <u>good</u> condition.</p> <p>This case also examines the key financial indicators in two situations:</p> <ul style="list-style-type: none"> – without additional revenues (2A) – with additional revenues (2B) 	<p>This section represents all the community in aspired initiatives from WCS where an independent financial assessment is calculated and tabled away from the financial modelling.</p> <p>Community can assess its affordability to proceed with these projects.</p>
Data model used: - 2013/14 Actuals - 2014/15 Forecast Budget - Some measure of productivity improvement and cost efficiencies without compromising current service levels and income maximisation.	<p>Data model used:</p> <ul style="list-style-type: none"> – Case 1 – AMP G3 financial data (the funding gap portion). 	<p>Data model used:</p> <ul style="list-style-type: none"> - None of Case1 and Case2 - AMP G3 New/Upgrade Projects (projects that do not have business plan and are yet to be reported to Council).

Since the life of this plan covers an 11 year period, any unexpected changes may have an impact on the Council's future financial viability. The LTFP model contains a number of key assumptions which are used in the sensitivity analysis testing to demonstrate the financial implications of movements in advance.

1.5. Current Financial Summary

Council adopted its 2014/15 budget in June 2014. The chart below illustrates the major distribution of the income source basis.



2. PLANNING ASSUMPTIONS

Population growth in Willoughby

In 2014, it is estimated Willoughby City's population is 72,862 ([.id Profile](#)). It is predicted that the City's population will increase to 80,032 by 2025 and 82,032 by 2031, representing a 1.25% annual increase on 2013. The increase is mostly driven by significant apartment construction in the Chatswood CBD and in St Leonards, as well as intensification of existing residential areas, most notably in Chatswood, Artarmon and Naremburn.

Based on the projected population growth, Council has taken a conservative view for rate revenue growth and has assumed a 0.1% increase for each year of this plan with the exception in year 2014/15 which an extra 1% included due to additional residential developments due for completion.

Inflation

The annual movement in the Sydney All groups CPI to June 2014 was 2.8% (2.2% to September 2014)

Based on the above Council proposes to use the following as guide in the LTFP model.

Tabled below is the CPI inflation rate from 2014 – 2025.

Forecast Year	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025
Council applied CPI	3%	2.5%	2.5%	2.5%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

The more variation there is between the CPI and the rate peg increase determined by IPART (especially where the CPI rate is higher than the % rates increase) the more significant implications there are for Willoughby's long term financial outlook.

General assumptions:

Following are a series of assumptions adjusted for inflation to year 2024/25 as used in the modelling.

- Rates pegged at 2.3% for 2014/15, 2.4% for 2015/2016 and 2.6% thereafter.
- Statutory Fees and Fines increase by 2.5% from 2015/2016 increasing to a peak of 2.75% from 2018/2019.
- Other Fees & Charges increase by 3.5% throughout the model.
- Rental Income increase by 3.5% throughout the model.
- Paid Parking income (excluding The Concourse's Car Park) will increase by 4% from 2014/2015 onwards. An additional \$200K is included in 2016/17 to reflect the introducing of additional car park facility.
- Operating Grants and Contributions increase by 3% to 2017/2018 reducing to 2.75% thereafter, except specially funded projects.
- Domestic Waste Management charge increases by an average of 7.4% over the model.
- Employee costs are forecast to increase by 4% from 2014/2015 for each year, including funding for the Award Increases and performance increases.
- Materials & Contracts generally increase by CPI.
- Plant & Equipment and Library books purchase increase CPI.
- Fire levy increase by 10% every year.
- Utilities cost increases by 15% to 2017/18 and decrease to 12% thereafter.
- Garbage disposal increase by 8% until 2019/20 and 7.2% each year thereafter.

Please note a snapshot of general assumption escalation rates is located in Appendix 2.

Other assumptions underpinning the LTFP & Commentary:

Service Delivery Level

Whilst current funding appears to be sufficient to maintain some classes of assets at a level that is deemed "acceptable" by Council, such as footpaths and road pavements, long term analysis of degradation rates and expenditure has revealed a considerable funding gap for many other classes. Some minor adjustments could be made to Council's current funding distribution to minimise the impact on high risk groups of assets at the expense of other, low risk, assets; however a significant funding gap exists that will continue to grow over the long term if total expenditure is not increased or some services reduced. Under the current funding model Council's asset base is deemed unsustainable.

It has therefore been decided to present the long term effects on Council's asset base (and therefore ability to provide services to the community) of maintaining the current level of expenditure. It has been assumed for this "Base case" projection that budgets for asset maintenance, renewal and new works will be consistent with current trends except for inflation. A model was created where all individual asset renewals (at the component level wherever possible) were scheduled according to their current condition, expected life and rate of degradation.

The required treatments could only be carried out if the allocated budget for each given year allowed for it. As such, a backlog of renewal works that could not be carried out built up for many of the asset classes, and the decline in overall asset stock condition could be seen over time.

A further backlog in maintenance, in addition to the renewal backlog described above, is likely to grow over time if funding remains unchanged, since all new works result in larger or more numerous assets that require maintenance.

Any capital projects (acquisition/creation of new assets or upgrade/expansion of existing assets) that either have not yet been formalised or are over and above current trends in capital expenditure have not been included in this case but in the section "Non-funded Potential Future Project - Community Aspirational Programme" and are discussed later in this plan.

For this "base case", therefore, no attempt has been made to meet a defined level of service delivery, unlike the "Sustainable Service case". Rather, the impact of a constrained budget on service delivery has been demonstrated using, where available, condition rating data to determine maintenance frequency. Where unavailable (i.e. for open space and drainage assets) an estimated renewal frequency has been provided.

It should be noted that for a select number of the second generation asset management plans, for example Buildings, renewal modelling was carried out purely to demonstrate the effect of current expenditure levels on long-term asset condition. Since renewal works can be distributed throughout several areas of Council's budgets, it is unlikely that the total amount used in renewal modelling will correspond directly to any single figure in current or future budgets. The amount used, however, certainly reflects true expenditure on asset renewal and is therefore the only appropriate amount that can be applied to physical degradation models. This apparent discrepancy will remain until either a restructure of Council's Operational Plan and budgets take place, or Council's asset management system is fully implemented. It does not, however, preclude the accurate identification of a funding gap for renewal works.

Ordinary Rates and Annual Charges

- Rates & Annual Charges are Council's predominant source of annual income contributing 42.3% (Rates 32.3% DWM Charges 10%) of total Operating Income in 2013/14. (This figure is lower than the 12/13 figure of 47% as a result of the booking of a one off material non cash capital contribution). Rate pegging legislation has limited Council's ability to raise the necessary income to maintain levels of services and infrastructure.

The 2014-15 increase is to be capped at 2.3%, the 2015-16 increase being 2.4% with increases forecast at 2.6% over the remainder of the plan. Rate increases less than inflation effectively decrease Council's ability to maintain current service delivery levels.

Interest and Investment Revenue

- Investments will be made in accordance with Council's Investment Policy. Investment returns have been applied at an average of 4% every year in this plan.
- Council's investment revenue is forecast at between \$2M and \$4M. However, it will be significantly eroded if Council proceeds to maintain its current service levels – as demonstrated in the "Sustainable Service case" without additional revenue.

Grants and Contributions

- S.94 Contributions – The model predicates average income of \$2.110M from this funding source between 2014/2015 & 2024/2025.

User Charges and Fees

- With 13.5% of revenue coming from User Charges and Fees in 13/14, Council needs to ensure services continue, where possible, to be provided on a "user pay" basis. The LTFP includes, where possible, an increase in fee revenue that reflects the increasing costs of service provision, the increasing volume of patronage based on usage projections whilst continuing to remain competitive with other service providers.
- Council reviews its Fees and Charges on an annual basis. However statutory fees are regulated by the State government e.g. planning fees. Pricing is based on cost recovery or specified in the regulations. Based on past trends Council uses CPI rate for this plan.
- Non-regulatory fees & charges are also forecast at a 3.5% increase every year in this plan. Pricing is assessed based on numerous factors in order to optimise revenue, these include - inflation costs, administration and overhead costs. Council is aware that the impact of increasing fees is unpopular with the community.

Therefore, the objective of our fee increase is purely focused on cost recovery so as to ensure the financial sustainability of Council. Please note some fees are not based on full recovery of costs (e.g. Children Services/Performing Arts).

Other Revenues

Other Revenues amounting to 24.4% of Operating Revenue in 13/14 is mostly generated from rental income from the lease of Council properties. The rental income is forecast to increase by 3.5% in 2014/15 thereafter.

Expenditures

Employee costs

- Employee costs are usually determined as part of annual Enterprise Bargaining Agreement (EBA) between the LGNSW representing Council and relevant unions. The plan has forecast a 4% increase every year which allows for award increase and between 0.25% - 0.75% for regrading.
- With direct employee costs representing 46% of the total Operating Expenditure (excl. depreciation), this plan has been prepared to incorporate Council's first Workforce Plan (WFP). The WFP has been developed to consider the current and future workforce challenges such as staff retention and the skills employees need to meet our key objectives. Council will have to address these challenges and potential additional percentage increases are included in the Sensitivity Testing section.
- Employee superannuation guarantee expenses have been linked to the current Federal Government requirements based on 9.5% until 2020/21 and indexed by 0.5% per annum post that time.

Materials & Contracts

- Materials and Contracts are forecast with CPI increases except:
 - In 2014/15 most untied materials & contracts are forecast at between 0% to 1% as part of Council's productivity improvement & cost efficiencies initiative. CPI increase is forecast every year after.

Borrowings costs

- All Council borrowings costs are included in the model.

Other Operating expenses

- Most items within operating expenses are forecast with a CPI rate increase.

Reserves

- Council reserves remain sound due to prudent financial control. However, should the Council determine to introduce new initiatives and projects without identified income sources it will have a negative impact on the level of Reserves.
- At June 2014 Council's Externally and Internally Restricted Reserves totalled \$60.5M
- At June 2025, the model predicts that this figure will approximate \$82.5M largely resultant upon funding levels of \$9.688M Domestic Waste, potentially for Council's contribution to a regional waste facility, \$11.814M Regency Reserve to fund major plant renewals, \$30.5M The Concourse Reserve principally for asset renewal to maintain an A Class facility and \$15.214M Section 94/A for provision of community facilities. Future updates of the LTFP will provide more specific timetabling of expenditure initiatives from these reserves.

Local Government Election Expenses

- The State Government charges Council for the cost of running the local council election every four years. \$305K was spent in 2012/13 and has been compounded with the CPI increases for future elections. \$50K is provided in the 2014/15 budget for transfer to the Election Reserve to lessen the impact of the cost of the next election in September 2016.

The Concourse (included in above expenditure items)

- The Concourse's net surplus is forecast to transfer back to The Concourse Reserve for future asset renewal and debt repayment.

Council's Priority Improvement Program (PIP) – Capital & Non-Capital Works

- Council's PIP (includes Capital and Non-Capital projects) expenditures and funding is based on the 5 year plan as set out the 2014/2015 Budget as determined from the Delivery Plan 2013-2017 and increased by 3% from 2018/19.
- The scheduled capital works also contain some projects associated with Council's Asset Management Plan.
- Total PIP funding over the next 5 years is as follows:

2014/2015	\$23,484,580
2015/2016	\$16,139,036
2016/2017	\$14,612,243
2017/2018	\$14,759,844
2018/2019	\$14,071,050

The various funding sources of the 2014/2015 program is shown below:

General Fund	\$4,098,700
S94	\$4,451,000
Other Reserves	\$6,143,050
Grants	\$1,488,130
Other Revenue	\$5,771,100
Loans (LIRS)	\$1,000,000
Contributions	\$ 532,600

Debt Redemption

- The following Table provides a snapshot of Council's debt levels over the life of the Model.



3. CASE DEVELOPMENT & SCENARIO

3.1 Base Case (Case1)

Financial Projection

This case was developed using the current budget to forecast income and expenditure over the Plan with a series of assumptions as stated in the "Planning Assumptions". It is based on current service levels and includes some constraints such as utilisation of Reserves to fund some capital expenditure initiatives. The forecast does not provide for maintaining existing infrastructure assets to a 'satisfactory' condition or maintaining current service levels. It does, however, consider some measure of improvement in efficiencies to minimise costs and maximise revenues.

Financial Outcome

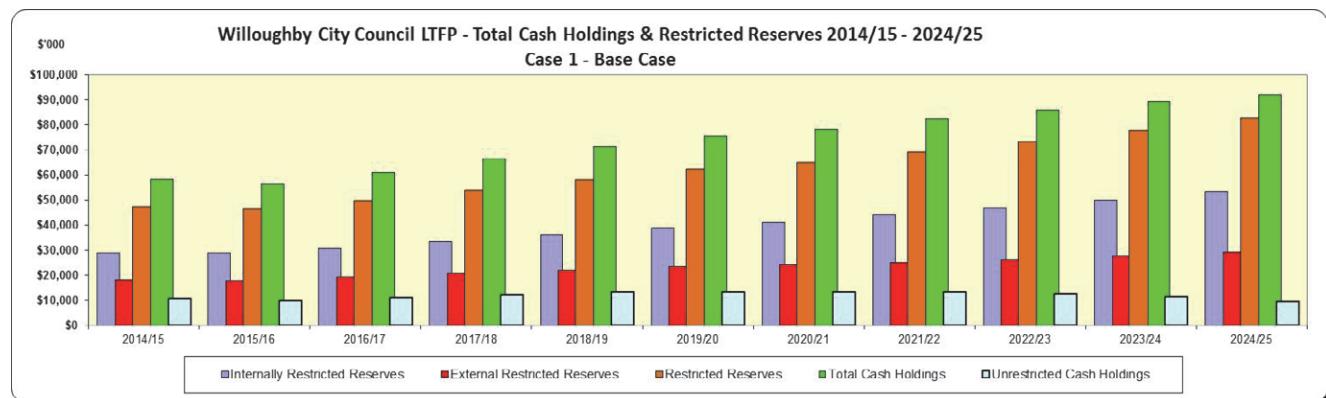
As detailed in Appendix 1, between 2014/2015 and 2024/2025 the net Operating result including Capital Contributions totals a surplus of \$17.109M, however, when Capital contributions are eliminated, a deficit of \$6.953M is the result.

The actual result over the period is impacted by \$4M in carryovers from 2013/2014 to 2014/2015 so the result has improved since the Budget was adopted largely as a result of anticipated Service Review savings and the introduction of new and expanded revenue streams from car parking and advertising.

In preparing the annual Cash Budget, Council targets a balanced budget. The financial result is positive in the short term but declines to a deficit of \$457K in 2019/2020 and continues to decline thereafter as shown in Appendix 1.

It should also be noted as previously detailed, when the inflation rate (CPI) and other expenses increase higher than our income a wider gap between income and expenditure will result. This means Council's long term financial position will not be sustainable.

Total cash holdings (below) are positive and sufficient to cover the restricted reserves until 2024/2025. This indicates Council's unrestricted cash is sufficient.



3.2 Sustainable Service Case (Case2)

Sustainable service case

The sustainable service case has been compiled to ensure that any infrastructure backlogs identified in asset management plans are funded and that infrastructure-related services can be provided to a defined satisfactory standard over the 20 year planning period without compromising the financial sustainability of Council. A year of community engagement informed the “satisfactory” definition, and the process undertaken is documented in Council’s Asset Management Strategy. The standards themselves are documented within each individual Asset Management Plan. This case builds on the Base Case by identifying all additional expenditure required to meet target levels of service. Like any predictive model, the modelled scenarios for asset management rely on a range of assumptions, which are documented in Council’s Asset Management Strategy and summarised below. The Sustainable Case was therefore entirely informed by funding gaps identified during the community engagement and asset management planning process.

Acceptable condition: the definition of acceptable was arrived at through a year of extensive community consultation to determine expectations, combined with staff expertise to ensure safe and efficient maintenance practices. Council rates the condition of assets on a scale of zero to five, where zero is brand new, and five is the end of the asset’s expected life. There is no single condition that is considered to be acceptable across the board. Rather, the acceptable condition varies with the type of asset, its hierarchy, location or level of usage. When assets are predicted to degrade beyond the acceptable condition, they are identified for renewal or replacement. The cost to retain the infrastructure portfolio thus varies according to the acceptable condition. Individual asset management plans should be consulted for further detail.

Capital projects: any capital projects not yet formalised or adopted have not been included in this scenario. Those capital projects that *are* included, however, have implications for Council’s ongoing maintenance funding due to the need to maintain extended or additional infrastructure. This extra maintenance funding is included in the Sustainable Case

Uncertainty: The level of certainty in predictions decreases with distance into the future from the present day. Funding identified for the first 1-4 years of the planning horizon (and the upgrade/renewal projects that make up the funding gap) thus are associated with the highest level of confidence. Beyond this timeframe, predictive models provide good estimates of the magnitude of funding that will be required, but the specific works to be carried out will vary as priorities shift. For this reason, asset management plans are updated annually to ensure the highest confidence over the short- to medium-term.

Categorisation of expenditure: Scenario modelling done for asset management plans includes asset-related expenditure from several areas of Council’s budgets. The amount spent in each of these areas may differ from the figures here, but the total expenditure across the combined areas remains accurate.

The following points should be noted:-

- Infrastructure asset funding required to improve asset to a satisfactory condition and sustain the current standard of service level is based on information supplied.
- The costing is based on achieving an average asset condition of satisfactory for all asset classes in a 20 year period. A 3% CPI increase each year has been applied in AMP costing.
- Maintenance and renewal works will be undertaken as per the Council's Asset Management Strategy.

The Asset Funding Gap

This table represents the asset funding gap between the Base and Sustainable Cases.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Footpath	\$ 365,153	\$ 277,207	\$ 57,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
K&G	\$ -	\$ -	\$ 77,819	\$ 15,810	\$ 81,170	\$ -	\$ 30,196	\$ -	\$ 193,577	\$ 137,876
Bridges	\$ 181,868	\$ 211,695	\$ 290,760	\$ 235,436	\$ 165,362	\$ 188,806	\$ -	\$ 142,610	\$ 113,111	\$ 144,405
Stormwater	\$ 464,667	\$ 1,141,331	\$ 1,303,276	\$ 1,115,777	\$ 1,155,369	\$ 1,162,942	\$ 1,737,094	\$ 1,739,643	\$ 1,150,964	\$ 1,315,964
Road Pavement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	\$ 967,920	\$ 939,400	\$ 359,151	\$ 1,093,773	\$ 802,323	\$ 997,806	\$ 486,601	\$ 1,404,748	\$ 952,796	\$ 640,192
Playgrounds	\$ 202,104	\$ 49,814	\$ 81,122	\$ 130,108	\$ 141,052	\$ 328,219	\$ 78,954	\$ 346,527	\$ 175,497	\$ 168,041
Sporting Fields	\$ 1,116,780	\$ 1,227,294	\$ 1,253,876	\$ 1,431,432	\$ 1,621,104	\$ 1,868,533	\$ 1,945,039	\$ 1,499,092	\$ 1,521,866	\$ 2,237,679
Buildings	\$ 1,278,626	\$ 1,199,511	\$ 1,059,129	\$ 2,352,432	\$ 2,303,464	\$ 2,356,043	\$ 2,338,158	\$ 5,140,798	\$ 1,252,055	\$ 1,049,012
Concourse Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 4,577,118	\$ 5,046,252	\$ 4,482,841	\$ 6,374,768	\$ 6,269,844	\$ 6,902,349	\$ 6,616,042	\$ 10,273,418	\$ 5,359,866	\$ 5,693,169

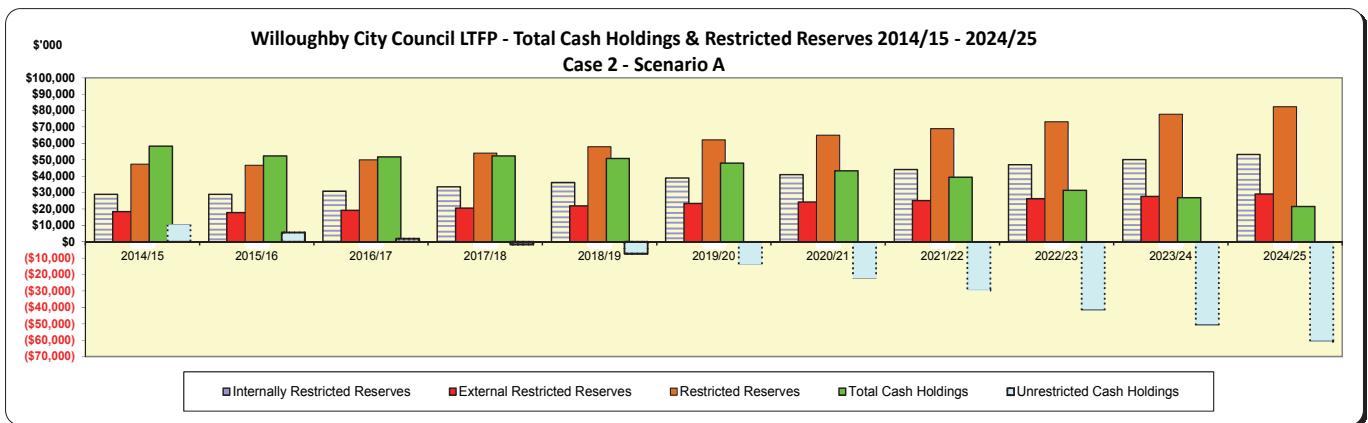
Financial Outcome

As detailed in Appendix 1 for Sustainable Case 2A, between 2014/2015 and 2024/2025 the net Operating result including Capital Contributions totals a surplus of \$5.951M however, when Capital contributions are eliminated, a deficit of \$18.110M is the result.

The net operating result continues to gradually decline over the Plan with a deficit peaking at \$3.833M (excluding capital) in 2024/25. The impact from these deficits will severely restrict Council's sustainability in the long-term maintain the existing standard of service when assets require renewal or replacement.

As shown below the unrestricted cash holdings decline over the life of the model and actually shift to an overdraft position of \$1.652M in 2017/2018. This indicates that Council's unrestricted cash is not sustainable without additional income or reduction in expenditure.

The following table/graph show the different asset related expenditure's between Case 1 and Case 2A and the impact on Council's cash holdings position in the near, medium and long term.



Case2 - Financial Projection and Outcome (Scenario B - with SRV application)

Financial Projection: Assumption for scenario B:

- In this LTFP & following the latest revision of the Asset Management Plans and identification of other significant revenues and estimated service review savings it is been determined that the following increase to rate income is required over the 7 year period post 2014/2015 (assuming the Rate Peg post 15/16 is 2.6%) & has been included within Scenario B accordingly:
 - 2015/16 – 6.9%
 - 2016/17 – 4.6%
 - 2017/18 & beyond – 2.6%
- The SRV is targeted at infrastructure upgrade & renewal spend with a very small component to maintenance as set out in the Asset Management Plan (AMP).

Financial Outcome

The outcome with the SRV, together with the additional revenues identified significantly improves Council's long term financial position. The approval of another 4.5 & 2% in the first 2 of 7 years (on top of the rate peg) will bring the financial results into a positive position.

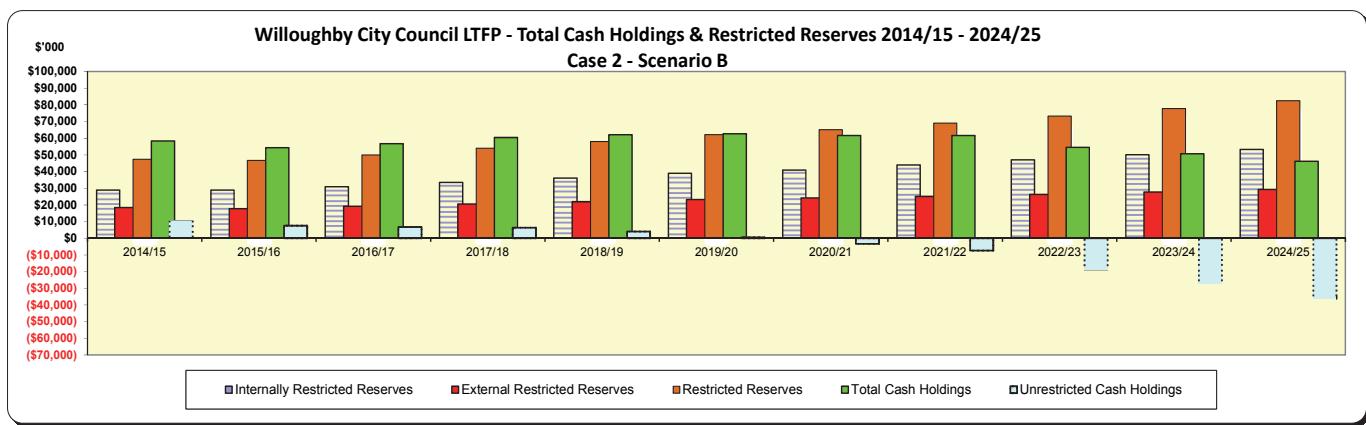
As detailed in Appendix 1 for Sustainable Case 2B, between 2014/2015 and 2024/2025 the net Operating result including Capital Contributions totals a surplus of \$30.609M, and when Capital contributions are eliminated, a surplus of \$6.458M is the result.

The net operating result continues to gradually increase with the additional rate revenue however is negatively impacted once the rates are reduced to the rate peg amount.

In this scenario the rates variation commencing in 2015/16 will significantly improve Council's long-term financial sustainability. The result demonstrates the proposal for an infrastructure rate levy is an appropriate method for sustaining Council's future financial position whilst improving and maintaining assets to a satisfactory condition.

It should be noted that in order to eliminate the infrastructure gap and continue to improve the infrastructure base this model reflects the continuation of additional renewal spend once the rate income is amended to reflect the cessation of the levy period. This impacts heavily on the level of cash held as the next graph shows. It however underlines the Council commitment to its Community re its Infrastructure.

The following graph shows the Council's cash position with the SRV rate income included (Case 2B).



3.3 KEY FINANCIAL STATEMENTS

Appendix 1 provides the following financial statements for each of the 2 Scenarios:

- **Income Statement**
- **Cash Rates Budget Statement**
- **Balance Sheet**
- **Cash Flow Statement**

Each should be read in conjunction with the commentary provided within the Report.

3.4 Non-Funded Potential Future Projects (Community Aspirational Program)

Case 2B addresses the asset funding gap and the current standard of service delivery. The Asset Management Plan identified capital projects that either have yet to be formalised or are over and above current trends in capital expenditure. Listed below are the community aspirational projects from the Community Strategic Plan (CSP) including an outline of the potential long-term financial implications. It should be noted that the table is not a complete listing of these aspirational projects.

To achieve these new additional community initiatives will require long-term financial support. An estimated life cycle costing and the potential extra percentage rate income required to fund any project shortfall will need to be developed. This will require consultation with the community regarding their affordability during a community engagement program.

Non-funded Potential Asset Investment Proposal to Council (Community Aspirational Projects)						Discretionary		Non-Discretionary					
Description	Asset Class	Start Year	End Year	Work Type	Funding Source	Total work cost	Borrowing Cost	Maint/Servic e Cost	Operational Cost	Depreciatio n (Renewal)	Income Opportunity	Total Annual Cost	% Rate Revenue
Beauchamp Park / Upgrade child care facilities, meeting room & expanded change rooms.	Buildings	2019	2019	Upgrade	GF	\$380,000	\$26,600	\$9,120	\$3,800	\$0	\$0	\$43,320	0.09%
Ariarmon (Long Day Care) Children's Centre & Store / Demolish and Rebuild	Buildings	2016	2016	Upgrade	GF	\$1,000,000	\$70,000	\$24,000	\$10,000	\$0	\$0	\$114,000	0.26%
Muston Park / Accessibility changes to amenities block - covert to two unisex (one accessible) toilets plus storage areas & bbq	Buildings	2021	2021	Upgrade	GF	\$200,000	\$14,000	\$4,800	\$2,000	\$0	\$0	\$22,800	0.04%
Northbridge Park & Memorial Reserve/Masterplan - Northbridge Park including demolition of all buildings and rebuilding a single facility, Stage 1 & 2.	Buildings	2026	2027	Upgrade	GF	\$5,000,000	\$350,000	\$120,000	\$50,000	\$0	\$0	\$570,000	0.97%
Chatswood Rotary Memorial Athletic Field/ Masterplan - Rotary athletic including updated facilities and other community uses	Buildings	2022	2022	Upgrade	GF	\$1,000,000	\$70,000	\$24,000	\$10,000	\$0	\$0	\$114,000	0.22%
Wills Park / Masterplan - Wills Park and Cove Sports Club to expand recreational and social activities on site	Buildings	2016	2016	Upgrade	GF	\$500,000	\$35,000	\$12,000	\$5,000	\$0	\$0	\$57,000	0.13%
West Chatswood Kindergarten & Storeroom / Masterplan - would most likely involve demolition and rebuilding	Buildings	2021	2021	Upgrade	GF	\$800,000	\$56,000	\$19,200	\$8,000	\$0	\$0	\$91,200	0.18%
13 Eastern Valley Way / Masterplan, demolish ECHC and downsize and rebuild/expanded ECC	Buildings	2020	2020	Upgrade	GF	\$600,000	\$42,000	\$14,400	\$6,000	\$0	\$0	\$68,400	0.14%
Willoughby Leisure Centre /Implement findings from aquatic facilities report including 50 m pool. Stage 1 - 15	Buildings	2014	2030	New/Upgrade	GF	\$45,000,000	\$1,080,000	\$450,000	\$450,000	\$0	\$0	\$3,130,000	7.58%
Thomas Park / Masterplan - toilet block very old, will be part of masterplan yet to be developed	Buildings	2021	2021	Upgrade	GF	\$400,000	\$28,000	\$9,600	\$4,000	\$0	\$0	\$45,600	0.09%
Ariarmon Reserve / Upgrade amenities	Buildings	2015	2015	Upgrade	GF	\$200,000	\$14,000	\$4,800	\$2,000	\$0	\$0	\$22,800	0.05%
Gore Hill Park/ Fitout for indoor recreational facility which is likely to be gifted to Council between 2013 - 2015. (Steven to confirm)	Buildings	2013	2015	New/Upgrade	NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Willis Park/ Hard court conversion - 2 Sportground	Sportground	2020	2020	New/Upgrade	GF	\$150,000	\$10,500	\$1,500	\$3,000	\$0	\$0	\$19,500	0.05%
Bales Park Oval / Install lighting at un-lit fields- site 2	Sportground	2015	2015	New	GF	\$300,000	\$21,000	\$3,000	\$6,000	\$0	\$0	\$2,016	0.11%
O H Reid Oval / Install Lighting at un-lit fields - site 4	Sportground	2019	2019	New	GF	\$300,000	\$21,000	\$3,000	\$6,000	\$0	\$0	\$2,016	0.10%
Bicentennial Reserve Oval / Install lighting at un-lit field - site 6	Sportground	2021	2021	New	GF	\$300,000	\$21,000	\$3,000	\$6,000	\$0	\$0	\$2,016	0.10%
Northbridge Tennis/ synthetic / install lighting at un-lit fields - site 5	Sportground	2023	2023	New	GF	\$300,000	\$21,000	\$3,000	\$6,000	\$0	\$0	\$2,016	0.09%
Parks Master Plans and Upgrades / Average of unfunded park projects over 20 years \$7.25M (refer to Asset Management Co-ordinator for details)	Parks	2014	2030	New/Upgrade	GF	\$325,500	\$8,700	\$3,625	\$0	\$0	\$0	\$41,325	0.10%

4. FINANCIAL PERFORMANCE (Financial KPIs)

Council monitors its performance against the LTFP and has developed measures to assess its long-term financial sustainability. Below are a few of the measures - key financial performance indicators (KPIs) which provide a framework against which to benchmark Council's performance.

Indicator	Benchmark
Operating Performance Ratio	0%
Own Source Operating Revenue Ratio	60%
Unrestricted Current Ratio	1.5%
Debt Service Cover Ratio	2.0%
Rates, Annual Charges, Interest Outstanding %	5%
Cash Expense Cover Ratio	3.0
Building & Infrastructure Renewals Ratio	100%
Infrastructure Backlog Ratio	0.02
Asset Maintenance Ratio	1.00
Capital Expenditure Ratio	1.00

Financial Indicators (Financial KPI) for cases 1 & Case 2, Scenario B

FINANCIAL INDICATORS (CASE 1)	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
OPERATING PERFORMANCE RATIO	11.81%	-5.93%	-0.92%	0.30%	-0.11%	0.72%	0.20%	-0.23%	-0.10%	-0.34%	-0.39%	-0.89%
OWN SOURCE OPERATING REVENUE RATIO	81.98%	89.37%	91.90%	92.85%	92.90%	92.98%	93.04%	93.12%	93.20%	93.28%	93.37%	93.46%
UNRESTRICTED CURRENT RATIO	4.53%	3.09%	3.29%	4.45%	4.89%	5.10%	5.21%	5.01%	5.43%	5.45%	5.55%	5.49%
DEBT SERVICE COVER RATIO	4.64	1.48	2.04	3.95	4.31	4.54	4.34	3.69	4.93	4.79	5.15	4.86
RATES,ANNUAL CHARGES, EXTRA CHARGES O/S	1.43%	1.99%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%
CASH EXPENSE COVER RATIO	8.39%	7.13	6.77	7.52	7.88	8.21	8.30	8.20	8.35	8.32	8.29	8.10
BUILDING & INFRASTRUCTURE RENEWALS RATIO	66.55%	114%	49%	42%	39%	45%	46%	47%	48%	49%	50%	51%
INFRASTRUCTURE BACKLOG RATIO	0.06	0.063	0.065	0.068	0.071	0.074	0.076	0.080	0.08	0.09	0.09	0.09
ASSET MAINTENANCE RATIO	0.62	0.63	0.63	0.64	0.65	0.65	0.66	0.66	0.66	0.66	0.67	0.68
CAPITAL EXPENDITURE RATIO	2.01	1.92	0.81	0.71	0.69	0.8	0.82	0.83	0.85	0.87	0.88	0.9
FINANCIAL INDICATORS (CASE 2, SCENARIO B)												
OPERATING PERFORMANCE RATIO	11.81%	-5.93%	0.88%	2.78%	2.43%	3.12%	2.45%	1.86%	1.81%	-1.23%	-1.54%	-2.23%
OWN SOURCE OPERATING REVENUE RATIO	81.98%	89.37%	92.04%	93.03%	93.08%	93.15%	93.20%	93.27%	93.33%	93.23%	93.31%	93.39%
UNRESTRICTED CURRENT RATIO	4.53%	3.09%	3.03%	3.89%	4.20%	4.11%	4.03%	3.64%	3.74%	3.04%	2.86%	2.47%
DEBT SERVICE COVER RATIO	4.64	1.48	2.31	4.66	5.16	5.37	5.15	4.38	5.81	4.49	4.71	4.33
RATES,ANNUAL CHARGES, EXTRA CHARGES O/S	1.43%	1.99%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%	1.98%
CASH EXPENSE COVER RATIO	8.39%	7.13	6.55	6.96	7.14	7.12	6.86	6.39	6.17	5.19	4.55	3.92
BUILDING & INFRASTRUCTURE RENEWALS RATIO	66.55%	114%	78%	68%	68%	83%	84%	85%	89%	104%	77%	77%
INFRASTRUCTURE BACKLOG RATIO	0.06	0.063	0.058	0.053	0.048	0.040	0.033	0.024	0.01	0.00	0.00	0.00
ASSET MAINTENANCE RATIO	0.62	0.63	0.64	0.65	0.67	0.68	0.7	0.71	0.72	0.74	0.75	0.77
CAPITAL EXPENDITURE RATIO	2.01	1.92	1.17	1.1	1.03	1.28	1.28	1.34	1.32	1.59	1.24	1.28

*14/15 INCLUDES CARRYOVER FUNDS FROM 13/14

Operating Surplus / (Deficit) before Capital Grants & Contributions but incl Depr	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Case 1	(5,723)	(847)		418	(16)	932	346	(170)	(3)	(325)	(415)	(1,151)
Case 2A	(5,723)	(954)		96	(189)	514	(375)	(1,236)	(1,454)	(2,220)	(2,737)	(3,833)
Case 2B	(5,723)	1,018	3,139		2,856	3,765	3,094	2,463	2,486	(1,504)	(1,990)	(3,056)

Cash Holdings	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Case 1	58,295	56,409	61,123	66,418	71,287	75,433	78,377	82,342	85,834	89,338	91,966
Case 2A	58,295	52,324	51,759	52,380	50,771	48,016	43,224	39,307	31,368	26,869	21,524
Case 2B	58,295	54,257	56,716	60,380	62,021	62,734	61,639	54,503	50,751	46,182	

5. RISK ANALYSIS

As always, Council has taken detailed and careful consideration when working on this LTFP model. It is based on a series of assumptions such as future economic outlook, inflation, employment markets and levels of service provision. Variation of these assumptions will impact on Council's future financial sustainability. Various risks could impact on the Council financial position as follows:

- Rate pegging limits are lower than assumed.
- Grant funds are lower than assumed.
- Investment return is lower than assumed.
- S.94 Contributions do not materialise as predicted.
- Cost shifting from other government agencies continues and /or increases.
- Legislative changes that lower income stream or increase expenditure.
- Introduction of payroll tax.
- Inflation increase higher than assumed.
- Legislative Award increases higher than assumed and risk of unexpected increases in staff retention.

6. SENSITIVITY TESTING

Long Term Financial Plans are inherently uncertain. They contain a wide range of assumptions including ones that potentially affect the financial results and which are largely outside our control. Future plans will be impacted if cash holdings are not available.

The following provides an insight into the impact on the Net Operating Result before Capital Grants and Contributions and Council's Cash Holdings of a reduction in the annual permissible rate increase.

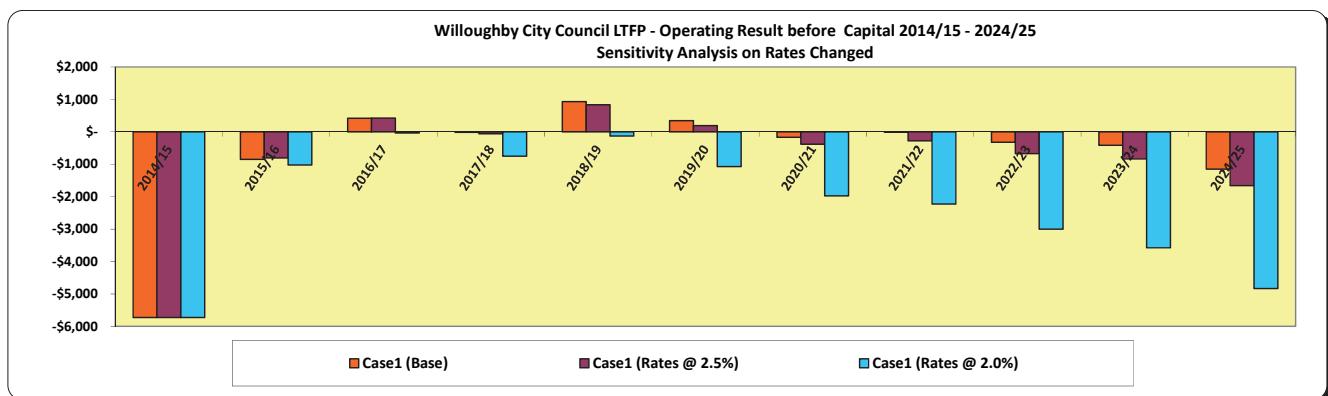
RATES:

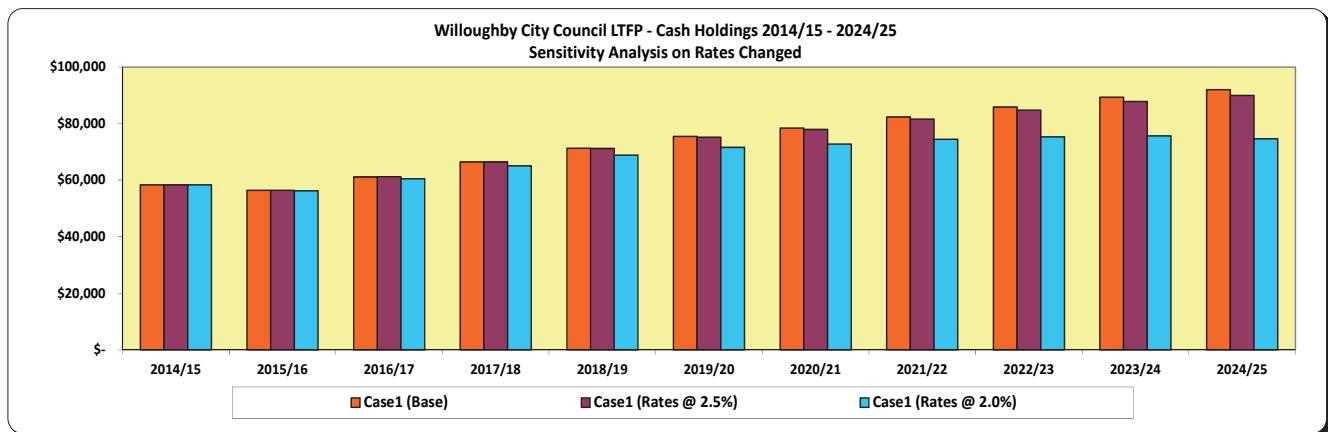
Case 1 - 2014/2015 2.3%, 2015/2016 2.4%, Remaining Model 2.6% (Base Case)

Case 2 - 2014/2015 2.3%, Remaining Model 2.5%

Case 3 – 2014/2015 2.3%, Remaining Model 2%

Impact on Net Operating Result before Capital/ (Deficit):





7. CONCLUSION

As detailed within the recently audited 2013/2014 Annual Financial Statements, Council's financials are portrayed in a favourable light when reviewing the following:

- Net Operating Surplus \$15.175M (true figure \$2.165M)
- Cash & Investments \$71.436M
- Net Working Capital \$1.790M
- Improvement in all but one of the TCORP financial indicators

Council officers have developed very comprehensive Asset Management Plans and corresponded with its community over the last 2 years about the condition of these assets and at what point in their life cycle intervention should take place in order to renew them.

The 2013/2014 Accounts reveal that the indicators relating to asset spend by way of maintenance and renewal falls short of requirements and Council recorded that it had an Infrastructure Backlog of \$38M.

The community has communicated its expectations on the standard of its infrastructure and officers have provided funding scenarios to Council to ensure this standard.

Council is currently undertaking a detailed service review with a number of services being assessed with estimated savings together with new revenue streams being approved by Council.

In order to ensure its spending levels on assets is increased to appropriate levels a successful application for an Infrastructure Levy for 7 years as described above is required as the alternative is for Council to significantly reduce service levels across all operations to reduce expenditure and redirect these to assets.

The officers do not believe that such a strategy is appropriate or would be accepted by the community.

References

NSW DLG Planning and Reporting Guidelines for Local government in NSW 2010

NSW DLG Planning and Reporting Manual for local government in NSW 2010

Australia's Economic Outlook, TCORP, November 2013

Willoughby City Council's Strategic Planning Documents

Willoughby City Strategy 2013-2029 (WCS)

Willoughby City Council Delivery Program 2014-2017 (DP)

Operational Plan & Budget 2014-2015 (OP)

Willoughby City Council's Resourcing Strategy

Willoughby City Council Asset Management Plans 2012 (AMP)

Willoughby Workforce Plan July 2011 (WFP)

Long Term Financial Plan (LTFP)

APPENDICES

Appendix 1 Financial Statement Forecast for the period of 2014/15 to 2024/25 Base Case 1 (No Infrastructure Levy application)

CASH (RATES) BUDGETS STATEMENT		Actual \$'000's	Forecast \$'000's											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Forecast \$'000's
Revenues														
Rates and Annual Charges	54,439	56,821	59,064	61,129	63,279	65,519	67,852	70,656	73,615	76,740	80,394	84,299		
User Charges and Fees	17,429	20,320	20,334	21,330	22,190	23,092	24,034	24,935	25,857	26,821	27,788	28,790		
Investment Revenues	2,505	2,155	2,524	2,621	2,718	2,927	3,110	3,254	3,405	3,559	3,707	3,834		
Other Revenues	31,383	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825		
Grants & Contributions - Operating	5,641	6,061	5,912	6,081	6,254	6,420	6,600	6,785	6,976	7,171	7,372	7,579		
Grants & Contributions - Capital	16,962	5,045	2,595	1,664	1,705	1,742	1,781	1,820	1,820	1,901	1,947	2,001		
Proceeds from Disposal of Assets	296	266	196	202	208	214	220	227	234	240	248	255		
New borrowings	0	0	0	0	0	0	0	0	0	0	0	0		
Transfers from Reserves	17,982	25,803	10,470	6,340	6,297	6,680	6,839	7,932	7,102	7,276	7,190	7,365		
Total Revenue	146,637	130,425	115,640	114,739	118,531	122,986	127,356	133,073	137,073	142,315	147,853	153,947		
Expenses														
Employee Costs	39,129	41,317	42,361	43,772	45,742	47,793	49,935	51,945	54,035	56,210	58,473	60,827		
Materials and Contracts	28,971	35,758	32,245	32,903	34,403	34,317	35,688	37,059	38,496	40,002	41,583	43,242		
Borrowing Costs	3,113	2,289	2,087	1,982	1,920	1,882	1,840	1,730	1,718	1,703	1,687	1,681		
Other expenses	13,300	13,529	13,873	14,684	15,408	16,470	17,635	19,339	20,320	21,866	23,569	26,022		
Interest and Investment Losses	0	0	0	0	0	0	0	0	0	0	0	0		
Debt Redemption	3,610	3,695	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277		
Transfers to reserves	31,303	12,628	9,808	9,623	10,349	10,678	11,023	10,781	11,126	11,431	11,746	12,022		
Capital Expenditure	23,924	23,607	10,345	9,149	8,963	10,453	10,759	11,075	11,400	11,736	12,082	12,439		
Total Expenses	143,350	132,824	115,509	114,001	118,319	123,212	128,585	134,225	138,449	144,366	150,363	157,512		
CASH BUDGET SURPLUS/(DEFICIT)	3,287	(2,399)	130	738	213	(226)	(1,229)	(1,155)	(1,376)	(2,052)	(2,510)	(3,565)		
CASH BUDGET SURPLUS/(DEFICIT) AFTER ADJ 50% LSL ACCRUAL	3,287	(1,764)	790	1,425	926	517	(457)	(350)	(542)	(1,183)	(1,607)	(2,626)		

BALANCE SHEET		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Current Assets													
Cash and cash equivalents (Available)		6,688	10,937	9,712	11,144	12,386	13,258	13,220	13,315	13,256	12,592	11,540	9,510
Investments (Reserves)		64,748	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242	77,798	82,455
Receivables		4,710	3,935	4,017	4,206	4,360	4,520	4,686	4,860	5,039	5,228	5,428	5,638
Inventories		28	28	28	28	28	28	28	28	28	28	28	28
Other		391	391	391	391	391	391	391	391	391	391	391	391
Non-current assets held for sale		0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets		76,564	62,648	60,844	65,748.5	71,197	76,225	80,538	83,656	87,800.5	91,480	95,185	98,023
Non-Current Assets													
Receivables		41	41	41	41	41	41	41	41	41	41	41	41
Infrastructure, Property, Plant & Equipment		2,754,521.6	2,765,727.6	2,763,220	2,759,397	2,755,292	2,752,581	2,750,052	2,747,713	2,745,569	2,743,627	2,741,894	2,740,377
Investments accounted for using the equity method		61	56	53	50	47	44	41	38	35	32	29	26
Investments Property		64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904
Total Non-Current Assets		2,819,528	2,830,729	2,828,219	2,824,392	2,820,285	2,817,570	2,815,039	2,812,697	2,810,550	2,808,605	2,806,869	2,805,349
TOTAL ASSETS		2,896,092	2,893,377	2,889,063	2,890,141	2,891,481	2,893,796	2,895,577	2,896,352	2,898,350.2	2,900,085	2,902,054	2,903,372
Current Liabilities													
Payables		13,494	14,315	12,168	12,131	12,335	12,551	12,803	13,056	13,319	13,592	13,877	14,174
Borrowings		3,695	3,697	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277
Provisions		10,888	11,668	12,502	13,379	14,314	15,307	16,353	17,479	18,657	19,902	21,214	22,598
Total Current Liabilities		28,057	29,380	29,460	27,398	28,181	29,475	30,869	32,831	33,331.6	34,911	36,313	38,050
Non-Current Liabilities													
Payables		0	0	0	0	0	0	0	0	0	0	0	0
Borrowings		48,876	45,177	39,293	40,309	39,132	37,430	35,640	32,750	32,336	30,857	29,830	28,497
Provisions		388	427	468	511	556	603	653	706	761	819	880	945
Total Non-Current Liabilities		49,264	45,604	39,761	40,819	39,688	38,033	36,293	33,456	33,097	31,676	30,710	29,442
TOTAL LIABILITIES		77,321	75,285	69,221	68,217	67,868	67,508	67,162	66,287	66,429	66,587	67,024	67,492
NET ASSETS		2,818,771	2,818,093	2,819,842	2,821,924	2,823,613	2,826,287	2,828,415	2,830,065	2,831,922	2,833,498	2,835,030	2,835,880
EQUITY													
Accumulated Surplus		2,390,653	2,403,296	2,391,724	2,406,981	2,409,332	2,408,724	2,406,799	2,404,452	2,402,125	2,400,852	2,398,360	2,395,055
Asset Revaluation Reserve		367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584
Other Reserves		60,534	47,213	60,534	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242
TOTAL EQUITY		2,818,771	2,818,093	2,819,842	2,821,924	2,823,613	2,826,288	2,828,415	2,830,065	2,831,922	2,833,498	2,835,030	2,835,880

CASH FLOW STATEMENT		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Cash flow from operating activities													
Receipts:													
Rates and Annual Charges													
User Charges and Fees	54,737	56,234	59,014	61,087	63,236	65,474	67,805	70,599	73,555	76,677	80,320	84,220	
Interest & Investment Revenues	21,887	21,481	20,301	21,182	22,079	22,978	23,915	24,818	25,737	26,696	27,661	28,659	
Grants & Contributions	2,153	2,155	2,524	2,621	2,718	2,927	3,110	3,254	3,405	3,559	3,707	3,834	
Other	8,194	11,106	8,508	7,745	7,959	8,163	8,381	8,806	8,836	9,072	9,319	9,579	
	33,112	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825	
Payments:													
Employee Costs & oncosts	(39,494)	(40,478)	(41,486)	(42,852)	(44,763)	(46,752)	(48,830)	(50,776)	(52,801)	(54,908)	(57,099)	(59,379)	
Materials and Contracts	(31,999)	(34,937)	(34,393)	(32,940)	(34,199)	(34,101)	(35,36)	(36,806)	(38,233)	(39,729)	(41,298)	(42,946)	
Borrowing Costs	(2,402)	(2,289)	(2,087)	(1,982)	(1,982)	(1,832)	(1,840)	(1,730)	(1,748)	(1,703)	(1,687)	(1,681)	
Other	(16,794)	(13,529)	(13,873)	(14,684)	(15,408)	(16,470)	(17,635)	(19,339)	(20,320)	(21,866)	(23,569)	(26,022)	
Net cash inflow from operating activities	29,394	13,897	13,053	15,550	15,582	16,726	16,398	16,088	16,487	16,404	16,560	16,090	
Cash flow from investing activities													
Receipts:													
Sale of investment securities	25,602	17,390	662	0	0	0	0	0	0	0	0	0	0
Sale of infrastructure, property, plant & equipment	296	266	196	202	208	214	220	227	234	240	248	255	
Proceeds from sale of assets held for resale	0	0	0	0	0	0	0	0	0	0	0	0	
Payments:													
Purchase of infrastructure, property, plant & equipment	(9,809)	(23,607)	(10,345)	(9,149)	(8,963)	(10,453)	(10,759)	(11,075)	(11,400)	(11,736)	(12,082)	(12,439)	
Purchase of Investment Property	(181)												
Purchase of investment securities	(57,623)	0	0	(3,283)	(4,052)	(3,997)	(4,184)	(2,849)	(4,024)	(4,155)	(4,556)	(4,658)	
Net cash outflow from investing activities	(41,715)	(5,951)	(9,488)	(12,230)	(12,808)	(14,237)	(14,723)	(13,697)	(15,191)	(15,651)	(16,390)	(16,842)	
Cash flow from financing activities													
Proceeds from new borrowings													
Repayment of borrowings & advances	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,335)	(1,417)	(1,417)	(1,222)	(1,277)
Repayment of Finance Lease liabilities	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash (outflow)/inflow from financing activities	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,355)	(1,417)	(1,417)	(1,222)	(1,277)
Net increase/(decrease) in cash held													
Cash assets at beginning of reporting period	15,932	4,249	(1,225)	1,432	1,242	872	(38)	95	(59)	(664)	(1,052)	(2,030)	
Cash assets at end of reporting period	22,619	6,688	10,937	9,712	11,144	12,386	13,258	13,220	13,315	13,256	12,592	11,540	
Cash assets at end of reporting period	6,688	10,937	9,712	11,144	12,386	13,258	13,220	13,315	13,256	12,592	11,540	9,510	
Plus: Investment on hand at end of year	64,748	47,358	46,697	54,032	58,029	62,213	65,062	69,086	73,242	77,798	82,455	89,338	
Cash & Investment at end of year	71,436	58,295	61,123	66,418	71,287	75,433	78,377	82,342	85,834	89,338	91,966		

Sustainable Service Case (Case2) - Scenario A – without SRV application

INCOME STATEMENT	Actual	Forecast									
	2013/14 \$'000's	2014/15 \$'000's	2015/16 \$'000's	2016/17 \$'000's	2017/18 \$'000's	2018/19 \$'000's	2019/20 \$'000's	2020/21 \$'000's	2021/22 \$'000's	2022/23 \$'000's	2023/24 \$'000's
Incomes from continuing operations											
Revenue:											
Rates and Annual Charges	54,439	56,621	59,064	61,129	63,279	65,519	67,852	70,656	73,615	76,740	80,394
User Charges and Fees	17,429	20,320	20,334	21,330	22,190	23,092	24,034	24,935	25,857	26,821	27,788
Investment Revenues	2,155	2,422	2,325	2,601	2,578	2,492	2,338	2,176	1,927	1,703	1,511
Other Revenues	31,383	14,154	14,545	15,374	15,888	16,391	16,919	17,463	18,025	18,606	19,206
Grants & Contributions - Operating	5,641	6,061	5,912	6,084	6,254	6,420	6,600	6,785	6,976	7,171	7,372
Grants & Contributions - Capital	16,962	5,045	2,595	1,664	1,705	1,742	1,781	1,820	1,860	1,901	1,947
Other Income:											
Proceeds from Disposal of Assets	296	266	196	202	208	214	220	227	234	240	248
Profit from Interests in Joint Ventures & Associates											255
Total Income from Continuing Operations	128,655	104,621	105,068	108,104	112,117	115,957	119,898	124,225	128,743	133,407	138,658
Expenses from continuing operations											
Expenses:											
Employee Costs	39,129	41,317	42,361	43,772	45,742	47,793	49,935	51,945	54,035	56,210	58,473
Materials and Contracts	28,971	35,758.5	32,250	32,909	34,399	34,308	35,677	37,062	38,514	40,016	41,583
Borrowing Costs	3,113	2,289	2,087	1,982	1,920	1,882	1,840	1,730	1,718	1,703	1,687
Depreciation & Amortisation	11,895	12,311	12,759	12,888	13,030	13,142	13,297	13,454	13,636	13,811	14,015
Other Expenses	13,300	13,529	13,873	14,684	15,408	16,470	17,635	19,339	20,320	21,866	23,569
WDV of Assets sold	107	90,25	93	96	99	102	105	108	111	114	118
WDV of Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Interest and Investment losses											
Loss from Interests in Joint Ventures & Associates	3	5	3	3	3	3	3	3	3	3	3
Total Expenses from Continuing Operations	96,518	105,299	103,426	106,344	110,602	113,701	118,493	123,640	128,337	133,725	139,448
Net Operating Result for the year	32,137	(678.2)	1,642	1,760	1,516	2,256	1,406	584	406	(318)	(790)
Net Operating result for the year before Grants & contributions provided for capital purposes	15,175	(5,723)	(954)	96	(189)	514	(375)	(1,236)	(1,454)	(2,220)	(2,737)
Other Comprehensive Income:											
Total Compreh Income for the year	48,189	(678)	1,642	1,760	1,516	2,256	1,406	584	406	(318)	(790)

CASH (RATES) BUDGETS STATEMENT		Actual \$'000's	Forecast \$'000's												
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		
Revenues															
Rates and Annual Charges	54,439	56,821	59,064	61,129	63,279	65,519	67,852	70,656	73,615	76,740	80,394	84,299			
User Charges and Fees	17,429	20,320	20,334	21,330	22,190	23,092	24,034	24,935	25,857	26,821	27,788	28,790			
Investment Revenues	2,505	2,155	2,422	2,325	2,601	2,578	2,492	2,338	2,176	1,927	1,703	1,511			
Other Revenues	31,383	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825			
Grants & Contributions - Operating	5,641	6,061	5,912	6,081	6,254	6,420	6,600	6,785	6,976	7,171	7,372	7,579			
Grants & Contributions - Capital	16,962	5,045	2,595	1,664	1,705	1,742	1,781	1,820	1,820	1,901	1,947	2,001			
Proceeds from Disposal of Assets	296	266	196	202	208	214	220	227	234	240	248	255			
New borrowings	0	0	0	0	0	0	0	0	0	0	0	0			
Transfers from Reserves	17,982	25,803	10,470	6,340	6,297	6,680	6,839	7,932	7,102	7,276	7,190	7,365			
Total Revenue	146,637	130,425	115,537	114,444	118,415	122,637	126,738	132,157	135,844	140,682	145,849	151,623			
Expenses															
Employee Costs	39,129	41,317	42,361	43,772	45,742	47,793	49,935	51,945	54,035	56,210	58,473	60,827			
Materials and Contracts	28,971	35,758	32,250	32,909	34,399	34,308	35,677	37,062	38,514	40,016	41,583	43,252			
Borrowing Costs	3,113	2,289	2,087	1,982	1,920	1,882	1,840	1,730	1,718	1,703	1,687	1,681			
Other expenses	13,300	13,529	13,873	14,684	15,408	16,470	17,635	19,339	20,320	21,866	23,569	26,022			
Interest and Investment Losses	0	0	0	0	0	0	0	0	0	0	0	0			
Debt Redemption	3,610	3,695	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277			
Transfers to reserves	31,303	12,628	9,808	9,623	10,349	10,678	11,023	10,781	11,126	11,431	11,746	12,022			
Capital Expenditure	23,924	23,607	14,918	14,190	13,450	16,838	17,040	17,974	17,998	21,965	17,442	18,122			
Total Expenses	143,350	132,824	120,086	119,047	122,802	129,586	134,855	141,128	145,065	154,640	155,722	163,205			
CASH BUDGET SURPLUS/(DEFICIT)	3,287	(2,399)	(4,549)	(4,387)	(6,949)	(8,117)	(8,970)	(9,221)	(9,221)	(9,221)	(9,874)	(11,582)			
CASH BUDGET SURPLUS/(DEFICIT) AFTER ADJ 50% LSL ACCRUAL	3,287	(1,764)	(3,889)	(3,917)	(3,673)	(6,207)	(7,345)	(8,168)	(8,168)	(8,386)	(8,971)	(10,643)			

BALANCE SHEET		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Current Assets													
Cash and cash equivalents (Available)		6,688	10,937	5,628	1,779	(1,652)	(7,258)	(14,197)	(21,838)	(29,779)	(41,873)	(50,928)	(60,931)
Investments (Reserves)		64,748	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242	77,798	82,455
Receivables		4,710	3,935	4,017	4,206	4,360	4,520	4,686	4,860	5,039	5,228	5,428	5,638
Inventories		28	28	28	28	28	28	28	28	28	28	28	28
Other		391	391	391	391	391	391	391	391	391	391	391	391
Non-current assets held for sale		0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets		76,564	62,648	56,760	56,383.6	57,159	55,710	53,121	48,502	44,765.6	37,015	32,717	27,581
Non-Current Assets													
Receivables		41	41	41	41	41	41	41	41	41	41	41	41
Infrastructure, Property, Plant & Equipment		2,754,521.6	2,765,727.6	2,767,793	2,768,988	2,769,310	2,772,904	2,776,542	2,780,955	2,785,205	2,793,274	2,796,584	2,800,401
Investments accounted for using the equity method		61	56	53	50	47	44	41	38	35	32	29	26
Investments Property		64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904
Total Non-Current Assets		2,819,528	2,830,729	2,832,791	2,833,984	2,834,302	2,837,893	2,841,529	2,845,938	2,850,185	2,858,252	2,861,558	2,865,372
TOTAL ASSETS		2,896,092	2,893,377	2,889,551	2,890,367	2,891,461	2,893,603	2,894,649	2,894,440	2,894,959	2,895,266	2,894,275	2,892,954
Current Liabilities													
Payables		13,494	14,315	12,763	12,787	12,918	13,380	13,618	13,953	14,179	14,928	14,574	14,914
Borrowings		3,695	3,697	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277
Provisions		10,888	11,668	12,502	13,379	14,314	15,307	16,363	17,479	18,657	19,902	21,214	22,598
Total Current Liabilities		28,057	29,680	30,055	28,054	28,763	30,304	31,684	33,728	34,191.7	36,247	37,010	38,790
Non-Current Liabilities													
Payables		0	0	0	0	0	0	0	0	0	0	0	0
Borrowings		48,876	45,177	39,293	40,309	39,132	37,430	35,640	32,750	32,336	30,857	29,830	28,497
Provisions		388	427	468	511	556	603	663	706	761	819	880	945
Total Non-Current Liabilities		49,264	45,604	39,761	40,819	39,688	38,033	36,293	33,456	33,097	31,676	30,710	29,442
TOTAL LIABILITIES		77,321	75,285	69,816	68,873	68,451	68,337	67,977	67,184	67,289	67,923	67,720	68,232
NET ASSETS		2,818,771	2,818,093	2,819,735	2,821,494	2,823,010	2,825,266	2,826,672	2,827,256	2,827,662	2,827,344	2,826,554	2,824,722
EQUITY													
Accumulated Surplus		2,390,653	2,403,296	2,391,617	2,406,552	2,408,730	2,407,703	2,405,056	2,401,643	2,397,865	2,394,698	2,389,884	2,383,897
Asset Revaluation Reserve		367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584
Other Reserves		60,534	47,213	60,534	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242
TOTAL EQUITY		2,818,771	2,818,093	2,819,735	2,821,494	2,823,010	2,825,266	2,826,672	2,827,256	2,827,662	2,827,344	2,826,554	2,824,722

CASH FLOW STATEMENT		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Cash flow from operating activities													
Receipts:													
Rates and Annual Charges													
User Charges and Fees	54,737	56,234	59,014	61,087	63,236	65,474	67,805	70,599	73,555	76,677	80,320	84,220	
Interest & Investment Revenues	21,887	21,481	20,301	21,182	22,079	22,978	23,915	24,818	25,737	26,696	27,661	28,659	
Grants & Contributions	2,153	2,155	2,422	2,325	2,601	2,578	2,492	2,338	2,176	1,927	1,703	1,511	
Other	8,194	11,106	8,508	7,745	7,959	8,163	8,381	8,806	8,836	9,072	9,319	9,579	
	33,112	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825	
Payments:													
Employee Costs & oncosts	(39,494)	(40,478)	(41,486)	(42,852)	(44,763)	(46,752)	(48,830)	(50,776)	(52,801)	(54,908)	(57,099)	(59,379)	
Materials and Contracts	(31,999)	(34,937)	(33,802)	(32,885)	(34,269)	(33,846)	(35,439)	(36,727)	(38,288)	(39,267)	(41,937)	(42,912)	
Borrowing Costs	(2,402)	(2,289)	(2,087)	(1,982)	(1,940)	(1,882)	(1,840)	(1,730)	(1,748)	(1,703)	(1,687)	(1,681)	
Other	(16,794)	(13,529)	(13,873)	(14,684)	(15,408)	(16,470)	(17,635)	(19,339)	(20,320)	(21,866)	(23,569)	(26,022)	
Net cash inflow from operating activities	29,394	13,897	13,541	15,310	15,395	16,632	15,767	15,252	15,203	15,233	13,918	13,799	
Cash flow from investing activities													
Receipts:													
Sale of investment securities	25,602	17,390	662	0	0	0	0	0	0	0	0	0	
Sale of infrastructure, property, plant & equipment	296	266	196	202	208	214	220	227	234	240	248	255	
Proceeds from sale of assets held for resale	0	0	0	0	0	0	0	0	0	0	0	0	
Payments:													
Purchase of infrastructure, property, plant & equipment	(9,809)	(23,607)	(14,918)	(14,190)	(13,450)	(16,838)	(17,040)	(17,974)	(17,998)	(21,995)	(17,442)	(18,122)	
Purchase of Investment Property	(181)												
Purchase of investment securities	(57,623)	0	0	(3,283)	(4,052)	(3,997)	(4,184)	(2,849)	(4,024)	(4,155)	(4,556)	(4,658)	
Net cash outflow from investing activities	(41,715)	(5,951)	(14,060)	(17,271)	(17,294)	(20,621)	(21,004)	(20,596)	(21,789)	(25,910)	(21,750)	(22,525)	
Cash flow from financing activities													
Proceeds from new borrowings													
Repayment of borrowings & advances	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,355)	(1,417)	(1,222)	(1,277)	
Repayment of Finance Lease liabilities	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash (outflow)/inflow from financing activities	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,355)	(1,417)	(1,222)	(1,277)	
Net increase/(decrease) in cash held													
Cash assets at beginning of reporting period	(15,932)	4,249	(5,309)	(3,849)	(3,431)	(5,606)	(6,940)	(7,640)	(7,941)	(12,094)	(9,055)	(10,003)	
Cash assets at end of reporting period	22,619	6,688	10,937	5,628	1,779	(1,632)	(7,258)	(14,197)	(21,838)	(29,779)	(41,873)	(50,928)	
Cash assets at end of reporting period	6,688	10,937	5,628	1,779	(1,652)	(7,258)	(14,197)	(21,838)	(29,779)	(41,873)	(50,928)	(60,931)	
Plus: Investment on hand at end of year	64,748	47,358	46,697	49,979	54,032	58,028	62,213	65,062	69,086	73,242	77,798	82,455	
Cash & Investment at end of year	71,436	58,295	52,324	51,759	50,771	48,016	43,224	31,368	39,307	31,368	26,869	21,524	

Sustainable Service Case (Case2) - Scenario B – with SRV application.

INCOME STATEMENT	Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
	2013/14 \$'000's	2014/15 \$'000's	2015/16 \$'000's	2016/17 \$'000's	2017/18 \$'000's	2018/19 \$'000's	2019/20 \$'000's	2020/21 \$'000's	2021/22 \$'000's	2022/23 \$'000's	2023/24 \$'000's	2024/25 \$'000's
Incomes from continuing operations												
Revenue:												
Rates and Annual Charges	54,439	56,621	60,987	64,019	66,248	68,568	70,983	73,872	76,918	76,740	80,394	84,299
User Charges and Fees	17,429	20,320	20,334	21,350	22,190	23,092	24,034	24,935	25,857	26,821	27,788	28,790
Investment Revenues	2,155	2,470	2,478	2,677	2,781	2,830	2,830	2,921	2,813	2,642	2,449	2,287
Other Revenues	31,383	14,154	14,545	15,374	15,884	16,391	16,919	17,463	18,025	18,606	19,206	19,825
Grants & Contributions - Operating	5,641	6,061	5,912	6,084	6,254	6,420	6,600	6,785	6,976	7,171	7,372	7,579
Grants & Contributions - Capital	16,962	5,045	2,595	1,664	1,705	1,742	1,781	1,820	1,860	1,901	1,947	2,001
Other Income:												
Proceeds from Disposal of Assets	296	266	196	202	208	214	220	227	234	240	248	255
Profit from Interests in Joint Ventures & Associates												
Total Income from Continuing Operations	128,655	104,621	107,039	111,147	115,162	119,209	123,388	127,923	132,682	134,122	139,404	145,035
Expenses from continuing operations												
Expenses:												
Employee Costs	39,129	41,317	42,361	43,772	45,742	47,793	49,935	51,945	54,035	56,210	58,473	60,827
Materials and Contracts	28,971	35,758.5	32,250	32,909	34,399	34,308	35,677	37,062	38,514	40,016	41,583	43,252
Borrowing Costs	3,113	2,289	2,087	1,982	1,920	1,882	1,840	1,730	1,718	1,703	1,687	1,681
Depreciation & Amortisation	11,895	12,311	12,759	12,888	13,030	13,142	13,297	13,454	13,636	13,811	14,015	14,183
Other Expenses	13,300	13,529	13,873	14,684	15,408	16,470	17,635	19,339	20,320	21,866	23,569	26,022
WDV of Assets sold	107	90,25	93	96	99	102	105	108	111	114	118	121
WDV of Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Investment losses												
Loss from Interests in Joint Ventures & Associates	3	5	3	3	3	3	3	3	3	3	3	3
Total Expenses from Continuing Operations	96,518	105,299	103,426	106,344	110,602	113,701	118,493	123,640	128,337	133,725	139,448	146,091
Net Operating Result for the year	32,137	(678.2)	3,614	4,803	4,560	5,508	4,875	4,283	4,346	397	(43)	(1,055)
Net Operating result for the year before Grants & contributions provided for capital purposes	15,175	(5,723)	1,018	3,139	2,856	3,765	3,034	2,463	2,486	-	(1,504)	(3,056)
Other Comprehensive Income:												
Total Comprehensive Income for the year	48,189	(678)	3,614	4,803	4,560	5,508	4,875	4,283	4,346	397	(43)	(1,055)

CASH (RATES) BUDGETS STATEMENT		Actual \$'000's	Forecast \$'000's											
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Forecast \$'000's
Revenues														
Rates and Annual Charges	54,439	56,821	60,987	64,019	66,248	68,568	70,983	73,872	76,918	76,740	80,394	84,299		
User Charges and Fees	17,429	20,320	20,334	21,330	22,190	23,092	24,034	24,935	25,857	26,821	27,788	28,790		
Investment Revenues	2,505	2,155	2,470	2,478	2,677	2,781	2,830	2,821	2,813	2,642	2,449	2,287		
Other Revenues	31,383	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825		
Grants & Contributions - Operating	5,641	6,061	5,912	6,081	6,254	6,420	6,600	6,785	6,976	7,171	7,372	7,579		
Grants & Contributions - Capital	16,962	5,045	2,595	1,684	1,705	1,742	1,781	1,820	1,820	1,901	1,947	2,001		
Proceeds from Disposal of Assets	296	266	196	202	208	214	220	227	234	240	248	255		
New borrowings	0	0	0	0	0	0	0	0	0	0	0	0		
Transfers from Reserves	17,982	25,803	10,470	6,340	6,297	6,680	6,839	7,932	7,102	7,276	7,190	7,365		
Total Revenue	146,637	130,425	117,509	117,487	121,459	125,889	130,207	135,856	139,784	141,398	146,595	152,400		
Expenses														
Employee Costs	39,129	41,317	42,361	43,772	45,742	47,793	49,935	51,945	54,035	56,210	58,473	60,827		
Materials and Contracts	28,971	35,758	32,250	32,909	34,399	34,308	35,677	37,062	38,514	40,016	41,583	43,252		
Borrowing Costs	3,113	2,289	2,087	1,982	1,920	1,882	1,840	1,730	1,718	1,703	1,687	1,681		
Other expenses	13,300	13,529	13,873	14,684	15,408	16,470	17,635	19,339	20,320	21,866	23,569	26,022		
Interest and Investment Losses	0	0	0	0	0	0	0	0	0	0	0	0		
Debt Redemption	3,610	3,695	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277		
Transfers to reserves	31,303	12,628	9,808	9,623	10,349	10,678	11,023	10,781	11,126	11,431	11,746	12,022		
Capital Expenditure	23,924	23,607	14,918	14,190	13,450	16,838	17,040	17,974	17,998	21,965	17,442	18,122		
Total Expenses	143,350	132,824	120,086	119,047	122,802	129,586	134,855	141,128	145,065	154,640	155,722	163,205		
CASH BUDGET SURPLUS/(DEFICIT)	3,287	(2,399)	(2,577)	(1,560)	(1,342)	(3,688)	(4,648)	(5,272)	(5,282)	(13,242)	(9,128)	(10,805)		
CASH BUDGET SURPLUS/(DEFICIT) AFTER ADJ 50% LSL ACCRUAL	3,287	(1,764)	(1,917)	(874)	(626)	(2,955)	(3,876)	(4,469)	(4,447)	(8,225)	(8,234)	(9,866)		

BALANCE SHEET		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Current Assets													
Cash and cash equivalents (Available)	6,688	10,937	7,561	6,736	6,348	3,992	521	(3,423)	(7,426)	(18,738)	(27,047)	(36,273)	
Investments (Reserves)	64,748	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242	77,798	82,455	
Receivables	4,710	3,935	4,055	4,264	4,420	4,581	4,719	4,924	5,106	5,228	5,428	5,638	
Inventories	28	28	28	28	28	28	28	28	28	28	28	28	
Other	391	391	391	391	391	391	391	391	391	391	391	391	
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	
Total Current Assets	76,564	62,648	58,732	61,398.9	65,219	67,022	67,902	66,982	67,185.0	60,150	56,598	52,240	
Non-Current Assets													
Receivables	41	41	41	41	41	41	41	41	41	41	41	41	41
Infrastructure, Property, Plant & Equipment	2,754,521.6	2,765,727.6	2,767,793	2,768,988	2,769,310	2,772,904	2,776,562	2,780,955	2,785,205	2,793,274	2,796,584	2,800,401	
Investments accounted for using the equity method	61	56	53	50	47	44	41	38	35	32	29	26	
Investments Property	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	64,904	
Total Non-Current Assets	2,819,528	2,830,729	2,832,791	2,833,984	2,834,302	2,837,893	2,841,529	2,845,938	2,850,185	2,858,252	2,861,558	2,865,372	
TOTAL ASSETS	2,896,092	2,893,377	2,891,523	2,895,383	2,899,521	2,904,915	2,909,430	2,912,920	2,917,370.3	2,918,402	2,918,156	2,917,612	
Current Liabilities													
Payables	13,494	14,315	12,763	12,787	12,918	13,380	13,618	13,953	14,179	14,928	14,574	14,914	
Borrowings	3,695	3,697	4,790	1,888	1,532	1,617	1,703	2,297	1,355	1,417	1,222	1,277	
Provisions	10,888	11,668	12,502	13,379	14,314	15,307	16,363	17,479	18,657	19,902	21,214	22,598	
Total Current Liabilities	28,057	29,680	30,055	28,054	28,763	30,304	31,684	33,728	34,191.7	36,247	37,010	38,790	
Non-Current Liabilities													
Payables	0	0	0	0	0	0	0	0	0	0	0	0	
Borrowings	48,876	45,177	39,293	40,309	39,132	37,430	35,640	32,750	32,336	30,857	29,830	28,497	
Provisions	388	427	468	511	556	603	663	706	761	819	880	945	
Total Non-Current Liabilities	49,264	45,604	39,761	40,819	39,688	38,033	36,293	33,456	33,097	31,676	30,710	29,442	
TOTAL LIABILITIES	77,321	75,285	69,816	68,873	68,451	68,337	67,977	67,184	67,289	67,923	67,720	68,232	
NET ASSETS	2,818,771	2,818,093	2,821,707	2,826,510	2,831,070	2,836,578	2,841,453	2,845,736	2,850,082	2,850,479	2,850,436	2,849,380	
EQUITY													
Accumulated Surplus	2,390,653	2,403,296	2,393,589	2,411,567	2,416,789	2,419,014	2,420,123	2,420,285	2,417,833	2,413,766	2,408,555		
Asset Revaluation Reserve	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584	367,584		
Other Reserves	60,534	47,213	60,534	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242	
TOTAL EQUITY	2,818,771	2,818,093	2,821,707	2,826,510	2,831,070	2,836,578	2,841,453	2,845,736	2,850,082	2,850,479	2,850,436	2,849,380	

CASH FLOW STATEMENT		Actual 2013/14 \$'000's	Forecast 2014/15 \$'000's	Forecast 2015/16 \$'000's	Forecast 2016/17 \$'000's	Forecast 2017/18 \$'000's	Forecast 2018/19 \$'000's	Forecast 2019/20 \$'000's	Forecast 2020/21 \$'000's	Forecast 2021/22 \$'000's	Forecast 2022/23 \$'000's	Forecast 2023/24 \$'000's	Forecast 2024/25 \$'000's
Cash flow from operating activities													
Receipts:													
Rates and Annual Charges													
User Charges and Fees	54,737	56,234	60,899	63,958	66,203	68,521	70,934	73,813	76,856	76,744	80,321	84,221	
Interest & Investment Revenues	21,887	21,481	20,301	21,182	22,079	22,978	23,915	24,818	25,737	26,696	27,661	28,659	
Grants & Contributions	2,153	2,155	2,470	2,478	2,677	2,781	2,830	2,821	2,813	2,642	2,449	2,287	
Other	8,194	11,106	8,508	7,745	7,959	8,163	8,381	8,806	8,836	9,072	9,319	9,579	
	33,112	14,154	14,545	15,374	15,881	16,391	16,919	17,463	18,025	18,606	19,206	19,825	
Payments:													
Employee Costs & oncosts	(39,494)	(40,478)	(41,486)	(42,852)	(44,763)	(46,752)	(48,830)	(50,776)	(52,801)	(54,908)	(57,099)	(59,379)	
Materials and Contracts	(31,999)	(34,937)	(33,802)	(32,885)	(34,269)	(33,846)	(35,39)	(36,727)	(38,288)	(39,267)	(41,937)	(42,912)	
Borrowing Costs	(2,402)	(2,289)	(2,087)	(1,982)	(1,940)	(1,882)	(1,840)	(1,730)	(1,748)	(1,703)	(1,687)	(1,681)	
Other	(16,794)	(13,529)	(13,873)	(14,684)	(15,408)	(16,470)	(17,635)	(19,339)	(20,320)	(21,866)	(23,569)	(26,022)	
Net cash inflow from operating activities	29,394	13,897	15,475	18,333	18,438	19,882	19,235	18,949	19,141	16,015	14,664	14,576	
Cash flow from investing activities													
Receipts:													
Sale of investment securities	25,602	17,390	662	0	0	0	0	0	0	0	0	0	
Sale of infrastructure, property, plant & equipment	296	266	196	202	208	214	220	227	234	240	248	255	
Proceeds from sale of assets held for resale	0	0	0	0	0	0	0	0	0	0	0	0	
Payments:													
Purchase of infrastructure, property, plant & equipment	(9,809)	(23,607)	(14,918)	(14,190)	(13,450)	(16,838)	(17,040)	(17,974)	(17,998)	(21,995)	(17,442)	(18,122)	
Purchase of Investment Property	(181)												
Purchase of investment securities	(57,623)	0	0	(3,283)	(4,052)	(3,997)	(4,184)	(2,849)	(4,024)	(4,155)	(4,556)	(4,658)	
Net cash outflow from investing activities	(41,715)	(5,951)	(14,060)	(17,271)	(17,294)	(20,621)	(21,004)	(20,596)	(21,789)	(25,910)	(21,750)	(22,525)	
Cash flow from financing activities													
Proceeds from new borrowings													
Repayment of borrowings & advances	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,355)	(1,417)	(1,222)	(1,277)	
Repayment of Finance Lease liabilities	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash (outflow)/inflow from financing activities	(3,610)	(3,697)	(4,790)	(1,888)	(1,532)	(1,617)	(1,703)	(2,297)	(1,355)	(1,417)	(1,222)	(1,277)	
Net increase/(decrease) in cash held													
Cash assets at beginning of reporting period	(15,932)	4,249	(3,376)	(825)	(388)	(2,356)	(3,472)	(3,943)	(4,004)	(11,312)	(8,309)	(9,226)	
Cash assets at end of reporting period	22,619	6,688	10,937	7,561	6,736	6,348	3,962	521	(3,423)	(7,426)	(18,738)	(27,047)	
Cash assets at end of reporting period	6,688	10,937	7,561	6,736	6,348	3,992	521	(3,423)	(7,426)	(18,738)	(27,047)	(36,273)	
Plus: Investment on hand at end of year	64,748	47,358	46,697	49,979	54,032	58,029	62,213	65,062	69,086	73,242	77,798	82,455	
Cash & Investment at end of year	71,436	58,295	54,257	56,716	60,380	62,021	62,734	61,639	61,503	54,503	50,751	46,182	

Appendix 2 - Snapshot of Assumption escalation rates increases included in model:

Code	Assumption Escalation Rate increase	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CPI-C	Council CPI Rate	3.00%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
CPI	RBA (UPTO 2013) CPI Rate	3.00%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
R	Rates Revenue	2.30%	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
1	% increase in Statutory Fees & Fines	3.00%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
2	% for other Fees & Charges (if CPI not appropriate)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
3	Employee costs	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	Grants & Contributions (incl FAG)	3.00%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
6	Employee oncosts	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
7	Rental / Lease Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
8	Paid Parking Fees (income)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
9	Utilities Expense	15.00%	15.00%	15.00%	15.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
10	DWM Income	8.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
11	Library bookstock and Plant purchases	3.00%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
12	Garbage Disposal cost	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.20%	7.20%	7.20%	7.20%	7.20%
13	Fire Brigade & Emergency Levy	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
14	Employee Superannuation (Aus Parliament Approved)	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	10.00%	10.00%	10.50%	11.00%	11.50%
15	Paid Parking (meter) Fees - The Concourse	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	4.00%	4.00%	4.00%	4.00%	4.00%
16	MV Depreciation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
17	Willis Park Ctr Venue Income	4.00%	5.00%	6.00%	7.00%	8.00%	7.80%	7.50%	7.20%	7.00%	6.20%	6.20%
M	manually enter projections	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

