

**Wingecarribee Shire Council**

**Attachment 5**

Long Term Financial Plan

# Long Term Financial Plan

July 2015

Updated to support Council's Fit for the Future application



**Disclaimer**

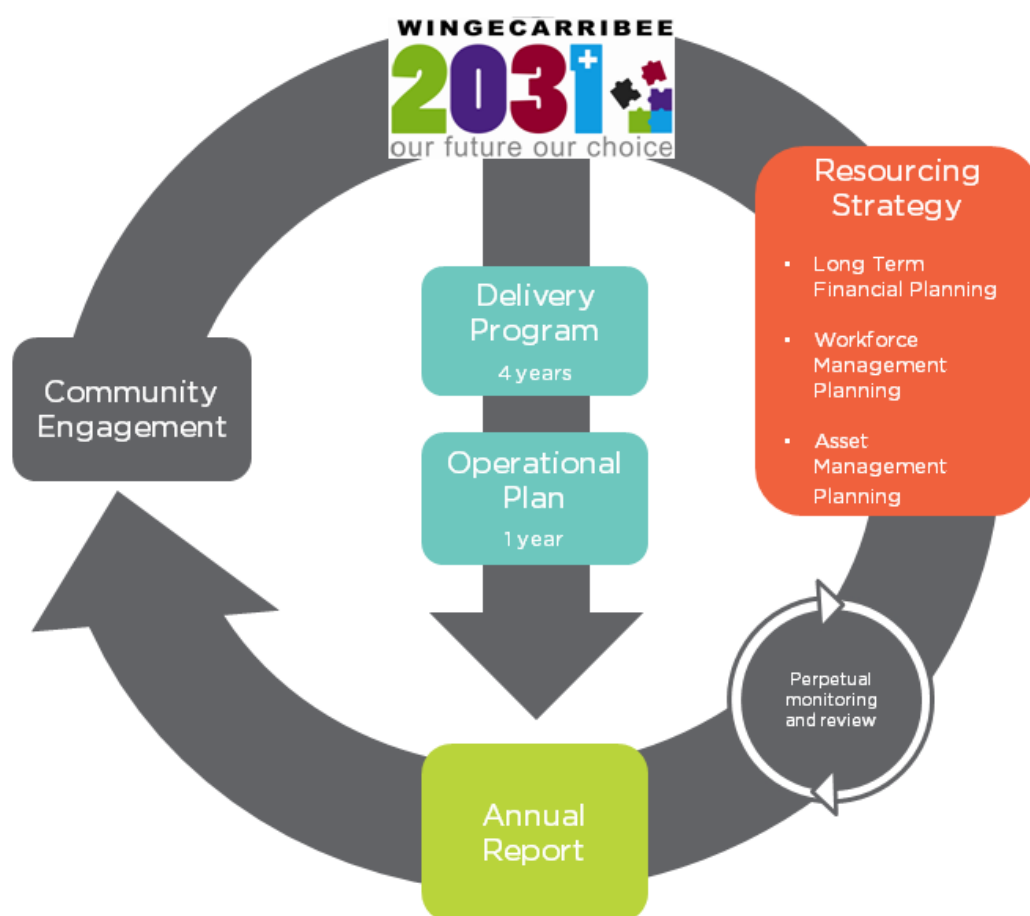
The information contained in this document provides a general overview on the long-term financial position of Wingecarribee Shire Council. Council reserves the right to make changes to this Plan accordingly. This Long Term Financial Plan contains information based on forward estimates and modelling which have been prepared using assumptions available at the time of publication.

## Introduction

Council's Long Term Financial Plan forms part of the organisation's Resourcing Strategy. Council's Resourcing Strategy was adopted by Council in June 2013. The Resourcing Strategy was prepared in accordance with the requirements of the Integrated Planning and Reporting (IPR) Framework.

The Resourcing Strategy gives consideration to the capacity for Wingecarribee Shire Council (WSC) to deliver on its responsibilities within Wingecarribee 2031+ (W2031+), our future our choice – our Shire's community strategic plan.

The diagram below outlines Council's IPR framework and the relationship between the Resourcing Strategy and other elements of the framework.



The Resourcing Strategy incorporates the following components:

### Council's Workforce Plan

The Workforce Plan is focused on:

- Developing and maintaining skilled workforce
- Our workforce is structured to achieve W2031+
- Workforce attraction and retention
- Workforce equity and diversity

### Council's Asset Management Plan

Council's overarching Asset Management Plan is part of a larger asset management framework. That framework represents Council's intention to maintain our community's infrastructure, together with other levels of government and stakeholders, to meet the needs of our community. It is critical to the achievement of the Plan that sufficient funding is provided over the life of the Plan, to ensure that infrastructure provides services to a standard our community agrees to and can afford.

### Council's Long Term Financial Plan

The Long Term Financial Plan (LTFP) focuses on Council's goal of financial sustainability and delivering quality services to the community. The LTFP is a decision making tool and is not intended as a document that specifically indicates what services or proposed funds should be allocated. This plan addresses the areas that impact Council's ability to fund services and capital works, whilst ensuring Council operates within its means to enable financial sustainability.

### What is a Long Term Financial Plan?

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The Long Term Financial Plan expresses in financial terms the activities that Council proposes to undertake over the short, medium and long term and will guide the future strategies and actions of Council to ensure it continues to operate in a sustainable manner.

The Long Term Financial Plan is a necessary component of Council's resourcing strategy, it includes the financial modelling of actions and strategies contained within Council's asset management plan and workforce plan.

The Long Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained within the Community Strategic Plan – Wingecarribee 2031+.

The Long Term Financial Plan is for a period of ten years and includes the following:

- the planning assumptions used to develop the plan,
- projected income and expenditure, balance sheet and cash-flow statement,
- sensitivity analysis and testing,
- financial modelling for different scenarios,  
*Note: For the purposes of Council's Fit for the Future Application – only one scenario has been prepared.*
- methods of monitoring financial performance.

The Long Term Financial Plan is updated annually as part of Council's annual budget process. Upon adoption of a new Community Strategic Plan every 4 years, a detailed review of the Long Term Financial Plan is undertaken to ensure it still represents the key directives and service priorities identified in the Community Strategic Plan, Wingecarribee 2031+.

Councils across NSW are currently involved in the Fit for the Future process of setting out how we will adapt to meet the challenges of the future. This is a result of three years consultation between the State Government, Local Council's and Communities.

It has been acknowledged that Local Council's are the best format for providing frontline services to the community and for being a direct link and voice for the community. However, there are areas that Council's could change to deliver services more efficiently and improvements that could be made to ensure the long term sustainability of the sector into the future.

Local Government reform is an important process for ensuring that local communities are best served in now and in the future. This is why there has been a comprehensive review of the structure of Councils as well as the legislation that governs them. Fit for the Future is the outcome of this review and has resulted in a wide range of recommendations for Councils and how they could adapt to meet future needs.

This process was the result of an Independent Review of the Local Government sector which gave recommendations on how Local Government can best adapt to meet the challenges of the future by examining whether Councils have the scale and capacity in their current situation to be financially sustainable and efficient in their service delivery into the future.

### What does this mean for Wingecarribee?

Wingecarribee Shire Council has not been recommended for a merger and the Independent Panel has recognised that Council currently has the scale and capacity to be sustainable into the future.

### What work has been done?

Council has held a number of public meetings to explain to residents the findings of the Independent Review of Local Government Panel. These public meetings were also an opportunity for Council staff to provide updates to residents on the progress of its Fit for the Future application.

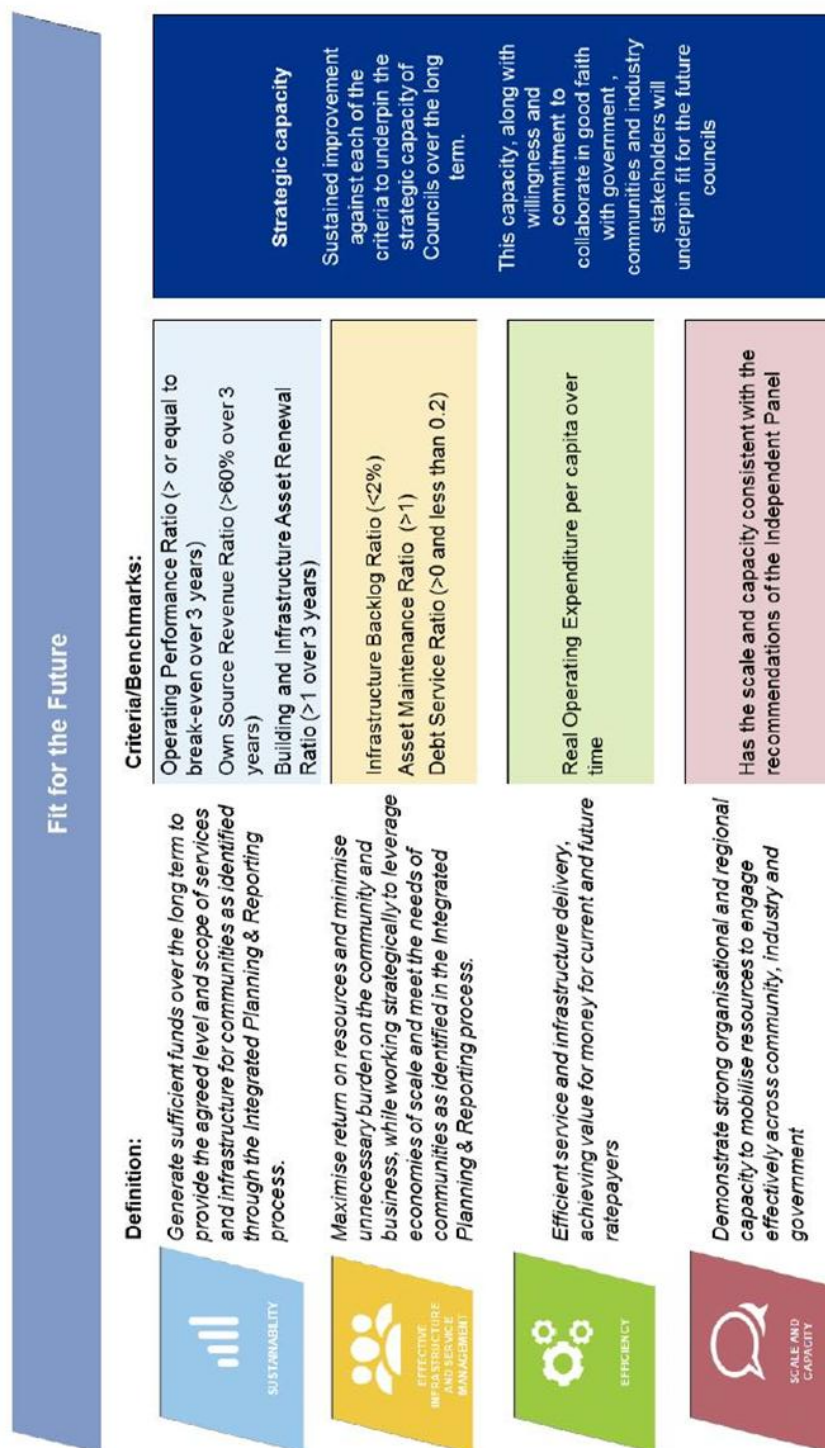
In addition to meeting with residents, Council has held a number of internal workshops with senior staff to identify and develop the necessary strategies which will ensure that Council meets the benchmarks outlined within the Fit for the Future assessment criteria.

### What are the next steps in the process?

Council will submit its proposal outlining that it agrees with the Independent Panel's recommendation, that it should not merge with neighboring Councils and that it has the scale and capacity to maintain service delivery to the residents of Wingecarribee whilst addressing its infrastructure funding requirements.

## How is Financial Performance Measured under Fit for the Future?

The Office of Local Government has developed criteria and certain benchmarks for a Fit for the Future Council. These have been based on the work of T-Corp and the Independent Local Government Review Panel and have been reviewed by the Independent Pricing and Regulatory Tribunal (IPART).



The results of Council's Long Term Financial Plan and its performance against these benchmarks are detailed on pages 13-16 of this plan.

The General Fund Long Term Financial Plan (LTFP) has been prepared with the following key assumptions:

### Rates and Annual Charges

Council has included a 2.40% increase in **Rate Income** in the 2015/16 budget as announced by IPART in December 2014. Council was subsequently advised in June 2015 that IPART had approved an additional 0.1% increase due to crownland adjustments. The LTFP does not project any significant increase in rate pegging over the course of the plan; as such rate income projections for subsequent years have been increased by 2.50% per annum. The LTFP includes a provision for growth in rate income due to new development of 0.5% per annum.

An essential component of Council's Fit for the Future application is a proposed **Special Rate Variation** of 6.50% per annum cumulative (9.00% including rate pegging) for a period of four years commencing in 2016/17. The proposed Special Rate Variation will allow Council to address its current funding gap for asset maintenance, asset renewal, asset backlog and new capital works. Council will be required to submit a detailed application to IPART prior to its determination on the proposed Special Rate Variation. This application will include the results of an extensive community consultation program which Council will undertake during late 2015.

The 2015/16 budget also includes the continuation of the **Environmental Levy**, which was approved by IPART in June 2012. Whilst the Environmental Levy is due to expire in 2018/19, the LTFP has been prepared on the basis that this levy will continue for the duration of this plan. The Environmental Levy is used to fund specific environmental projects which aim to address biodiversity conservation, river health and wetlands and sustainable living.

Council currently levies properties which receive a stormwater service a minimum of \$25 per annum charge (**Stormwater Management Levy**). This plan includes the continuation of this charge. Funds raised through the Stormwater Management Levy must only be used on stormwater maintenance and improvements.

Council also provides a wide range of domestic waste services to residents and businesses within the shire. **Domestic Waste Annual Charges** are projected to increase by 2.50% per annum over the course of this plan (inline with projected inflation). Council can only use income raised through domestic waste charges for the purpose of providing domestic waste management services.

### User Fees and Charges

Income from user fees and charges is primarily received for services relating to **building and development applications, planning services, recreation and community facilities and private works**. In preparing this plan, Council has included a 2.50% increase per annum in user fees and charges (inline with projected inflation).

As part of the 2015/16 Operational Plan, Council has identified the need to undertake a **strategic review of its fees and charges** to ensure that fees reflect the actual cost of service provision based on full cost recovery principles (with the exception of those services which are subsidised by consolidated revenue to ensure access and participation to all residents).

Whilst Council has projected a 2.50% increase per annum in user fees and charges, it is important to note that a number of fees and charges (such as development application fees) are set by legislation. As such, Council has no control over its ability to ensure that fee increases are in line with the cost of providing the service. Council will continue to closely monitor the impact of **regulatory fee increases** on its Long Term Financial Plan.

### Interest and Investment Income

Over the short-term, Council has not projected any significant improvement in interest rates. Interest rates are at historically low levels, and economic commentary suggests that this will be the case for a number of years. As such, Council has projected a decrease in **investment income** in 2015/16 of approximately 2.40%.

In preparing this plan, Council has projected a slight improvement in interest rates, allowing for a 0.5% increase in investment income in the years following 2015/16 and a gradual increase in income projections of up to 2.50% by 2024/25. Council has not factored in any significant change to the **level of funds** available for investment over the course of this plan.

### Other Revenue

Other revenue primarily represents income relating to **saleyard income, legal fees recovery, lease income and rebates and reimbursements**. The LTFP has allowed for a 2.30% increase per annum in other revenue.

There are no significant changes included in this plan which would indicate that Council will receive any significant increase (or decrease) in income from other revenue sources.

### Grants and Contributions for Operating Purposes

Council receives a number of recurrent (ongoing) and non-recurrent (one-off) grants from various Federal and State Government Departments.

The most significant of these grants is the **Financial Assistance Grant**. As part of the 2014/15 budget, the Federal Government announced a pause in the indexation of the Financial Assistance Grant for a period of three years. This places additional pressures on Council's budget.

Whilst Council makes every effort to secure additional funding from Federal and State grants, the majority of these grants are one-off in nature and cannot be reliably included in Council's LTFP.

Despite the pausing of indexation on the Financial Assistance Grant and uncertainty around non-recurrent grants, Council has allowed for a 2.30% increase per annum for operating grants and contributions in the LTFP. This will largely be achieved through Council continuing to actively pursue all future grant funding opportunities.

### Grants and Contributions for Capital Purposes

The major sources of capital revenue are Section 94 Developer Contributions and the Federal Government's Roads to Recovery Program.

The level of grants and contributions shown in 2015/16 and 2016/17 is significantly higher than other years as it includes funding secured from the NSW State Government for the upgrade of the **Bowral Distributor Road**.

Estimating the level of revenues received from **developer contributions** is extremely difficult as it is essentially market driven and depends on the timing of subdivision release. As such Council has forecast developer contributions to remain at similar levels for the duration of this plan. It is important to remember that Section 94 Developer Contributions are payments which are restricted for the purpose of which the funds were collected.

Council has assumed a continuation of the **Roads to Recovery Program** for the duration of this plan (currently approved as a five year program).

### Employee Costs

As part of the 2015/16 budget, Council has allowed for a 2.70% increase in **salaries and wages** in accordance with the Local Government Award. The award increase for 2016/17 is 2.80%. For each subsequent year of this plan, Council has allowed for a 3.00% increase per annum in salaries and wages. In addition to the projected increase in the award, Council has factored in an additional 1.00% increase which relates to the performance appraisal system (PAS).

The projected increase in salaries and wages for 2015/16 is approximately 9.40%. This is in part due to a change in the method that Council uses to recognise **employee leave entitlements**. Council's salaries and wages estimates will in future include the long service leave provision owed to employees. Where this entitlement is not used by employees, the balance will be transferred to the ELE reserve.

In recent years, Council has experienced a significant increase in its **workers compensation premium**. Council has recently introduced a range of measures and committed additional resources to address the management of outstanding workers compensation claims. This will include returning injured workers to employment more quickly and by implementing robust systems and procedures to reduce the number of incidents where workers are injured. This is reflected in this plan with a projected reduction in Council workers compensation premium of \$1 million over the next four years.

Council has also updated this plan to reflect the Federal Government's announcement as part of the 2014/15 Federal Budget to suspend any increase in compulsory **superannuation payments** until 2021/22. The current rate for superannuation payments is 9.50%.

Council has not included any increase in current staff numbers. The plan also assumes there will be no change in the existing employment conditions (such as agreed working hours) for its workforce.

### Borrowing Costs

Council does not have a recurrent loan borrowings program. Council has a long standing practice where **loan funds** are only considered for infrastructure investment (Capital Expenditure) which provides inter-generational benefit. Council's loan liability for its General Fund as at 30 June 2014 was \$12.3 million.

Council has recently secured funding under the **Local Infrastructure Renewal Scheme** for \$6.5 million to undertake major renovation works to Mittagong Swimming Pool (\$2.5 million) and additional road resealing works (\$4.0 million). Works have commenced at Mittagong Swimming Pool and are expected to be completed in late 2015. The additional infrastructure renewal works will be undertaken as part of the 2015/16 and 2016/17 capital works program.

Council has included the **loan repayments** relating to its existing loan liability and Local Infrastructure Renewal Scheme in this plan. There are no other loan borrowings factored into the plan until 2024/25, which includes loan borrowings of \$5.7 million for the refurbishment of Bowral Pool.

### Materials and Contracts

In general terms, **materials and contracts** have been forecast to increase by approx 2.50% to 3.00% per annum over the course of this plan. This is generally in line with projected inflation.

In addition to the inflationary increases applied to Council's materials and contracts forecasts, Council has included a significant increase in infrastructure maintenance funding from 2016/17 and onwards. This increase is required to close the **current funding gap** between what Council is currently spending on infrastructure maintenance compared to what is required to be spent on infrastructure maintenance.

The increase in maintenance expenditure will be contingent on Council securing its proposed **Special Rate Variation** as part of the 2016/17 budget.

### Depreciation Expense

Depreciation forecasts have been prepared in consultation with Council's asset management staff. Whilst Council's **asset management data** has improved significantly over the past several years, it is expected that Council will continue to refine the quality of its data over the next two-three years.

Council has included a reduction in **depreciation expense** over the next three years of 10%. This will essentially be achieved through further asset condition reviews and a further refinement of the useful lives of infrastructure assets.

It is important to note that Council prepares its asset management modelling based on **present value**. To ensure consistency with the financial projections included within Council's Long Term Financial Plan, these figures have been inflated by 3.00% per annum over the course of the plan.

### Other Expenses

Other expenses primarily represent payments and expenditure relating to electricity and gas, insurance premiums, waste disposal fees, street lighting and statutory contributions. This plan has allowed for a 2.50% increase per annum in other expenses which is inline with projected inflation.

It is important to note that Council cannot exercise any control over the level of expenditure relating to **statutory payments**. These payments relate to election costs, emergency services levy and the waste disposal levy. Council will continue to closely monitor the impact of statutory payments on its Long Term Financial Plan.

Wingecarribee Shire Council is not unlike any other Council in New South Wales and is potentially exposed to a range of external factors which may impact on its long term financial projections.

There are a range of external factors which in the future could have a detrimental impact on Council's financial sustainability. These factors represent areas of Council's budget where Council cannot exercise any control (or has limited control), or where Council has limited ability to predict their impact over the long term course of this plan.

### Rate Pegging

NSW is the only state in Australia where the level of rate income a Council can raise is restricted by rate pegging. This has meant that for years, the level of income raised by Council has not been sufficient to meet the increased costs of providing services and infrastructure to our community.

Whilst Councils have been able to apply for rate increases above the rate-peg through the Special Rate Variation process, there has been a reluctance to apply for increases relating to general service delivery.

Any significant change to the rate pegging process will require Council to review its revenue forecasts included within this plan.

### Economic Conditions

Council's Long Term Financial Plan does not predict any significant shift in current economic conditions. If the global economy were to experience another Global Financial Crisis, or if the domestic economic climate was to further deteriorate, then this would have a significant impact on Council's plan.

Council's revenue forecasts are heavily influenced by the wider economy, and as such any significant change will require Council to review this plan.

### Other Influences

Other external factors which could potentially have a significant impact on Council's plan include;

- changes to State Government Policy (including changes to the recommendations made by the Independent Review of Local Government Panel),
- changes to the level of assistance provided through Federal and State Government Grants, with a particular exposure to changes in the calculation and distribution of the Financial Assistance Grant,
- increasing expenditure as a result of cost shifting (statutory payments) from other levels of Government,
- the imposition of new services and controls to be delivered by Council, without the equal capacity raise income to offset the cost of these services.

Any significant changes to these factors above would require Council to review this plan.

Council's updated Long Term Financial Plan has been prepared to achieve the following:

- Maintain existing services to the residents of Wingecarribee,
- Ensure that Council continues to deliver a balanced budget,
- Achieve (or improve on) the financial performance ratio benchmarks required to demonstrate that Council is "Fit for the Future".

In order for Council to achieve the benchmarks to demonstrate that Council is Fit for the Future, Council will be required to significantly increase its level of expenditure in the areas of asset maintenance and infrastructure renewal (without compromising current services to residents).

Provided below is a summary of how Council intends to achieve these benchmarks within this plan.

### Special Rate Variation – 6.50% per annum (cumulative) for Four Years

An essential component of Council's Fit for the Future application is a proposed Special Rate Variation of 6.50% per annum cumulative (9.00% including rate pegging) for a period of four years commencing in 2016/17. The proposed Special Rate Variation will allow Council to address its current funding gap for asset maintenance, asset renewal, asset backlog and new capital works.

Council will be required to submit a detailed application to IPART prior to it making a determination on the proposed Special Rate Variation. This application will include the results of an extensive community consultation program which Council will undertake during late 2015.

### Increasing Infrastructure Maintenance Spend

Council currently allocates approximately 75% funding to asset maintenance when compared to what it actually should be spending on maintenance. This plan will aim to address this funding gap by 2019/20, where the level of asset maintenance funding will reflect 100% of what is required to be spent. This funding increase is contingent upon Council's successful Special Rate Variation application.

Over the course of this plan, Council will spend an additional \$18.9 million on asset maintenance.

### Addressing the Infrastructure Backlog and Renewal Funding Gap

Council has a current infrastructure backlog total of \$6.97 million and an annual asset renewal funding gap of \$1.7 million (per annum). This plan will aim to eliminate the infrastructure backlog by 2024/25 and ensure sufficient funding is provided annually to renew infrastructure assets by 2020/21. The funding increase required to eliminate the backlog and increase infrastructure renewal funding is contingent upon Council's successful Special Rate Variation application.

Over the course of this plan, Council will spend an additional \$48.6 million on infrastructure backlog and renewal works.

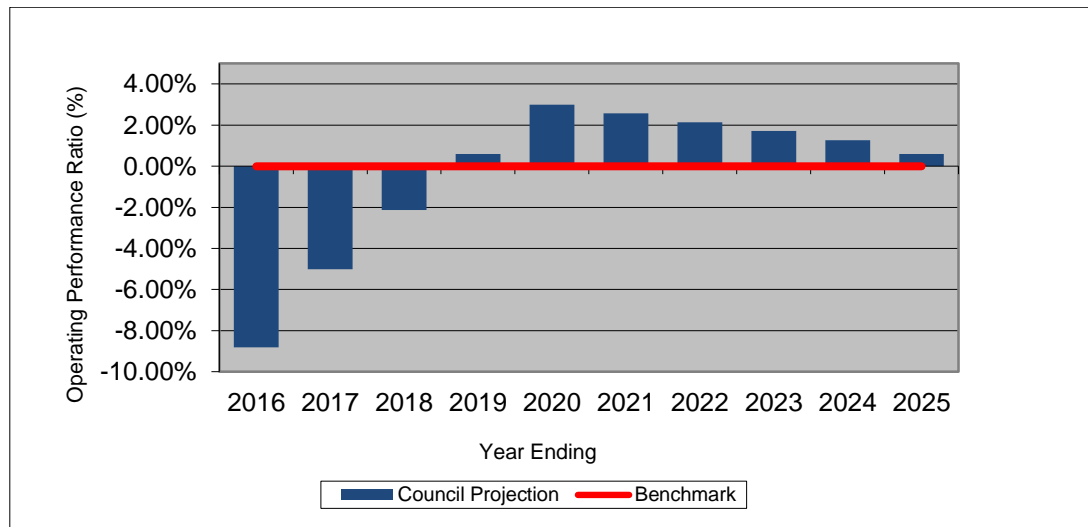
### Investing in new Community Infrastructure for our Residents

In addition to addressing the funding gap for maintaining and renewing existing infrastructure, there is a need to ensure funds are available within this plan to undertake urgently required capital works (new), specifically in the areas of stormwater drainage and pedestrian mobility (e.g. footpaths). The funding required for these new works is contingent upon Council's successful Special Rate Variation application.

Over the course of this plan, Council will spend an additional \$17.7 million on urgently required capital works.

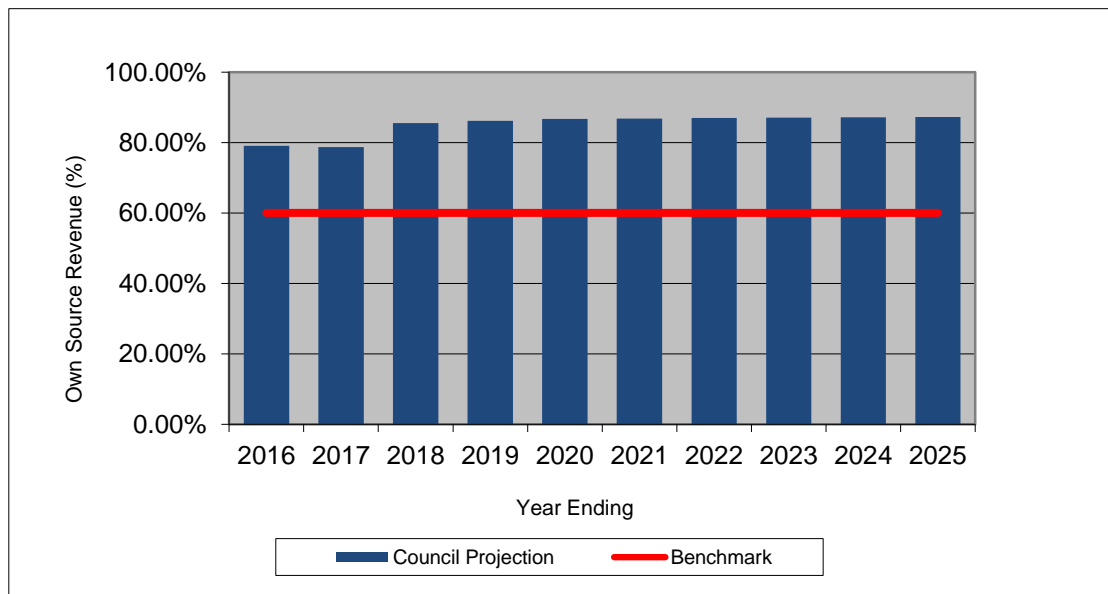
## Ratio Projections – Fit for the Future Application

### Operating Performance Ratio



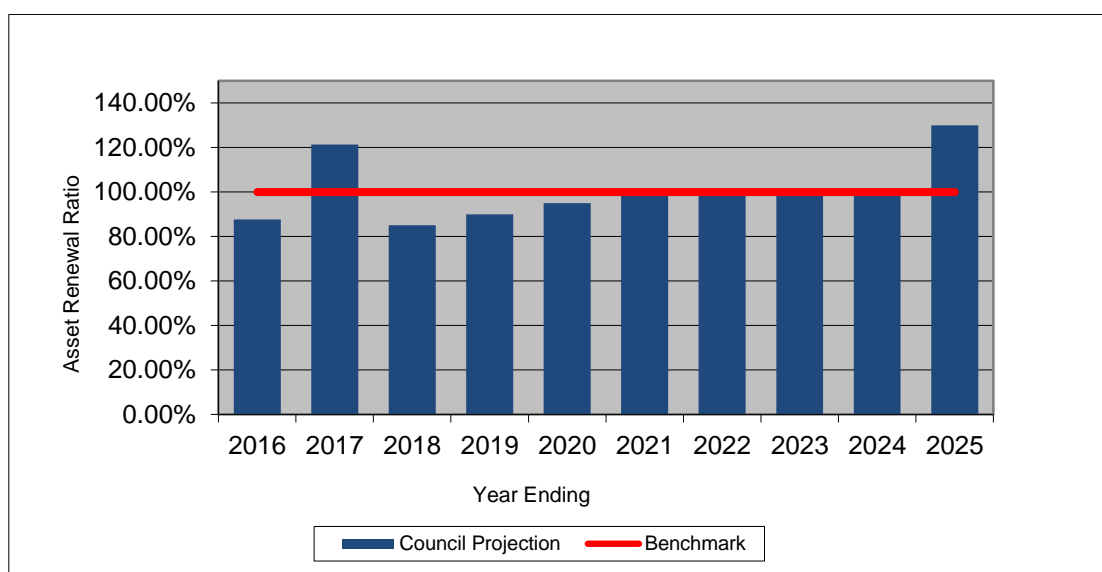
Based on Council's updated Long Term Financial Plan, Council will achieve a positive operating performance ratio in 2018/19. This is primarily due to the proposed Special Rate Variation of 6.50% per annum (cumulative) for a period of four years. This ratio has also trended positively as a result of a projected 10% decrease in depreciation expenditure over the next three years. This reduction will be achieved through further asset condition reviews and a further refinement of the useful lives of infrastructure assets.

### Own Source Operating Revenue Ratio



Council meets this ratio comfortably and intends to improve this ratio over the coming years.

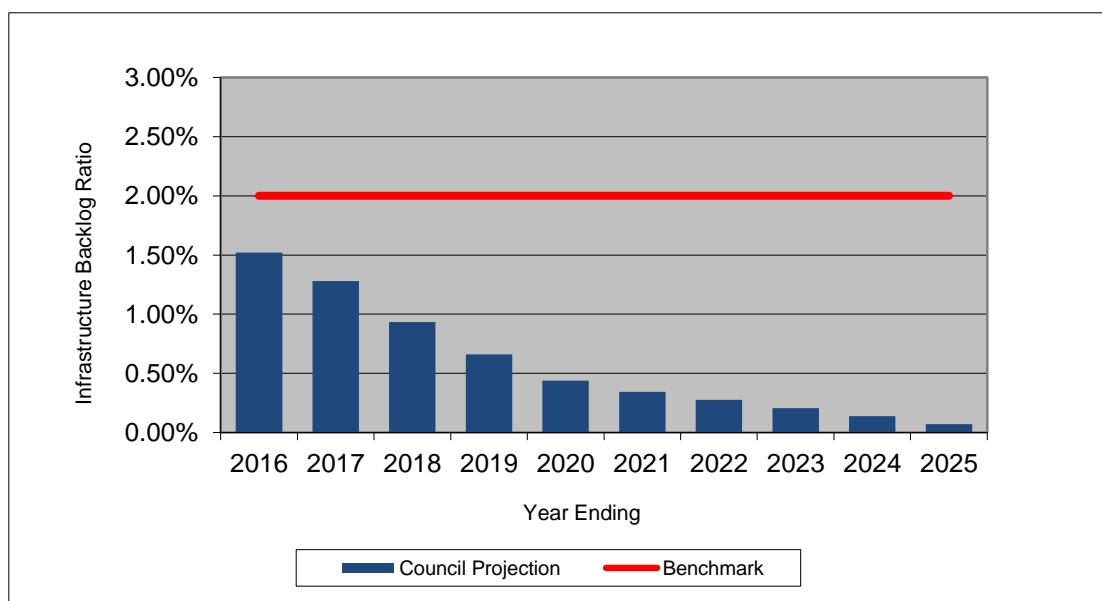
## Building & Infrastructure Renewal Ratio



Based on Council's Long Term Financial Plan, Council will achieve the Asset Renewal Ratio benchmark by 2020/21. This is as a result of the following strategies:

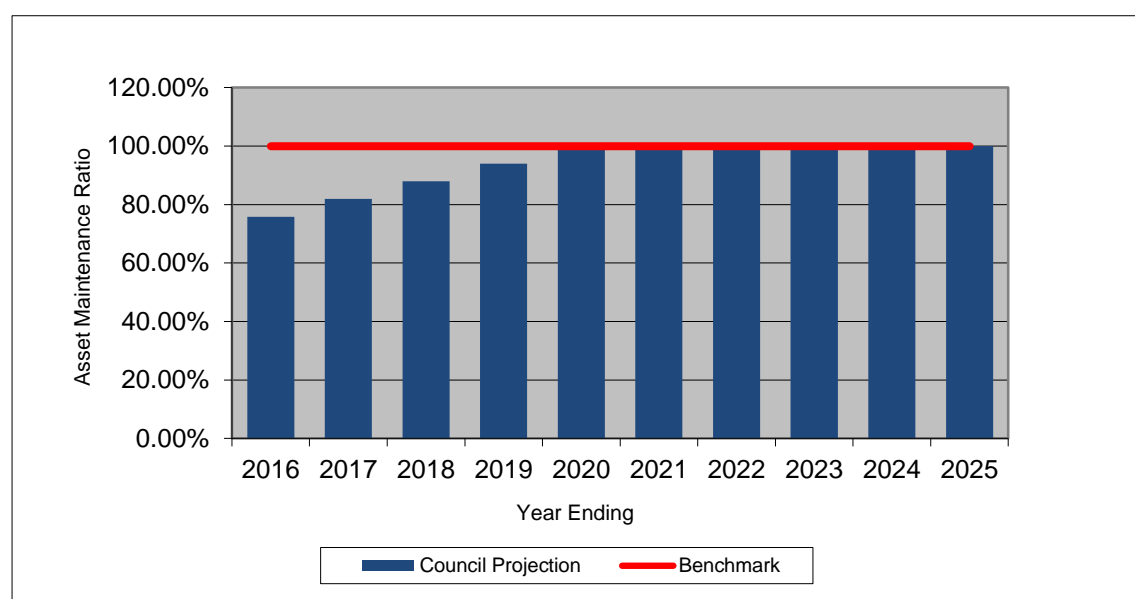
- Undertake annual review and refine the replacement cost, residual value and economic life of all infrastructure assets.
- Progressively increase funds over four years for the replacement of all infrastructure assets or components to close the gap between current budget and annual depreciation by 2020/21.
- Allocate additional funds for clearing the replacement backlog over 4-9 years.
- Adopt and implement the 'Structural Testing Evaluation of Pavements (STEP) system for rehabilitation/reconstruction of Council's road network from 2016/17.

## Infrastructure Backlog Ratio



Based on the revised definition of Infrastructure Backlog (please refer to Asset Management Plans), Council currently meets this ratio and intends on eliminating its backlog over the course of this plan.

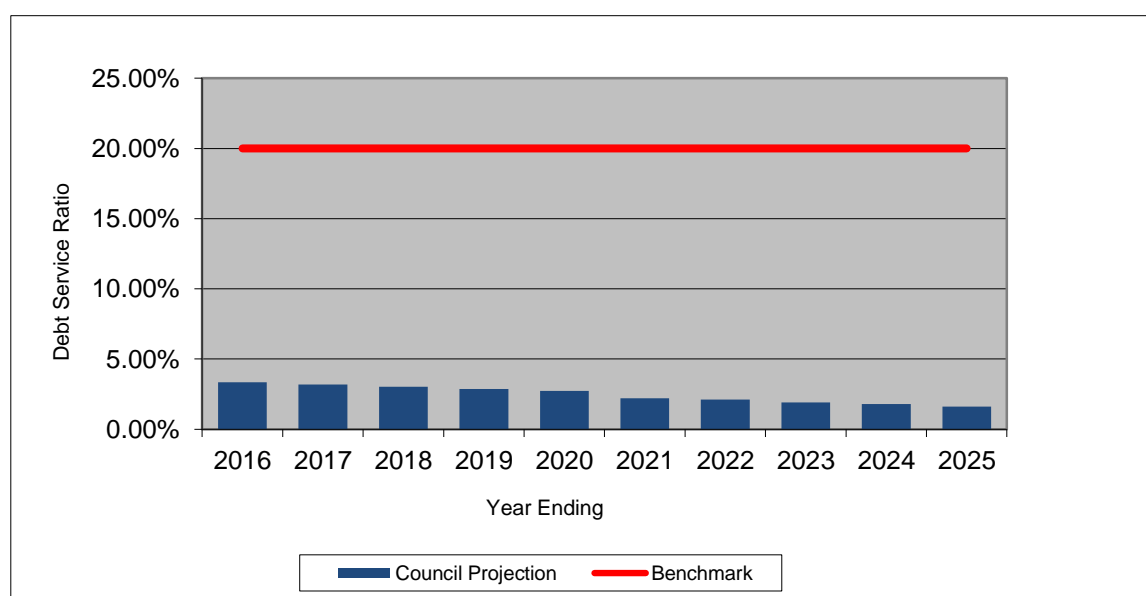
### Asset Maintenance Ratio



Based on Council's Long Term Financial Plan, Council will achieve the Asset Maintenance Ratio benchmark by 2019/20. This is a result of the following strategies:

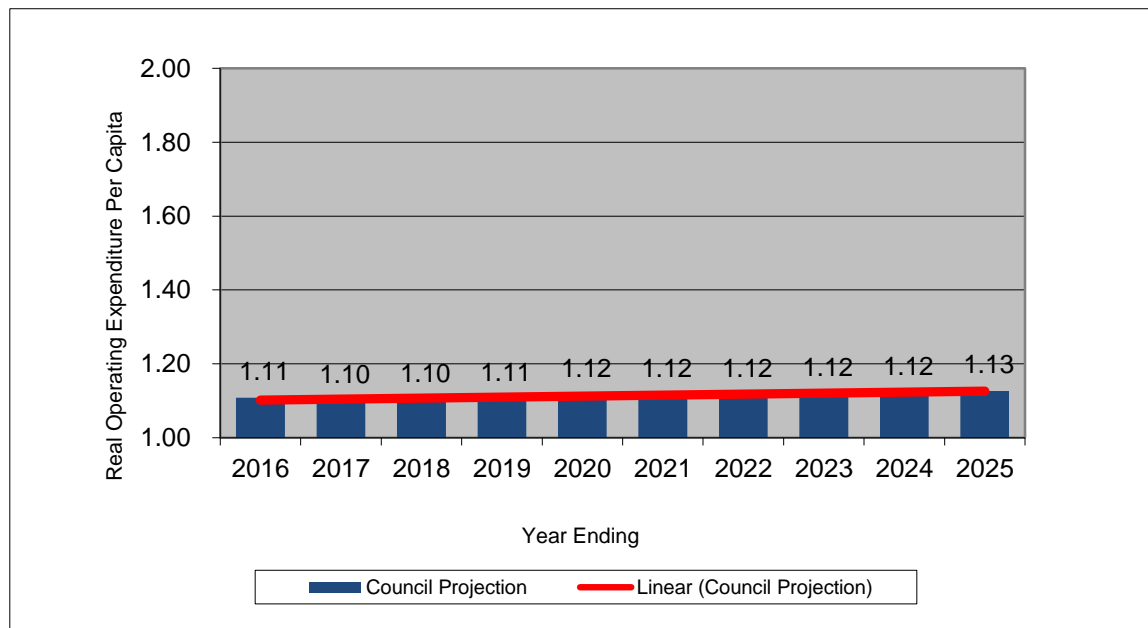
- Undertake an effective community consultation process to determine the appropriate 'Level of Service' for the various classes and types of assets.
- Amend the maintenance program and allocate sufficient funds to achieve the agreed Levels of Service.
- Focus on programmed maintenance to reduce the incidents of reactive maintenance.

### Debt Service Ratio



Council meets this ratio comfortably. This includes the debt servicing payments relating to the \$6.5 million secured in 2014/15 under the Local Infrastructure Renewal Scheme.

## Real Operating Expenditure (Per Capita) Ratio



Council has included a population growth factor which is in line with the Department of Planning forecasts in determining this ratio.

<http://www.planning.nsw.gov.au/en-us/deliveringhomes/populationandhouseholdprojections/data.aspx>

Using this growth factor, Council is able to demonstrate that real operating expenditure (per capita) over the course of the plan is stable.

### Long Term Financial Plan – Key Data for Ratio Calculations

#### Operating Performance Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(1) Operating Performance Ratio</b>										
Total Income Continuing Operations	\$66,389	\$71,195	\$70,010	\$74,353	\$79,061	\$81,175	\$83,349	\$85,593	\$87,900	\$90,272
Less:										
Capital Grants & Contributions	\$6,379	\$7,491	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306
Less Operating Expenses	\$65,302	\$66,901	\$69,145	\$71,613	\$74,460	\$76,837	\$79,306	\$81,860	\$84,511	\$87,441
	<b>-\$5,292</b>	<b>-\$3,197</b>	<b>-\$1,441</b>	\$434	\$2,295	\$2,032	\$1,737	\$1,427	\$1,083	\$525
Total Income Continuing Operations	\$66,389	\$71,195	\$70,010	\$74,353	\$79,061	\$81,175	\$83,349	\$85,593	\$87,900	\$90,272
Less:										
Capital Grants & Contributions	\$6,379	\$7,491	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306
	\$60,010	\$63,704	\$67,704	\$72,047	\$76,755	\$78,869	\$81,043	\$83,287	\$85,594	\$87,966
	<b>-8.82%</b>	<b>-5.02%</b>	<b>-2.13%</b>	<b>0.60%</b>	<b>2.99%</b>	<b>2.58%</b>	<b>2.14%</b>	<b>1.71%</b>	<b>1.27%</b>	<b>0.60%</b>

#### Own Source Operating Revenue Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(2) Own Source Operating Revenue Ratio</b>										
Total Income Continuing Operations	\$66,389	\$71,195	\$70,010	\$74,353	\$79,061	\$81,175	\$83,349	\$85,593	\$87,900	\$90,272
Less:										
All Grants & Contributions	\$13,879	\$15,164	\$10,155	\$10,336	\$10,520	\$10,709	\$10,903	\$11,100	\$11,303	\$11,510
	\$52,510	\$56,031	\$59,855	\$64,017	\$68,541	\$70,466	\$72,446	\$74,493	\$76,597	\$78,762
Total Income Continuing Operations	\$66,389	\$71,195	\$70,010	\$74,353	\$79,061	\$81,175	\$83,349	\$85,593	\$87,900	\$90,272
	<b>79.09%</b>	<b>78.70%</b>	<b>85.49%</b>	<b>86.10%</b>	<b>86.69%</b>	<b>86.81%</b>	<b>86.92%</b>	<b>87.03%</b>	<b>87.14%</b>	<b>87.25%</b>

### Building & Infrastructure Renewal Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(3) Building &amp; Infrastructure Asset Renewal Ratio</b>										
Asset Renewal (Capital Works Program)	\$11,780	\$14,726	\$6,928	\$6,910	\$7,381	\$8,015	\$7,899	\$8,735	\$8,233	\$14,662
Asset Renewal (FFTF Additional Funding)	\$0	\$1,262	\$4,258	\$5,040	\$5,628	\$6,110	\$6,668	\$6,289	\$7,265	\$6,102
	\$11,780	\$15,988	\$11,186	\$11,950	\$13,009	\$14,125	\$14,567	\$15,024	\$15,498	\$20,764
Depreciation (Buildings & Infrastructure)	\$13,446	\$13,176	\$13,159	\$13,278	\$13,693	\$14,125	\$14,567	\$15,024	\$15,498	\$15,983
	<b>87.61%</b>	<b>121.34%</b>	<b>85.00%</b>	<b>90.00%</b>	<b>95.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>129.91%</b>

### Infrastructure Backlog Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(4) Infrastructure Backlog Ratio</b>										
20% - Condition 4 Infrastructure	\$3,154	\$2,924	\$2,677	\$2,413	\$2,130	\$1,828	\$1,506	\$1,164	\$799	\$412
50% - Condition 5 Infrastructure	\$3,816	\$3,120	\$1,862	\$894	\$133	\$0	\$0	\$0	\$0	\$0
Est Cost to bring to Sat. Standard (Indexed)	\$6,970	\$6,044	\$4,539	\$3,306	\$2,263	\$1,828	\$1,506	\$1,164	\$799	\$412
Total WDV - Infrastructure Bldgs. & Other	\$458,759	\$472,522	\$486,697	\$501,298	\$516,337	\$531,827	\$547,782	\$564,216	\$581,142	\$598,576
	<b>1.52%</b>	<b>1.28%</b>	<b>0.93%</b>	<b>0.66%</b>	<b>0.44%</b>	<b>0.34%</b>	<b>0.28%</b>	<b>0.21%</b>	<b>0.14%</b>	<b>0.07%</b>

### Asset Maintenance Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(5) Asset Maintenance Ratio</b>										
Budget Asset Maintenance	\$7,618	\$7,847	\$8,082	\$8,324	\$8,575	\$8,832	\$9,097	\$9,369	\$9,651	\$9,939
Asset Maintenance (FFTF Additional Funding)	\$0	\$625	\$1,287	\$1,989	\$2,730	\$2,637	\$2,537	\$2,428	\$2,309	\$2,379
	\$7,618	\$8,472	\$9,369	\$10,313	\$11,305	\$11,469	\$11,634	\$11,797	\$11,960	\$12,318
Required Asset Maintenance	\$10,044	\$10,345	\$10,656	\$10,975	\$11,305	\$11,469	\$11,634	\$11,797	\$11,960	\$12,318
	75.85%	81.89%	87.92%	93.97%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

### Debt Service Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(6) Debt Service Ratio</b>										
Interest Repayments	\$663	\$619	\$570	\$519	\$464	\$406	\$361	\$318	\$284	\$244
Principal Repayments	\$1,347	\$1,409	\$1,477	\$1,549	\$1,625	\$1,340	\$1,345	\$1,270	\$1,249	\$1,165
	\$2,010	\$2,028	\$2,047	\$2,068	\$2,089	\$1,746	\$1,706	\$1,588	\$1,533	\$1,409
Total Income Continuing Operations	\$66,389	\$71,195	\$70,010	\$74,353	\$79,061	\$81,175	\$83,349	\$85,593	\$87,900	\$90,272
Less:										
Capital Grants & Contributions	\$6,379	\$7,491	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306	\$2,306
	\$60,010	\$63,704	\$67,704	\$72,047	\$76,755	\$78,869	\$81,043	\$83,287	\$85,594	\$87,966
	3.35%	3.18%	3.02%	2.87%	2.72%	2.21%	2.11%	1.91%	1.79%	1.60%

### Real Operating Expenditure (Per Capita) Ratio

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(7) Real Operating Expenditure Per Capita</b>										
Total Expenses Continuing Operations	\$65,302	\$66,901	\$69,145	\$71,613	\$74,460	\$76,837	\$79,306	\$81,860	\$84,511	\$87,441
Expenditure Deflator	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
	\$52,922	\$52,863	\$53,270	\$53,792	\$54,532	\$54,866	\$55,214	\$55,567	\$55,932	\$56,425
Population Projection (Based on DOP)	47,750	48,030	48,310	48,590	48,870	49,150	49,380	49,610	49,840	50,070
	1.11	1.10	1.10	1.11	1.12	1.12	1.12	1.12	1.12	1.13

Comment: The calculation of the Real Operating Expenditure (Per Capita) ratio is a continuation of the data reported within the Self-Assessment Tool provided by the Office of Local Government.

The deflation factors used for prior years are as follows:

2009/10	2.30%
2010/11	3.00%
2011/12	3.00%
2012/13	3.40%
2013/14	3.70%

The real operating expenditure per capital results for these periods were as follows:

2009/10	1.18
2010/11	1.11
2011/12	1.24
2012/13	1.13
2013/14	1.37



Wingecarribee Shire Council

Long Term Financial Plan 2015/16 - 2024/25

INCOME STATEMENT - GENERAL FUND

Scenario: Fit for the Future Funding Model

	Actuals	Current Year	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	37,444	39,427	40,718	43,987	47,551	51,440	55,683	57,302	58,970	60,686	62,453	64,272
User Charges & Fees	6,345	9,177	6,931	7,104	7,282	7,464	7,651	7,842	8,038	8,239	8,445	8,656
Interest & Investment Revenue	1,773	1,821	1,778	1,787	1,796	1,814	1,832	1,869	1,906	1,954	2,003	2,053
Other Revenues	15,736	3,375	3,082	3,153	3,225	3,299	3,375	3,453	3,532	3,614	3,697	3,782
Grants & Contributions provided for Operating Purposes	6,734	7,548	7,500	7,673	7,849	8,030	8,214	8,403	8,597	8,794	8,997	9,204
Grants & Contributions provided for Capital Purposes	2,985	2,490	6,379	7,491	2,306	2,306	2,306	2,306	2,306	2,306	2,306	2,306
<b>Total Income from Continuing Operations</b>	<b>71,017</b>	<b>63,838</b>	<b>66,389</b>	<b>71,195</b>	<b>70,010</b>	<b>74,353</b>	<b>79,061</b>	<b>81,175</b>	<b>83,349</b>	<b>85,593</b>	<b>87,900</b>	<b>90,272</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	26,230	24,939	27,287	28,065	28,919	29,798	30,702	31,930	33,208	34,536	35,917	37,354
Borrowing Costs	803	814	663	619	570	519	464	406	361	318	284	244
Materials & Contracts	21,328	12,908	10,940	12,011	13,131	14,305	15,533	15,941	16,357	16,780	17,208	17,842
Depreciation & Amortisation	17,112	16,096	15,688	15,216	15,260	15,443	15,922	16,421	16,932	17,460	18,007	18,568
Other Expenses	10,014	12,532	10,724	10,990	11,265	11,548	11,839	12,139	12,448	12,767	13,095	13,432
Net Losses from the Disposal of Assets	480	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>75,967</b>	<b>67,289</b>	<b>65,302</b>	<b>66,901</b>	<b>69,145</b>	<b>71,613</b>	<b>74,460</b>	<b>76,837</b>	<b>79,306</b>	<b>81,860</b>	<b>84,511</b>	<b>87,441</b>
<b>Operating Result from Continuing Operations</b>	<b>(4,950)</b>	<b>(3,452)</b>	<b>1,086</b>	<b>4,295</b>	<b>865</b>	<b>2,740</b>	<b>4,601</b>	<b>4,338</b>	<b>4,043</b>	<b>3,733</b>	<b>3,388</b>	<b>2,831</b>
<b>Net Operating Result for the Year</b>	<b>(4,950)</b>	<b>(3,452)</b>	<b>1,086</b>	<b>4,295</b>	<b>865</b>	<b>2,740</b>	<b>4,601</b>	<b>4,338</b>	<b>4,043</b>	<b>3,733</b>	<b>3,388</b>	<b>2,831</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(7,935)</b>	<b>(5,942)</b>	<b>(5,292)</b>	<b>(3,197)</b>	<b>(1,441)</b>	434	2,295	2,032	1,737	1,427	1,083	525

Wingecarribee Shire Council  
Long Term Financial Plan 2015/16 - 2024/25

BALANCE SHEET - GENERAL FUND

Scenario: Fit for the Future Funding Model

	Actuals	Current Year	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	7,009	2,000	1,000	1,000	1,000	1,000	1,241	1,000	1,000	1,211	1,968	1,705
Investments	38,763	48,451	47,752	45,180	44,890	44,247	44,247	44,062	43,956	43,956	43,956	43,956
Receivables	3,664	4,103	3,773	3,922	3,843	3,967	4,102	4,190	4,283	4,380	4,482	4,582
Inventories	416	549	480	514	550	588	628	641	655	668	682	703
Other	234	399	345	363	382	402	422	432	442	452	462	475
<b>Total Current Assets</b>	<b>50,086</b>	<b>55,502</b>	<b>53,350</b>	<b>50,979</b>	<b>50,666</b>	<b>50,204</b>	<b>50,640</b>	<b>50,326</b>	<b>50,336</b>	<b>50,667</b>	<b>51,550</b>	<b>51,420</b>
<b>Non-Current Assets</b>												
Investments	(200)	-	-	-	-	-	-	-	-	-	-	-
Receivables	236	200	182	187	191	195	200	204	209	214	219	224
Infrastructure, Property, Plant & Equipment	789,202	788,661	789,594	794,803	794,883	796,938	799,904	803,377	806,232	808,540	809,978	818,017
Other	200	39	33	35	37	39	41	42	43	44	45	46
<b>Total Non-Current Assets</b>	<b>789,438</b>	<b>788,899</b>	<b>789,810</b>	<b>795,025</b>	<b>795,111</b>	<b>797,172</b>	<b>800,144</b>	<b>803,623</b>	<b>806,484</b>	<b>808,797</b>	<b>810,242</b>	<b>818,287</b>
<b>TOTAL ASSETS</b>	<b>839,524</b>	<b>844,402</b>	<b>843,160</b>	<b>846,004</b>	<b>845,777</b>	<b>847,377</b>	<b>850,785</b>	<b>853,949</b>	<b>856,819</b>	<b>859,464</b>	<b>861,792</b>	<b>869,707</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	8,751	11,845	10,863	10,822	11,208	11,616	12,047	12,214	12,386	12,568	12,756	13,264
Borrowings	459	1,347	1,409	1,477	1,549	1,625	1,340	1,345	1,270	1,249	1,165	1,215
Provisions	4,990	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998	4,998
<b>Total Current Liabilities</b>	<b>14,200</b>	<b>18,189</b>	<b>17,270</b>	<b>17,297</b>	<b>17,754</b>	<b>18,238</b>	<b>18,385</b>	<b>18,557</b>	<b>18,654</b>	<b>18,814</b>	<b>18,918</b>	<b>19,477</b>
<b>Non-Current Liabilities</b>												
Borrowings	11,867	16,215	14,805	13,328	11,779	10,155	8,815	7,470	6,200	4,951	3,787	8,313
Provisions	353	345	345	345	345	345	345	345	345	345	345	345
<b>Total Non-Current Liabilities</b>	<b>12,220</b>	<b>16,560</b>	<b>15,151</b>	<b>13,673</b>	<b>12,124</b>	<b>10,500</b>	<b>9,160</b>	<b>7,815</b>	<b>6,545</b>	<b>5,297</b>	<b>4,132</b>	<b>8,658</b>
<b>TOTAL LIABILITIES</b>	<b>26,420</b>	<b>34,749</b>	<b>32,421</b>	<b>30,970</b>	<b>29,879</b>	<b>28,738</b>	<b>27,545</b>	<b>26,372</b>	<b>25,199</b>	<b>24,111</b>	<b>23,050</b>	<b>28,134</b>
<b>Net Assets</b>	<b>813,104</b>	<b>809,652</b>	<b>810,739</b>	<b>815,034</b>	<b>815,899</b>	<b>818,638</b>	<b>823,239</b>	<b>827,577</b>	<b>831,620</b>	<b>835,353</b>	<b>838,742</b>	<b>841,573</b>
<b>EQUITY</b>												
Retained Earnings	389,882	386,430	387,517	391,812	392,677	395,416	400,017	404,355	408,398	412,131	415,520	418,351
Revaluation Reserves	423,222	423,222	423,222	423,222	423,222	423,222	423,222	423,222	423,222	423,222	423,222	423,222
Council Equity Interest	813,104	809,652	810,739	815,034	815,899	818,638	823,239	827,577	831,620	835,353	838,742	841,573
<b>Total Equity</b>	<b>813,104</b>	<b>809,652</b>	<b>810,739</b>	<b>815,034</b>	<b>815,899</b>	<b>818,638</b>	<b>823,239</b>	<b>827,577</b>	<b>831,620</b>	<b>835,353</b>	<b>838,742</b>	<b>841,573</b>

Wingecarribee Shire Council

Long Term Financial Plan 2015/16 - 2024/25

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Fit for the Future Funding Model

	Current Year	Projected Years									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates & Annual Charges	39,383	40,701	43,942	47,503	51,387	55,625	57,280	58,947	60,663	62,429	64,247
User Charges & Fees	8,744	7,146	7,088	7,265	7,447	7,633	7,824	8,019	8,220	8,425	8,636
Interest & Investment Revenue Received	1,913	1,786	1,787	1,787	1,804	1,818	1,866	1,902	1,947	1,993	2,048
Grants & Contributions	9,677	13,768	15,112	10,344	10,329	10,513	10,702	10,895	11,093	11,295	11,502
Other	3,795	3,283	3,241	3,323	3,409	3,497	3,478	3,559	3,641	3,725	3,811
<b>Payments:</b>											
Employee Benefits & On-Costs	(24,942)	(27,258)	(28,471)	(28,919)	(29,798)	(30,702)	(31,930)	(33,208)	(34,536)	(35,917)	(37,354)
Materials & Contracts	(10,493)	(11,708)	(11,763)	(12,873)	(14,035)	(15,252)	(15,805)	(16,217)	(16,637)	(17,062)	(17,657)
Borrowing Costs	(347)	(725)	(684)	(639)	(590)	(539)	(468)	(423)	(376)	(342)	(33)
Other	(12,532)	(10,724)	(10,990)	(11,265)	(11,548)	(11,839)	(12,139)	(12,448)	(12,767)	(13,095)	(13,432)
<b>Net Cash provided (or used in) Operating Activities</b>	15,198	16,268	19,263	16,528	18,403	20,753	20,809	21,026	21,248	21,451	21,768
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Sale of Investment Securities	-	700	2,572	290	643	-	185	106	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	799	861	891	922	955	988	1,023	1,058	1,095	1,134
<b>Payments:</b>											
Purchase of Investment Securities	(9,889)	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(15,554)	(17,421)	(21,286)	(16,232)	(18,420)	(19,842)	(20,883)	(20,809)	(20,826)	(20,541)	(27,741)
<b>Net Cash provided (or used in) Investing Activities</b>	(25,443)	(15,922)	(17,853)	(15,051)	(16,854)	(18,888)	(19,709)	(19,681)	(19,768)	(19,445)	(26,607)
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from Borrowings & Advances	6,500	-	-	-	-	-	-	-	-	-	5,741
<b>Payments:</b>											
Repayment of Borrowings & Advances	(1,265)	(1,347)	(1,409)	(1,477)	(1,549)	(1,625)	(1,340)	(1,345)	(1,270)	(1,249)	(1,165)
<b>Net Cash Flow provided (used in) Financing Activities</b>	5,235	(1,347)	(1,409)	(1,477)	(1,549)	(1,625)	(1,340)	(1,345)	(1,270)	(1,249)	4,576
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(5,009)	(1,000)	(0)	(0)	0	241	(241)	0	211	757	(263)
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	7,009	2,000	1,000	1,000	1,000	1,000	1,241	1,000	1,000	1,211	1,968
<b>Cash &amp; Cash Equivalents - end of the year</b>	2,000	1,000	1,000	1,000	1,000	1,241	1,000	1,000	1,211	1,968	1,705
Cash & Cash Equivalents - end of the year	2,000	1,000	1,000	1,000	1,000	1,241	1,000	1,000	1,211	1,968	1,705
Investments - end of the year	48,451	47,752	45,180	44,890	44,247	44,247	44,062	43,956	43,956	43,956	43,956
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	50,451	48,752	46,180	45,890	45,247	45,488	45,062	44,956	45,167	45,924	45,661