

LKSQUALERO

Commercial in Confidence

Hilltops Region Governance and Service Delivery Review

11 December 2014

Contents

1. Executive Summary	1
2. Introduction	4
3. Definition of the Hilltops Regions	5
4. The Councils' Status Quo and Baseline Position	12
The Council	12
The Administrations	12
The Services	12
Business Systems	13
The Financial Position	14
5. Option 2: A Merger of Boorowa, Harden and Young Shire Councils	17
The Merged Council – Regional and Local	17
The supporting organisational structure	19
Financial sustainability over twenty years	21
6. Option 3: An Alternative Hilltops Regional Council Structure, Incorporating Other Communities of Interest or Local Government Areas as Appropriate	25
7. Option 4: Maintain the Existing Councils with a Different Administrative/ Management Structure	26
The Councils	26
Financial Sustainability Over 20 Years	27
8. Transition Issues	30
Governance (options 2 and 3)	30
Services (Options 3 and 4)	31
Staffing/Structure and Systems (Options 2, 3 and 4)	31
The Establishment Board	35
9. Appendices	38

1. Executive Summary

The communities that are represented by the Councils of Young, Harden and Boorowa Shire (the Hilltops Councils) have much in common. Their geographic proximity and their equidistance from each other mean that their residents share leisure activities, go to school together and are generally employed in the same sectors. Likewise, the challenges of the Councils are similar. They represent small communities that are affected by reductions in job opportunities, with unemployment rates above the national averages and therefore static or only slightly growing populations with projected declines in the 25-64 age group. This is a profile that is not dissimilar to many rural areas in New South Wales.

Each of the Councils individually faces a significant financial sustainability issue, largely driven by the lack of revenue sources and limited ability to raise their own revenue, combined with the challenge of maintaining and renewing its infrastructure. There is a focus on delivering core local services, which are at times placed under pressure by the fact that each Council, with its small resource base, has limited flexibility and resilience to deal with non-routine events. Aspirations of enhanced services (in terms of quality or quantity) need to be realised through the injection of additional funds, which the Councils acknowledge is unlikely to be forthcoming in the current sector climate.

Notwithstanding the challenges, the Councils are proud of their communities and there is evidence that the communities are supportive of their Councils, providing them with a sense of community and civic leadership. Local representation and the ability to contribute to the shaping of their local area is therefore of importance. Equally, all the Councils participate in regional forums. There is a recognition that some issues are more effectively voiced and some services better delivered on a regional level. What constitutes the region will vary from time to time depending on the issue and service.

For the Councils to be considering different governance and service delivery options builds upon this recognition. The combined voice is stronger than each individual one, particularly when articulating the common challenges and needs of the Hilltops community. In many respects, the implementation of any option that combines the governance and/or the service delivery capability of the three Councils simply formalises and regularises the many ad hoc arrangements that currently exist among the Councils. These arrangements have been made to benefit all the parties.

A merger of the Councils, whether full or just administrative, brings about financial viability, leading to ongoing sustainability at the end of an assumed five year transition and implementation period. Without any substantial change in policy, solid operating surpluses can be achieved, which will give the Councils choices

about the expenditure of the released funds. For example, maintaining employment through the provision of more services, achieving higher service standards, repayment of debt and addressing the asset renewal backlog could be considered.

In developing these options, it has been necessary to redesign the organisational structures of each option and make assumptions that there will be the standardisation of policies, processes and systems. Simply bringing together the three Councils without undertaking this work will not yield the release of resources that lead to financial viability and thereafter sustainability. The redesign of the organisational structures was necessarily based on assumptions for the purposes of modelling. They represent a potential 'end state' organisation in configuration and size, but will need to be refined with the benefit of determined Council policy, detailed data on activity and volumes and redesign of the way services are to be delivered.

Remaining with the status quo of three separate Councils will not mean that the current financial position will remain. Rather, the small deficits or surpluses achieved by each Council will deteriorate with all three having to carry increasing operating deficits. Without borrowings, none of the Councils will have sufficient funds to maintain their assets over the next twenty years. Likewise, merging the three Councils without undertaking the redesign work will simply multiply the financial difficulties.

Illustrative of the two contrasting scenarios is the combined deficit per resident. By 2034, if there is no change, the combined deficit per resident will be over \$500. If the Councils and/or their administrations were merged, the combined *potential surplus* per resident will be \$45. The substantial released resources could be applied to eliminating the growing asset and infrastructure renewal deficit or to any other priority of Council's or of the Councils'.

Councils are not just about their financial sustainability. They are also about their ability to engage with the populations and have their residents participate in local place shaping. The governance structure explored and modelled mediates the inherent conflict of giving voice to local communities as well as having the mandate to articulate, represent and lead the debate on issues at a regional level. A Council for the whole of the existing Boorowa, Harden and Young areas is established with local committees chaired by members of the Council with membership by nomination.

In this model, it is clear that it is not simply a 'bolting together' of all three Councils, which the word 'merger' implies. It is the establishment by agreement of a new Council or governing body that is not one of the existing three. None can claim to have taken over the others. Nor has any single one been taken over or engulfed.

The management of any transition has to be undertaken in a way that enables a new culture to emerge that, while respectful of the three previous cultures, is uniquely that of the new Council. Care needs to be taken with this aspect of the transition as lessons can be learned from the private sector where 70% of mergers fail through the inability of different organisational and group cultures to integrate.

There are other transitional and implementation issues. These range among the standardisation of policies (e.g. rating), systems and processes. Attention also has to be paid to legislative requirements regarding the maintenance of employment in small communities. If implementation of one of the merger options is decided upon, the development of the transition plan will be of crucial importance. That is, it must not only cover the key tasks, activities and milestones, but also must take the long view of the timing so that the implementation can be completed in a manner that incorporates design of new governance and organisational systems and structures and minimises the impact on the community.

This will require ambidexterity on the part of the existing Councils as day to day business and services still need to be delivered. The establishment of an Establishment Board from the existing Councils will provide oversight of the transition program while the existing operations continue.

2. Introduction

In June 2014, the Shire Councils of Young, Harden and Boorowa, with support from the Office of Local Government, issued a brief to broadly identify alternative options for governance and service delivery involving any or all three of the Councils.

This review and consideration of alternatives was to be strongly underpinned by principles that ensure:

- Preservation of the local identity of the area(s)
- Improvement of opportunities for economic and community development and engagement
- Improvement in access to services

The review was sought in the context of the local government reforms foreshadowed by the State Government. At the time the brief was issued, the Independent Review Panel had published its report, but the State Government had yet to formally respond to it. In October 2014, the Government announced the Fit for the Future Program, which, amongst other things, required Councils to either demonstrate their fitness for the future against criteria or present their pathway for structural change. For those Councils presenting the latter, the State Government announced the availability of significant packages of support.

Young, Harden and Boorowa Councils (The Hilltops Councils) were clear throughout the review process that they wished to remain in control of the review, which would enable them to take their options to the community. While they were liaising with the Minister and Office of Local Government, they were also conscious that they “owned” the review and would likewise “own” the outcomes. Having commenced the review in advance of the Fit for the Future Program, the Councils consider that they are well positioned for reform and to take advantage of the support offered by the State Government.

The Brief

The brief issued by the Hilltops Councils is attached as an appendix.

In fulfilling the brief, LKS Quaero were mindful of the underpinning principles which were to partly form the criteria against which options could be addressed.

Firstly, it was important to gain a picture of the region and provide a representation of it that was more than simply the geographic boundaries of all three Councils. Insight into the manner in which the residents of the three Councils worked, lived and played could potentially support or undermine any boundary changes.

LKS Quaero undertook analysis of the services, finances and structures of the existing three Councils as a group, with financial modelling projected out over twenty years. This analysis served as the baseline against which the results of the modelling of different scenarios could be viewed and assessed.

Aside from an examination of the existing situation, the brief also required the examination of the following possibilities:

- A full merger of the three Councils, including having a single elected Council
- Full merger of more than the three Councils where interest was expressed and was found to be a viable or optimal option
- A merged administration with the three elected Councils remaining unchanged

The review involved both onsite and offsite research and analysis. In addition to specialist financial input, consultants reviewed the business systems, organisational structures and also plant and equipment utilisation rates. Individual interviews with each General Manager, members of the executive staff and other specialist staff as required were also undertaken. Two full workshops were held at each Council, one for a selected cross section of staff, not inclusive of the General Manager, and another to which all Elected Members were invited.

Throughout the review, there were meetings with the Steering Committee comprising the Mayors and General Managers of each of the Councils. These meetings served to inform and check progress as well as opportunities for the review consultants to receive direction.

3. Definition of the Hilltops Regions

Councils do not exist in isolation. They shape the communities that they lead, represent their interests and articulate their aspirations, while remaining very much part of those communities themselves. Successful and credible Councils cannot just be created by the drawing of boundary lines on a map. There must be some community identification and affiliation to the Council area. This sense of belonging is enhanced by how the communities live their lives: where they work, play, go to school and access health services.

We have looked at the Hilltops region's socioeconomic data and trends as well as existing key infrastructure service areas, including health, education, leisure and transport. This is based on the existent data available on each of the three Councils of Boorowa, Harden and Young. Where possible, we have subjectively validated our observations and analysis with local residents and the Councils themselves.

The analysis is presented under the following headings:

- Demographics

- Health services
- Education services
- Sport and Leisure services
- Transport links
- Economy

Whilst analysing the information, we have retained a regional focus and presented the information accordingly.

There are clear correlations between the three council areas. They share many of the same social and economic trends and challenges, including similar demographics, key industries, infrastructure and economic issues.

Demography

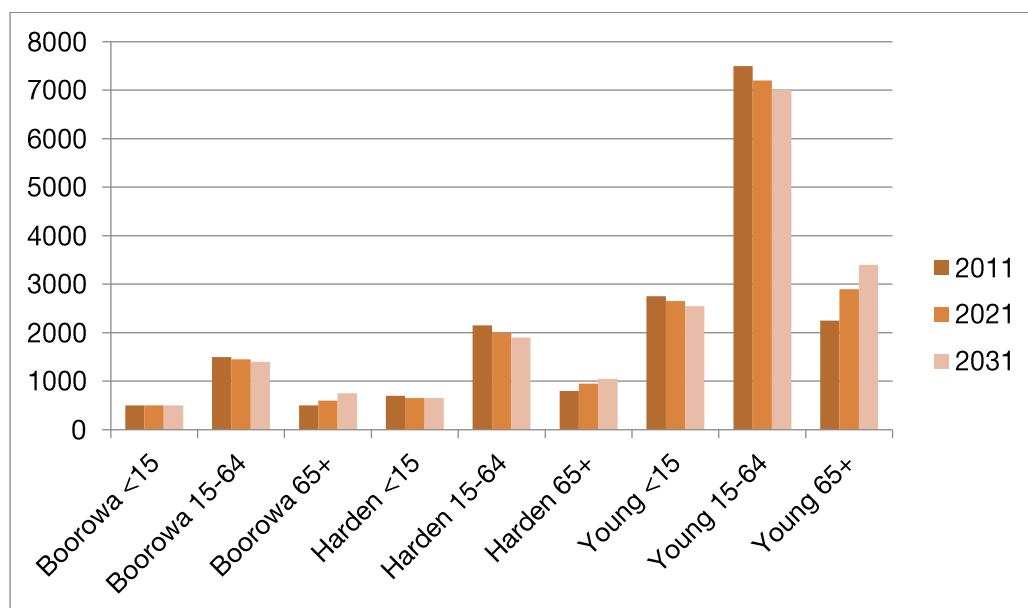
In 2011, the population of Boorowa was estimated at 2399 by the Australian Bureau of Statistics. It is projected to grow to 2469 by the year 2031, with the predominant growth in the under fifteen and over sixty-five age groups. The current median age is ahead of the national average at 45.2.

In Harden Shire, the population was estimated at 3584 and is projected to be largely static from 2011-2031. The median age for the Harden Shire is 48, the highest of the three Council areas.

Young has the largest population, numbering at 12, 514 in 2011. Its population is also projected to be largely static over the twenty year period to 2031, although it has a lower median age of 40.

When we separate the population of the region by different age groups and project the groups' growth over the next twenty years, we see either a slightly growing or an overall static population. It is clear that there is a steady increase in the population of those under fifteen and an increase in over sixty-fives due to an aging population. However, worryingly, the overall decline is in the key 15-64 age bracket which is the working age population. This is highlighted in Graph 1 below. By way of contrast, the Yass Valley is forecast to grow in the next 20 years, including a significantly increased 15-65 age group working population. One of the major drivers for Yass Valley, along with its high fertility rate and aging population, is that people are moving to the area.

Graph 1: Boorowa, Harden and Young Populations over the Next Twenty Years



Economy

The combined workforce of the three Councils areas was 7966 in 2011. Boorowa's labour force numbered at 1093, Harden's at 1531 people, and Young's at 5342 people. While Young was less reliant on the agricultural sector, it still represented a significant sector of employment, with agriculture being the largest employer in Boorowa and Harden at around 46% and 28% respectively.

Boorowa has an unemployment rate of 3.9%, Harden has a rate of 5.9% and Young has a rate of 6.2%. These latter two are above the national averages, although consistent with the unemployment rate of regional Australia.

There is some evidence of commuting to the larger centre of Canberra. In 2011, there were approximately 75 people who commuted from Boorowa to Canberra for work and 45 from Harden. There is anecdotal evidence from real estate agents that there is an increasing trend of "lifestylers" relocating to Boorowa while commuting to jobs in Canberra. Fewer Canberra commuters were from Young.

The region as a whole has a high percentage of people employed in management positions, with Boorowa and Harden also having a large percentage of people employed as labourers. One of the major challenges is that the agricultural industry, although a large economic driver, is not as large an employer as previously. The reducing 15-64 population in all three Council areas is reflective of the decreasing employment opportunities in the area. While there is some evidence of businesses coming into the area, they are agriculturally based.

Health Services

All three Council areas have health services that comprise hospitals, aged care facilities and outreach services. The hospitals handle basic accident and emergency services, but residents are otherwise transferred to Wagga Wagga Base Hospital or The Canberra Hospital for major treatment, maternity care or other services.

Operating from an eighteen-bed hospital, Boorowa Health Service provides emergency services, aged care and outreach community nursing for the residents of Boorowa and its surrounding towns. It also provides allied health, including a Young-based mental health worker who provides outreach services to Boorowa. Part of the Murrumbidgee Local Health District, the Service provides multi-purpose services (MPS) including integrated acute health, nursing homes, hostels and community health. It also provides outpatient services for patients who are not admitted.

There are two aged care facilities in Boorowa. The residential aged care centre, Boorowa Residential Aged Care, is operated by the district hospital and runs a day care centre that is available to the residents of the retirement village as well as other elderly residents. The other facility is Burrowa House, which houses twelve beds in total and one respite bed.

The Harden Health Service provides thirteen acute care beds and a two bed emergency department. The Hospital provides community health services to the locals by way of community health nursing and other outreach services with staff based in Young. It provides outpatient care and it also has facilities to provide for aged care. The Harden Hospital also provides services for cancer treatment and palliative care.

Harden is home to the Kruger Medical Centre, which houses a medical practice, rooms for visiting specialists and allied health providers. The centre also provides Tele Health which uses telecommunications technologies in order to provide patients with health services and information, linking patients to doctors and specialists who are not in the region. The medical complex also has a purpose built Hydrotherapy Centre, which houses the only HydroWorx pool of its kind in Australia.

Young Health Services is the biggest in the region. It provides a twenty-six bed emergency service, acute care, maternity care and surgical and oncology services. It is by far the largest employer of the three hospitals in the region with some 120 medical, nursing and allied health staff.

Mercy Care Hospital at Young provides a number of services to the region, from general medicine to geriatrics, haematology, mental health, palliative care, rehabilitation, respiratory medicine and vascular surgery.

There are two medical centres in town, along with a physiotherapy and sports injury clinic and a diagnostic imaging centre.

Education

Within the Hilltops Region, there are a number of preschools, early childhood centres and kindergartens. There are a total of thirteen primary schools and four high schools.

There are also a number of tertiary level courses that are offered within the region. These include a number of TAFE courses, courses at the Australian National University School of Medicine's Young campus and also the Australian Catholic University running regional programs from the Hennessy Catholic College to promote enhanced learning for pupils. Harden and Boorowa do not currently offer tertiary education options.

Schools within the region are largely populated by local students. However, there are also a number of students from neighbouring regions attending the schools within the Hilltops. This shows that students are not bound by local government boundaries when it comes to education and parents choose schools for reasons other than whether schools are within their local authority area.

Enrolment numbers vary in each year level and across the schools. In 2013, a number of Year 12 students within the region were offered university placements, with many others taking up employment with local businesses, whilst others commenced apprenticeships.

All schools have small school rolls and report them as declining. The rolls are consistent with the steady younger years' population and declining 15-64 age group as school leavers leave the area for further and higher education.

Sports, Leisure and Retail

The sports culture within the region is strong, with a number of clubs as well as sporting events throughout the year. Almost all national sports are represented by clubs locally.

There is a close link between Boorowa and Harden in sports club membership, with Young clubs being filled by local Young residents.

Art galleries, distilleries and wineries provide for a different pace for both the locals and those visiting the region. Tourism relies heavily on these facilities.

Young is the largest retail centre in the Hilltops region. There are a number of small local stores along with some chain retail outlets such as Big W, Rivers, Harvey Norman, Best & Less and major supermarkets like ALDI, Woolworths and an IGA.

Night time entertainment and activities sought by young people are limited. Local residents tend to travel to the centres of Wagga Wagga or Canberra for movies and nightclubs.

Transport

Boorowa is located approximately 113km from Canberra, 174km from Wagga Wagga and about 167km away from Orange. It is approximately 47km away from Young and covers an area of approximately 2578.6 km².

There is a Community Service bus that provides some basic transport needs for people who need to travel outside of the Boorowa region. This service departs from Young to Boorowa and Canberra. It runs once a day for four days a week. There are no public transport services, such as rail or taxis, available within Boorowa. The closest rail service is Yass Valley or Harden. There are twelve school bus services that operate to connect local students to Boorowa. A new service is to commence shortly, which will connect Young, Boorowa and Yass to Canberra. The bus service will travel three times a week.

Harden is approximately 125km from Canberra, 135km from Wagga Wagga and about 194km from Orange. It is approximately 33km from Young has an area of approximately 1868.6 km².

Harden is better positioned with a rail station. It can provide services to both Melbourne and Sydney with a number of stops along the way from Harden to both Sydney and Melbourne, including Goulburn and Wagga Wagga. A coach service also connects Harden to Canberra and Cootamundra. A community bus also exists, providing locals with a way of travelling to Canberra for flexible care services. Harden has eight bus services connecting its students to other schools in the region.

Young is approximately 160km from Canberra, 145km from Wagga Wagga and about 162km from Orange. It has an area of approximately 2693.3 km².

People in Young have more transport services available to them than are available in Harden and Boorowa. The services, provided by Country Transport, can connect Young to most regional towns along routes to Orange, Cootamundra, Bathurst and Grenfell. Young Community Transport Services also provides for additional transport needs. There are a total of twenty-two different school bus services that connect via Young to other local towns and regions. Public transport services are

largely provided by private bus operators, with some buses connecting to NSW TrainLink.

Summary

There is much that the three Councils have in common. Apart from the geographic proximity and economies all dominated by the agricultural sector, the demographic profile is similar and the communities largely “play together” through shared facilities. The challenges faced by all three Councils are likewise similar.

The region’s economy has historically been dominated by the agricultural sector and this continues to be reflected in the employment sectors. However, there is an impact on the population from the retraction of agriculture as a large employer. Given the limited number of institutions providing tertiary or higher education, local students are moving away from the regional towns. Sport is reasonably well embedded in the culture of the region, with significant membership crossover between the sports clubs of the three local authorities. Large scale retail is centred in Young, as are the region’s health services. However, access to this and community engagement is currently hindered by irregular bus services and limited public passenger transport options between the towns and to the larger centres. The current absence of an integrated transport network and digital infrastructure for the region, leading to poor connectivity to major conurbations like Canberra, are the major challenges in the delivery of medium to long term sustainable economic development and growth.

While all three Councils are members of regional organisations of Councils, there is a lack of formal integrated thinking around service delivery, community wellbeing and economic planning for the three Councils specifically to address their shared challenges. Critically, the Hilltops needs to be viewed as a credible voice of the region. A joined up approach to tackling this problem from a regional perspective, focusing on key industries and infrastructure development, not only economises on effort, but also brings with it the advantage of co-operation rather than competition between the existing Councils.

4. The Councils' Status Quo and Baseline Position

The Council

In total, there are twenty-five elected members in the Hilltops Councils. Young and Boorowa have nine elected Councillors each and Harden has seven. Within each Council, the mayors are elected from within the elected bodies.

The Administrations

Each of the elected bodies are supported by an Administration, headed by a General Manager who is appointed by the Council.

The structures follow a conventional local government model, structured largely on professional and technical lines and divided into back office support services and external technical services, such as development control and engineering works. Typically, given that these are small Councils, each of the second level Directors or Managers are responsible for a wide range of activities. In Boorowa, there is an overlap of responsibilities between project management and engineering works. The General Manager established the structure in this way to play to the strengths and experience of his three direct reports.

With the exception of Boorowa, there has been low turnover and much longevity in the Council leadership and staff cohort. Boorowa has recently had a change in General Manager from within the Council, with resulting leadership team changes.

The Services

The services provided by each of the Councils are essentially the same. They are focused upon the core services of:

- Development control and regulatory services
- Infrastructure construction and maintenance, including water, sewerage and storm water
- Leisure facilities: largely based around the swimming pools and the shared library service
- Waste collection and recycling
- Licensing and environmental health inspection

While the services delivered are essentially the same, as the organisational structures suggest, there is little commonality in the way the services are delivered and, in some cases, the policies that underpin their delivery. A technical comparison of service standards was not undertaken, but it was clear that these were determined by the priority given to the service by the Council and the funding available.

Business Systems

Each of the three Councils has a different local government information system. Expenditure on the systems represents a significant component of each Council's operating budget, around \$100,000–200,000 in direct costs. None of the Councils have dedicated staff to support and maintain the systems. Some internal oversight is available, with technical support being outsourced. The Councils manage this lack of dedicated resources by cross training staff, having operations staff who use the systems 'own' them and developing subject matter specialists. In Young, developments and customisation of the systems are undertaken by the Director of Corporate Services.

Young

Young Shire Council, the largest Council, runs CivicView. It was installed in 1999 and is in limited use by other Councils. The leadership of Young Council consider that it fully meets the requirements of the business and the Director of Corporate Services has the skills and capabilities to make necessary modifications. This has both advantages and risks. Costs are kept low with use of in-house capability rather than supplier developments. However, it has become a highly customised system that is heavily reliant upon the current Director to maintain and make future adaptations as the business changes.

Harden

Harden became a Civica Authority user in 2012 following a full competitive provider selection process and twelve months' implementation. This system is seen as a focused local government solution and has been implemented in many councils across Australia and New Zealand. It is commonly regarded as a preferred system for both small and medium-sized councils.

From a total staff of sixty-two, there are twenty computer users. Responsibility for IT lies with the Director of Corporate Services and there are other staff who have some familiarity with the systems environment, but there are no dedicated IT resources. Technical support is contracted as required from IT services company Propellerhead, which is based in Young.

Boorowa

Boorowa Council runs the Fujitsu Local Government system. Fujitsu Solutions was acquired by Civica in 2008 and the system in Boorowa Council is clearly an end-of-life product. The current system has been in use in Boorowa Council for ten years. As the system has not been developed to keep up with changing local government requirements, there are a growing number of gaps in the functionality and issues that are driving the need to move to a new system. A number of issues relate to functions that do not meet audit requirements, such as stores and fuel management.

Within Boorowa Council, there are 20 computer users. Responsibility for IT lies with the Assistant General Manager, who has oversight of the environment, but there are no dedicated IT resources. Technical support is also contracted as required from IT services company Propellerhead.

The Financial Position

Background

In order to assess the financial impact of the different options considered in this project, we developed a model of the long term financial position and performance of the three Councils.

This model used the financial reports of the three Councils as its basis. It projected forward the data using a few basic assumptions and replicating any significant adjustments identified in the long term financial plans of the respective Councils. The long term financial plan was cast in real terms (i.e. money retains a constant value) and extended over a twenty year timeframe.

As far as could be observed, the long term financial plan of each Council showed a continuation of the current level of activity without any significant change in operational or financial direction. This was reflected in the plan developed for the project.

The key assumptions made in the baseline long term financial plan were:

- Municipal rates at 0.2% below inflation each year
- Grants provided for operating purposes at 0.25% below the rate of inflation each year
- Employee benefits to rise at 1% above the rate of general inflation each year
- Materials and contractors to rise at 1% above the rate of inflation each year
- Borrowings based upon borrowings in the long term financial plans of each Council
- Capital expenditure based upon data in the long term financial plan of each Council

These assumptions were validated at both the Councillor and staff workshops.

The outputs of the baseline long term financial plan are:

- The statutory financial statements of
 - each Council
 - the General, Water and Sewer funds (and, in the case of Harden, the Regional Waste Group)

- A series of key performance indicators, including
 - statutory KPIs
 - assessment of financial sustainability risk
 - Fit For the Future criteria (with one measure excluded)

This was a high level review. It did not include consideration of the following:

- Balance of restricted funds
- Review of activities and cost of those activities

The assumptions and methodology above describe how the baseline position of Councils is determined. Using this baseline model, the model for each of the options is developed by adding data to the assumptions made in the model.

The 20 Year View

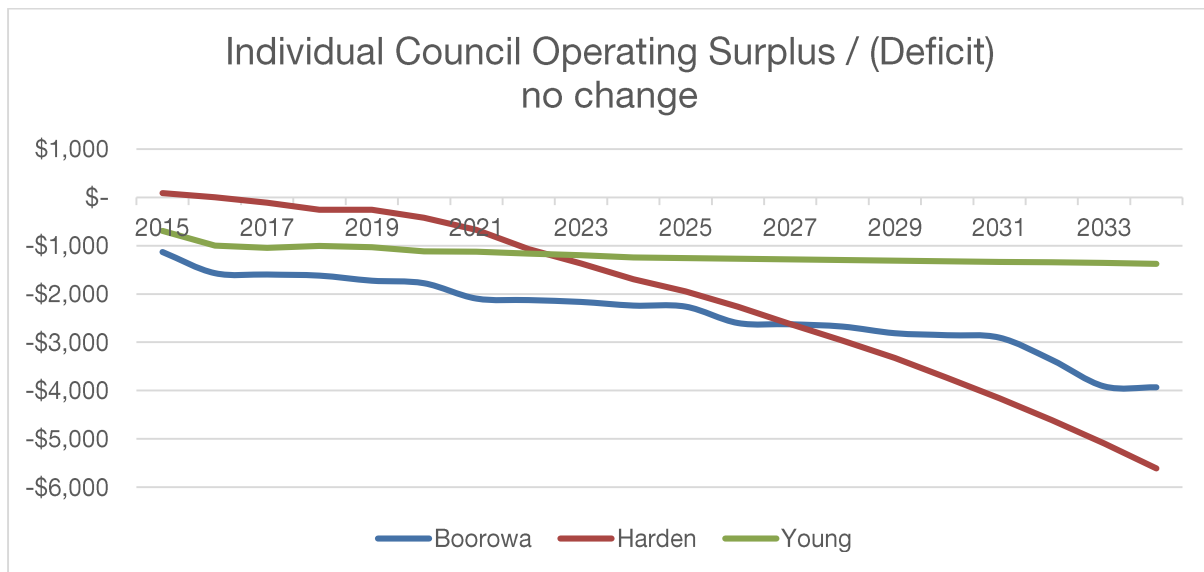
The financial position of the three Councils over the next twenty years can be summarised as follows:

	Boorowa	Harden	Young
Underlying result	Rising deficits	Moving from small surplus to large deficits	Slight deficits
Total cash	Increasing	Significant cash deficit	Increasing
Financial sustainability risk¹	High	Medium - low to high	Medium
Fit for the Future criteria achieved²	No	No	No
Predicted asset renewal backlog in 2034	\$47m	nil	\$58m

The table below shows the expected level of predicted level of Operating Deficits for each Council:

¹ As calculated using the methodology of the Victorian Auditor-General's Office.

² Only six of the seven criteria are reported on. The seventh, Asset Maintenance Ratio, cannot be determined from the data available.



Conclusion

The increasing operating deficits of the Councils will make it increasingly difficult for them to sustain the current level of services. As an example, none of the Councils will have sufficient funds to maintain their assets in an adequate position over the next twenty years. If the current services and service levels are maintained cash reserves will be depleted, operating deficits will increase to a point where they are no longer affordable.

The financial situation of the Councils will mean that at some time in the future each Council will be required to significantly adjust the level of service it provides to its ratepayers. The timing for when this change will need to occur will be different for each Council. If the Councils allow the deficits to continue at the rate predicted in the model without adjusting their services, external intervention would be likely to occur.

At a very late stage in the project, we became aware that the 2013/14 financial result for Harden will, when publicly released, show a significant increase in their projected level of depreciation. Since these figures were not available when the financial modelling was completed, this higher than expected level of depreciation has not been included in the financial analysis. If it were to be included, it would have a negative impact on the operating surplus for Harden Shire Council.

5. Option 2: A Merger of Boorowa, Harden and Young Shire Councils

The Merged Council – Regional and Local

Currently covering the Hilltops region are three Councils comprising twenty-five elected members, including three internally elected Mayors. The current representation of Councillor to residents, using the 2011 ABS data, is broken down as follows:

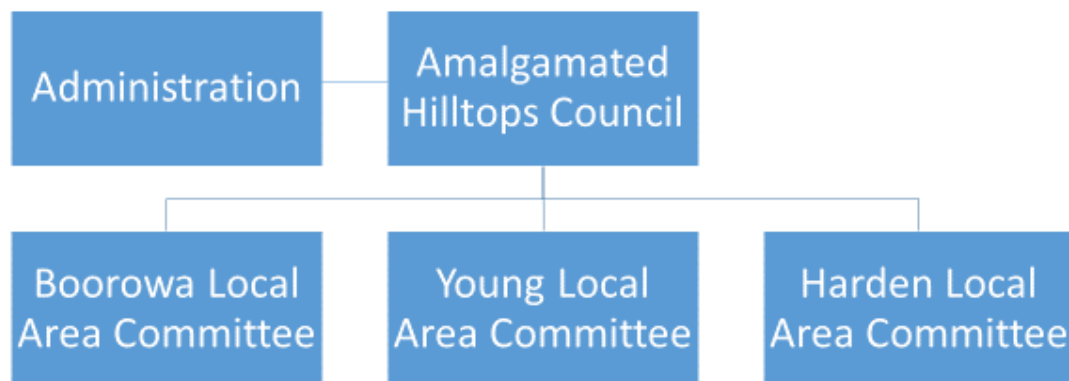
Harden – 1:512
Boorowa – 1:267
Young – 1:1390

Determining the appropriate number of elected representatives for a new merged Council will require a review by the Electoral Commission and boundary adjustment. We have therefore not made recommendations in this respect and the options discuss the Council and representative structure and roles rather than numbers.

However, recognising that there is a transition period, we have highlighted some options for that period. In the transition period, it will be necessary to acknowledge the historical representation in order to minimise perceptions of either loss or gain on the part of the communities of the current Council boundaries. What will in essence be occurring is not a merger of the three Councils so much as the former three Councils coming together to establish a new Council.

To merge the three Councils and be true to the principles of local place shaping while gaining the advantages of a regional voice and financial benefits, it is important to redesign both the governance and organisational structures. A simple combination approach will not achieve these. Indeed, it is possible that all of the current challenges and disadvantages will be imported into the larger entity.

The overview depiction of the redesigned governance and administrative structure is below:



Regional Level – Hilltops Council

This will comprise elected representatives elected in accordance with the Local Government Act 1993. The Council will be the peak decision making body for the Hilltops region. The Mayor of the Hilltops region will be elected from within this Council.

In line with the legislation, the Hilltops Council will, among other roles:

- Appoint the General Manager
- Approve strategic plans and policies for the Hilltops region such as the Community Strategy, Development Plan, Delivery Plans and Asset Management Plans
- Ensure the services required by the region and in the local communities are properly commissioned to meet community needs
- Establish and appoint to such Committees as it requires to oversight and conduct the business of Council, including the Development Assessment and Control Committee
- Approve the Long Term Financial Plan and annual budgets
- Advocate for the region and represent the region when negotiating and dealing with State and Commonwealth governments
- Elect and appoint from the Council chairs of the Hilltops Area Committees
- Receive and consider submissions and input on local issues from the Area Committees

- Monitor and hold to account the organisation's performance in the delivery of the Delivery Plans and annual business plans and budgets

Local Level – Hilltops Area Committees

To maintain and enhance the ability of the residents of the Hilltops region to participate in shaping the place in which they live, play and work, Area Committees will be established. It is envisaged that the Area Committees be chaired by an Elected Member of the Hilltops Council. Membership of the Area Committees will be by nomination (including self-nomination). Members might comprise people from Residents Associations, Neighbourhood Watch groups or simply people in the community interested in making a contribution to general and specific local issues. While the Committees will have their own standing orders, it is not intended that they are able to make decisions binding on the Hilltops Council. Their role is advisory and recommendatory in nature. However, the chairmanship of the Committees by an Elected Councillor will provide the Committees with a direct voice with decision-making authority in the Council for the region. In this manner, they are more than a local resident or interest group and will have a formal role in providing input into the plans and priorities of the Council.

The key roles of the Area Committees will be:

- Monitoring the performance of the local services contracts and service level agreements
- Providing the Hilltops Council with advice on local needs and issues for consideration when developing the regional plans, including financial plans and budgets
- Commenting and making recommendations on development applications
- Providing advice and input with respect to the local area for local projects commissioned by the Hilltops Council, such as playground development
- Dealing with local resident requests with respect to local service delivery or monitoring them through the Hilltops Council regional office

The number of area committees will be at the Hilltops Council's discretion. Early in the life of the Hilltops Council, to assist with transition, it is recommended that there be at least three Area Committees, generally mirroring the boundaries of the former Young, Boorowa and Harden Shire Councils.

The supporting organisational structure

A schematic organisational structure is appended.

It is designed to enable financial modelling of a merged Council scenario and further detailed design will be necessary to enable the structure to be implemented. A 'top down' approach has been taken and volumetric data that is currently not available

from the individual Councils will need to be collected to inform the final size of the organisation. Further, assumptions had to necessarily be made about the operating model of the new Council, based on greater use of technology, devolved working practices, economies of scale and redesigned service delivery models.

It reflects the size and configuration of a Council delivering the current range of services given those assumptions.

Organisationally, the governance structure will be supported by a regional organisation that provides support for long term planning and direction setting as well as annual and work planning.

On a service delivery level, identification of needs and priorities will be identified by the regional organisation. Resources will be managed regionally to ensure best utilisation. Services will be delivered at a local level, having been planned and programmed regionally.

Underpinning principles of the 'end state' structure:

- Delivery of the current service catalogue
- Separation of regional functions (direction and commissioning) from local delivery
- Functional and process coherence: services that do similar things, operate in a similar way, or that should naturally work together within an "end to end" process to deliver services to the customer or community, are grouped together
- There are inherent assumptions about the management of resources that enable them to be managed to achieve "best value"
- Improved customer and community orientation resulting from greater focus on meeting customer expectations in service delivery and engaging with the community in strategic needs assessment and service design
- Use of technology to change the way work is done, including empowering residents remote from the office to transact business: complaints, request forms, pay accounts, obtain licences and request books
- Centralised management of resources with the resultant savings and synergies. Actual location of employees delivering services may depend upon the locality of the services to be delivered
- Greater strategic capacity through greater delineation between strategy development and service delivery operations. It enables a "commissioning" approach to be taken where services are specified to meet established needs at best value

Integrating activities by function or process enables the benefits of streamlining and economies of scale. This group would appear to be fairly independent of other sections of council apart from related field services at the Depot.

- For example, grouping administrative services allows the streamlining of processes, making administration quicker and cheaper. This gives better value to the internal and external customer
- Integrating functional and process activities fosters better team working and resource planning within teams. This structure enables improved working between teams as linkages can be more easily identified in “end to end” processes
- Integrating functional activities enables increased spans of control. This makes it easier for the leaders of these areas to influence and direct staff and activity to deliver specified community outcomes.
- Integrating functional activity will enable work processes and practices in these functions to be re-engineered from “end to end”. This will yield cost reduction and often improved satisfaction as staff report greater ownership over the policies and processes that determine their work. The reduction in process time and multiple handling of activity often results in improved satisfaction from both internal and external customers
- Opportunity to design systems without reference to precedent
- Functional business units that give the Council the opportunity to explore partnering or contestable options which promote long term sustainability

Opportunities for scalability arising from adoption of alternative partnering, service delivery and governance models

Financial sustainability over twenty years

The following adjustments were made to the financial model to represent the merger of the three councils:

Ongoing Savings

Corporate & Governance costs	\$649k
Accommodation	\$345k
Information Technology	\$175k
Employee costs	\$4,472k

Once off Income

State Government grant	\$11,500k
------------------------	-----------

Once off Costs

Transition Board	\$460k
Council rebranding	\$500k

Policy alignment	\$100k
Information Technology	\$1,040k
Employee costs	\$2,800k

Ongoing costs

Local Area Committee	\$50k
----------------------	-------

No additional State government grants have been included in the analysis.

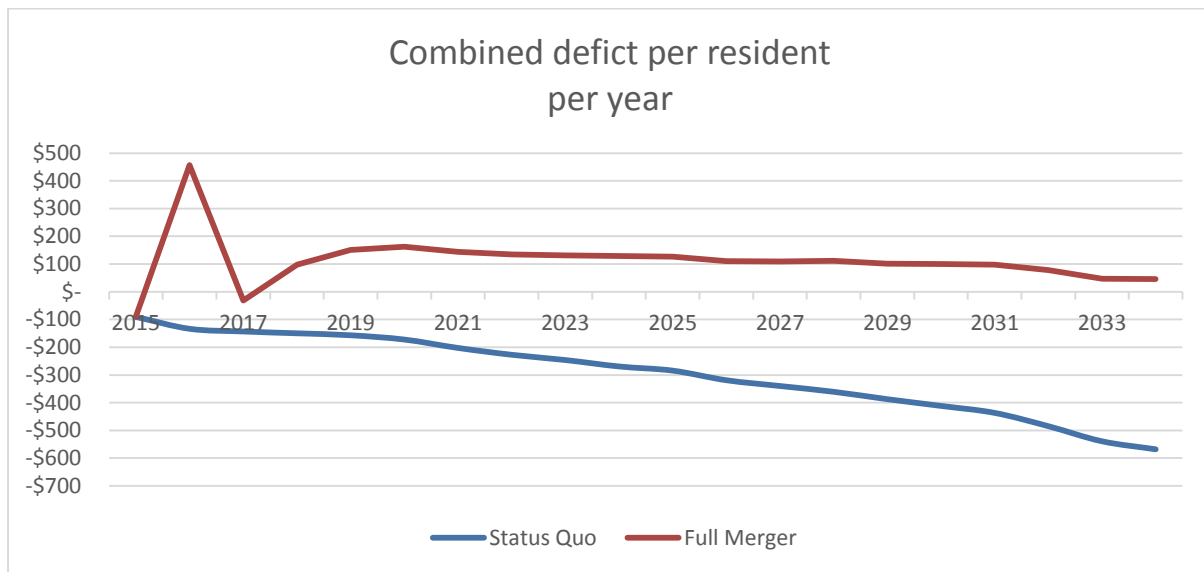
Each of the costs above have their own unique timing and this has been reflected in the financial model.

The financial outcome is summarised in the table below:

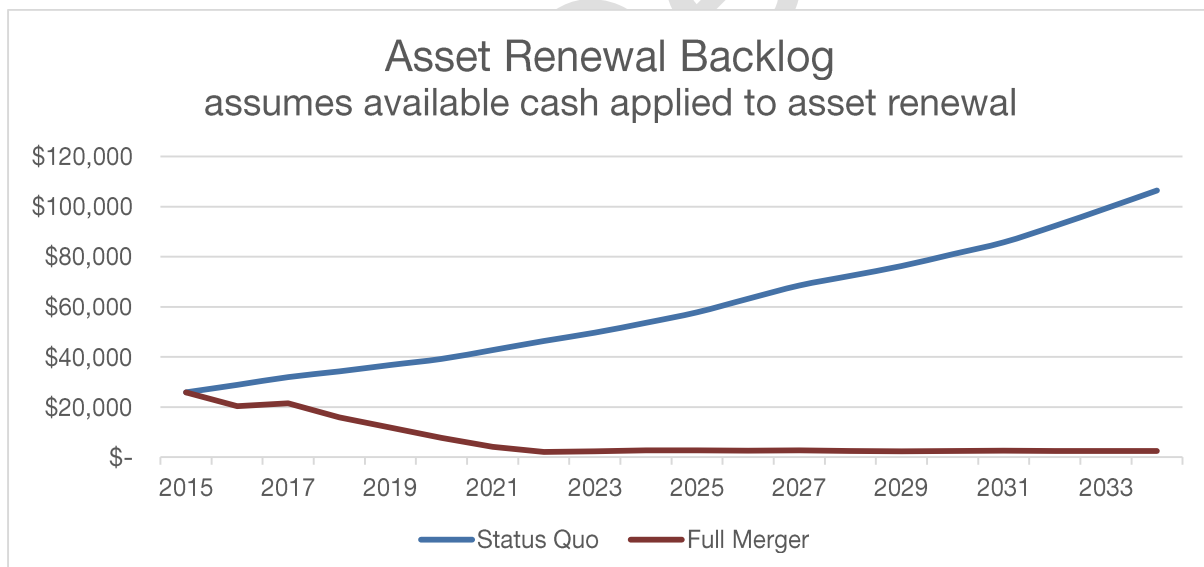
Full council merger	
Underlying result	Initial deficit then steady surpluses achieved
Total cash	Significant cash surpluses achieved
Financial sustainability risk³	Medium to Low
Number of Fit for the Future criteria achieved⁴	Up to all 6
Predicted asset renewal backlog in 2034	Potential for the backlog to be addressed by 2025

³ As calculated using the methodology of the Victorian Auditor-General's Office.

⁴ Only six of the seven criteria are reported on. The seventh, Asset Maintenance Ratio, cannot be determined from the data available.



The graph below illustrates the financial impact of the new structure by assuming that all the savings, at least initially, that result from the change are directed towards the renewal of existing Council assets. As can be seen from the graph, the significant asset renewal backlog is able to be quickly reduced.



Just as easily, the savings that result from the merger could be directed to other areas of need within the community. When this redirection of resources occurs, it will require the use of people to perform the additional services. This will offset the impact of the reduced number of staff required to conduct the current level of council business.

Conclusion

The merged council with the regional and local structure will be able to operate with financial soundness. After the merger is implemented, the merged Council will be able to achieve solid operating surpluses into the foreseeable future without any significant policy adjustments.

Should it decide to use the resources released by the merger, the new Council will be able to quickly reduce the infrastructure asset backlog to nil. The value of the resources released through this option, when compared to the status quo or baseline option, totals \$156m over 20 years. Care must be taken in understanding this figure as the status quo position would never be left to occur. External intervention is likely to occur to arrest the financial decline and unviability at some point. However, it is illustrative of the substantial benefits that could be obtained through the implementation of this option, which could see the use of resources available to the Councils moved away from funding less than efficient structures to being applied to meet the needs of the local community.

6. Option 3: An Alternative Hilltops Regional Council Structure, Incorporating Other Communities of Interest or Local Government Areas as Appropriate

At the outset of the review, it was considered prudent to provide for the possibility that other Councils would wish to participate in the review. This was particularly so as the signals coming from State Government about reform of the sector were becoming more specific and stronger. The initial approach to a number of neighbouring Councils yielded no other initial interest. While other Councils were aware of the review being undertaken, and dialogue by the three Councils were maintained with others, no other Councils expressed interest in participating in the review.

It was determined that to locate the information necessary to undertaking the analysis of another Council would have proved difficult without the concurrence of that Council or Councils.

There emerged the view from the Steering Committee that proceeding with the review with three willing Councils was the best way forward. However, the review was to be conducted in a manner that was scalable and other information could be added without the need to revisit underpinning principles and assumptions.

7. Option 4: Maintain the Existing Councils with a Different Administrative/ Management Structure

The Councils

This option retains the existing governance structure with no changes in either composition or location. This would therefore leave the local representation and access of local communities to their elected representatives in no different a position than is currently the case. However, a full integration of the administrative organisation would foreshadow significant changes internally, although it is assumed that from the perspective of customers and residents there will be no change to the way in which they currently interact with either their elected representatives or the Council Administration.

There are some underlying assumptions that underpin this option. The newly formed Council administration will be located together. The business systems will be integrated, but will continue to collect and provide data on all three Councils and customers interacting with the Councils will continue to do so separately with Boorowa, Harden and Young. The staff of the new administration will, however, be employed, led and managed under a single structure.

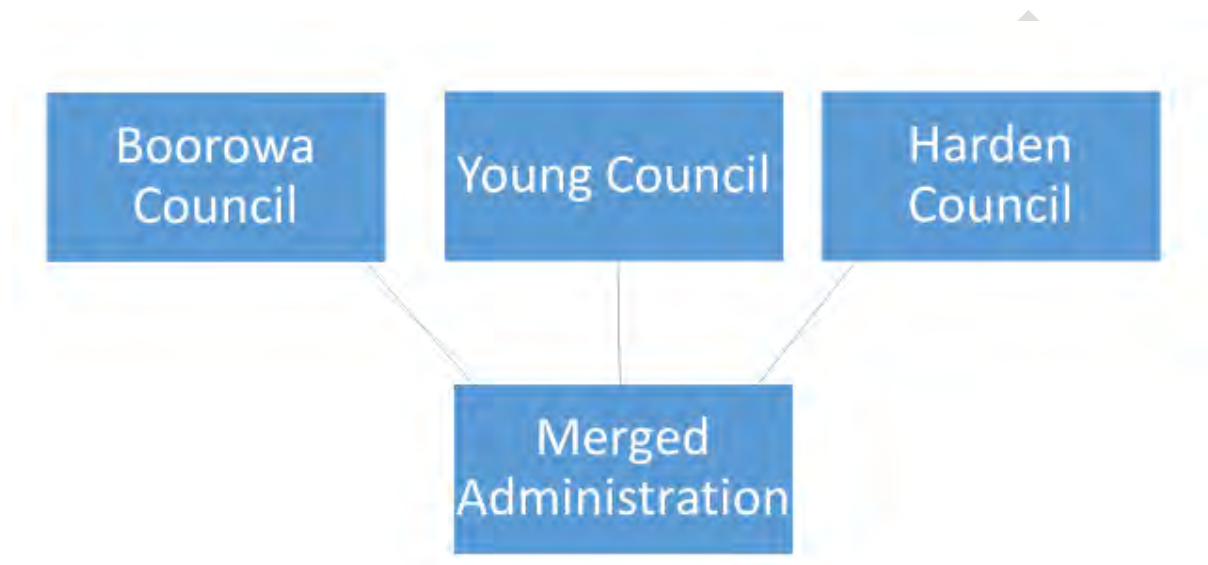
The three political bodies and their committees will be supported by the single administration in all aspects. While each Council will continue to determine its own strategic direction and policies, including financial budgets, the single administration will require extensive redesign of its structure, systems and processes.

This option is conceived to determine the level of financial benefit that can be achieved by the full integration of the Administration. In developing this option, we have proposed a redesigned single structure. In doing so, it has enabled the release of resources among, particularly, the clerical staff. The numbers with respect to the technical services, works and horticultural staff are to some extent fewer, but issues of geography and service levels (to be agreed) will determine the final numbers.

The distinction between the regional organisation and local delivery teams is less distinct in this scenario, although it is highly feasible to divide the local works teams into geographic areas. The structure follows a more traditional structure rather than the regional 'commissioning' with local delivery approach of the fully merged Council scenario. However, the principles and assumptions used in the design of the regional/local structure have also been applied to this structure.

Any changes in staff numbers will need to be considered in the light of S218CA, *NSW Local Government Act 1993**.⁵ Consideration of the impact of this section may include the length of the period of transition.

The redesigned governance and administrative structure of the merged administration may be represented by:



Financial Sustainability Over 20 Years

The following adjustments were made to the financial model to represent the merger of the three councils:

Ongoing Savings

Corporate & Governance costs	\$280k
Accommodation	\$345k
Information Technology	\$175k
Employee costs	\$4,309k

Once off Costs

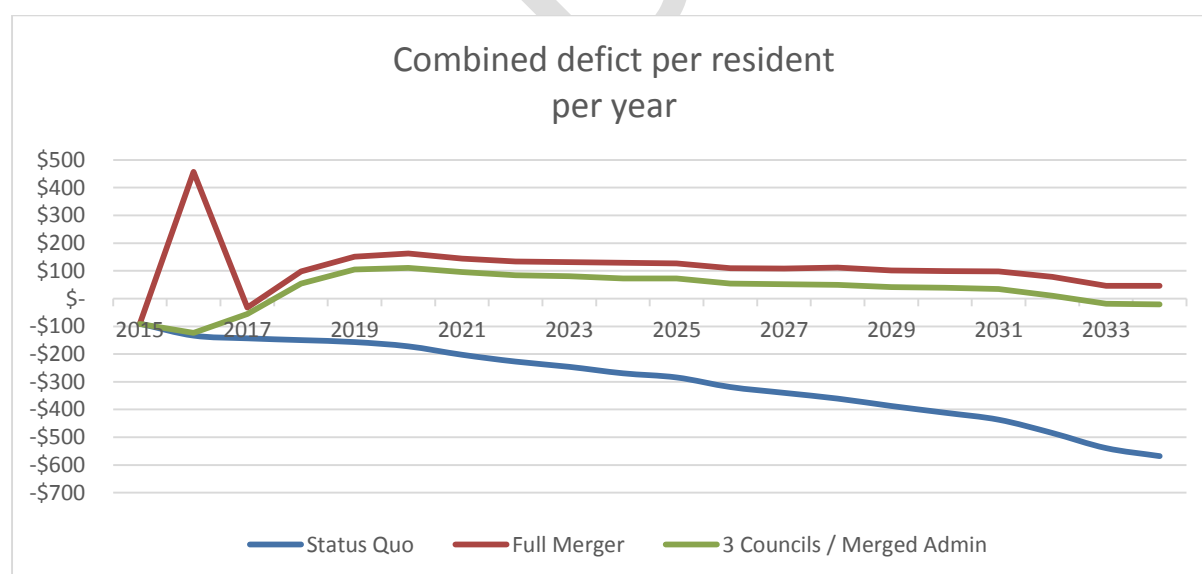
Council rebranding	\$500k
Policy alignment	\$100k
Information Technology	\$1,040k
Employee costs	\$2,750k

⁵ See "Transition" for more detailed discussion of this provision.

No additional State government grants have been included in the analysis. Each of the costs above have their own unique timing and this has been reflected in the financial model.

The financial outcome is summarised in the table below:

Council administration merger	
Underlying Result	Initial deficits for 3 years, then steady surpluses achieved
Total Cash	Significant cash surpluses achieved
Financial Sustainability Risk⁶	Medium to Low
Number of Fit for the Future criteria achieved⁷	Up to 5
Predicted Asset Renewal Backlog in 2034	\$23m. The backlog reaches a low of \$14.3m in 2026 and starts to climb after then

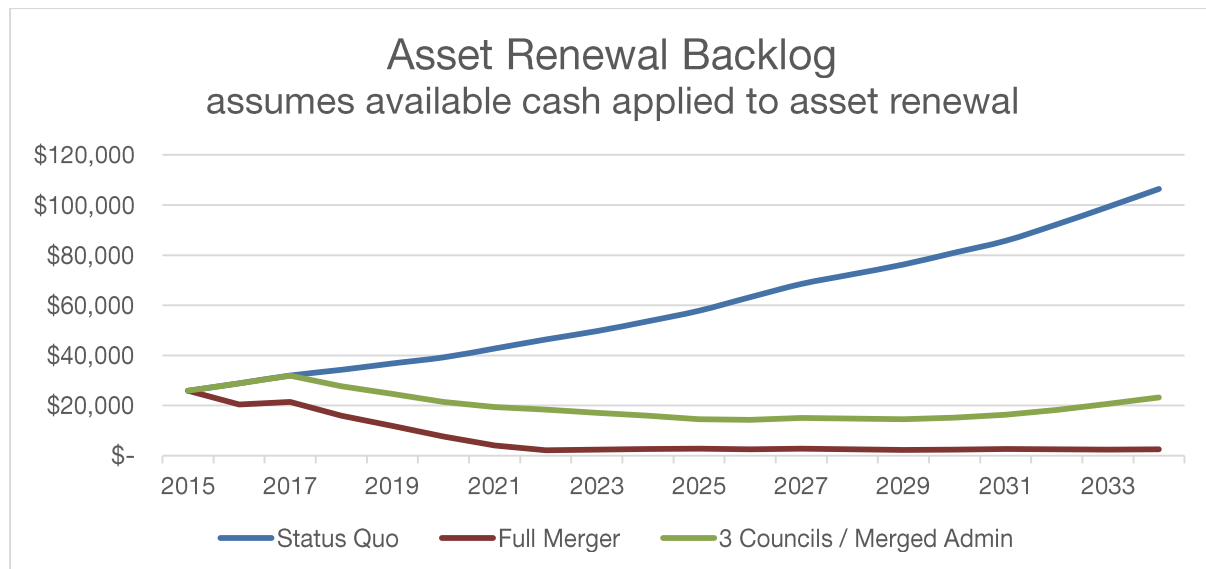


The graph below illustrates the financial impact of the new structure by assuming that all the savings which result from the change are directed towards the renewal of existing Council assets. As can be seen the significant asset renewal backlog is significantly reduced. After 2031 the renewal backlog starts to increase as the

⁶ As calculated using the methodology of the Victorian Auditor-General's Office.

⁷ Only six of the seven criteria are reported on. The seventh, Asset Maintenance Ratio, cannot be determined from the data available.

council is no longer able to provide sufficient cash to fund the estimated degeneration of its assets.



As discussed earlier the savings which result from the new structure could be redirected into any area which is a priority for the new councils. As resources are directed to a particular area, human resources will be required to carry out that work.

Conclusion

In this scenario, the merging of the administrations only, would enable the Council to operate with financial soundness. After the integration of the administrations is bedded down, the Council would be able to achieve solid operating surpluses for at least the next 18 years without any significant policy adjustments.

When compared to the status quo or baseline position, this option releases resources to the value of \$126m over 20 years. As mentioned previously, as the status quo position would never be left to occur, this calculation is illustrative only. However, it demonstrates the significant benefits that could be obtained through the implementation of this option.

Should they decide to, the Councils would be able to make a substantial inroads into their asset renewal backlog or whatever priorities the Councils may have.

This option does not achieve the same level of savings and income as the full merger option and therefore does not release the same level of resources. The full merger option could provide up to \$1m per year in additional resources over the 20 year period being considered.

8. Transition Issues

The key issues to be considered in relation to the transition from the current position of three Councils, each with separate administrations, are:

Governance (options 2 and 3)

The Electoral Act requires that any changes in the numbers of Councillors will be the subject of boundary adjustments and application of the formulae determining representation. Whatever the eventual outcome of that boundary adjustment and representation review, consideration is needed as to the timing and means of migrating from the twenty-five Councillors of the three Councils to the number of Councillors required for the single Council. While the Electoral Commission will determine numbers, the current Councillors, in making the decision on the model of governance and service delivery, will have views on the optimum manner of transition.

The options for a transition Hilltops Council could include:

Amalgamation of Three Political Bodies

The benefit of this option is simplicity of implementation, with no loss of existing experience and expertise. However, it would be a large elected body (25 Councillors) and could become unwieldy for the purposes of conducting business. More importantly, for representation purposes, there is an imbalance created. Young, while having roughly twice the population of either Boorowa or Harden, will have the same representation as Boorowa and only two representatives more than Harden.

Ratio-Determined Representation

By and large, Councils in New South Wales comprise between seven and ten Councillors. In seeking to maintain bodies of this size, and to demonstrate more appropriate ratios of representation, the Council could comprise three Councillors from the former Boorowa area, three from the former Harden area and six from the former Young area.

This was the option favoured by the Steering Committee as it provided, in the short term, the ability to mitigate the perception that the largest Council, Young, had the ability to dominate the two smaller ones. This perception is one to be managed and will lessen over time as affiliations move to the broader Hilltops Council.

Population-Based Representation

There are varying ratios of Councillors to population among the three Councils. The lowest ratio belongs to Boorowa and the highest to Young. The average is one Councillor to 723 residents. Using this simple arithmetic ratio, the Hilltops Council could, in the interim, comprise three Councillors from the former Boorowa area, five from the former Harden area and seventeen from the former Young area.

While the option standardises the elected member to resident ratio, as based on ABS statistics, it has a number of disadvantages. The main one is sheer size and the difficulties that will present in conducting business. Secondly, it will not assist with the short term need to ameliorate perceptions of irredeemability by the larger Council.

Remaining with the status quo or pursuing option 4 will mean there is no change in the governance arrangements.

Services (Options 3 and 4)

At present, each of the Councils has its own set of policies covering both internal and external matters. While the visions of each of the Councils and the strategic directions of all three Councils are similar, focusing on the environment and prosperity, the policies that give effect to those directions and from which operating procedures are derived need to be standardised and made consistent. At a broad level the standardisation will include:

- Policies – especially revenue, rating
- Service standards
- Business systems

In a single Council scenario, this would then extend to the service standards experienced by the residents and visitors.

Staffing/Structure and Systems (Options 2, 3 and 4)

All Councils are supported by an organisation that implements and gives effect to the vision and aspirations of the elected Council. Ideally, the organisational structure would be designed based on the following principles:

- Focuses on outcomes to be achieved for the community
- Enables a clear line of sight from the those determining direction
- Provides for accountability for performance
- Supported by the most efficient use of technology and processes

In options 2, 3 and 4, there is the opportunity to redesign the organisational structure that takes advantage of the technology available now and enables options to be provided to residents and customers regarding how they wish to interact with the Council.

The redesigned organisational structures for options 2 and 4 upon which the financial modelling was undertaken are appended.

Impact of Industrial Instruments and Legislative Requirements

Both the options of a fully merged Council and Administration and the merged Administration present opportunities to significantly release staffing resources.

For the operational areas of the Councils there are opportunities to enable:

- Less plant required to be operated over a greater spread of hours;
- Greater opportunities for the acquisition of specialised plant;
- Targeted construction/maintenance where plant from each region works in the one area;
- Consolidation of plant maintenance;
- Reduction of plant and depot infrastructure in regional areas and;
- Centralised operations administration, being able to draw on all plant and staff

The release of a number of employees from their existing roles presents opportunities that include:

- Maintaining staffing levels to increase levels of service or increase the number of services provided or
- Reducing overall staffing levels and re-allocating the cost savings into increased asset maintenance/replacement
- Released staff having the opportunity to establish businesses that provide services, historically provided by Council

In addition to the obligations existing Councils have towards their employees under the Award, there is a significant obligation placed upon Councils in rural centres under the NSW Local Government Act 1993 (the Act). In establishing a new Council, the Act would apply not to the current Councils but to the new one that is established under options 2, 3 and 4. There would be a need to determine “regular staff levels” in Boorowa and Harden prior to any transition to a new Council.

The Act places certain obligations on the transferee Council (a Council that is constituted as a result of the amalgamation of two or more areas). These obligations are required under clauses 218 and 354 of the Act and covers the maintenance of staff numbers in rural centres. Rural centres are defined under clause 354 of the Act as ‘a centre of population of 5,000 people or fewer’. It requires the transferee to ‘ensure that the number of regular staff of the council employed at the rural centre is, as far as is reasonably practicable, maintained at not less than the same level of

regular staff as were employed by the previous council at the centre immediately before the amalgamation or alteration of boundaries took effect’.

In 2012, the Australian Bureau of Statistics reported the following populations:

- Young LGA: 12,702
- Harden LGA: 3,712
- Boorowa LGA: 2,525

Clearly, the requirement would apply to regular staff at both Boorowa and Harden LGAs.

The definition for “regular staff” includes permanent and part-time staff employed immediately prior to any amalgamation and casual staff engaged on a regular and systematic basis, senior staff and temporary staff positions being exempt.

The provisions within the Act, while seeking to ensure the maintenance of staff numbers in rural areas, are not absolute and recognise that this should be achieved ‘as far as is reasonably practicable’. It is therefore possible that, if it is impractical to maintain a particular position in a rural centre, then the transferee may properly decide to not maintain that position. If the overall number of regular staff employed in a rural centre falls below the number applying at the time immediately prior to an amalgamation, the transferee would need to investigate what other regular staff positions could reasonably and practically be transferred to the rural centre workplace.

Should a transition to a new Council proceed, these points should be considered:

- The timeframe over which the transition is to be effected as natural turnover could mitigate the impact upon existing jobs
- Supporting establishment of new local businesses out of the employment teams of the Councils, such as employee buyouts and local authority owned enterprises
- Determining and maintaining minimum staffing levels for employees falling into the definition of “regular staff” in both the rural centres and any potential transferee council
- Developing a policy for “Regular Staff Numbers at Rural Centres”

Considering basing regional services in local areas

Local Government (State) Award 2010

Each Council operates under the Local Government (State) Award 2014 (the Award), which allows for some uniformity in application of employees’ terms and conditions across the Councils. The Award also allows for some flexibility and makes provision for “Council agreements”. These Council agreements can provide an opportunity for

changing work conditions, however, when each condition is considered in isolation to the bigger picture, they can become restrictive. It is our understanding that no Council agreements exist within the Councils. This presents a greater opportunity to commence engagement to develop workplace terms and conditions that are uniquely suited to the new Council or Administration. This could include terms and conditions that are beneficial to the workforce and council such as:

- Salary grading and progression linked to performance and productivity
- Flexibility in hours of work and work place

The Award provides Councils with a mechanism that allows for meaningful dialogue with its employees on work conditions and reward under consultative arrangements and, therefore, a communication and consultation strategy for employee consultation should be developed as part of the program plan.

Industrial relations legislation provides Councils with an opportunity to develop more flexible terms and conditions of employment under workplace change/consultative processes. The benefits are many and include being able to determine those terms and conditions that benefit Council and its employees as well as developing a participative framework for meaningful dialogue on transitional arrangements.

Depots, Staff, Plant and Equipment

With the transition to a new Council comes the opportunity to revisit the traditional structures within outdoor operations as well as the supporting indoor infrastructure. In addition to those elements mentioned earlier, issues that currently exist within operational crews include but are not limited to:

- Plant and equipment available usage versus available employee hours
- Operator absenteeism making the plant idle
- Low plant utilisation on essential plant
- Lack of funding for plant purchase (due to carrying excess or incorrect plant)
- Lack of funding for existing plant usage

Consideration should be given to establishing one regional plant depot and one regional supporting infrastructure (ref: Organisational Structures). Following the establishment of the regional depot, the local depots (or alternative sites) could then become "terminals" where only plant required at that time is stored when not in use. Within the terminals, the types of plant and staff required to operate them would vary, based on the allocation of work in and around that locale at the time. Starting point issues for staff are addressed in the "Industrial Instrument" section of this report.

Essentially, this provides for plant and equipment to be managed to maximise utilisation, although the location of it is localised to where the work to be performed exists.

The Councils currently monitor some usages. However, this is mainly used for assessing replacement scheduling for plant rather than plant utilisation/productivity management. Some work is being undertaken to benchmark usages of plant against Institute of Public Works Engineers (IPWEA) benchmarks, but these benchmarks only identify break even points to assess if an item of plant should be owned or hired. A real benefit would derive from analyses of down time, that is, the time plant spends in the depot, terminals or roadside, rather than the time spent with "blades down," which is the time the plant is actually performing the operation it is required to perform. Technology for managing plant utilisation is constantly evolving and more and more we are able to analyse true productivity data. Centralising the programming of works would allow resources to focus on productivity/utilisation initiatives.

The Establishment Board

In both merger options, there is a significant program of work that realistically will span a number of years. In previous iterations of sector reform where mergers have occurred, one of the challenges is maintaining the focus on the current business while preparing and transitioning to the new future state.

One of the means of mitigating the risk of failing to deliver services to the existing community, or of poor implementation of the program of works required to establish the new Council, is the establishment of an Establishment Board. This device is recognised by the Office of Local Government as it has made available support to establish such Boards.

This Board will oversee the transition from three Shire Councils to the Hilltops Council and the establishment of Area Committees. In the event that the option of merged Administrations is implemented, it will oversee that merger. However, it is worth noting that State Government's Fit for the Future Program provides for funding of Councillors to undertake the establishment role only if there is a full merger of Councils.

The Establishment Board will be for a fixed duration, overseeing the transition of the governance arrangements from 1 July 2015 to the election of the Hilltops Council in September 2016. Once the Hilltops Council has been established, the Mayor and Deputy Mayor of that Council will take their place on the Establishment Board for the duration of the organisational transition, which will take place over three years until 30 June 2018.

While the timeframe is tight, the momentum and focus will be maintained.

It is proposed the Board comprises Mayors, Deputy Mayors and General Managers of the existing three Shire Councils, supported by an Executive Officer, with appropriate dedicated resources and support.

The key role of the Establishment Board will be two-fold:

Governance

- Consult with the Local Government Boundary Adjustment Commission and seek the commencement of the boundary adjustment process*
- Determine to seek a referendum on whether to be a “divided” or “undivided” Council
- Resolve and determine the number and coverage of Area Committees
- Approve the Terms of Reference for the Area Committees
- Approve the Standing Orders and Constitution of the Hilltops Council
- Ensure adequate executive support is identified and provided to the Interim Hilltops Council
- Monitor and give direction to the establishment of the Hilltops Council in accordance with the approved program plan

Management/Organisation

The transition of the organisational arrangements of the three Councils into a single entity will need to take place over a longer timeframe as there are many and complex activities.

While those on the Establishment Board from the Interim Hilltops Council will provide the oversight up until 2016, the members will need to change with the existence of the new Council.

The key role of the Establishment Board in relation to creation of the single entity from the existing Councils will be to:

- Approve the Program Plan and monitor its progress. The plan will comprise such milestones as, but not limited to:
 - Appointment of the General Manager of the Hilltops Council
 - Policy review and triaging to ensure integrated policies are rewritten to be fit for purpose as required
 - Development and implementation of the organisational structure
 - Business systems are reviewed, migrated and integrated
 - Implementation of HR and industrial processes during the transition
 - Development of communications plans, branding and livery
 - Ensuring the ongoing business of delivery to the community is uninterrupted

- Approving the interim commissioning framework and service level agreements with the local delivery teams
- Approving the initial strategic and operating plans

Conclusion

The transition issues are complex. The timeframe within which they are to take place and be completed will have a direct impact upon how they will be implemented and managed.

Changes to the governance structure (Councils) can be coincided with the normal election cycles, while the changes to the Administrative structure and implementation of these will realistically need to take place over a longer time frame. While this report on the transition focuses on the structural changes necessary to the Council and Administration, it is crucial that the people, aspects of any proposed changes are a key priority in any program implementation plan. This would need to cover consideration of impacts upon the community (or communities), staff and Councillors.

9. Appendices

1. Consultancy Briefing – Terms of Reference Hilltops
2. Option 2 Proposed Organisational Structure
3. Option 4 Proposed Organisational Structure
4. Financial reports for status quo
5. Financial reports for merger
6. Financial reports for 3 councils / 1 administration

LKSQUAERO

LKSQUALERO

Consultancy Brief



REQUEST FOR QUOTATION

Consultants – Review of Future Council Governance and Service Delivery Arrangements

The Council's of Boorowa and Young are seeking submissions from suitably capable organisations to undertake a study to identify the most suitable future Governance and Service delivery arrangements for the Hilltops region.

Consultants are invited to provide a submission to be received by 8th April, 2014 with a copy of the submission to be received by both Boorowa and Young Shire Councils

Copies of the Consultancy Brief and relevant information is available on Council's websites:

www.boorowa.nsw.gov.au

www.young.nsw.gov.au

Peter Vlatko
General Manager
Young Shire Council

Anthony McMahon
General Manager
Boorowa Shire Council

CONSULTANCY BRIEFING

The NSW Local Government Minister has recently released the Local Government Independent Review Panel's final report titled "Revitalising Local Government".

Prior to the release of the paper, the Councils of Boorowa and Young had been working collaboratively to secure funding to undertake a study of the Hilltops region to identify the most suitable future Governance and Service delivery arrangements for the region.

The Councils are now in the position where they are seeking submissions from suitably capable organisations to undertake the above mentioned study which is anticipated to provide a roadmap for the future of governance and service delivery across the Hilltops region.

Consultants are invited to provide a submission to be received by 8th April 2014

Submissions are to be emailed to:

anthony.mcmahon@boorowa.nsw.gov.au and peter.vlatko@young.nsw.gov.au

Hard copies are also to be posted to:

*General Manager Boorowa Council
PO Box 96
Boorowa NSW 2586*

and

*General Manager Young Shire Council
Locked Bag 5
Young NSW 2594*

Submissions are expected to provide sufficient information to clearly understand how the consultancy service is to be delivered including resources allocated, deliverables and timeframes; and capacity to deliver.

The submission shall include a financial proposal that details all inclusions and any exclusions that may apply.

Consultants are asked to refer to the attached Hilltops Regional Governance Paper and Terms of Reference for Hilltops Region Review Steering Committee for guidance and details on consultancy services required.

Hilltops Regional Governance Options

Councils within the Hilltops Region of southern NSW have a vision to raise the profile of their region and improve the wellbeing and prosperity of local communities. The strategic vision builds on the successful Hilltops branding, originally developed for marketing and promotion of the region incorporating Boorowa, Harden and Young. It respects and capitalises on the identity of the region's main settlements while recognising the value of adopting a regional approach to ensure the long-term sustainability and growth of the area.

As part of this vision, the councils wish to explore new structural arrangements for local government within the Hilltops Region, to improve strategic capacity, operational efficiencies and service delivery.

The drivers and anticipated community outcomes of this project are depicted below.

Drivers

Preserve local identity

Each community is unique. We want to preserve our local identity and local involvement in decision making, but also recognise that we have a shared future in the Hilltops. We want to create a regional local government structure that works for our situation.

Provide more opportunities

The region needs more jobs and educational opportunities for our young people. We need a stronger voice to lobby for funding and get things done. Joining forces would help us to achieve this

Improve access to services

Our communities would really benefit from a wider range of services and better service delivery. As individual councils we find it difficult to meet these needs. Joining forces could improve the wellbeing of our communities.

Outcomes

Shared prosperity

Our people love living in their own communities, but get the benefit of being part of a wider region. Each community is better off since we started working together.

Sustainable communities

There are more jobs in our region, tourism increases and people want to invest in, and move to, the Hilltops to be part of our special community. We can see a positive future for our region.

A great place to live

People enjoy living in the Hilltops. It's a welcoming and "go ahead" place. The facilities that people need for their lifestyle are here and the local services are well managed and affordable.



The project

The councils of Boorowa and Young are seeking expressions of interest from suitably qualified consultants to develop a report on future governance options for the Hilltops Region.

The report will draw on draft inputs from the councils, as agreed, with the consultants being responsible for compiling and presenting the final analysis.

The report will explore two key themes, as outlined below:

Defining the region

This section will identify the current and future communities of interest, demographic profile and economic relationships of the Hilltops Region

Exploring the opportunities, considering structural options

This section will explore four structural scenarios for councils within the region, having regard to opportunities to improve strategic capacity and operational efficiency

- Scenario One: Maintaining the status quo of the three Hilltops councils
- Scenario Two: The Independent Local Government Review Panel's recommendation for the region - a merger of Boorowa, Harden and Young Shire Councils.
- Scenario Three An option for an alternative Hilltops Regional council structure, incorporating other communities of interest or local government areas as appropriate.
- Scenario Four: Maintain the existing Councils with a different administrative/management structure.

These themes are explained in detail on the following pages.

Deliverables

The project includes the following deliverables:

- A draft options report on Hilltops regional governance, presented for review by participating councils and the Division of Local Government
- A final options report on Hilltops regional governance, following consideration of feedback from the draft review
- Presentation of the report's key findings to a workshop of project stakeholders
- Ongoing advice and review, as required

Key themes of the report

Defining the region

The Hilltops Regional brand was originally developed with a tourism/economic development focus, to promote local wine production activities, agricultural produce and events. The region has traditionally been defined as the three local government areas of Boorowa, Harden and Young. The branding is now gaining a wider application, with plans to develop a regional approach to local governance.

This section of the report will largely be undertaken through desktop analysis and consider the following:

- The demographic and economic profile of the existing “Hilltops region”
- Future demographic trends and economic opportunities
- The region’s existing alignment with state planning, administrative and service delivery boundaries
- Communities outside of the traditional “Hilltops” grouping (Boorowa, Harden & Young) which may have current or future common interests with the region. This assessment will consider access to services, cross-border movements and social/economic links.

Suggested References: <http://www.hilltops.com.au/>, Council websites, CENTROC website, ACT Government website, Department of Planning and Infrastructure website.

It is expected that consultants will undertake a comprehensive review of all reference information available, not limited to the above suggested references.

Exploring the opportunities, considering structural options

This section will draw on information provided by participating councils, as well as publicly available information on council performance within the region. This component of the project will require on-site attendance as well as desktop analysis.

The main focus of this section will be on exploring the different scenarios with an emphasis on determining the most suitable long term outcome for the region.

This section will:

- Explore the “base case” of the three councils (Scenario One), including:
 - Review of existing integrated planning and reporting for the subject LGAs
 - Current financial sustainability ratings
 - Existing service profiles, including, as far as possible, service or skills gaps within the subject councils.
 - Current asset management, including infrastructure backlogs
 - Current and historical trend information from annual reports regarding operating costs and revenues

- Review of historical missed opportunities and learning's
- Identification of barriers to providing higher quality services under current arrangements

The base case will also consider existing regional service arrangements, for example water supply arrangements and shared service contracts relating to the subject councils.

- Conduct an analysis of the potential impacts of the participating councils maintaining the status quo over the longer term (minimum 10 years), including financial sustainability, strategic capacity, asset management and service delivery.
- Conduct a strategic analysis of the potential costs and benefits associated with a merger of the three subject councils (Scenario Two) in terms of increased strategic capacity. This analysis to include:
 - Financial sustainability
 - Strategic planning capacity
 - Opportunities to address skills or service gaps
 - Opportunities for more effective application of existing resources
 - Opportunities for increased or improved service delivery, particularly on a regional basis, including capacity to undertake larger scale or more complex projects. This analysis to specifically focus on opportunities for water management, waste management and land use planning
 - Governance and community engagement, including opportunities to support local democracy and local determination
 - Opportunities for improved state-local co-ordination at the sub-regional level.
- Conduct an analysis of the potential costs and benefits associated with Scenario Two in terms of improved operational efficiencies. This analysis to include:
 - Potential efficiencies in administration, governance, service provision and infrastructure/asset renewal
- Consider the costs associated with amalgamation and establishment of a new entity under Scenario Two, based on available case study information and/or estimates prepared by participating councils
- Consider the revenue implications of structural reform under Scenario Two, including existing liabilities, changes to grant income, property rating/tax levels, variations in fees and charges and development contributions across the three subject councils.

- Complete a financial analysis over a minimum 10 year period of Scenario Two. This analysis will consider the ability to establish a sustainable financial basis, the ability to fund asset renewal gaps and the impact on revenue and levels of property rates.
- Suggest a possible corporate structure and local representation model for the proposed Scenario Two regional entity.
- Identify a potential configuration for Scenario 3 and provide a broad analysis of potential strategic capacity and operational efficiencies that may be achieved through this wider regional governance configuration
- Provide comment on potential governance configurations for Scenario Three that would support local identity concepts, while realising the identified benefits of a regional entity.
- Provide a comparative analysis between Scenario Two and Scenario Four to determine if Scenario Four is a workable model that will achieve desired outcomes.

Indicative References:

- Council annual reports
- TCorp analysis
- Infrastructure audit

Timeframes and milestones

Consultants are required to provide a suggested timeframe and program with their submission, with reference to the project steering group at the following milestones:

- Completion of analysis for the “Defining the Region” section
- Completion of analysis for Scenarios One and Two
- Completion of draft final report for review
- Completion of final report.

Contact details

Mr Peter Vlatko – General Manager Young Shire Council –
peter.vlatko@young.nsw.gov.au – (02) 63801231

Mr Anthony McMahon – General Manager Boorowa Council –
anthony.mcmahon@boorowa.nsw.gov.au – (02) 6380 2000

TERMS OF REFERENCE FOR HILLTOPS REGION REVIEW STEERING COMMITTEE

Background

As a result of sector wide consultation commenced in Dubbo NSW in August 2011, the NSW Government has been undertaking what is considered a comprehensive review of the local government sector within NSW.

The initial consultation was the basis of “Destination 2036” and was attended by representatives from all 152 Councils that currently exist across NSW.

According to the Division of Local Government (DLG) “Destination 2036 is the start of a new way of planning which moves local government in NSW from talking about and reacting to change, to managing change to create a preferred future. In effect, it will begin the strategic plan and delivery program for NSW local government, mirroring key elements of the integrated planning and reporting frameworks which individual councils are implementing.”

As a follow on from the early work of Destination 2036, the NSW government commissioned an Independent Local Government Review Panel to thoroughly investigate all options available for the future of local government.

In April 2013 the Independent Panel released “Future Directions for NSW Local Government – 20 Essential Steps” which provided the first major insight into the thinking of the panel and the potential range of final recommendations to be delivered to the local government Minister.

With the initial report recommending major changes for the Councils of Boorowa, Young and Harden, it became obvious that the Councils could either be proactive in creating their own future or run the risk of being dictated to by the State Government.

This initially entailed the three Councils of Boorowa, Young and Harden working collaboratively to determine what the future of the region known as the Hilltops should be and how this new future would be achieved. Consultation with the NSW Local Government Minister as well as the Chief Executive of the Division of Local Government determined that the Division would be highly supportive of the three Councils in working together to develop a suitable future model for the Hilltops Region. This culminated in the Minister pledging funding on a 50/50 basis for the engagement of a consultant to specifically review the Hilltops Region and potential options for the future.

Subsequent to the offer being made by the Minister for funding support, Harden Council independently made the decision to wait to take any further action until the final report of the Independent Review Panel was made public (released 8 January 2014) and the State Government responded to the recommendations in the report.

Introduction

With Boorowa and Young Councils preparing to engage a Consultant to undertake a review of the Hilltops Region with a view to the future, it is important to clearly define how the process will occur and what the intended outcomes are. As the process involves multiple Councils and communities it is particularly important that an agreed framework is established early on.

This document is intended to be a guidance document and may be subject to review and change at any stage throughout the process as parameters change.

Project Parameters

Objectives

The overarching objective of Councils working collaboratively in shaping the future of the Hilltops Region is to ensure that the community receives the best quality of life possible.

There are a number of sub-objectives of the project which are as follows:

- Strengthen individual communities within a regional context
- Enhanced economic activity across the region
- Increased political strength and recognition with other levels of Government
- Maintain fair, open and accountable local democracy
- Maintain and strengthen local employment
- Securing the best value for money services for the community whilst acknowledging social and environmental implications.
- Strong place management where distinct communities have the ability to influence the identity of their place.
- Maintain the individuality and uniqueness of the communities that make up the Hilltops Region.

Outcomes

Specific outcomes of the project are as follows:

- Clear understanding of the definition and constituents of the Hilltops Region
- Identify areas of commonality across the region to identify obvious areas for cost saving
- Identify and consider strengths and weaknesses of current representation models, governance arrangements and service delivery mechanisms
- Identify and assess alternative representation models, governance arrangements and service delivery mechanisms
- Identify the most desirable future representation models, governance arrangements and service delivery mechanisms and develop a road map for how this best possible future can be achieved
- A clear and shared understanding of the desired future of the region with majority support from the community

Scope

The project is going to require a broad range of resources and a diverse range of stakeholders made up from a variety of communities.

The scope of the project will initially involve the following key aspects:

- Engage with Councils within and surrounding the Hilltops region to allow for early participation
- Development of a stakeholder communications plan
- Engaging a consultant to independently and objectively review the region, the Councils that make up the region and the way services are provided to the communities of the region.
- Identifying the most suitable model going forward that will provide the most cost effective, highest quality and democratically fair service to the community.
- Develop a transition plan that clearly identifies the steps associated with moving from where we are now towards the ideal future

Governance Framework

Participants

At commencement of the project participating Councils are Boorowa Council and Young Shire Council. It is acknowledged that participant Councils are likely to change as the process progresses.

The steering committee consists of the Mayor and General Manager of each participating Council.

Invited representatives of the Division of Local Government may attend as observers, to provide information and advice, as required and receive updates on project milestones.

Delegations

The steering committee has not been given any initial delegations and will act as an information and advice conduit between consultants and participating Councils.

Role of the Steering Committee

The role of the committee and its members is to undertake research, consultation and communications in relation to the progress of the project. The committee will meet as needed and provide regular updates to participant Councils. The committee will provide guidance and input into consultant work that will form the basis of draft reports to be presented to each participating Council for consideration.

Overarching Principles Critical for Success

At the outset of the project the following principles are considered as critical to moving towards a successful future:

- The project's main aim is to ensure that all Hilltops communities ultimately benefit from the proposal.

- The community will have opportunities to be engaged in the process and contribute to the final model
- The community will receive clear and consistent information from committee members regarding the process
- Local identity will be respected and enhanced
- Each participating Council agrees to remain focused on the long term benefits for their community and the wider region
- All options are to be considered objectively within the context of what is best for our long term future
- No future model shall be adopted unless endorsed by each participating Council.

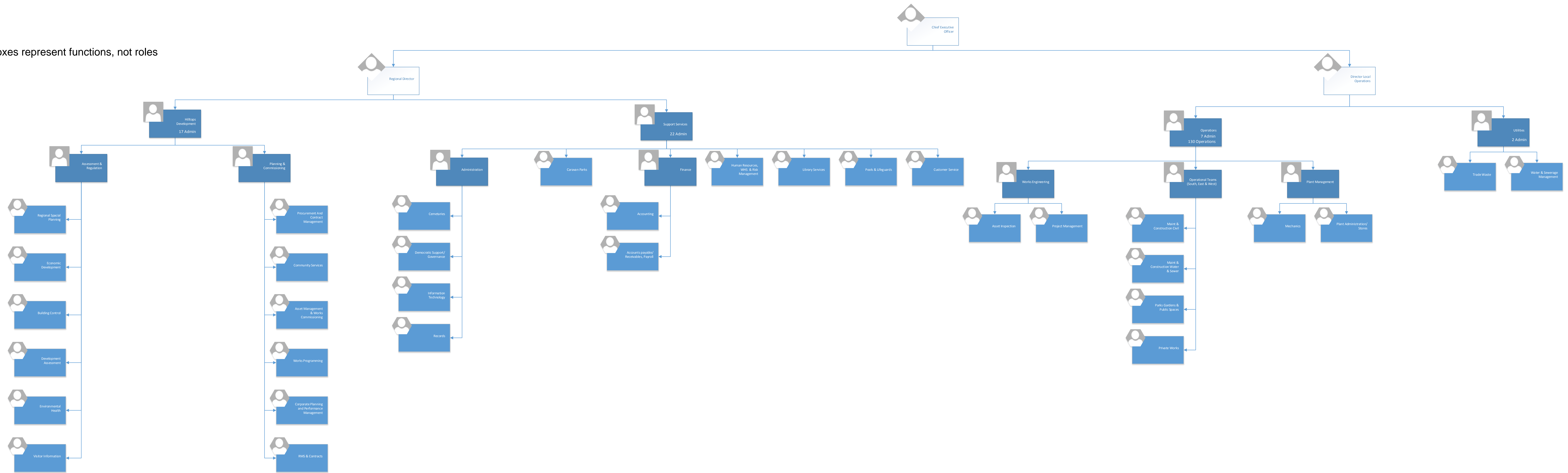
Project Management

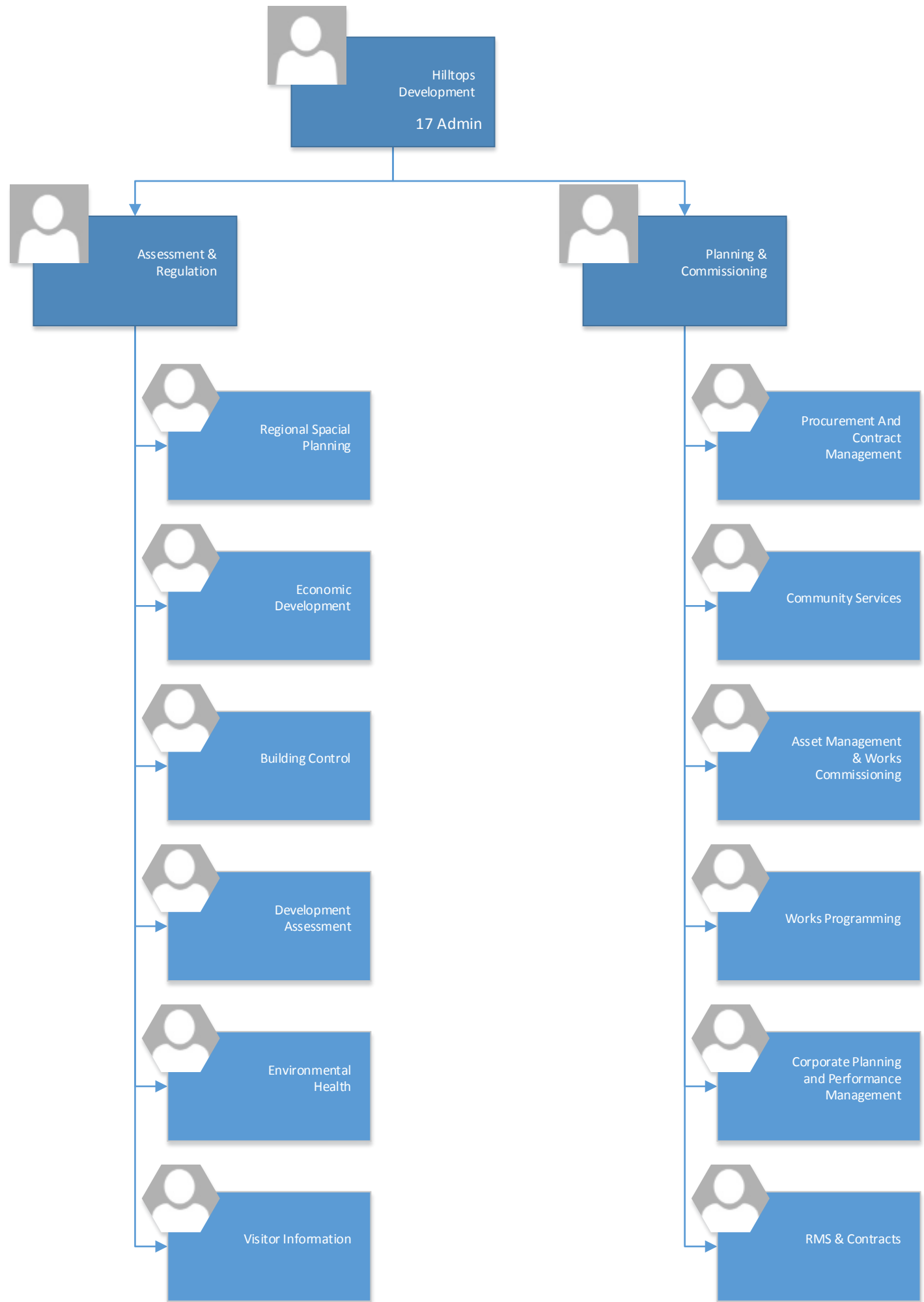
The project will be managed on a joint basis by the General Managers of the participating Councils. It will be the responsibility of the General Managers to coordinate meetings and ensure that all correspondence relating to the project is distributed to all steering committee members.

LKSQUALERO

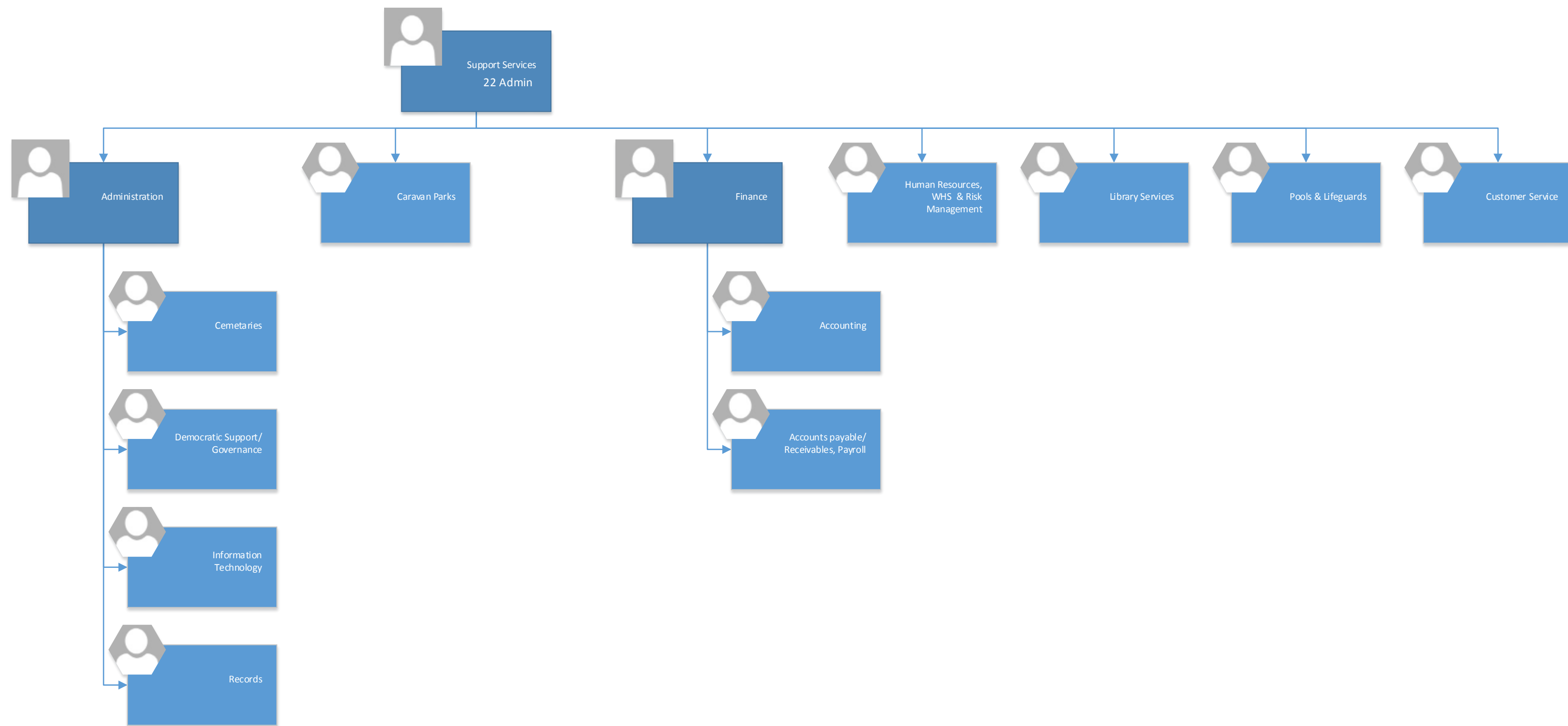
Option 2 Proposed Structure

Note: These boxes represent functions, not roles

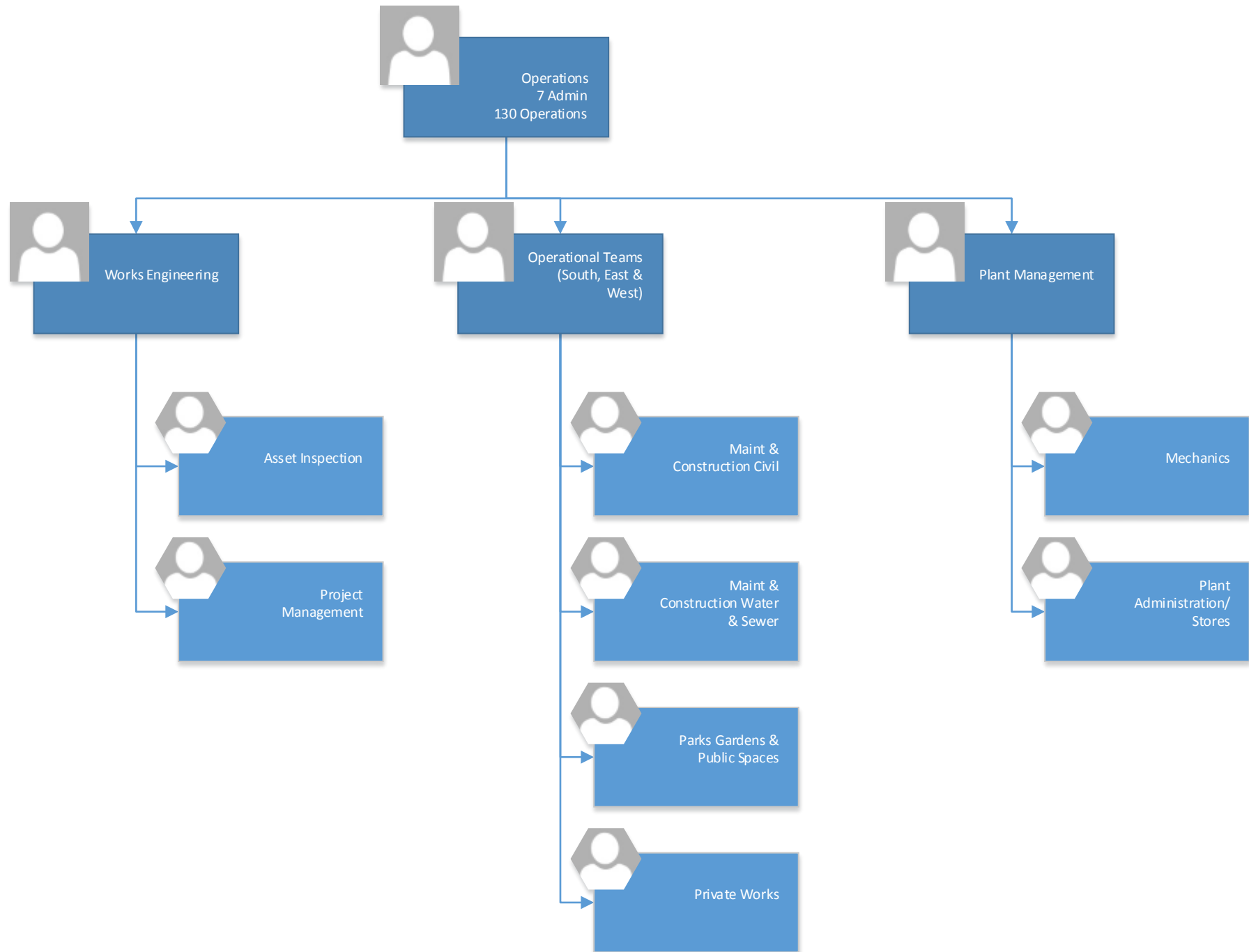




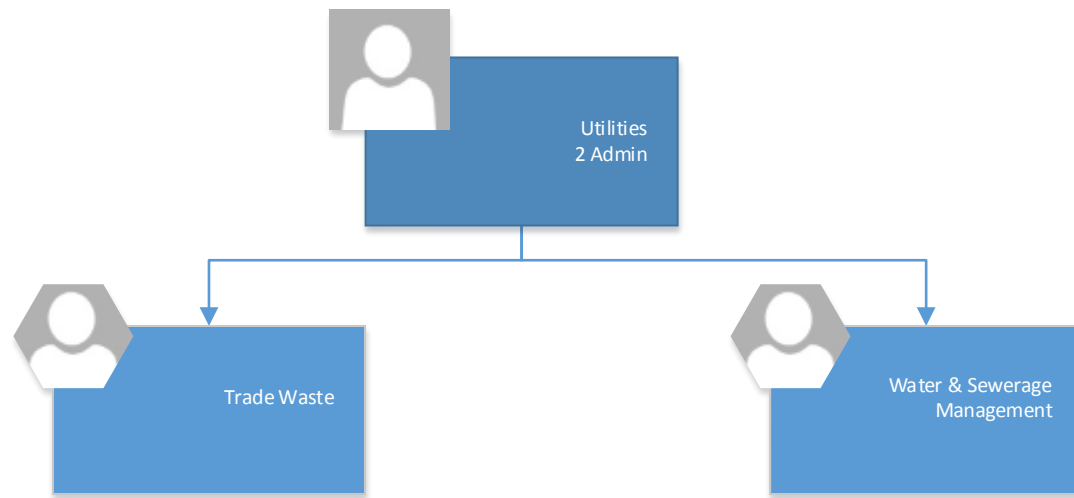
Note: These boxes represent functions, not roles



Note: These boxes represent functions, not roles



Note: these boxes represent functions, not roles

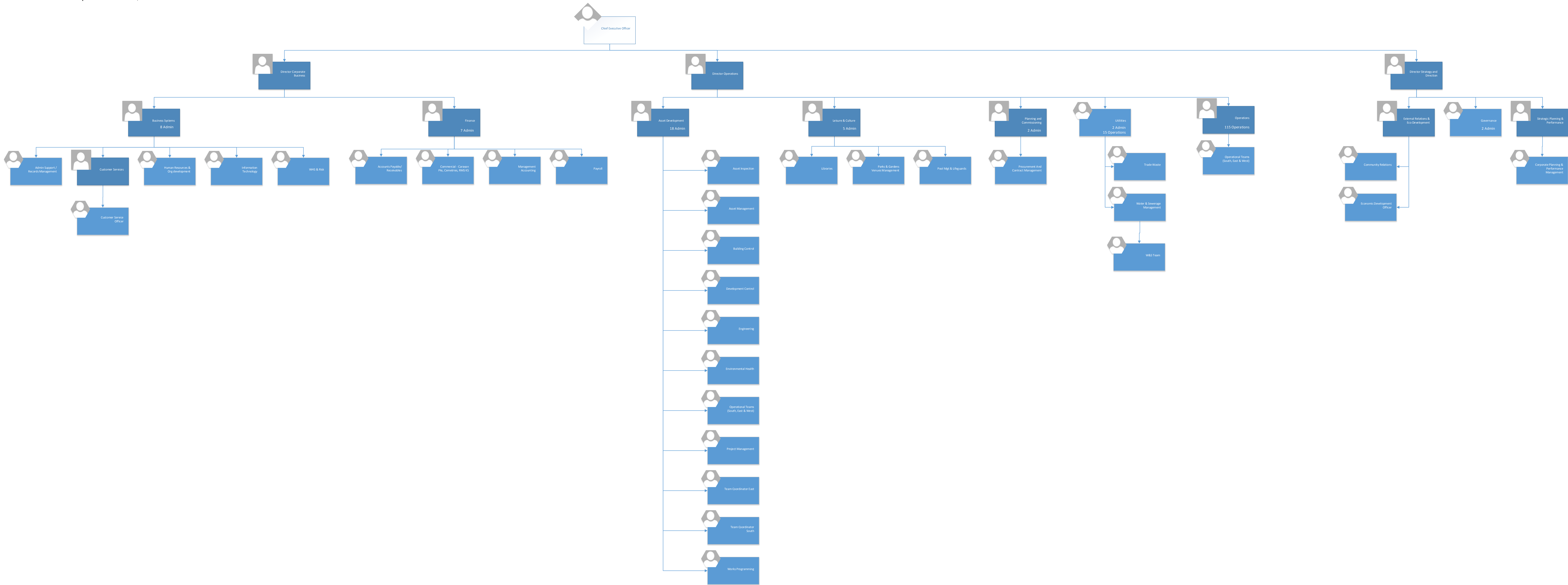


Note: These boxes represent functions, not roles

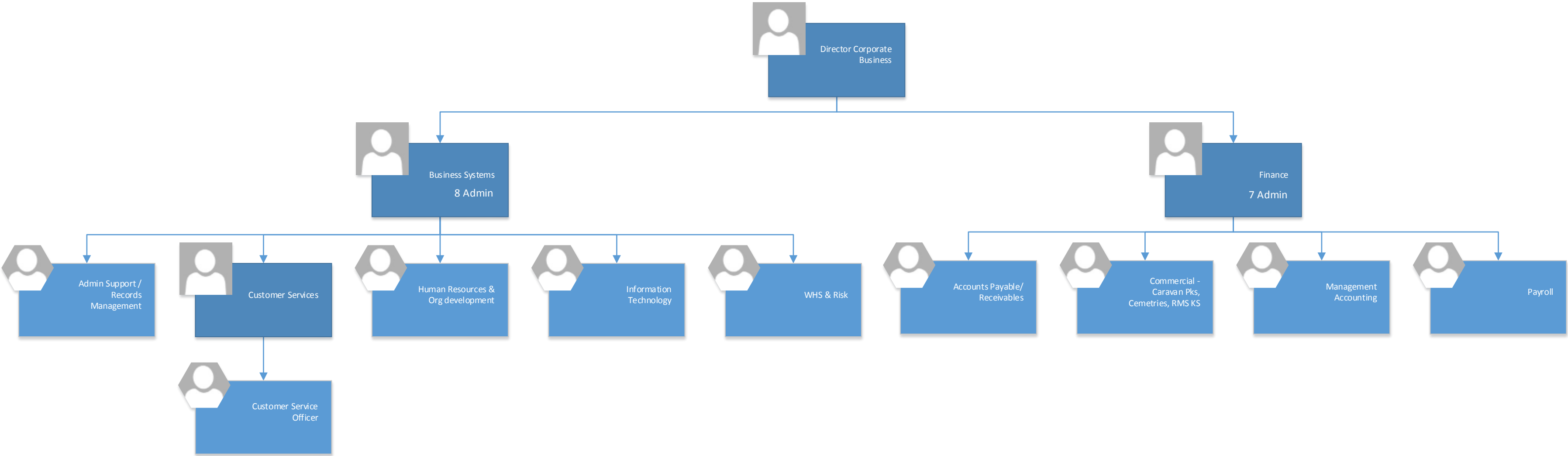
LKSQUALERO

Option 4 Proposed Structure

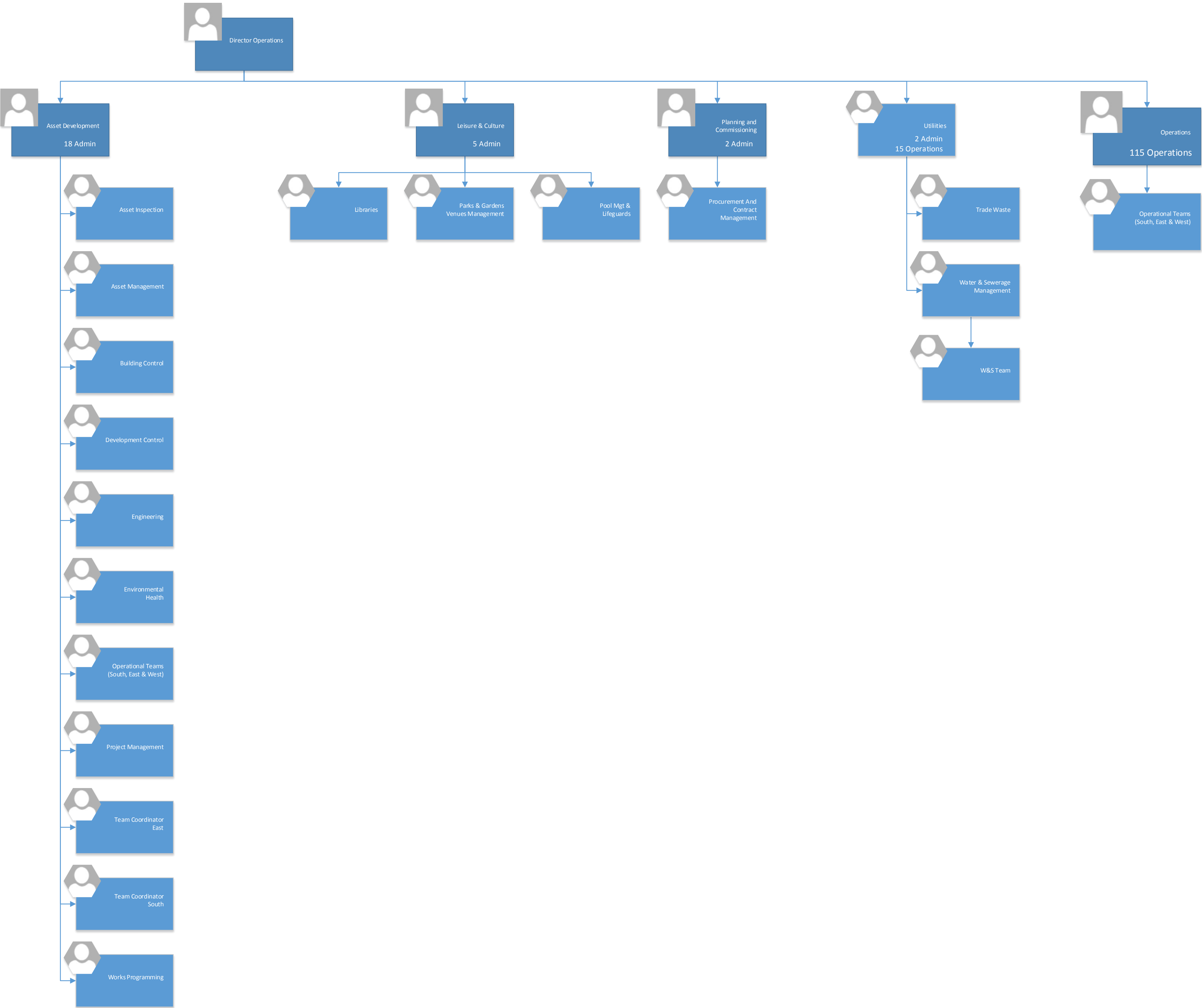
Note: These boxes represent functions, not roles

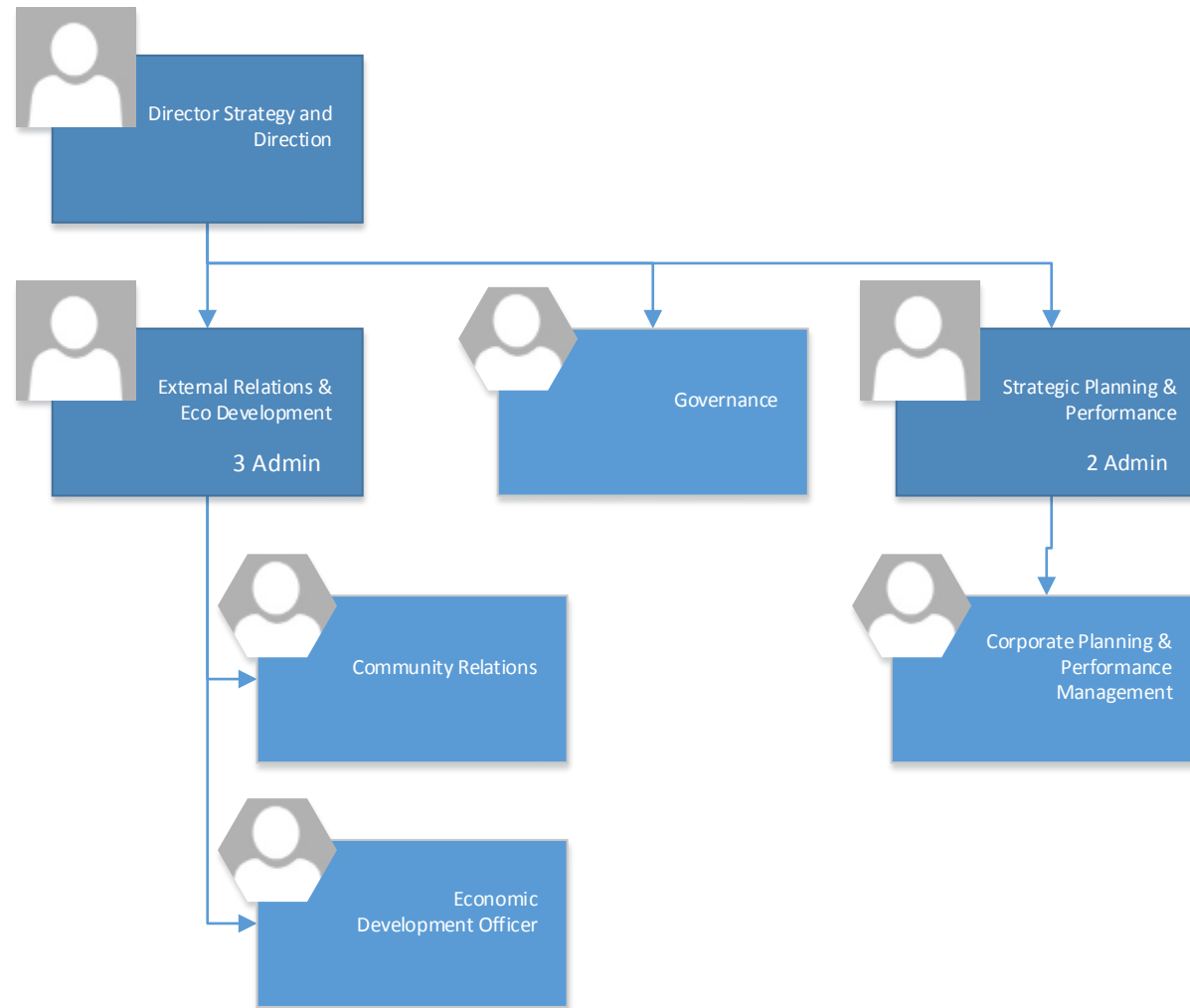


Note: these boxes represent functions, not roles



Note: these boxes represent functions, not roles





Note: These boxes represent functions, not roles

LKSQUALERO

Finance Reports – Status Quo

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement										
Income from continuing operations										
Rates and annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges and fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Interest and investment revenue	1,096	1,090	1,035	1,155	1,185	1,212	1,249	1,330	1,421	1,520
Other revenues	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	14,240	14,205	14,170	14,134	14,099	14,065	14,030	13,995	13,960	13,926
Grants and contributions provided for capital purposes	4,822	3,558	4,058	7,058	4,058	4,058	4,058	4,058	4,058	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	52,463	51,161	51,575	54,645	51,609	51,526	51,514	51,544	51,586	51,135
Expenses from continuing operations										
Employee benefits and on-costs	16,815	16,969	17,125	17,283	17,442	17,603	17,766	17,930	18,096	18,263
Borrowing costs	1,407	1,231	1,100	990	910	831	872	981	1,127	1,315
Materials and contracts	15,203	15,180	15,233	15,285	15,338	15,391	15,445	15,499	15,553	15,607
Depreciation and amortisation	11,607	12,471	12,493	12,551	12,663	12,729	13,079	13,145	13,212	13,330
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(17)	(47)	(45)	(9)	(151)	(139)	(176)	(66)	(92)	(125)
Total Expenses	49,379	50,169	50,271	50,465	50,566	50,779	51,349	51,853	52,259	52,754
Net Operating Result	3,084	992	1,305	4,180	1,043	747	165	(309)	(673)	(1,620)
Net operating result before grants and contributions provided for capital purposes	(1,738)	(2,566)	(2,753)	(2,878)	(3,015)	(3,311)	(3,893)	(4,367)	(4,731)	(5,178)
Statement of Comprehensive Income										
Net Operating Result for the Year	(1,738)	(2,566)	(2,753)	(2,878)	(3,015)	(3,311)	(3,893)	(4,367)	(4,731)	(5,178)
Other Comprehensive Income:										
Amounts which will not be reclassified subsequently to the Operating Result										
Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified to the Operating Result										
	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	(1,738)	(2,566)	(2,753)	(2,878)	(3,015)	(3,311)	(3,893)	(4,367)	(4,731)	(5,178)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement										
Income from continuing operations										
Rates and annual charges	17,986	17,964	17,942	17,920	17,898	17,876	17,854	17,832	17,810	17,789
User charges and fees	11,437	11,445	11,452	11,460	11,467	11,475	11,482	11,490	11,497	11,505
Interest and investment revenue	1,619	1,730	1,829	1,914	1,986	2,080	2,165	2,290	2,410	2,540
Other revenues	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	13,891	13,857	13,823	13,789	13,754	13,720	13,686	13,653	13,619	13,585
Grants and contributions provided for capital purposes	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	51,185	51,247	51,297	51,332	51,356	51,402	51,439	51,516	51,588	51,670
Expenses from continuing operations										
Employee benefits and on-costs	18,432	18,603	18,775	18,950	19,126	19,303	19,483	19,664	19,847	20,032
Borrowing costs	1,408	1,560	1,750	1,943	2,153	2,406	2,666	2,960	3,298	3,667
Materials and contracts	15,661	15,716	15,771	15,826	15,882	15,938	15,994	16,051	16,107	16,164
Depreciation and amortisation	13,347	13,693	13,714	13,736	13,834	13,857	13,881	14,347	14,890	14,917
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(120)	(116)	(104)	(111)	(115)	(113)	(112)	(111)	(112)	(113)
Total Expenses	53,093	53,820	54,271	54,708	55,244	55,756	56,277	57,275	58,394	59,032
Net Operating Result	(1,908)	(2,573)	(2,975)	(3,375)	(3,887)	(4,354)	(4,839)	(5,759)	(6,806)	(7,362)
Net operating result before grants and contributions provided for capital purposes	(5,466)	(6,131)	(6,533)	(6,933)	(7,445)	(7,912)	(8,397)	(9,317)	(10,364)	(10,920)
Statement of Comprehensive Income										
Net Operating Result for the Year	(5,466)	(6,131)	(6,533)	(6,933)	(7,445)	(7,912)	(8,397)	(9,317)	(10,364)	(10,920)
Other Comprehensive Income:										
Amounts which will not be reclassified subsequently to the Operating Result										
Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified to the Operating Result										
	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	(5,466)	(6,131)	(6,533)	(6,933)	(7,445)	(7,912)	(8,397)	(9,317)	(10,364)	(10,920)

Balance Sheet

Assets

Current Assets

Cash and cash equivalents

Investments

Receivables

Inventories

Other

Total Current Assets

Non-Current Assets

Investments

Receivables

Infrastructure, property, plant and equipment

Total Non-Current Assets

Total Assets

Liabilities

Current Liabilities

Payables

Borrowings

Provisions

Total Current Liabilities

Non-Current Liabilities

Borrowings

Provisions

Total Non-Current Liabilities

Total Liabilities

Net Assets

Equity

Retained earnings

Revaluation reserves

Council equity interest

Total Equity

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	36,337	35,974	33,931	37,755	38,539	39,186	39,609	39,393	39,056	38,972
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	42,005	41,642	39,599	43,423	44,207	44,854	45,277	45,061	44,724	44,640
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	489,746	489,157	490,479	489,417	488,201	486,819	485,240	483,926	482,307	479,490
Total Non-Current Assets	489,746	489,157	490,479	489,417	488,201	486,819	485,240	483,926	482,307	479,490
Total Assets	531,751	530,799	530,079	532,840	532,408	531,673	530,517	528,987	527,031	524,131
Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,963	2,026	1,418	1,476	1,482	1,320	1,222	1,283	1,281	1,078
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	8,357	8,420	7,812	7,870	7,876	7,714	7,616	7,677	7,675	7,472
Borrowings	21,989	19,983	18,565	17,089	15,607	14,287	13,065	11,782	10,502	9,424
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	25,772	23,766	22,348	20,872	19,390	18,070	16,848	15,565	14,285	13,207
Total Liabilities	34,129	32,185	30,160	28,742	27,266	25,784	24,464	23,242	21,959	20,679
Net Assets	497,622	498,614	499,919	504,099	505,142	505,889	506,054	505,745	505,072	503,452
Retained earnings	321,351	322,343	323,648	327,828	328,871	329,618	329,783	329,474	328,801	327,181
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	497,623	498,615	499,920	504,100	505,143	505,890	506,055	505,746	505,073	503,453
	1	1	1	1	1	1	1	1	1	1

Balance Sheet

Assets

Current Assets

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	38,703	38,963	38,442	37,075	34,919	33,031	30,407	28,642	26,179	23,563
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	44,371	44,631	44,110	42,743	40,587	38,699	36,075	34,310	31,847	29,231

Non-Current Assets

Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	476,774	472,890	469,416	466,436	463,687	460,154	456,823	451,997	446,983	441,531
Total Non-Current Assets	476,774	472,890	469,416	466,436	463,687	460,154	456,823	451,997	446,983	441,531

Total Assets

521,145 517,521 513,526 509,179 504,274 498,853 492,897 486,307 478,830 470,762

Liabilities

Current Liabilities

Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,050	1,020	972	1,018	1,066	1,117	831	670	707	22
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	7,444	7,414	7,366	7,412	7,460	7,511	7,225	7,064	7,101	6,416

Non-Current Liabilities

Borrowings	8,373	7,353	6,381	5,364	4,297	3,180	2,348	1,678	971	949
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	12,156	11,136	10,164	9,147	8,080	6,963	6,131	5,461	4,754	4,732

Total Liabilities

19,601 18,550 17,530 16,558 15,541 14,474 13,357 12,525 11,855 11,148

Net Assets

501,544 498,971 495,996 492,621 488,733 484,379 479,541 473,781 466,975 459,613

Equity

Retained earnings	325,273	322,700	319,725	316,350	312,462	308,108	303,270	297,510	290,704	283,342
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-

Total Equity

501,545 498,972 495,997 492,622 488,734 484,380 479,542 473,782 466,976 459,614

1 1 1 1 1 1 1 1 1 1 1

Statement of Changes in Equity

Retained Earnings

Balance at end of previous period	318,267	321,351	322,343	323,648	327,828	328,871	329,618	329,783	329,474	328,801
Net Result for the year	3,084	992	1,305	4,180	1,043	747	165	(309)	(673)	(1,620)
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	321,351	322,343	323,648	327,828	328,871	329,618	329,783	329,474	328,801	327,181

Revaluation Reserves

[illegible]

Council Equity Interest

Balance at end of previous period	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-	-	-	-

Total Equity at end of reporting period

All Funds									
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
318,267	321,351	322,343	323,648	327,828	328,871	329,618	329,783	329,474	328,801
3,084	992	1,305	4,180	1,043	747	165	(309)	(673)	(1,620)
-	-	-	-	-	-	-	-	-	-
321,351	322,343	323,648	327,828	328,871	329,618	329,783	329,474	328,801	327,181
176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
497,623	498,615	499,920	504,100	505,143	505,890	506,055	505,746	505,073	503,453

Statement of Changes in Equity

Retained Earnings

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	327,181	325,273	322,700	319,725	316,350	312,462	308,108	303,270	297,510	290,704
Net Result for the year	(1,908)	(2,573)	(2,975)	(3,375)	(3,887)	(4,354)	(4,839)	(5,759)	(6,806)	(7,362)
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	<u>325,273</u>	<u>322,700</u>	<u>319,725</u>	<u>316,350</u>	<u>312,462</u>	<u>308,108</u>	<u>303,270</u>	<u>297,510</u>	<u>290,704</u>	<u>283,342</u>

Revaluation Reserves

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>	<u>176,272</u>

Council Equity Interest

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	-	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total Equity at end of reporting period

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<u>501,545</u>	<u>498,972</u>	<u>495,997</u>	<u>492,622</u>	<u>488,734</u>	<u>484,380</u>	<u>479,542</u>	<u>473,782</u>	<u>466,976</u>	<u>459,614</u>

Cash-Flow Statement

Cash flows from operating activities

Receipts:

Rates & annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges & fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Investment & interest revenue received	1,096	1,090	1,035	1,155	1,185	1,212	1,249	1,330	1,421	1,520
Grants & contributions	19,062	17,763	18,228	21,192	18,157	18,123	18,088	18,053	18,018	17,484
Other receipts	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693

Payments:

Employee benefits & on-costs	(16,815)	(16,969)	(17,125)	(17,283)	(17,442)	(17,603)	(17,766)	(17,930)	(18,096)	(18,263)
Borrowing cost payments	(1,407)	(1,231)	(1,100)	(990)	(910)	(831)	(872)	(981)	(1,127)	(1,315)
Materials & contracts	(15,203)	(15,180)	(15,233)	(15,285)	(15,338)	(15,391)	(15,445)	(15,499)	(15,553)	(15,607)
Other payments	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)

Net cash provided (or used in) operating activities

14,674	13,416	13,753	16,722	13,554	13,337	13,067	12,771	12,447	11,586
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Cash flows from investing activities

Receipts:

Sale of investments										
Sale of infrastructure, property, plant and equipment	1,073	951	826	991	1,383	1,224	840	732	874	1,264
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-

Payments:

Purchase of investments	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment - renewal	(6,933)	(9,498)	(9,388)	(10,263)	(10,112)	(10,303)	(9,555)	(9,534)	(9,871)	(9,404)
Purchase of property, plant and equipment - new	(5,825)	(3,288)	(5,208)	(2,208)	(2,565)	(2,129)	(2,608)	(2,963)	(2,504)	(2,248)
Impairment reversal	-	-	-	-	-	-	-	-	-	-

Net cash provided (or used in) investing activities

(11,686)	(11,835)	(13,770)	(11,481)	(11,294)	(11,208)	(11,323)	(11,765)	(11,501)	(10,389)
----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

Cash flows from financing activities

Receipts:

New loans	1,200	-	-	-	-	-	-	-	-	-
-----------	-------	---	---	---	---	---	---	---	---	---

Payments:

Repayment of borrowings and advances	(1,884)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)
--------------------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Net cash provided (or used in) investing activities

(684)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)
-------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Net increase / (decrease) in cash

2,305	(363)	(2,043)	3,824	784	646	424	(216)	(337)	(84)
34,032	36,337	35,974	33,931	37,755	38,539	39,186	39,609	39,393	39,056
36,337	35,974	33,931	37,755	38,539	39,186	39,609	39,393	39,056	38,972

Cash-Flow Statement

Cash flows from operating activities

Receipts:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rates & annual charges	17,986	17,964	17,942	17,920	17,898	17,876	17,854	17,832	17,810	17,789
User charges & fees	11,437	11,445	11,452	11,460	11,467	11,475	11,482	11,490	11,497	11,505
Investment & interest revenue received	1,619	1,730	1,829	1,914	1,986	2,080	2,165	2,290	2,410	2,540
Grants & contributions	17,449	17,415	17,381	17,347	17,312	17,278	17,244	17,211	17,177	17,143
Other receipts	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693

Payments:

Employee benefits & on-costs	(18,432)	(18,603)	(18,775)	(18,950)	(19,126)	(19,303)	(19,483)	(19,664)	(19,847)	(20,032)
Borrowing cost payments	(1,408)	(1,560)	(1,750)	(1,943)	(2,153)	(2,406)	(2,666)	(2,960)	(3,298)	(3,667)
Materials & contracts	(15,661)	(15,716)	(15,771)	(15,826)	(15,882)	(15,938)	(15,994)	(16,051)	(16,107)	(16,164)
Other payments	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)

Net cash provided (or used in) operating activities

	11,320	11,004	10,636	10,249	9,831	9,390	8,931	8,477	7,971	7,443
--	--------	--------	--------	--------	-------	-------	-------	-------	-------	-------

Cash flows from investing activities

Receipts:

Sale of investments										
Sale of infrastructure, property, plant and equipment	1,080	789	757	1,465	1,438	1,172	1,172	640	640	634
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-
Payments:	-	-	-	-	-	-	-	-	-	-
Purchase of investments	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment - renewal	(9,144)	(8,285)	(8,440)	(9,876)	(9,919)	(9,149)	(9,129)	(7,816)	(7,901)	(7,752)
Purchase of property, plant and equipment - new	(2,448)	(2,197)	(2,454)	(2,234)	(2,489)	(2,234)	(2,482)	(2,234)	(2,503)	(2,234)
Impairment reversal	-	-	-	-	-	-	-	-	-	-

Net cash provided (or used in) investing activities

	(10,512)	(9,693)	(10,137)	(10,645)	(10,970)	(10,211)	(10,439)	(9,410)	(9,764)	(9,352)
--	----------	---------	----------	----------	----------	----------	----------	---------	---------	---------

Cash flows from financing activities

Receipts:

New loans	-	-	-	-	-	-	-	-	-	-
-----------	---	---	---	---	---	---	---	---	---	---

Payments:

Repayment of borrowings and advances	(1,078)	(1,050)	(1,020)	(972)	(1,018)	(1,066)	(1,117)	(831)	(670)	(707)
--------------------------------------	---------	---------	---------	-------	---------	---------	---------	-------	-------	-------

Net cash provided (or used in) investing activities

	(1,078)	(1,050)	(1,020)	(972)	(1,018)	(1,066)	(1,117)	(831)	(670)	(707)
--	---------	---------	---------	-------	---------	---------	---------	-------	-------	-------

Net increase / (decrease) in cash

	(270)	261	(521)	(1,367)	(2,156)	(1,887)	(2,625)	(1,765)	(2,463)	(2,616)
Cash at the beginning of the year	38,972	38,703	38,963	38,442	37,075	34,919	33,031	30,407	28,642	26,179
Cash at the end of the year	38,703	38,963	38,442	37,075	34,919	33,031	30,407	28,642	26,179	23,563

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key Performance Indicators										
Debt Servicing Ratio - %	-46%	-46%	-47%	-47%	-47%	-47%	-47%	-47%	-47%	-47%
Debt Service cost										
Revenue from continuing operations excluding capital items and specific purpose grants / contributions										
Rate Coverage Ratio - %	38%	38%	38%	38%	37%	37%	37%	37%	37%	37%
Rates and Annual Charges										
Revenue from continuing operations										
Building and Infrastructure Renewals Ratio - %	-69%	-61%	-62%	-72%	-72%	-66%	-66%	-54%	-53%	-52%
Asset renewals (buildings and infrastructure)										
Depreciation, amortisation and impairment (building and infrastructure)										
Operating Surplus Ratio - %	-11%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-22%	-23%
Net operating result before grants and contributions provided for capital purposes										
Total Income										
Own Source Income Ratio - %	66%	66%	66%	66%	66%	66%	66%	67%	67%	67%
Total operating income less grant income										
Total operating income										
MAV Sustainability Framework										
Underlying Result %	-10.7%	-12.0%	-12.7%	-13.5%	-14.5%	-15.4%	-16.3%	-18.1%	-20.1%	-21.1%
Adjusted Net Surplus										
Underlying Revenue										
Liquidity Ratio	6.0	6.0	6.0	5.8	5.4	5.2	5.0	4.9	4.5	4.6
Current Assets										
Current Liabilities										
Indebtedness (%)	36.0%	32.9%	30.0%	26.9%	23.7%	20.4%	17.9%	15.9%	13.8%	13.7%
Non-current liabilities										
Own source revenue										
Self-financing (%)	22.1%	21.5%	20.7%	20.0%	19.1%	18.3%	17.4%	16.5%	15.5%	14.4%
Net operating cash flows										
Underlying revenue										
Capital replacement	69%	61%	62%	72%	72%	66%	66%	54%	53%	52%
Capital expenditure										
Depreciation										
Renewal Gap	69%	61%	62%	72%	72%	66%	66%	54%	53%	52%
Renewal expenditure										
Depreciation										
Financial Sustainability Risk Assessment	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk

All Funds

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Fit for the Future Criteria

Sustainability

Operating Performance Ratio

-3.6%	-5.4%	-5.8%	-6.0%	-6.3%	-7.0%	-8.2%	-9.2%	-10.0%	-10.9%
✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

Own Source Revenue Ratio

64%	65%	65%	61%	65%	65%	65%	65%	65%	66%
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Building and Infrastructure Asset Renewal Ratio

60%	76%	75%	82%	80%	81%	73%	73%	75%	71%
100% ✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

Effective Infrastructure & Service Management

Infrastructure Backlog Ratio

5%	6%	7%	7%	8%	8%	9%	10%	10%	11%
2% ✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

Asset Maintenance Ratio

100%

Debt Service Ratio

6.9%	6.7%	6.6%	5.1%	5.0%	4.9%	4.6%	4.6%	5.1%	5.5%
20% ✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Efficiency

Real Operating Expenditure per capita

\$ 2.57	\$ 2.61	\$ 2.61	\$ 2.62	\$ 2.63	\$ 2.64	\$ 2.67	\$ 2.70	\$ 2.72	\$ 2.74
0 ✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fit for the Future Criteria										
Sustainability										
Operating Performance Ratio	-11.5%	-12.9%	-13.7%	-14.5%	-15.6%	-16.5%	-17.5%	-19.4%	-21.6%	-22.7%
	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Own Source Revenue Ratio	66%	66%	66%	66%	66%	66%	66%	67%	67%	67%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	69%	61%	62%	72%	72%	66%	66%	54%	53%	52%
100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Effective Infrastructure & Service Management										
Infrastructure Backlog Ratio	12%	13%	15%	16%	16%	18%	19%	20%	22%	24%
2%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio										
100%										
Debt Service Ratio	5.2%	5.5%	5.8%	6.1%	6.6%	7.3%	7.9%	7.9%	8.3%	9.1%
20%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficiency										
Real Operating Expenditure per capita	\$ 2.76	\$ 2.80	\$ 2.82	\$ 2.85	\$ 2.87	\$ 2.90	\$ 2.93	\$ 2.98	\$ 3.04	\$ 3.07
0	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

LKSQUAERO

Finance Reports – Merger

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement										
Income from continuing operations										
Rates and annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges and fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Interest and investment revenue	1,090	1,419	1,419	1,669	1,863	2,069	2,274	2,470	2,671	2,891
Other revenues	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	14,240	25,705	14,170	14,134	14,099	14,065	14,030	13,995	13,960	13,926
Grants and contributions provided for capital purposes	4,822	3,558	4,058	7,058	4,058	4,058	4,058	4,058	4,058	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	52,458	62,989	51,960	55,159	52,288	52,383	52,539	52,684	52,836	52,506
Expenses from continuing operations										
Employee benefits and on-costs	16,815	16,618	15,432	13,908	13,075	12,971	13,119	13,283	13,449	13,616
Borrowing costs	1,407	1,231	1,100	990	910	831	751	689	627	625
Materials and contracts	15,207	16,011	15,170	14,516	14,569	14,547	14,676	14,730	14,784	14,763
Depreciation and amortisation	11,607	12,471	12,493	12,451	12,563	12,629	12,979	13,045	13,112	13,230
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(17)	(47)	(45)	(9)	(151)	(139)	(176)	(66)	(92)	(125)
Total Expenses	49,383	50,648	48,514	46,221	45,330	45,203	45,712	46,045	46,243	46,473
Net Operating Result	3,075	12,341	3,445	8,938	6,958	7,180	6,827	6,639	6,593	6,033
Net operating result before grants and contributions provided for capital purposes	(1,747)	8,783	(613)	1,880	2,900	3,122	2,769	2,581	2,535	2,475
Statement of Comprehensive Income										
Net Operating Result for the Year	(1,747)	8,783	(613)	1,880	2,900	3,122	2,769	2,581	2,535	2,475
Other Comprehensive Income:										
Amounts which will not be reclassified subsequently to the Operating Result										
Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified to the Operating Result										
-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	(1,747)	8,783	(613)	1,880	2,900	3,122	2,769	2,581	2,535	2,475

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement										
Income from continuing operations										
Rates and annual charges	17,986	17,964	17,942	17,920	17,898	17,876	17,854	17,832	17,810	17,789
User charges and fees	11,437	11,445	11,452	11,460	11,467	11,475	11,482	11,490	11,497	11,505
Interest and investment revenue	3,114	3,362	3,597	3,821	4,030	4,259	4,479	4,740	4,993	5,257
Other revenues	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	13,891	13,857	13,823	13,789	13,754	13,720	13,686	13,653	13,619	13,585
Grants and contributions provided for capital purposes	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	52,679	52,878	53,065	53,240	53,400	53,581	53,753	53,966	54,171	54,387
Expenses from continuing operations										
Employee benefits and on-costs	13,785	13,956	14,128	14,303	14,479	14,656	14,836	15,017	15,200	15,385
Borrowing costs	509	460	408	363	318	271	222	174	140	105
Materials and contracts	14,892	14,947	15,002	14,982	15,113	15,169	15,225	15,207	15,338	15,395
Depreciation and amortisation	13,247	13,593	13,614	13,636	13,734	13,757	13,781	14,247	14,790	14,817
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(120)	(116)	(104)	(111)	(115)	(113)	(112)	(111)	(112)	(113)
Total Expenses	46,678	47,204	47,413	47,537	47,893	48,105	48,317	48,898	49,720	49,954
Net Operating Result	6,002	5,674	5,652	5,703	5,507	5,476	5,435	5,068	4,451	4,433
Net operating result before grants and contributions provided for capital purposes	2,444	2,116	2,094	2,145	1,949	1,918	1,877	1,510	893	875
Statement of Comprehensive Income										
Net Operating Result for the Year	2,444	2,116	2,094	2,145	1,949	1,918	1,877	1,510	893	875
Other Comprehensive Income:										
Amounts which will not be reclassified subsequently to the Operating Result										
Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified to the Operating Result										
	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	2,444	2,116	2,094	2,145	1,949	1,918	1,877	1,510	893	875

Balance Sheet

Assets

Current Assets

Cash and cash equivalents

Investments

Receivables

Inventories

Other

Total Current Assets

Non-Current Assets

Investments

Receivables

Infrastructure, property, plant and equipment

Total Non-Current Assets

Total Assets

Liabilities

Current Liabilities

Payables

Borrowings

Provisions

Total Current Liabilities

Non-Current Liabilities

Borrowings

Provisions

Total Non-Current Liabilities

Total Liabilities

Net Assets

Equity

Retained earnings

Revaluation reserves

Council equity interest

Total Equity

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
Cash and cash equivalents	36,327	47,313	47,411	55,893	62,492	69,471	76,457	83,088	89,917	97,386
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	41,995	52,981	53,079	61,561	68,160	75,139	82,125	88,756	95,585	103,054
Non-Current Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	489,746	489,157	490,479	489,517	488,401	487,119	485,640	484,426	482,907	480,190
Total Non-Current Assets	489,746	489,157	490,479	489,517	488,401	487,119	485,640	484,426	482,907	480,190
Total Assets	531,741	542,139	543,558	551,078	556,560	562,258	567,765	573,182	578,492	583,244
Liabilities										
Current Liabilities										
Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,963	2,026	1,418	1,476	1,482	1,320	1,222	1,283	1,281	1,078
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	8,357	8,420	7,812	7,870	7,876	7,714	7,616	7,677	7,675	7,472
Non-Current Liabilities										
Borrowings	21,989	19,983	18,565	17,089	15,607	14,287	13,065	11,782	10,502	9,424
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	25,772	23,766	22,348	20,872	19,390	18,070	16,848	15,565	14,285	13,207
Total Liabilities	34,129	32,185	30,160	28,742	27,266	25,784	24,464	23,242	21,959	20,679
Net Assets	497,613	509,954	513,399	522,337	529,294	536,475	543,301	549,940	556,533	562,566
Equity										
Retained earnings	321,342	333,683	337,128	346,066	353,023	360,203	367,030	373,669	380,262	386,295
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	497,614	509,955	513,400	522,338	529,295	536,475	543,302	549,941	556,534	562,567
	1	1	1	1	1	1	1	1	1	1

Balance Sheet

Assets

Current Assets

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	104,926	113,334	121,339	128,950	136,089	143,932	151,481	160,443	169,138	178,217
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	110,594	119,002	127,007	134,618	141,757	149,600	157,149	166,111	174,806	183,885

Non-Current Assets

Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	477,574	473,790	470,416	467,536	464,887	461,454	458,223	453,497	448,583	443,231
Total Non-Current Assets	477,574	473,790	470,416	467,536	464,887	461,454	458,223	453,497	448,583	443,231

Total Assets **588,168** **592,792** **597,423** **602,155** **606,644** **611,054** **615,372** **619,608** **623,389** **627,115**

Liabilities

Current Liabilities

Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,050	1,020	972	1,018	1,066	1,117	831	670	707	22
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	7,444	7,414	7,366	7,412	7,460	7,511	7,225	7,064	7,101	6,416

Non-Current Liabilities

Borrowings	8,373	7,353	6,381	5,364	4,297	3,180	2,348	1,678	971	949
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	12,156	11,136	10,164	9,147	8,080	6,963	6,131	5,461	4,754	4,732

Total Liabilities **19,601** **18,550** **17,530** **16,558** **15,541** **14,474** **13,357** **12,525** **11,855** **11,148**

Net Assets **568,568** **574,242** **579,894** **585,596** **591,104** **596,580** **602,015** **607,083** **611,534** **615,967**

Equity

Retained earnings	392,297	397,971	403,622	409,325	414,833	420,309	425,744	430,812	435,263	439,696
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-

Total Equity **568,569** **574,243** **579,894** **585,597** **591,105** **596,581** **602,016** **607,084** **611,535** **615,968**

1 1 1 1 1 1 1 1 1 1 1

Statement of Changes in Equity

Retained Earnings

Balance at end of previous period

Net Result for the year

Transfer to and (from) retained earnings

Balance at end of period

Revaluation Reserves

Balance at end of previous period

Other Comprehensive Income

Transfer to and (from) retained earnings

Balance at end of period

Council Equity Interest

Balance at end of previous period

Net Result for the year

Transfer to and (from) retained earnings

Balance at end of period

Total Equity at end of reporting period

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	318,267	321,342	333,683	337,128	346,066	353,023	360,203	367,030	373,669	380,262
Net Result for the year	3,075	12,341	3,445	8,938	6,958	7,180	6,827	6,639	6,593	6,033
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	321,342	333,683	337,128	346,066	353,023	360,203	367,030	373,669	380,262	386,295
Balance at end of previous period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Balance at end of previous period	-	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-	-	-	-	-
Total Equity at end of reporting period	497,614	509,955	513,400	522,338	529,295	536,475	543,302	549,941	556,534	562,567

Statement of Changes in Equity

Retained Earnings

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	386,295	392,297	397,971	403,622	409,325	414,833	420,309	425,744	430,812	435,263
Net Result for the year	6,002	5,674	5,652	5,703	5,507	5,476	5,435	5,068	4,451	4,433
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	392,297	397,971	403,622	409,325	414,833	420,309	425,744	430,812	435,263	439,696

Revaluation Reserves

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272

Council Equity Interest

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	-	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-	-	-	-	-

Total Equity at end of reporting period

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	568,569	574,243	579,894	585,597	591,105	596,581	602,016	607,084	611,535	615,968

All Funds

Cash-Flow Statement
Cash flows from operating activities

Receipts:

Rates & annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges & fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Investment & interest revenue received	1,090	1,419	1,419	1,669	1,863	2,069	2,274	2,470	2,671	2,891
Grants & contributions	19,062	29,263	18,228	21,192	18,157	18,123	18,088	18,053	18,018	17,484
Other receipts	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693

Payments:

Employee benefits & on-costs	(16,815)	(16,618)	(15,432)	(13,908)	(13,075)	(12,971)	(13,119)	(13,283)	(13,449)	(13,616)
Borrowing costs	(1,407)	(1,231)	(1,100)	(990)	(910)	(831)	(751)	(689)	(627)	(625)
Materials and contracts	(15,207)	(16,011)	(15,170)	(14,516)	(14,569)	(14,547)	(14,676)	(14,730)	(14,784)	(14,763)
Other payments	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)

Net cash provided (or used in) operating activities

	14,665	24,765	15,893	21,381	19,369	19,669	19,629	19,619	19,612	19,138
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Cash flows from investing activities

Receipts:

Sale of investments

Sale of infrastructure, property, plant and equipment	1,073	951	826	991	1,383	1,224	840	732	874	1,264
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-

Payments:

Purchase of investments	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment - renewal	(6,933)	(9,498)	(9,388)	(10,263)	(10,112)	(10,303)	(9,555)	(9,534)	(9,871)	(9,404)
Purchase of property, plant and equipment - new	(5,825)	(3,288)	(5,208)	(2,208)	(2,565)	(2,129)	(2,608)	(2,963)	(2,504)	(2,248)
Impairment reversal	-	-	-	-	-	-	-	-	-	-

Net cash provided (or used in) investing activities

	(11,686)	(11,835)	(13,770)	(11,481)	(11,294)	(11,208)	(11,323)	(11,765)	(11,501)	(10,389)
--	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

Cash flows from financing activities

Receipts:

New loans

	1,200	-	-	-	-	-	-	-	-	-
Repayment of borrowings and advances	(1,884)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)

Net cash provided (or used in) investing activities

	(684)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)
--	-------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Net increase / (decrease) in cash

	2,295	10,986	98	8,482	6,599	6,979	6,986	6,632	6,829	7,469
Cash at the beginning of the year	34,032	36,327	47,313	47,411	55,893	62,492	69,471	76,457	83,088	89,917
Cash at the end of the year	36,327	47,313	47,411	55,893	62,492	69,471	76,457	83,088	89,917	97,386

Cash-Flow Statement
Cash flows from operating activities

Receipts:

Rates & annual charges	17,986	17,964	17,942	17,920	17,898	17,876	17,854	17,832	17,810	17,789
User charges & fees	11,437	11,445	11,452	11,460	11,467	11,475	11,482	11,490	11,497	11,505
Investment & interest revenue received	3,114	3,362	3,597	3,821	4,030	4,259	4,479	4,740	4,993	5,257
Grants & contributions	17,449	17,415	17,381	17,347	17,312	17,278	17,244	17,211	17,177	17,143
Other receipts	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693

Payments:

Employee benefits & on-costs	(13,785)	(13,956)	(14,128)	(14,303)	(14,479)	(14,656)	(14,836)	(15,017)	(15,200)	(15,385)
Borrowing costs	(509)	(460)	(408)	(363)	(318)	(271)	(222)	(174)	(140)	(105)
Materials and contracts	(14,892)	(14,947)	(15,002)	(14,982)	(15,113)	(15,169)	(15,225)	(15,207)	(15,338)	(15,395)
Other payments	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)

Net cash provided (or used in) operating activities

	19,129	19,151	19,162	19,228	19,126	19,120	19,105	19,204	19,129	19,138
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Cash flows from investing activities

Receipts:

Sale of investments

Sale of infrastructure, property, plant and equipment	1,080	789	757	1,465	1,438	1,172	1,172	640	640	634
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-

Payments:

Purchase of investments	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment - renewal	(9,144)	(8,285)	(8,440)	(9,876)	(9,919)	(9,149)	(9,129)	(7,816)	(7,901)	(7,752)
Purchase of property, plant and equipment - new	(2,448)	(2,197)	(2,454)	(2,234)	(2,489)	(2,234)	(2,482)	(2,234)	(2,503)	(2,234)
Impairment reversal	-	-	-	-	-	-	-	-	-	-

Net cash provided (or used in) investing activities

	(10,512)	(9,693)	(10,137)	(10,645)	(10,970)	(10,211)	(10,439)	(9,410)	(9,764)	(9,352)
--	----------	---------	----------	----------	----------	----------	----------	---------	---------	---------

Cash flows from financing activities

Receipts:

New loans

	-	-	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---	---

Payments:

Repayment of borrowings and advances	(1,078)	(1,050)	(1,020)	(972)	(1,018)	(1,066)	(1,117)	(831)	(670)	(707)
--------------------------------------	---------	---------	---------	-------	---------	---------	---------	-------	-------	-------

Net cash provided (or used in) investing activities

	(1,078)	(1,050)	(1,020)	(972)	(1,018)	(1,066)	(1,117)	(831)	(670)	(707)
--	---------	---------	---------	-------	---------	---------	---------	-------	-------	-------

Net increase / (decrease) in cash

	7,540	8,408	8,005	7,611	7,139	7,843	7,549	8,962	8,695	9,079
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Cash at the beginning of the year	97,386	104,926	113,334	121,339	128,950	136,089	143,932	151,481	160,443	169,138
-----------------------------------	--------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Cash at the end of the year	104,926	113,334	121,339	128,950	136,089	143,932	151,481	160,443	169,138	178,217
-----------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

		All Funds									
		2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000
Key Performance Indicators											
Debt Servicing Ratio - %		-46%	-47%	-45%	-43%	-43%	-42%	-43%	-43%	-42%	-42%
Debt Service cost											
Revenue from continuing operations excluding capital items and specific purpose grants / contributions											
Rate Coverage Ratio - %		38%	31%	38%	38%	38%	37%	37%	37%	37%	37%
Rates and Annual Charges											
Revenue from continuing operations											
Building and Infrastructure Renewals Ratio - %		-60%	-76%	-75%	-82%	-80%	-82%	-74%	-73%	-75%	-71%
Asset renewals (buildings and infrastructure)											
Depreciation, amortisation and impairment (building and infrastructure)											
Operating Surplus Ratio - %		-4%	15%	-1%	4%	6%	6%	6%	5%	5%	5%
Net operating result before grants and contributions provided for capital purposes											
Total Income											
Own Source Income Ratio - %		64%	54%	65%	62%	65%	65%	66%	66%	66%	67%
Total operating income less grant income											
Total operating income											
MAV Sustainability Framework											
Underlying Result %		-3.3%	13.9%	-1.2%	3.4%	5.5%	6.0%	5.3%	4.9%	4.8%	4.7%
Adjusted Net Surplus											
Underlying Revenue											
Liquidity Ratio		5.0	6.3	6.8	7.8	8.7	9.7	10.8	11.6	12.5	13.8
Current Assets											
Current Liabilities											
Indebtedness (%)		77.2%	70.5%	66.3%	61.4%	56.8%	52.7%	48.9%	44.9%	41.0%	37.7%
Non-current liabilities											
Own source revenue											
Self-financing (%)		28.0%	39.3%	30.6%	38.8%	37.0%	37.5%	37.4%	37.2%	37.1%	36.4%
Net operating cash flows											
Underlying revenue											
Capital replacement		60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
Capital expenditure											
Depreciation											
Renewal Gap		60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
Renewal expenditure											
Depreciation											
Financial Sustainability Risk Assessment		Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key Performance Indicators										
Debt Servicing Ratio - %	-42%	-42%	-42%	-42%	-42%	-42%	-42%	-41%	-41%	-41%
Debt Service cost										
Revenue from continuing operations excluding capital items and specific purpose grants / contributions										
Rate Coverage Ratio - %	37%	36%	36%	36%	36%	36%	36%	35%	35%	35%
Rates and Annual Charges										
Revenue from continuing operations										
Building and Infrastructure Renewals Ratio - %	-69%	-61%	-62%	-72%	-72%	-67%	-66%	-55%	-53%	-52%
Asset renewals (buildings and infrastructure)										
Depreciation, amortisation and impairment (building and infrastructure)										
Operating Surplus Ratio - %	5%	4%	4%	4%	4%	4%	4%	3%	2%	2%
Net operating result before grants and contributions provided for capital purposes										
Total Income										
Own Source Income Ratio - %	67%	67%	67%	67%	68%	68%	68%	68%	68%	68%
Total operating income less grant income										
Total operating income										
MAV Sustainability Framework										
Underlying Result %	4.6%	4.0%	3.9%	4.0%	3.7%	3.6%	3.5%	2.8%	1.6%	1.6%
Adjusted Net Surplus										
Underlying Revenue										
Liquidity Ratio	14.9	16.1	17.2	18.2	19.0	19.9	21.7	23.5	24.6	28.7
Current Assets										
Current Liabilities										
Indebtedness (%)	34.5%	31.4%	28.5%	25.5%	22.4%	19.2%	16.8%	14.9%	12.9%	12.7%
Non-current liabilities										
Own source revenue										
Self-financing (%)	36.3%	36.2%	36.1%	36.1%	35.8%	35.7%	35.5%	35.6%	35.3%	35.2%
Net operating cash flows										
Underlying revenue										
Capital replacement	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
Capital expenditure										
Depreciation										
Renewal Gap	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
Renewal expenditure										
Depreciation										
Financial Sustainability Risk Assessment	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk

	All Funds									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fit for the Future Criteria										
Sustainability										
Operating Performance Ratio	-3.7%	14.8%	-1.3%	3.9%	6.0%	6.5%	5.7%	5.3%	5.2%	5.1%
	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Revenue Ratio	64%	54%	65%	62%	65%	65%	66%	66%	66%	67%
	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Effective Infrastructure & Service Management										
Infrastructure Backlog Ratio	5%	6%	7%	7%	7%	8%	9%	9%	10%	11%
2%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio										
100%										
Debt Service Ratio	6.9%	5.3%	6.5%	5.0%	4.9%	4.8%	4.3%	3.9%	3.9%	3.9%
20%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficiency										
Real Operating Expenditure per capita	\$ 2.57	\$ 2.63	\$ 2.52	\$ 2.40	\$ 2.36	\$ 2.35	\$ 2.38	\$ 2.40	\$ 2.41	\$ 2.42
0		✗	✓	✓	✓	✓	✗	✗	✗	✗

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fit for the Future Criteria										
Sustainability										
Operating Performance Ratio	5.0%	4.3%	4.2%	4.3%	3.9%	3.8%	3.7%	3.0%	1.8%	1.7%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Revenue Ratio	67%	67%	67%	67%	68%	68%	68%	68%	68%	68%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Effective Infrastructure & Service Management										
Infrastructure Backlog Ratio	12%	13%	14%	15%	16%	17%	18%	20%	22%	24%
2%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio										
100%										
Debt Service Ratio	3.2%	3.1%	2.9%	2.7%	2.7%	2.7%	2.7%	2.0%	1.6%	1.6%
20%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficiency										
Real Operating Expenditure per capita	\$ 2.43	\$ 2.46	\$ 2.47	\$ 2.47	\$ 2.49	\$ 2.50	\$ 2.51	\$ 2.54	\$ 2.59	\$ 2.60
0	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

LKSQUALERO

Finance Reports – Three Councils / One Administration

All Funds

Income Statement
Income from continuing operations

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rates and annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges and fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Interest and investment revenue	1,090	1,085	1,074	1,304	1,476	1,656	1,838	2,009	2,184	2,377
Other revenues	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	14,240	14,205	14,170	14,134	14,099	14,065	14,030	13,995	13,960	13,926
Grants and contributions provided for capital purposes	4,822	3,558	4,058	7,058	4,058	4,058	4,058	4,058	4,058	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	52,457	51,155	51,615	54,794	51,900	51,970	52,102	52,223	52,349	51,992

Expenses from continuing operations

Employee benefits and on-costs	16,815	16,543	15,434	14,136	13,328	13,224	13,372	13,536	13,702	13,869
Borrowing costs	1,407	1,231	1,100	990	910	831	751	689	627	625
Materials and contracts	15,207	15,411	15,268	14,760	14,813	14,866	14,920	14,974	15,028	15,082
Depreciation and amortisation	11,607	12,471	12,493	12,451	12,563	12,629	12,979	13,045	13,112	13,230
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(17)	(47)	(45)	(9)	(151)	(139)	(176)	(66)	(92)	(125)
Total Expenses	49,383	49,974	48,614	46,693	45,827	45,775	46,209	46,542	46,740	47,045

Net Operating Result

3,074	1,181	3,001	8,101	6,073	6,195	5,893	5,681	5,609	4,946
--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Net operating result before grants and contributions provided for capital purposes

(1,748)	(2,377)	(1,057)	1,043	2,015	2,137	1,835	1,623	1,551	1,388
---------	---------	---------	-------	-------	-------	-------	-------	-------	-------

Statement of Comprehensive Income

Net Operating Result for the Year	(1,748)	(2,377)	(1,057)	1,043	2,015	2,137	1,835	1,623	1,551	1,388
-----------------------------------	---------	---------	---------	-------	-------	-------	-------	-------	-------	-------

Other Comprehensive Income:
Amounts which will not be reclassified subsequently to the Operating Result

Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-

Amounts which will be reclassified to the Operating Result

-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-

Total Comprehensive Income for the year

(1,748)	(2,377)	(1,057)	1,043	2,015	2,137	1,835	1,623	1,551	1,388
----------------	----------------	----------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement										
Income from continuing operations										
Rates and annual charges	17,986	17,964	17,942	17,920	17,898	17,876	17,854	17,832	17,810	17,789
User charges and fees	11,437	11,445	11,452	11,460	11,467	11,475	11,482	11,490	11,497	11,505
Interest and investment revenue	2,573	2,794	3,003	3,197	3,378	3,580	3,773	4,005	4,231	4,468
Other revenues	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693
Grants and contributions provided for operating purposes	13,891	13,857	13,823	13,789	13,754	13,720	13,686	13,653	13,619	13,585
Grants and contributions provided for capital purposes	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558	3,558
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Income	52,139	52,311	52,471	52,616	52,749	52,902	53,047	53,231	53,409	53,598
Expenses from continuing operations										
Employee benefits and on-costs	14,038	14,209	14,381	14,556	14,732	14,909	15,089	15,270	15,453	15,638
Borrowing costs	509	460	408	363	318	271	222	174	140	105
Materials and contracts	15,136	15,191	15,246	15,301	15,357	15,413	15,469	15,526	15,582	15,639
Depreciation and amortisation	13,247	13,593	13,614	13,636	13,734	13,757	13,781	14,247	14,790	14,817
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364
Net loss from the disposal of assets	(120)	(116)	(104)	(111)	(115)	(113)	(112)	(111)	(112)	(113)
Total Expenses	47,175	47,701	47,910	48,109	48,390	48,602	48,814	49,470	50,217	50,451
Net Operating Result	4,964	4,610	4,560	4,507	4,359	4,300	4,233	3,761	3,192	3,147
Net operating result before grants and contributions provided for capital purposes	1,406	1,052	1,002	949	801	742	675	203	(366)	(411)
Statement of Comprehensive Income										
Net Operating Result for the Year	1,406	1,052	1,002	949	801	742	675	203	(366)	(411)
Other Comprehensive Income:										
Amounts which will not be reclassified subsequently to the Operating Result										
Gain (loss) on revaluation on I,PP&E	-	-	-	-	-	-	-	-	-	-
Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Items which will not be reclassified subsequently to the Operating Result	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified to the Operating Result										
	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	1,406	1,052	1,002	949	801	742	675	203	(366)	(411)

Balance Sheet

Assets

Current Assets

Cash and cash equivalents

Investments

Receivables

Inventories

Other

Total Current Assets

Non-Current Assets

Investments

Receivables

Infrastructure, property, plant and equipment

Total Non-Current Assets

Total Assets

Liabilities

Current Liabilities

Payables

Borrowings

Provisions

Total Current Liabilities

Non-Current Liabilities

Borrowings

Provisions

Total Non-Current Liabilities

Total Liabilities

Net Assets

Equity

Retained earnings

Revaluation reserves

Council equity interest

Total Equity

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
Cash and cash equivalents	36,327	36,153	35,806	43,452	49,166	55,160	61,212	66,886	72,732	79,114
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	41,995	41,821	41,474	49,120	54,834	60,828	66,880	72,554	78,400	84,782
Non-Current Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	489,746	489,157	490,479	489,517	488,401	487,119	485,640	484,426	482,907	480,190
Total Non-Current Assets	489,746	489,157	490,479	489,517	488,401	487,119	485,640	484,426	482,907	480,190
Total Assets	531,741	530,978	531,954	538,637	543,235	547,948	552,520	556,980	561,306	564,972
Liabilities										
Current Liabilities										
Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,963	2,026	1,418	1,476	1,482	1,320	1,222	1,283	1,281	1,078
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	8,357	8,420	7,812	7,870	7,876	7,714	7,616	7,677	7,675	7,472
Non-Current Liabilities										
Borrowings	21,989	19,983	18,565	17,089	15,607	14,287	13,065	11,782	10,502	9,424
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	25,772	23,766	22,348	20,872	19,390	18,070	16,848	15,565	14,285	13,207
Total Liabilities	34,129	32,185	30,160	28,742	27,266	25,784	24,464	23,242	21,959	20,679
Net Assets	497,612	498,793	501,794	509,895	515,968	522,164	528,057	533,738	539,347	544,293
Equity										
Retained earnings	321,341	322,522	325,523	333,624	339,697	345,893	351,786	357,467	363,076	368,022
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	497,613	498,794	501,795	509,896	515,969	522,165	528,058	533,739	539,348	544,294
	1	1	1	1	1	1	1	1	1	1

Balance Sheet
Assets

Current Assets

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	85,616	92,959	99,873	106,288	112,278	118,946	125,292	132,947	140,383	148,176
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026	5,026
Inventories	378	378	378	378	378	378	378	378	378	378
Other	264	264	264	264	264	264	264	264	264	264
Total Current Assets	91,284	98,627	105,541	111,956	117,946	124,614	130,960	138,615	146,051	153,844

Non-Current Assets

Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	477,574	473,790	470,416	467,536	464,887	461,454	458,223	453,497	448,583	443,231
Total Non-Current Assets	477,574	473,790	470,416	467,536	464,887	461,454	458,223	453,497	448,583	443,231

Total Assets
568,858 572,417 575,957 579,492 582,834 586,068 589,183 592,112 594,634 597,075
Liabilities

Current Liabilities

Payables	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Borrowings	1,050	1,020	972	1,018	1,066	1,117	831	670	707	22
Provisions	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Total Current Liabilities	7,444	7,414	7,366	7,412	7,460	7,511	7,225	7,064	7,101	6,416

Non-Current Liabilities

Borrowings	8,373	7,353	6,381	5,364	4,297	3,180	2,348	1,678	971	949
Provisions	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783	3,783
Total Non-Current Liabilities	12,156	11,136	10,164	9,147	8,080	6,963	6,131	5,461	4,754	4,732

Total Liabilities
19,601 18,550 17,530 16,558 15,541 14,474 13,357 12,525 11,855 11,148
Net Assets
549,257 553,867 558,427 562,934 567,293 571,593 575,826 579,587 582,779 585,926
Equity

Retained earnings	372,986	377,596	382,156	386,663	391,022	395,322	399,555	403,316	406,508	409,655
Revaluation reserves	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Council equity interest	-	-	-	-	-	-	-	-	-	-

Total Equity
549,258 553,868 558,428 562,935 567,294 571,594 575,827 579,588 582,780 585,927

1 1 1 1 1 1 1 1 1 1

Statement of Changes in Equity

Retained Earnings

Balance at end of previous period

Net Result for the year

Transfer to and (from) retained earnings

Balance at end of period

Revaluation Reserves

Balance at end of previous period

Other Comprehensive Income

Transfer to and (from) retained earnings

Balance at end of period

Council Equity Interest

Balance at end of previous period

Net Result for the year

Transfer to and (from) retained earnings

Balance at end of period

Total Equity at end of reporting period

All Funds

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	318,267	321,341	322,522	325,523	333,624	339,697	345,893	351,786	357,467	363,076
Net Result for the year	3,074	1,181	3,001	8,101	6,073	6,195	5,893	5,681	5,609	4,946
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	321,341	322,522	325,523	333,624	339,697	345,893	351,786	357,467	363,076	368,022
Balance at end of previous period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Balance at end of previous period	-	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-	-	-	-	-
Total Equity at end of reporting period	497,613	498,794	501,795	509,896	515,969	522,165	528,058	533,739	539,348	544,294

Statement of Changes in Equity

Retained Earnings

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	368,022	372,986	377,596	382,156	386,663	391,022	395,322	399,555	403,316	406,508
Net Result for the year	4,964	4,610	4,560	4,507	4,359	4,300	4,233	3,761	3,192	3,147
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	372,986	377,596	382,156	386,663	391,022	395,322	399,555	403,316	406,508	409,655

Revaluation Reserves

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272	176,272

Council Equity Interest

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at end of previous period	-	-	-	-	-	-	-	-	-	-
Net Result for the year	-	-	-	-	-	-	-	-	-	-
Transfer to and (from) retained earnings	-	-	-	-	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-	-	-	-	-

Total Equity at end of reporting period

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	549,258	553,868	558,428	562,935	567,294	571,594	575,827	579,588	582,780	585,927

All Funds

Cash-Flow Statement
Cash flows from operating activities

Receipts:

Rates & annual charges	18,213	18,190	18,167	18,144	18,121	18,099	18,076	18,053	18,031	18,009
User charges & fees	11,308	11,350	11,378	11,386	11,393	11,400	11,408	11,415	11,422	11,430
Investment & interest revenue received	1,090	1,085	1,074	1,304	1,476	1,656	1,838	2,009	2,184	2,377
Grants & contributions	19,062	17,763	18,228	21,192	18,157	18,123	18,088	18,053	18,018	17,484
Other receipts	2,785	2,768	2,768	2,768	2,753	2,693	2,693	2,693	2,693	2,693

Payments:

Employee benefits & on-costs	(16,815)	(16,543)	(15,434)	(14,136)	(13,328)	(13,224)	(13,372)	(13,536)	(13,702)	(13,869)
Borrowing costs	(1,407)	(1,231)	(1,100)	(990)	(910)	(831)	(751)	(689)	(627)	(625)
Materials and contracts	(15,207)	(15,411)	(15,268)	(14,760)	(14,813)	(14,866)	(14,920)	(14,974)	(15,028)	(15,082)
Other payments	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)	(4,364)

Net cash provided (or used in) operating activities

	14,665	13,605	15,449	20,544	18,485	18,685	18,695	18,661	18,629	18,052
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Cash flows from investing activities

Receipts:

Sale of investments

Sale of infrastructure, property, plant and equipment	1,073	951	826	991	1,383	1,224	840	732	874	1,264
---	-------	-----	-----	-----	-------	-------	-----	-----	-----	-------

Deferred debtors receipts

	-	-	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---	---

Payments:

Purchase of investments

	-	-	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---	---

Purchase of property, plant and equipment - renewal

	(6,933)	(9,498)	(9,388)	(10,263)	(10,112)	(10,303)	(9,555)	(9,534)	(9,871)	(9,404)
--	---------	---------	---------	----------	----------	----------	---------	---------	---------	---------

Purchase of property, plant and equipment - new

	(5,825)	(3,288)	(5,208)	(2,208)	(2,565)	(2,129)	(2,608)	(2,963)	(2,504)	(2,248)
--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Impairment reversal

	-	-	-	-	-	-	-	-	-	-
--	---	---	---	---	---	---	---	---	---	---

Net cash provided (or used in) investing activities

	(11,686)	(11,835)	(13,770)	(11,481)	(11,294)	(11,208)	(11,323)	(11,765)	(11,501)	(10,389)
--	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

Cash flows from financing activities

Receipts:

New loans

	1,200	-	-	-	-	-	-	-	-	-
--	-------	---	---	---	---	---	---	---	---	---

Payments:

Repayment of borrowings and advances

	(1,884)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)
--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Net cash provided (or used in) investing activities

	(684)	(1,944)	(2,026)	(1,418)	(1,476)	(1,482)	(1,320)	(1,222)	(1,283)	(1,281)
--	-------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Net increase / (decrease) in cash

	2,295	(174)	(347)	7,645	5,714	5,994	6,052	5,673	5,846	6,382
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Cash at the beginning of the year

	34,032	36,327	36,153	35,806	43,452	49,166	55,160	61,212	66,886	72,732
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Cash at the end of the year

	36,327	36,153	35,806	43,452	49,166	55,160	61,212	66,886	72,732	79,114
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Receipts:Net cash provided (or used in) operating activities

Receipts:

Net cash provided (or used in) investing activities

Receipts:

Net cash provided (or used in) investing activities

Cash at the beginning of the year

Cash at the end of the year

		All Funds									
		2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000
Key Performance Indicators											
Debt Servicing Ratio - %		-46%	-46%	-46%	-44%	-44%	-44%	-44%	-44%	-44%	-44%
Debt Service cost											
Revenue from continuing operations excluding capital items and specific purpose grants / contributions											
Rate Coverage Ratio - %		38%	38%	38%	38%	38%	38%	38%	37%	37%	37%
Rates and Annual Charges											
Revenue from continuing operations											
Building and Infrastructure Renewals Ratio - %		-60%	-76%	-75%	-82%	-80%	-82%	-74%	-73%	-75%	-71%
Asset renewals (buildings and infrastructure)											
Depreciation, amortisation and impairment (building and infrastructure)											
Operating Surplus Ratio - %		-4%	-5%	-2%	2%	4%	4%	4%	3%	3%	3%
Net operating result before grants and contributions provided for capital purposes											
Total Income											
Own Source Income Ratio - %		64%	65%	65%	61%	65%	65%	65%	65%	66%	66%
Total operating income less grant income											
Total operating income											
MAV Sustainability Framework											
Underlying Result %		-3.3%	-4.6%	-2.0%	1.9%	3.9%	4.1%	3.5%	3.1%	3.0%	2.7%
Adjusted Net Surplus											
Underlying Revenue											
Liquidity Ratio		5.0	5.0	5.3	6.2	7.0	7.9	8.8	9.5	10.2	11.3
Current Assets											
Current Liabilities											
Indebtedness (%)		77.2%	71.2%	66.9%	62.1%	57.5%	53.4%	49.5%	45.6%	41.6%	38.3%
Non-current liabilities											
Own source revenue											
Self-financing (%)		28.0%	26.6%	29.9%	37.5%	35.6%	36.0%	35.9%	35.7%	35.6%	34.7%
Net operating cash flows											
Underlying revenue											
Capital replacement		60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
Capital expenditure											
Depreciation											
Renewal Gap		60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
Renewal expenditure											
Depreciation											
Financial Sustainability Risk Assessment		Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key Performance Indicators										
Debt Servicing Ratio - %	-44%	-44%	-43%	-43%	-43%	-43%	-43%	-43%	-43%	-43%
Debt Service cost										
Revenue from continuing operations excluding capital items and specific purpose grants / contributions										
Rate Coverage Ratio - %	37%	37%	37%	37%	36%	36%	36%	36%	36%	36%
Rates and Annual Charges										
Revenue from continuing operations										
Building and Infrastructure Renewals Ratio - %	-69%	-61%	-62%	-72%	-72%	-67%	-66%	-55%	-53%	-52%
Asset renewals (buildings and infrastructure)										
Depreciation, amortisation and impairment (building and infrastructure)										
Operating Surplus Ratio - %	3%	2%	2%	2%	2%	2%	1%	0%	-1%	-1%
Net operating result before grants and contributions provided for capital purposes										
Total Income										
Own Source Income Ratio - %	67%	67%	67%	67%	67%	67%	67%	68%	68%	68%
Total operating income less grant income										
Total operating income										
MAV Sustainability Framework										
Underlying Result %	2.7%	2.0%	1.9%	1.8%	1.5%	1.4%	1.3%	0.4%	-0.7%	-0.8%
Adjusted Net Surplus										
Underlying Revenue										
Liquidity Ratio	12.3	13.3	14.3	15.1	15.8	16.6	18.1	19.6	20.6	24.0
Current Assets										
Current Liabilities										
Indebtedness (%)	35.0%	31.9%	29.0%	25.9%	22.8%	19.5%	17.1%	15.2%	13.1%	13.0%
Non-current liabilities										
Own source revenue										
Self-financing (%)	34.7%	34.6%	34.4%	34.3%	34.1%	33.9%	33.7%	33.6%	33.5%	33.3%
Net operating cash flows										
Underlying revenue										
Capital replacement	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
Capital expenditure										
Depreciation										
Renewal Gap	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
Renewal expenditure										
Depreciation										
Financial Sustainability Risk Assessment	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk

	All Funds									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fit for the Future Criteria										
Sustainability										
Operating Performance Ratio	-3.7%	-5.0%	-2.2%	2.2%	4.2%	4.5%	3.8%	3.4%	3.2%	2.9%
	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓
Own Source Revenue Ratio	64%	65%	65%	61%	65%	65%	65%	65%	66%	66%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	60%	76%	75%	82%	80%	82%	74%	73%	75%	71%
100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Effective Infrastructure & Service Management										
Infrastructure Backlog Ratio	5%	6%	7%	7%	7%	8%	9%	9%	10%	11%
2%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio										
100%										
Debt Service Ratio	6.9%	6.7%	6.6%	5.0%	5.0%	4.8%	4.3%	4.0%	4.0%	3.9%
20%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficiency										
Real Operating Expenditure per capita	\$ 2.57	\$ 2.60	\$ 2.53	\$ 2.43	\$ 2.38	\$ 2.38	\$ 2.40	\$ 2.42	\$ 2.43	\$ 2.45
0		✗	✓	✓	✓	✓	✗	✗	✗	✗

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fit for the Future Criteria										
Sustainability										
Operating Performance Ratio	2.9%	2.2%	2.0%	1.9%	1.6%	1.5%	1.4%	0.4%	-0.7%	-0.8%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Own Source Revenue Ratio	67%	67%	67%	67%	67%	67%	67%	68%	68%	68%
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Building and Infrastructure Asset Renewal Ratio	69%	61%	62%	72%	72%	67%	66%	55%	53%	52%
100%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Effective Infrastructure & Service Management										
Infrastructure Backlog Ratio	12%	13%	14%	15%	16%	17%	18%	20%	22%	24%
2%	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset Maintenance Ratio										
100%										
Debt Service Ratio	3.3%	3.1%	2.9%	2.7%	2.7%	2.7%	2.7%	2.0%	1.6%	1.6%
20%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Efficiency										
Real Operating Expenditure per capita	\$ 2.45	\$ 2.48	\$ 2.49	\$ 2.50	\$ 2.52	\$ 2.53	\$ 2.54	\$ 2.57	\$ 2.61	\$ 2.62
0	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗