



# Long Term Financial Plan

2016-2026

#E2016/103686





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## Section 1 - Introduction

The Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting framework for New South Wales (NSW) Local Government and forms part of the Resourcing Strategy. The Resourcing Strategy is a document that Council is required to develop to detail the provision of resources required to implement the strategies established by the Community Strategic Plan (CSP). The Long Term Financial Plan (LTFP) can be described as a decision making and problem solving tool where long term community aspirations can be tested against financial realities.

Specifically, the requirement to develop a Long Term Financial Plan (LTFP) is a requirement of Section 403(2) of the Local Government Act 1993.

The Long Term Financial Plan (LTFP) provides a framework in which a Council can assess its revenue building capacity to meet the activities and level of services outlined in its Community Strategic Plan. It also:

- ⇒ Establishes greater transparency and accountability of Council to the Community.
- ⇒ Provides an opportunity for early identification of financial issues and any likely impacts in the longer term.
- ⇒ Provides a mechanism to solve financial problems as a whole, see how other plans fit together and understand the impact of some decisions on other plans or strategies.
- ⇒ Provides a means of measuring Council's success in implementing strategies.
- ⇒ Confirms that Council can remain financially sustainable in the longer term.

The Long Term Financial Plan (LTFP) must support or provide for the following essential elements:

- ⇒ Must be used to inform the decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.
- ⇒ Must be for a minimum of 10 years.
- ⇒ Must be updated at least annually as part of the development of the Operational Plan.
- ⇒ Must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

The basic structure of the Long Term Financial Plan (LTFP) must include the following:

- ⇒ Projected income/expenditure and financial statements.
- ⇒ Planning assumptions used.
- ⇒ Methods of monitoring financial performance.
- ⇒ Sensitivity analysis and modelling for different scenarios.



## Section 1 - Introduction

The Long Term Financial Plan (LTFP) should be updated on a regular basis at least annually. This update is for the period 2016-2026 and covers all operations of Council including Council's General, Water and Sewerage Funds. There is also separate disclosure for each Fund operated by Council. Specifically further throughout this document in Sections 6, 7, and 8 there is specific modelling on the General Fund in relation to three Special Rate Variation (SRV) scenarios.

The base case for this Long Term Financial Plan (LTFP) incorporates the strategies implemented from Council's adopted Council Improvement Plan (CIP) submitted as part of its response to the NSW Government 'Fit for the Future' program and has been updated to incorporate the outcomes realised since the date of lodgement in June 2015. This Long Term Financial Plan (LTFP) utilises the adopted 2016/2017 original budget estimates as the starting point.

The Scenarios in this document representative of three Special Rate Variation (SRV) options to be considered are as follows:

1. A Special Rate Variation of 7.5% per annum for four years commencing in 2017/2018 defined by Council as the 'Deteriorate' option.
2. A Special Rate Variation of 10.0% per annum for four years commencing in 2017/2018 defined by Council as the 'Maintain' option.
3. A Special Rate Variation of 12.5% per annum for four years commencing in 2017/2018 defined by Council as the "Improve" option.

The rationale for the proposed SRV options has been the subject of an engagement process with the Byron Shire Council community. Council has engaged with the Community under the banner 'Funding our Future'. The community has consistently told Council that assets such as roads, bridges, footpaths and drainage are important to them but Council needs to improve their condition. Community satisfaction surveys in 2013 and 2016 rated roads as the most important asset to the extent in the 2016 survey, 80% of the community said rural and urban roads should be a priority and more funding needs to be invested.

As part of Council's 'Fit for the Future' submission, a review of asset condition and long term financial modelling revealed a significant funding gap that revealed the need to increase investment in the maintenance and renewal of Council's ageing infrastructure.

Subsequent pages to this document detail the Long Term Financial Plan (LTFP) for Byron Shire Council for the period 2016 to 2026 taking into consideration the assumptions detailed in Section 3 – Modelling Assumptions and the scenario parameters outlined directly above. This includes disclosure of the base case scenario for the General Fund and modelling as to the impacts of the identified three SRV options on the General Fund.



## Section 2 - Historical Financial Statistics

As a snapshot, the following table provides consolidated historical financial information for Byron Shire Council for the five year period from 2011/2012 to 2015/2016 on a Consolidated basis including General, Water and Sewerage Fund Operations combined:

Statistic	2011/2012 \$'000	2012/2013 \$'000	2013/2014 \$'000	2014/2015 \$'000	2015/2016 \$'000
<b>Revenue/Expenditure</b>					
Total Operating Revenue	71,506	68,442	77,665	85,560	90,620
Total Operating Expenditure	74,951	76,272	74,229	78,715	74,646
Operating Result – Surplus/(Deficit)	(3,445)	(7,830)	3,436	6,845	15,974
Operating Result before capital grants & contributions – Surplus/(Deficit)	(12,187)	(10,397)	(4,952)	(425)	3,267
General Rate Income	16,131	16,815	17,529	18,055	18,622
Financial Assistance Grant	3,130	2,358	1,440	2,611	2,774
Interest Expense on Loans	5,297	5,392	5,277	4,976	4,887
Depreciation Expense	16,808	18,810	14,599	12,766	13,234
<b>Cash and Investments</b>					
Externally Restricted Cash	43,212	45,738	50,180	55,043	57,838
Internally Restricted Cash	15,637	12,401	12,222	16,790	20,506
Unrestricted Cash	0	242	1,036	1,143	1,145
Total Cash and Investments	58,849	58,381	63,438	72,975	79,489
<b>Other Non Current Assets/Liabilities</b>					
Outstanding Loan Principal	72,784	72,879	69,548	66,286	62,721
Written Down Value of Property, Plant and Equipment	789,851	818,038	840,661	674,715	720,697
<b>Performance Indicators</b>					
Unrestricted Current Ratio	2.89	2.93	2.79	2.91	2.96
Debt Service Ratio	13.17%	13.99%	N/A*	N/A*	N/A*
Rates and Annual Charges Coverage Ratio	40.04%	44.83%	N/A*	N/A*	N/A*
Rates and Charges Outstanding Ratio	5.23%	5.28%	4.48%	3.81%	4.00%
Buildings and Infrastructure Renewals Ratio	34.38%	21.50%	53.55%	37.46%	136.80%

\*Debt Service Ratio and Rates and Annual Charges Ratio no longer reported from 2013/2014 financial year onwards.



## Section 3 – Modelling Assumptions

The 2016-2026 Draft Long Term Financial Plan for Byron Shire Council has provided a Base Case Scenario outcome utilising assumptions. Council's Finance Advisory Committee considered assumptions to be utilised in compiling the 2016-2016 Draft Long Term Financial Plan at its Meeting held on 18 August 2016. Following that consideration, the following assumptions are generally applied to the Base Case Outcome outlined in Section 4 of this document with some assumptions updated where new information has become available:

- ⇒ Unrestricted cash balance target of \$1,000,000 for the General Fund as a measure of short term liquidity.
- ⇒ 2016/2017 Financial Year provides the base financial year as per the original budget estimates adopted by Council on 29 June 2016 (Resolution 16-348). These budget estimates includes the gains or outcomes achieved to date from Council's Financial Sustainability Plan implemented since 2013.
- ⇒ Unregulated fees and charges be increased in line with Consumer Price Index (CPI) as a minimum.
- ⇒ Rate pegging for 2017/2018 identified at 1.50% with remaining future years of the LTFP identified at 2.50%.
- ⇒ Growth in Financial Assistance Grant to be set at 1% per annum from the 2017/2018 financial year.
- ⇒ Salary and wage indexation to be set at Consumer Price Index (CPI) plus 0.50%.
- ⇒ All other costs to be indexed by the Consumer Price Index (CPI) less continuation of an efficiency dividend.
- ⇒ Investment rates will be the 90 day bank bill rate reported monthly averaged over the last twelve months. An assessment will be made to compare this to current investment rates for reasonableness
- ⇒ Loan borrowing rates will be assumed at the current investment bill rate for the respective term plus 1.00%.
- ⇒ New loan borrowings will only be for the following:
  - Capital works where funding for annual recurrent operational costs attributable to new assets has been factored into the budget as affordable and funded.
  - To reduce the funding gap for the renewal of existing infrastructure.
  - When it is for commercial purpose and repayments can be met from additional revenue sources.
  - The term of the loan must also accord with Council's loan borrowing policy 09/006 in that the loan borrowing term should be relevant to the useful life of the asset being funded from the loan borrowings.

In addition to the above the Byron Shire Council Long Term Financial Plan (LTFP) is assumed to have as its base case all of the outcomes identified by the Community Strategic Plan, Delivery Program, Operational Plan and Strategic Asset Management Plan for the General Fund (SAMP) so by virtue of that is linked to those documents.



## Section 4 – Financial Outcomes (Base Case)

The financial outcomes identified in the base case of the 2016-2026 Draft Long Term Financial Plan are outlined below incorporating the assumptions outlined in Section 3 on a Consolidated basis (General Fund, Water Fund and Sewerage Fund combined):

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Income Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	37,240,000	37,826,000	38,451,800	39,093,100	39,750,500	40,424,100	41,115,100	41,823,100	42,549,000	43,293,000
User Charges & Fees	27,229,200	27,150,200	27,434,500	27,725,600	28,123,700	28,429,000	28,741,800	29,062,700	29,390,900	29,727,400
Interest and Investment Revenue	1,697,400	1,813,400	1,791,400	1,781,500	1,919,200	2,049,200	2,244,900	2,456,700	2,681,800	2,876,300
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	6,014,400	6,503,600	5,350,700	5,960,400	5,792,300	6,036,900	5,804,000	5,923,600	6,045,900	6,171,100
Grants & Contributions for Capital Purposes	18,313,000	3,909,100	3,961,600	3,564,600	3,609,300	3,372,600	3,186,200	3,200,400	3,215,200	2,830,000
<b>Total Income from Continuing Operations</b>	<b>91,806,800</b>	<b>78,502,300</b>	<b>78,290,000</b>	<b>79,425,200</b>	<b>80,495,000</b>	<b>81,611,800</b>	<b>82,392,000</b>	<b>83,766,500</b>	<b>85,182,800</b>	<b>86,197,800</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	20,374,000	21,575,400	22,007,000	22,446,500	22,894,900	23,351,800	23,819,200	24,410,300	25,016,400	25,637,800
Borrowing Costs	4,571,900	4,341,900	4,171,300	4,003,600	3,785,000	3,607,000	3,291,600	3,071,900	2,822,800	2,615,500
Materials and Contracts	30,326,700	29,417,800	30,007,100	30,607,400	31,219,000	31,842,800	32,478,900	33,291,200	34,125,600	34,977,700
Depreciation	12,515,100	12,640,200	12,766,800	12,894,600	13,023,500	13,153,500	13,284,900	13,417,600	13,551,200	13,686,700
Other Expenses	4,925,100	4,804,200	4,899,700	5,247,100	5,096,300	5,197,100	5,299,900	5,732,300	5,568,200	5,706,900
<b>Total Expenses from Continuing Operations</b>	<b>72,712,800</b>	<b>72,779,500</b>	<b>73,851,900</b>	<b>75,199,200</b>	<b>76,018,700</b>	<b>77,152,200</b>	<b>78,174,500</b>	<b>79,923,300</b>	<b>81,084,200</b>	<b>82,624,600</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>19,094,000</b>	<b>5,722,800</b>	<b>4,438,100</b>	<b>4,226,000</b>	<b>4,476,300</b>	<b>4,459,600</b>	<b>4,217,500</b>	<b>3,843,200</b>	<b>4,098,600</b>	<b>3,573,200</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>781,000</b>	<b>1,813,700</b>	<b>476,500</b>	<b>661,400</b>	<b>867,000</b>	<b>1,087,000</b>	<b>1,031,300</b>	<b>642,800</b>	<b>883,400</b>	<b>743,200</b>





## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Cash Flow Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	37,240,000	37,826,000	38,451,800	39,093,100	39,750,500	40,424,100	41,115,100	41,823,100	42,549,000	43,293,000
User charges & fees	27,229,200	27,150,200	27,434,500	27,725,600	28,123,700	28,429,000	28,741,800	29,062,700	29,390,900	29,727,400
Investment revenue	1,697,400	1,813,400	1,791,400	1,781,500	1,919,200	2,049,200	2,244,900	2,456,700	2,681,800	2,876,300
Grants & contributions	24,327,400	10,412,700	9,312,300	9,525,000	9,401,600	9,409,500	8,990,200	9,124,000	9,261,100	9,001,100
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(20,374,000)	(21,575,400)	(22,007,000)	(22,446,500)	(22,894,900)	(23,351,800)	(23,819,200)	(24,410,300)	(25,016,400)	(25,637,800)
Materials & contracts	(30,326,700)	(29,417,800)	(30,007,100)	(30,607,400)	(31,219,000)	(31,842,800)	(32,478,900)	(33,291,200)	(34,125,600)	(34,977,700)
Borrowing costs	(4,571,900)	(4,341,900)	(4,171,300)	(4,003,600)	(3,785,000)	(3,607,000)	(3,291,600)	(3,071,900)	(2,822,800)	(2,615,500)
Other	(4,925,100)	(4,804,200)	(4,899,700)	(5,247,100)	(5,096,300)	(5,197,100)	(5,299,900)	(5,732,300)	(5,568,200)	(5,706,900)
<b>Net Cash provided in Operating Activities</b>	<b>31,609,100</b>	<b>18,363,000</b>	<b>17,204,900</b>	<b>17,120,600</b>	<b>17,499,800</b>	<b>17,613,100</b>	<b>17,502,400</b>	<b>17,260,800</b>	<b>17,649,800</b>	<b>17,259,900</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments	0	0	0	0	0	0	0	0	0	0
Sale of property, plant and equipment	1,673,000	0	0	0	0	0	0	0	0	0
Sale of interests in joint ventures/associates	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Purchase of investments	0	0	0	0	0	0	0	0	0	0
Purchase of infrastructure property, plant & equipment	(52,159,600)	(17,412,011)	(8,521,331)	(20,103,305)	(7,784,134)	(7,471,253)	(7,744,214)	(7,861,581)	(9,904,240)	(19,957,002)
Purchase of real estate	0	0	0	0	0	0	0	0	0	0
Purchase of interests in joint ventures/associates	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Net Cash used in Investing Activities</b>	<b>(50,486,600)</b>	<b>(17,412,011)</b>	<b>(8,521,331)</b>	<b>(20,103,305)</b>	<b>(7,784,134)</b>	<b>(7,471,253)</b>	<b>(7,744,214)</b>	<b>(7,861,581)</b>	<b>(9,904,240)</b>	<b>(19,957,002)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Borrowings and advances	(2,664,300)	(2,550,100)	(2,713,600)	(2,771,100)	(2,928,200)	(3,103,200)	(3,163,700)	(3,343,100)	(2,816,000)	(3,023,400)
Other	0	0	0	0	0	0	0	0	0	0
<b>Net Cash used in Financing Activities</b>	<b>(2,664,300)</b>	<b>(2,550,100)</b>	<b>(2,713,600)</b>	<b>(2,771,100)</b>	<b>(2,928,200)</b>	<b>(3,103,200)</b>	<b>(3,163,700)</b>	<b>(3,343,100)</b>	<b>(2,816,000)</b>	<b>(3,023,400)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(21,541,800)</b>	<b>(1,599,111)</b>	<b>5,969,969</b>	<b>(5,753,805)</b>	<b>6,787,466</b>	<b>7,038,647</b>	<b>6,594,486</b>	<b>6,056,119</b>	<b>4,929,560</b>	<b>(5,720,502)</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>78,343,915</b>	<b>56,802,115</b>	<b>55,203,004</b>	<b>61,172,973</b>	<b>55,419,168</b>	<b>62,206,634</b>	<b>69,245,281</b>	<b>75,839,767</b>	<b>81,895,886</b>	<b>86,825,446</b>
<b>Cash and Investments at end of reporting period</b>	<b>56,802,115</b>	<b>55,203,004</b>	<b>61,172,973</b>	<b>55,419,168</b>	<b>62,206,634</b>	<b>69,245,281</b>	<b>75,839,767</b>	<b>81,895,886</b>	<b>86,825,446</b>	<b>81,104,944</b>





## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Funding Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected				
		2022	2023	2024	2025	2026				
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	781,000	1,813,700	476,500	661,400	867,000	1,087,000	1,031,300	642,800	883,400	743,200
<b>Add: Non Cash Items</b>										
Depreciation	12,515,100	12,640,200	12,766,800	12,894,600	13,023,500	13,153,500	13,284,900	13,417,600	13,551,200	13,686,700
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	18,313,000	3,909,100	3,961,600	3,564,600	3,609,300	3,372,600	3,186,200	3,200,400	3,215,200	2,830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>33,282,100</b>	<b>18,363,000</b>	<b>17,204,900</b>	<b>17,120,600</b>	<b>17,499,800</b>	<b>17,613,100</b>	<b>17,502,400</b>	<b>17,260,800</b>	<b>17,649,800</b>	<b>17,259,900</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	52,159,600	17,412,011	8,521,331	20,103,305	7,784,134	7,471,253	7,744,214	7,861,581	9,904,240	19,957,002
Loan principal repayments	2,664,300	2,550,100	2,713,600	2,771,100	2,928,200	3,103,200	3,163,700	3,343,100	2,816,000	3,023,400
<b>Total Funds Used</b>	<b>54,823,900</b>	<b>19,962,111</b>	<b>11,234,931</b>	<b>22,874,405</b>	<b>10,712,334</b>	<b>10,574,453</b>	<b>10,907,914</b>	<b>11,204,681</b>	<b>12,720,240</b>	<b>22,980,402</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(21,541,800)</b>	<b>(1,599,111)</b>	<b>5,969,969</b>	<b>(5,753,805)</b>	<b>6,787,466</b>	<b>7,038,647</b>	<b>6,594,486</b>	<b>6,056,119</b>	<b>4,929,560</b>	<b>(5,720,502)</b>
<b>Net Reserve Movement</b>	<b>(21,579,400)</b>	<b>(1,574,311)</b>	<b>5,996,869</b>	<b>(5,723,905)</b>	<b>6,756,466</b>	<b>7,004,747</b>	<b>6,556,886</b>	<b>6,014,919</b>	<b>4,884,560</b>	<b>(5,770,802)</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>(24,800)</b>	<b>(26,900)</b>	<b>(29,900)</b>	<b>31,000</b>	<b>33,900</b>	<b>37,600</b>	<b>41,200</b>	<b>45,000</b>	<b>50,300</b>



## Section 4 – Financial Outcomes (Base Case)

More importantly is the financial outcomes of the General Fund which includes all operations and assets of the Council except for Water and Sewerage. The base case for the 2016-2026 Draft Long Term Financial Plan is indicated below:

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Base Case)										
	Estimated Budget									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	25,534,300	26,165,400	26,812,200	27,475,200	28,154,600	28,851,400	29,565,400	30,297,400	31,047,700
User Charges & Fees	15,502,200	15,954,300	16,227,900	16,508,000	16,894,800	17,188,700	17,489,700	17,798,500	18,114,500	18,438,500
Interest and Investment Revenue	1,373,500	1,213,200	1,189,600	1,307,700	1,407,200	1,497,700	1,642,900	1,805,300	1,996,900	2,345,000
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,296,300	5,138,200	5,742,600	5,569,100	5,808,100	5,569,500	5,683,200	5,799,500	5,918,500
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>52,207,200</b>	<b>51,982,700</b>	<b>53,235,100</b>	<b>54,255,600</b>	<b>55,321,700</b>	<b>56,039,700</b>	<b>57,352,800</b>	<b>58,723,500</b>	<b>59,879,700</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,838,100	18,194,300	18,557,600	18,928,400	19,306,200	19,692,600	20,180,600	20,681,200	21,193,900
Borrowing Costs	1,041,800	976,600	918,200	860,200	802,700	742,000	582,400	525,700	474,700	430,900
Materials and Contracts	18,500,900	18,149,800	18,514,300	18,885,000	19,262,500	19,647,200	20,039,200	20,540,300	21,055,300	21,580,700
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,793,400	4,888,700	5,235,900	5,084,900	5,185,500	5,288,100	5,720,300	5,555,800	5,694,100
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,134,400</b>	<b>50,976,000</b>	<b>52,084,000</b>	<b>52,709,200</b>	<b>53,597,600</b>	<b>54,406,000</b>	<b>55,858,500</b>	<b>56,747,000</b>	<b>57,969,400</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>2,072,800</b>	<b>1,006,700</b>	<b>1,151,100</b>	<b>1,546,400</b>	<b>1,724,100</b>	<b>1,633,700</b>	<b>1,494,300</b>	<b>1,976,500</b>	<b>1,910,300</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>163,700</b>	<b>(954,900)</b>	<b>(413,500)</b>	<b>(62,900)</b>	<b>351,500</b>	<b>447,500</b>	<b>293,900</b>	<b>761,300</b>	<b>1,080,300</b>



## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	25,534,300	26,165,400	26,812,200	27,475,200	28,154,600	28,851,400	29,565,400	30,297,400	31,047,700
User charges & fees	15,502,200	15,954,300	16,227,900	16,508,000	16,894,800	17,188,700	17,489,700	17,798,500	18,114,500	18,438,500
Investment revenue	1,373,500	1,213,200	1,189,600	1,307,700	1,407,200	1,497,700	1,642,900	1,805,300	1,996,900	2,345,000
Grants & contributions	22,124,200	8,205,400	7,099,800	7,307,200	7,178,400	7,180,700	6,755,700	6,883,600	7,014,700	6,748,500
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,838,100)	(18,194,300)	(18,557,600)	(18,928,400)	(19,306,200)	(19,692,600)	(20,180,600)	(20,681,200)	(21,193,900)
Materials & contracts	(18,500,900)	(18,149,800)	(18,514,300)	(18,885,000)	(19,262,500)	(19,647,200)	(20,039,200)	(20,540,300)	(21,055,300)	(21,580,700)
Borrowing costs	(1,041,800)	(976,600)	(918,200)	(860,200)	(802,700)	(742,000)	(582,400)	(525,700)	(474,700)	(430,900)
Other	(4,914,500)	(4,793,400)	(4,888,700)	(5,235,900)	(5,084,900)	(5,185,500)	(5,288,100)	(5,720,300)	(5,555,800)	(5,694,100)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>10,449,300</b>	<b>9,467,200</b>	<b>9,696,400</b>	<b>10,177,100</b>	<b>10,440,800</b>	<b>10,437,400</b>	<b>10,385,900</b>	<b>10,956,500</b>	<b>10,980,100</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(11,167,700)	(5,711,700)	(7,617,201)	(5,269,300)	(5,270,300)	(5,386,900)	(5,302,200)	(5,899,900)	(5,707,900)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(11,167,700)</b>	<b>(5,711,700)</b>	<b>(7,617,201)</b>	<b>(5,269,300)</b>	<b>(5,270,300)</b>	<b>(5,386,900)</b>	<b>(5,302,200)</b>	<b>(5,899,900)</b>	<b>(5,707,900)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances										
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(850,700)	(902,100)	(849,800)	(845,900)	(903,500)	(808,300)	(824,600)	(611,600)	(655,500)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>(850,700)</b>	<b>(902,100)</b>	<b>(849,800)</b>	<b>(845,900)</b>	<b>(903,500)</b>	<b>(808,300)</b>	<b>(824,600)</b>	<b>(611,600)</b>	<b>(655,500)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,569,100)</b>	<b>2,853,400</b>	<b>1,229,399</b>	<b>4,061,900</b>	<b>4,267,000</b>	<b>4,242,200</b>	<b>4,259,100</b>	<b>4,445,000</b>	<b>4,616,700</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,431,342</b>	<b>40,284,742</b>	<b>41,514,141</b>	<b>45,576,041</b>	<b>49,843,041</b>	<b>54,085,241</b>	<b>58,344,341</b>	<b>62,789,341</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,431,342</b>	<b>40,284,742</b>	<b>41,514,141</b>	<b>45,576,041</b>	<b>49,843,041</b>	<b>54,085,241</b>	<b>58,344,341</b>	<b>62,789,341</b>	<b>67,406,041</b>



## Section 4 – Financial Outcomes (Base Case)

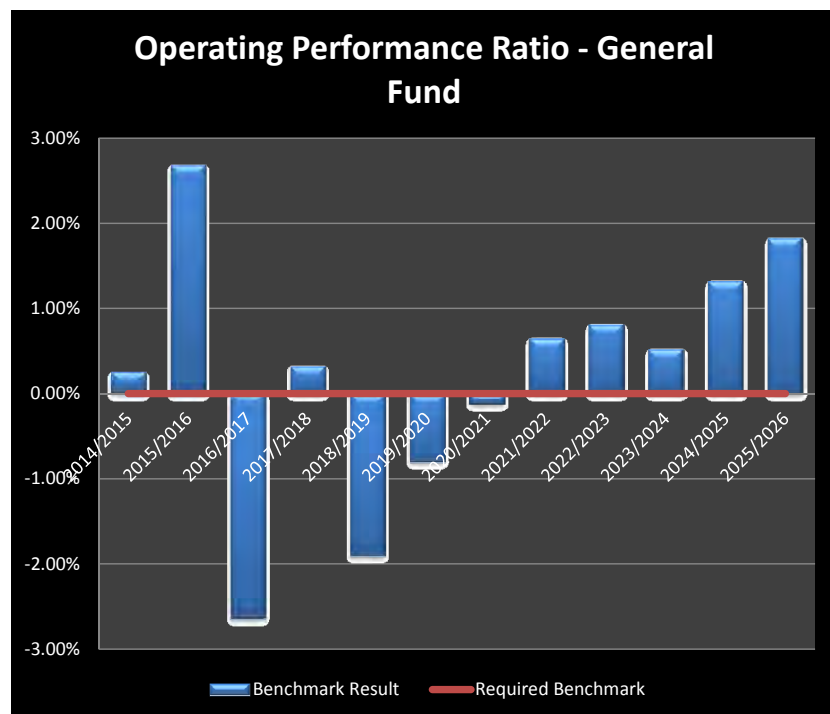
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	163,700	(954,900)	(413,500)	(62,900)	351,500	447,500	293,900	761,300	1,080,300
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>10,449,300</b>	<b>9,467,200</b>	<b>9,696,400</b>	<b>10,177,100</b>	<b>10,440,800</b>	<b>10,437,400</b>	<b>10,385,900</b>	<b>10,956,500</b>	<b>10,980,100</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	11,167,700	5,711,700	7,617,201	5,269,300	5,270,300	5,386,900	5,302,200	5,899,900	5,707,900
Loan principal repayments	995,200	850,700	902,100	849,800	845,900	903,500	808,300	824,600	611,600	655,500
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>12,018,400</b>	<b>6,613,800</b>	<b>8,467,001</b>	<b>6,115,200</b>	<b>6,173,800</b>	<b>6,195,200</b>	<b>6,126,800</b>	<b>6,511,500</b>	<b>6,363,400</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,569,100)</b>	<b>2,853,400</b>	<b>1,229,399</b>	<b>4,061,900</b>	<b>4,267,000</b>	<b>4,242,200</b>	<b>4,259,100</b>	<b>4,445,000</b>	<b>4,616,700</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,544,300)</b>	<b>2,880,300</b>	<b>1,259,299</b>	<b>4,030,900</b>	<b>4,233,100</b>	<b>4,204,600</b>	<b>4,217,900</b>	<b>4,400,000</b>	<b>4,566,400</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>(24,800)</b>	<b>(26,900)</b>	<b>(29,900)</b>	<b>31,000</b>	<b>33,900</b>	<b>37,600</b>	<b>41,200</b>	<b>45,000</b>	<b>50,300</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,157,400</b>	<b>1,130,500</b>	<b>1,100,600</b>	<b>1,131,600</b>	<b>1,165,500</b>	<b>1,203,100</b>	<b>1,244,300</b>	<b>1,289,300</b>	<b>1,339,600</b>



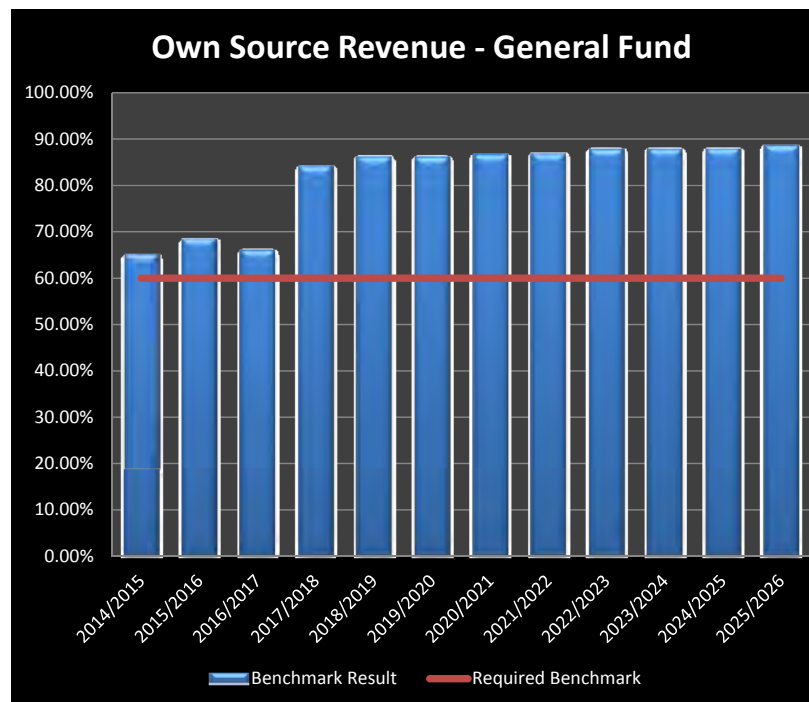
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue

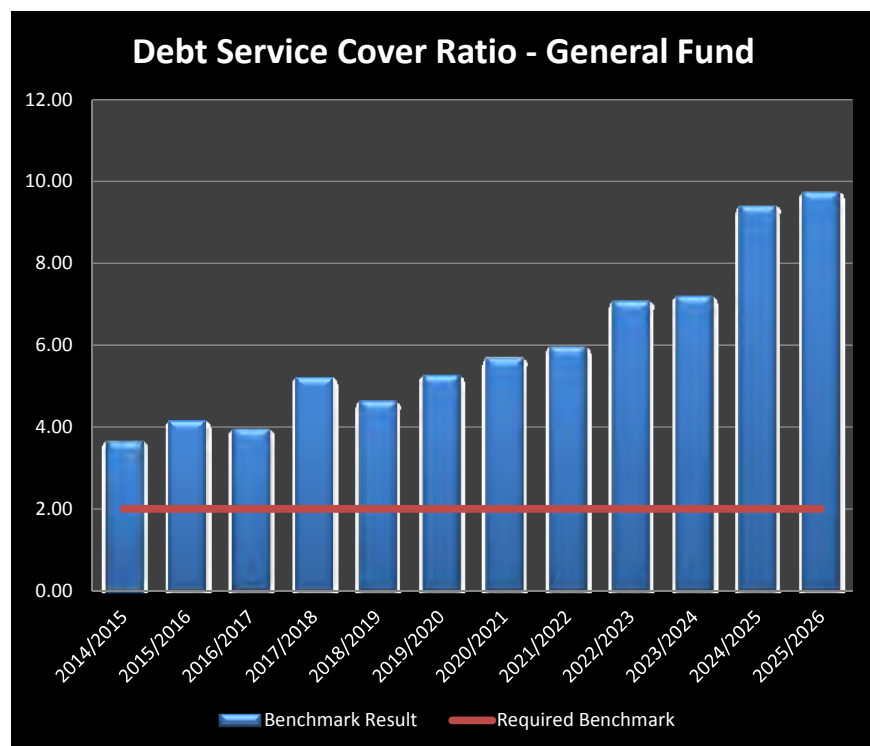




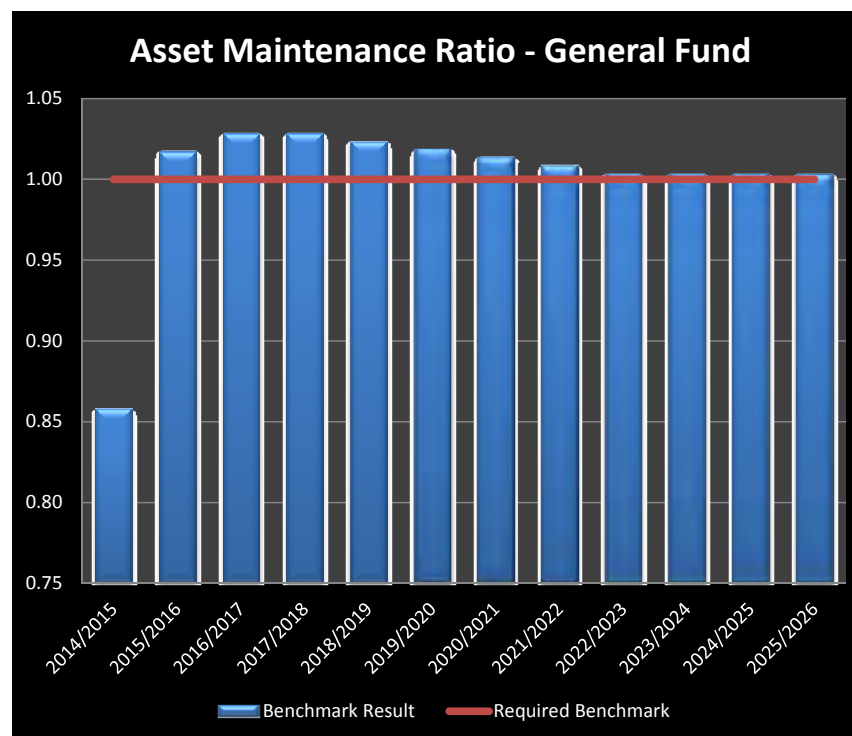
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

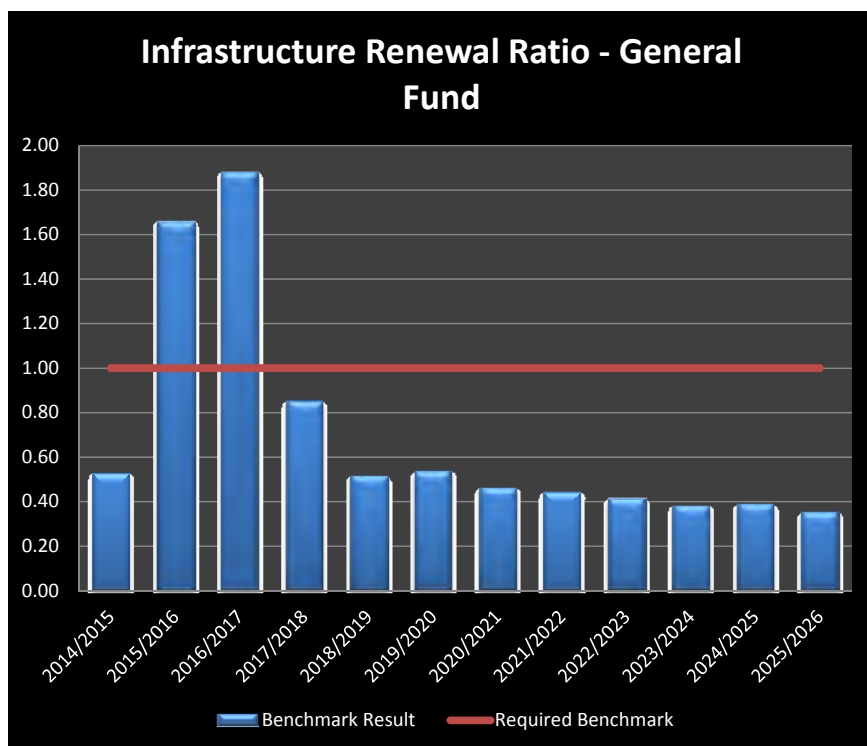




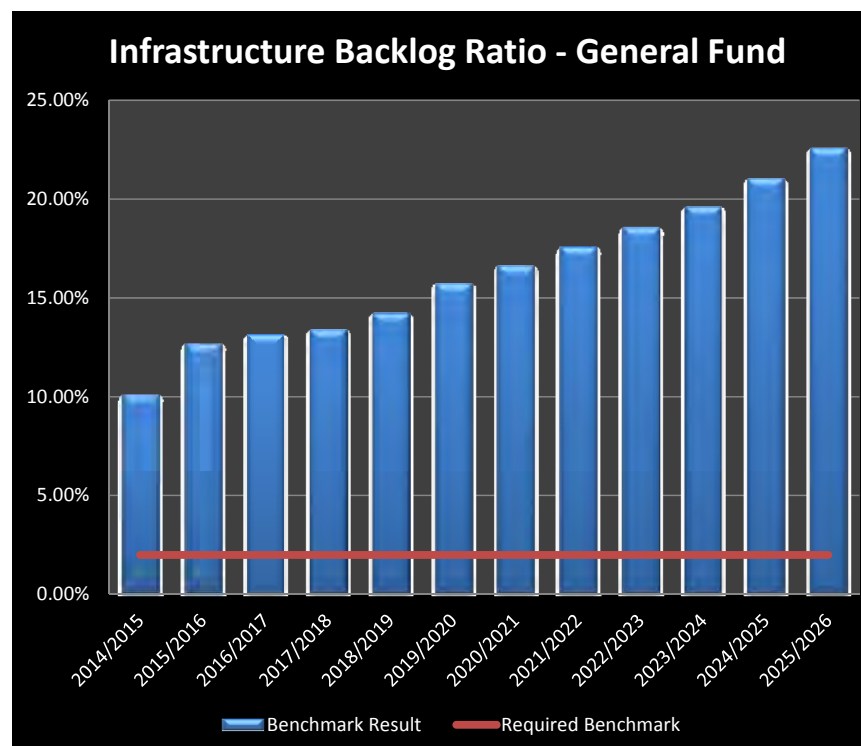
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio







## Section 4 – Financial Outcomes (Base Case)

### **General Fund Base Case Financial Outcome Commentary**

Council has done significant work over the last four years through the implementation of its Financial Sustainability Plan. Council is continuing to progress initiatives in its Financial Sustainability Plan. Council has:

1. Reviewed expenditure and revenue.
2. Implemented paid parking in Byron Bay CBD to generate additional revenue to reinvest into infrastructure.
3. Reviewed assets surplus to requirements.
4. Undertaken an Organisation Restructure
5. Developed and progressing a Strategic Procurement Roadmap.
6. Refinanced and early repayment of outstanding loans where a financial advantage existed.

Having progressed the above, and as part of Council's Fit for the Future response, it has been flagged that Council needs to seek additional revenue through a Special Rate Variation. As the performance indicators indicate in the Base Case scenario for the General Fund, there is a progressive increase in the infrastructure backlog. Whilst Council appears to be managing asset maintenance it is doing this only on the basis of addressing 'high risk' assets but it is not stopping the decline in existing assets. There are also assets that are approaching poor condition but these have been left out of the calculation of asset maintenance as they are considered low risk.

The Infrastructure Renewal ratio does not meet benchmark after 2016/2017 as Council does not have the revenue to allocate to asset renewals whilst maintaining existing service levels. The Cashflow statement for the General Fund Base Case scenario shows growth over time but these funds are restricted for specific purposes. Of the \$61million restricted in the General Fund projected by the end of 2025/2026, \$41million is subject to external restriction including \$38million in developer contributions with a further \$7million reserved for waste management and \$5million reserved from Holiday Park operations. Whilst these funds exist, they cannot be used for asset maintenance nor asset renewal in the General Fund.

Investment in infrastructure during 2015/2016 and 2016/2017 has and is at record levels. It needs to be recognised this has been achieved through use of sale proceeds from assets, reallocation of internal reserves to infrastructure works and grant funding. These funding sources are not recurrent and as such are creating the impression of additional works then is the norm. As these funding sources cannot be sustained, this is why the levels of infrastructure renewals falls below benchmark after 2016/2017.

Based on the condition assessment of the transportation network, Council's predictive asset condition modelling indicates the failure of significant assets and sections of road network. The financial outcome of those failures will be to increase the Council's Infrastructure Asset Backlog and the estimated costs to reinstate failed assets and bring the assets back to an acceptable condition would be beyond Council's current capacity to fund.



## Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenarios

### Sensitivity Analysis

Long Term Financial Plans (LTFP) are by their nature based on assumptions and predictions. The longer the term of a plan in years the greater the impact on the relevance of assumptions used for the latter years, in terms of their accuracy, as events may occur in future years that at this point in time are not known. Consequently if assumptions are wrong they can possibly have a significant impact upon the Long Term Financial Plan (LTFP) results which can vary depending upon the degree of variance in assumptions. If the assumptions identified in Section 4 of this document are not correct, Council will need to reconsider the financial outcomes and whether this will impact upon the ability to provide the financial resources to deliver outcomes identified in the Community Strategic Plan. It is on this basis that the Long Term Financial Plan (LTFP) will need to be regularly reviewed (at least annually).

### Scenarios

A Long Term Financial Plan (LTFP) should also provide the ability to predict financial outcomes if Council chose to alter service levels within programs or increase service levels. The Draft 2016-2026 Long Term Financial Plan is modelling three scenarios from the Base Case scenario of the General Fund that incorporate three options for Special Rate Variations (SRV) as outlined below:

- Base Case Scenario – Current Original 2016/2017 Budget Estimates plus 9 year projections based on current service levels as per resolution **16-348** as outlined in Section 4 of this document and assumptions as outlined in Section 3 of this document. Under this scenario Council's existing assets would deteriorate with transportation assets deteriorating at an accelerated rate. 43% of the transportation network is currently rates as poor to very poor condition. Council's asset condition predictive modelling indicates the imminent failure of a number of significant assets (including bridges). This option would see the infrastructure backlog increase and also dramatically increase the costs to bring assets to acceptable condition from a high risk poor condition. Council under this option would not be able to afford the funding for the renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 9.3% over the period.
- Scenario 1 'Deteriorate'– This scenario involves an SRV of 7.5% per annum each year for four years commencing from 2017/2018. The SRV if approved would be retained as a permanent addition to rate income. Under this scenario Council's existing assets would still deteriorate but the focus would be to invest the funds raised into high risk poor condition asset renewal and maintenance. This option would generate an additional \$10.78 million over four years. In addition Council would borrow an additional \$6million over three years allocated specifically to renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 33.5% over the period.



## Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenarios

- Scenario 2 ‘Maintain’ – This scenario involves an SRV of 10.0% per annum each year for four years commencing from 2017/2018. The SRV if approved would be retained as a permanent addition to rate income. Under this scenario Councils would be able to stop the deterioration of existing assets with the focus to invest funds raised into high risk poor condition asset renewal and maintenance. This option would generate an additional \$16.47million over four years. In addition Council would borrow an additional \$6million over three years allocated specifically to renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 46.4% over the period.
- Scenario 3 ‘Improve’ – This scenario involves an SRV of 12.5% per annum each year for four years commencing from 2017/2018. The SRV if approved would be retained as a permanent addition to rate income. Under this scenario Council would be able to improve the quality of existing assets and be able to fund required asset renewal and maintenance. This option would generate an additional \$22.45million over four years. In addition Council would borrow an additional \$6million over three years allocated specifically to renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 60.2% over the period.
- The overall impact on ratepayers in terms of average rates is indicated below:

Impacts	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b><u>Ratepayer Average Rate - Residential</u></b>					
Scenario 1 - 7.5% Increase per annum	1,139	1,224	1,316	1,415	1,521
Scenario 2 - 10.0% Increase per annum	1,139	1,253	1,378	1,516	1,668
Scenario 3 - 12.5% Increase per annum	1,139	1,281	1,442	1,622	1,825
<b><u>Ratepayer Average Rate - Business</u></b>					
Scenario 1 - 7.5% Increase per annum	2,071	2,227	2,394	2,573	2,766
Scenario 2 - 10.0% Increase per annum	2,071	2,278	2,506	2,757	3,033
Scenario 3 - 12.5% Increase per annum	2,071	2,330	2,622	2,949	3,318
<b><u>Ratepayer Average Rate - Business Byron Bay</u></b>					
Scenario 1 - 7.5% Increase per annum	4,437	4,770	5,128	5,512	5,926
Scenario 2 - 10.0% Increase per annum	4,437	4,881	5,369	5,906	6,496
Scenario 3 - 12.5% Increase per annum	4,437	4,992	5,616	6,318	7,108
<b><u>Ratepayer Average Rate - Farmland</u></b>					
Scenario 1 - 7.5% Increase per annum	1,608	1,729	1,858	1,998	2,147
Scenario 2 - 10.0% Increase per annum	1,608	1,769	1,946	2,140	2,354
Scenario 3 - 12.5% Increase per annum	1,608	1,809	2,035	2,289	2,576
<b><u>Ratepayer % Changes - Average Rates Cumulative</u></b>					
Scenario 1 - 7.5% Increase per annum		7.5%	15.6%	24.2%	33.5%
Scenario 2 - 10.0% Increase per annum		10.0%	21.0%	33.1%	46.4%
Scenario 3 - 12.5% Increase per annum		12.5%	26.6%	42.4%	60.2%



## Section 6 – Financial Outcomes Scenario 1 ‘Deteriorate’

Applying Scenario 1 provides the following financial outcomes for the General Fund in relation to the 2016-2026 Draft Financial Plan

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Scenario 1)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	26,289,400	27,971,600	29,773,200	31,702,900	32,487,900	33,292,900	34,118,000	34,963,800	35,830,700
User Charges & Fees	15,502,200	15,954,400	16,228,100	16,508,300	16,895,200	17,189,100	17,490,100	17,798,900	18,114,900	18,438,900
Interest and Investment Revenue	1,373,500	1,216,900	1,197,600	1,320,400	1,362,400	1,449,500	1,590,300	1,748,300	1,935,200	2,275,000
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,307,700	5,162,200	5,780,400	5,622,000	5,862,300	5,625,100	5,740,200	5,857,900	5,978,400
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>52,977,500</b>	<b>53,821,100</b>	<b>56,246,900</b>	<b>58,491,800</b>	<b>59,661,400</b>	<b>60,484,600</b>	<b>61,905,800</b>	<b>63,387,000</b>	<b>64,653,000</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,754,600	18,109,200	18,471,200	18,840,300	19,216,800	19,600,600	20,086,300	20,584,400	21,094,500
Borrowing Costs	1,041,800	1,074,000	1,111,100	1,146,300	1,082,200	1,014,600	847,700	783,400	724,500	669,200
Materials and Contracts	18,500,900	18,139,800	18,714,500	19,349,500	20,187,600	20,679,400	21,181,700	21,795,200	22,425,600	23,067,600
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,770,300	4,865,000	5,211,900	5,060,600	5,160,800	5,263,000	5,694,500	5,529,100	5,666,900
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,115,200</b>	<b>51,260,300</b>	<b>52,724,200</b>	<b>53,801,400</b>	<b>54,788,300</b>	<b>55,696,700</b>	<b>57,251,000</b>	<b>58,243,600</b>	<b>59,568,000</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>2,862,300</b>	<b>2,560,800</b>	<b>3,522,700</b>	<b>4,690,400</b>	<b>4,873,100</b>	<b>4,787,900</b>	<b>4,654,800</b>	<b>5,143,400</b>	<b>5,085,000</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>953,200</b>	<b>599,200</b>	<b>1,958,100</b>	<b>3,081,100</b>	<b>3,500,500</b>	<b>3,601,700</b>	<b>3,454,400</b>	<b>3,928,200</b>	<b>4,255,000</b>



## Section 6 – Financial Outcomes Scenario 1 ‘Deteriorate’

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Scenario 1)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	26,289,400	27,971,600	29,773,200	31,702,900	32,487,900	33,292,900	34,118,000	34,963,800	35,830,700
User charges & fees	15,502,200	15,954,400	16,228,100	16,508,300	16,895,200	17,189,100	17,490,100	17,798,900	18,114,900	18,438,900
Investment revenue	1,373,500	1,216,900	1,197,600	1,320,400	1,362,400	1,449,500	1,590,300	1,748,300	1,935,200	2,275,000
Grants & contributions	22,124,200	8,216,800	7,123,800	7,345,000	7,231,300	7,234,900	6,811,300	6,940,600	7,073,100	6,808,400
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,754,600)	(18,109,200)	(18,471,200)	(18,840,300)	(19,216,800)	(19,600,600)	(20,086,300)	(20,584,400)	(21,094,500)
Materials & contracts	(18,500,900)	(18,139,800)	(18,714,500)	(19,349,500)	(20,187,600)	(20,679,400)	(21,181,700)	(21,795,200)	(22,425,600)	(23,067,600)
Borrowing costs	(1,041,800)	(1,074,000)	(1,111,100)	(1,146,300)	(1,082,200)	(1,014,600)	(847,700)	(783,400)	(724,500)	(669,200)
Other	(4,914,500)	(4,770,300)	(4,865,000)	(5,211,900)	(5,060,600)	(5,160,800)	(5,263,000)	(5,694,500)	(5,529,100)	(5,666,900)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>11,238,800</b>	<b>11,021,300</b>	<b>12,068,000</b>	<b>13,321,100</b>	<b>13,589,800</b>	<b>13,591,600</b>	<b>13,546,400</b>	<b>14,123,400</b>	<b>14,154,800</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(13,964,800)	(9,090,000)	(11,763,201)	(8,240,400)	(8,241,400)	(8,358,000)	(8,273,300)	(8,871,000)	(8,679,000)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(13,964,800)</b>	<b>(9,090,000)</b>	<b>(11,763,201)</b>	<b>(8,240,400)</b>	<b>(8,241,400)</b>	<b>(8,358,000)</b>	<b>(8,273,300)</b>	<b>(8,871,000)</b>	<b>(8,679,000)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances		2,000,000	2,000,000	2,000,000						
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(892,800)	(988,500)	(982,600)	(985,300)	(1,049,800)	(961,800)	(985,800)	(780,800)	(836,100)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>1,107,200</b>	<b>1,011,500</b>	<b>1,017,400</b>	<b>(985,300)</b>	<b>(1,049,800)</b>	<b>(961,800)</b>	<b>(985,800)</b>	<b>(780,800)</b>	<b>(836,100)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,618,800)</b>	<b>2,942,800</b>	<b>1,322,199</b>	<b>4,095,400</b>	<b>4,298,600</b>	<b>4,271,800</b>	<b>4,287,300</b>	<b>4,471,600</b>	<b>4,639,700</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,381,642</b>	<b>40,324,442</b>	<b>41,646,641</b>	<b>45,742,041</b>	<b>50,040,641</b>	<b>54,312,441</b>	<b>58,599,741</b>	<b>63,071,341</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,381,642</b>	<b>40,324,442</b>	<b>41,646,641</b>	<b>45,742,041</b>	<b>50,040,641</b>	<b>54,312,441</b>	<b>58,599,741</b>	<b>63,071,341</b>	<b>67,711,041</b>



## Section 6 – Financial Outcomes Scenario 1 ‘Deteriorate’

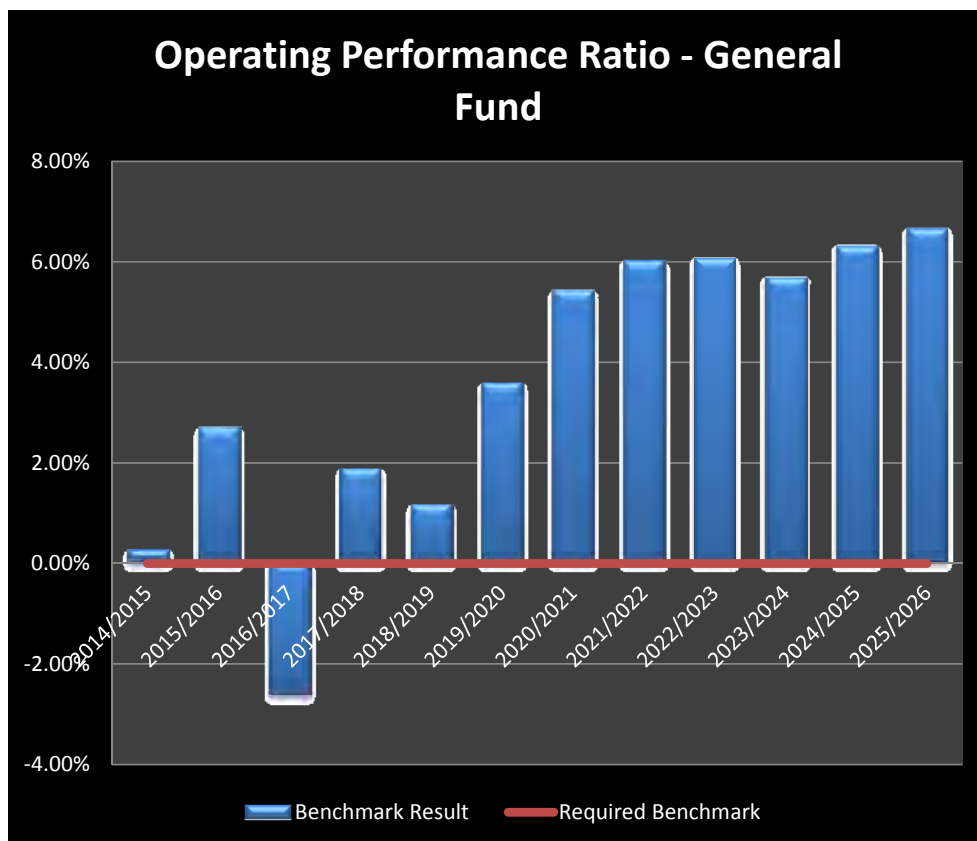
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Scenario 1)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected				
		2022	2023	2024	2025	2026				
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	953,200	599,200	1,958,100	3,081,100	3,500,500	3,601,700	3,454,400	3,928,200	4,255,000
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	2,000,000	2,000,000	2,000,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>13,238,800</b>	<b>13,021,300</b>	<b>14,068,000</b>	<b>13,321,100</b>	<b>13,589,800</b>	<b>13,591,600</b>	<b>13,546,400</b>	<b>14,123,400</b>	<b>14,154,800</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	13,964,800	9,090,000	11,763,201	8,240,400	8,241,400	8,358,000	8,273,300	8,871,000	8,679,000
Loan principal repayments	995,200	892,800	988,500	982,600	985,300	1,049,800	961,800	985,800	780,800	836,100
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>14,857,600</b>	<b>10,078,500</b>	<b>12,745,801</b>	<b>9,225,700</b>	<b>9,291,200</b>	<b>9,319,800</b>	<b>9,259,100</b>	<b>9,651,800</b>	<b>9,515,100</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,618,800)</b>	<b>2,942,800</b>	<b>1,322,199</b>	<b>4,095,400</b>	<b>4,298,600</b>	<b>4,271,800</b>	<b>4,287,300</b>	<b>4,471,600</b>	<b>4,639,700</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,483,300)</b>	<b>2,942,800</b>	<b>1,322,199</b>	<b>4,095,400</b>	<b>4,298,600</b>	<b>4,271,800</b>	<b>4,287,300</b>	<b>4,471,600</b>	<b>4,639,700</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>(135,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>	<b>1,046,700</b>



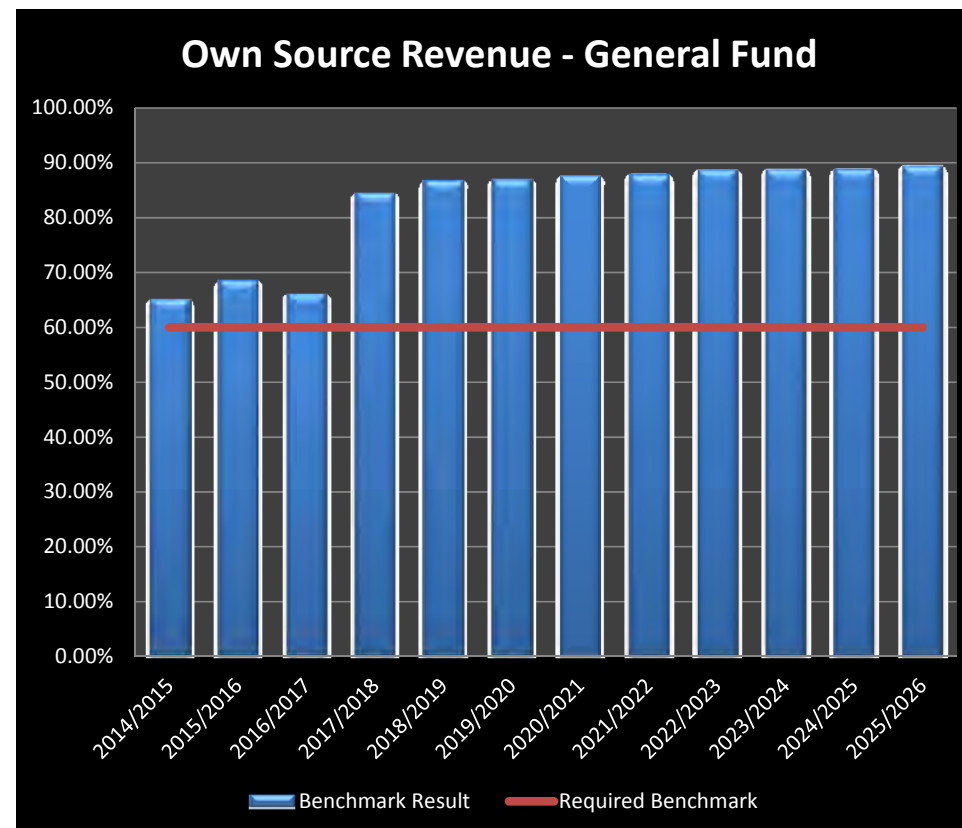
## Section 6 – Financial Outcomes Scenario 1 'Deteriorate'

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 1 'Deteriorate' reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue



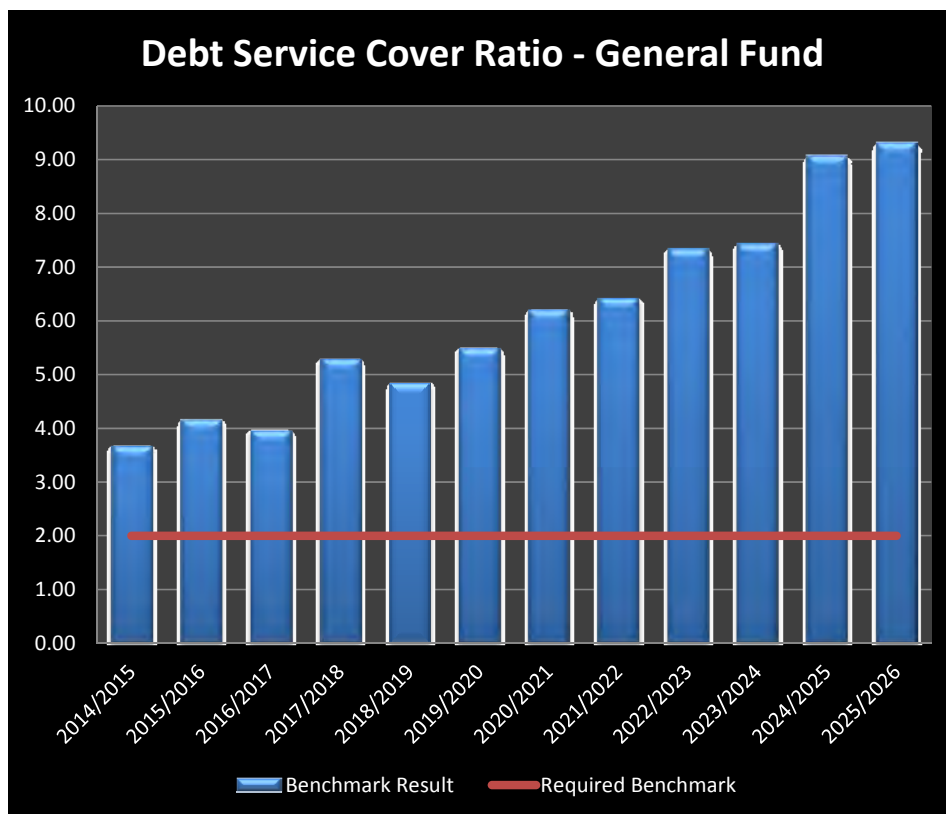




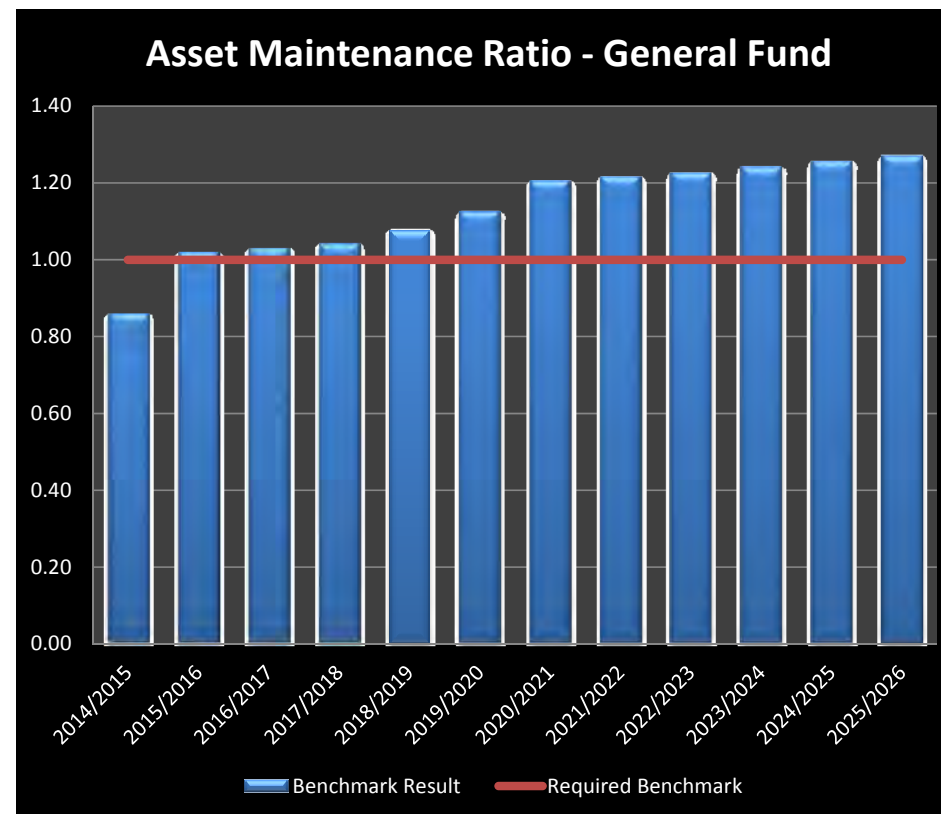
## Section 6 – Financial Outcomes Scenario 1 ‘Deteriorate’

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 1 ‘Deteriorate’ reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

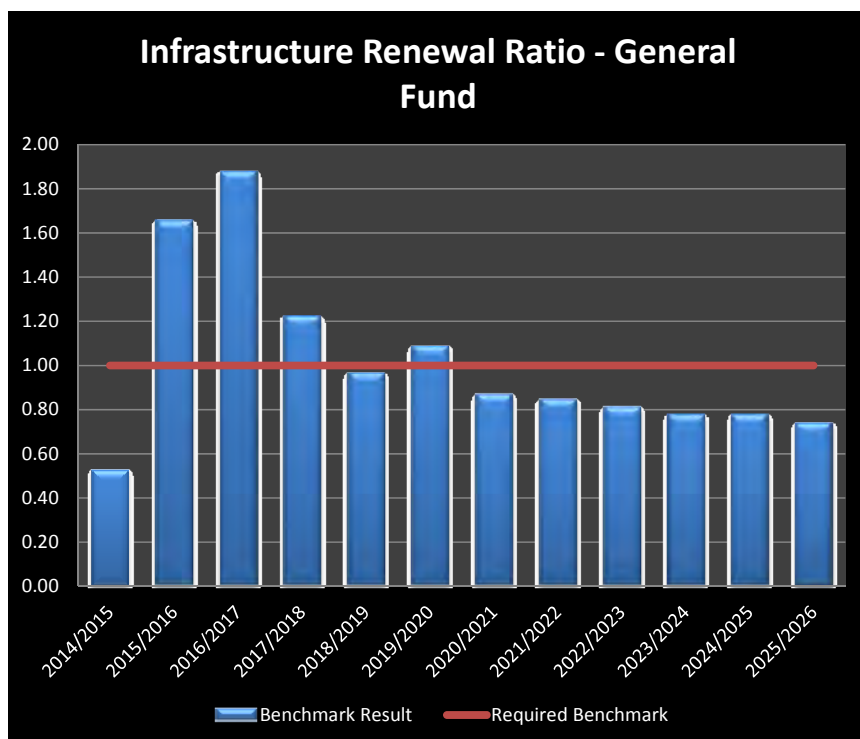




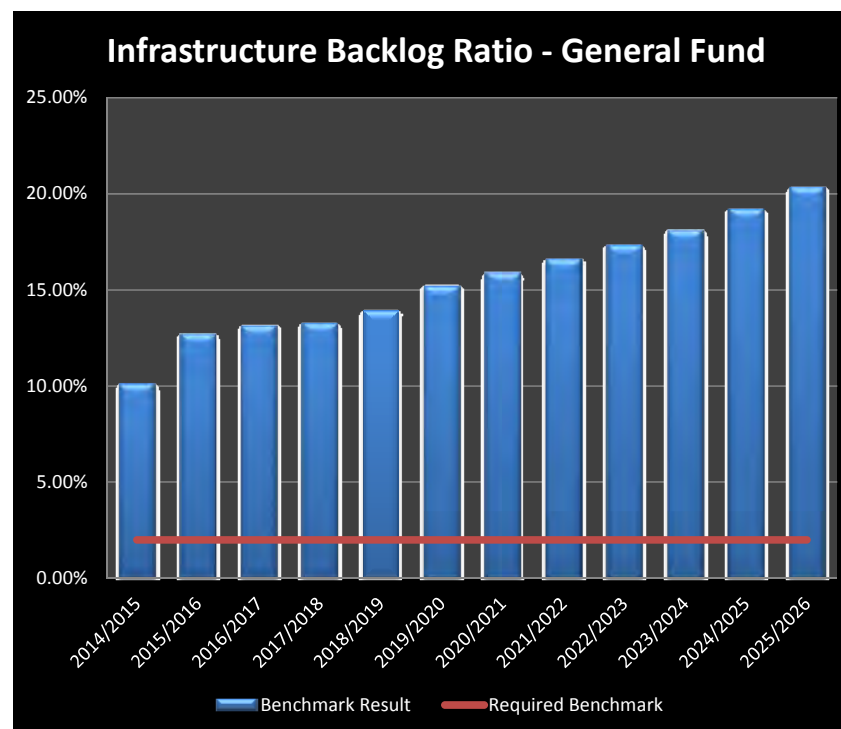
## Section 6 – Financial Outcomes Scenario 1 ‘Deteriorate’

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 1 ‘Deteriorate’ reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio





## Section 6 - Financial Outcomes Scenario 1 'Deteriorate'

### General Fund Scenario 1 'Deteriorate' Outcome Comment

As can be seen from the results of the Infrastructure Renewal Ratio and the Infrastructure Backlog ratio, Scenario 1 still sees an overall deterioration in the state of Council's infrastructure. Projections suggests whilst there is improvement in both the Infrastructure Renewal Ratio and Infrastructure Backlog Ratio, it is still not enough to meet benchmark and arrest the decline in Council's infrastructure assets but is certainly an improvement to the Base Case Scenario outlined in Section 4 of this document.

If comparison is made against the infrastructure performance benchmarks, the following results are achieved:

### Infrastructure Renewal Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.88	0.85	0.51	0.53	0.46	0.44	0.41	0.38	0.39	0.35
Scenario 1	1.88	1.22	0.97	1.09	0.87	0.85	0.81	0.78	0.78	0.74

### Infrastructure Backlog Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Base Case	13.14%	13.39%	14.22%	15.73%	16.63%	17.57%	18.56%	19.61%	21.05%	22.58%
Scenario 1	13.14%	13.27%	13.92%	15.19%	15.88%	16.60%	17.33%	18.10%	19.20%	20.34%



## Section 7 - Financial Outcomes Scenario 2 'Maintain'

Applying Scenario 2 provides the following financial outcomes for the General Fund in relation to the 2016-2026 Draft Financial Plan

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Scenario 2)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	26,800,700	29,048,100	31,510,200	34,208,200	35,056,100	35,925,200	36,816,000	37,729,000	38,664,900
User Charges & Fees	15,502,200	16,008,700	16,283,300	16,565,000	16,953,200	17,248,600	17,551,400	17,861,200	18,178,500	18,504,200
Interest and Investment Revenue	1,373,500	1,219,900	1,203,800	1,330,900	1,376,900	1,466,300	1,610,000	1,771,200	1,961,800	2,305,700
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,329,300	5,191,000	5,817,500	5,668,600	5,910,000	5,673,800	5,790,200	5,909,200	6,031,000
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>53,567,700</b>	<b>54,987,800</b>	<b>58,088,200</b>	<b>61,116,200</b>	<b>62,353,600</b>	<b>63,246,600</b>	<b>64,739,000</b>	<b>66,293,700</b>	<b>67,635,800</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,754,600	18,109,200	18,471,200	18,840,300	19,216,800	19,600,600	20,086,300	20,584,400	21,094,500
Borrowing Costs	1,041,800	1,074,000	1,111,100	1,146,300	1,082,200	1,014,600	847,700	783,400	724,500	669,200
Materials and Contracts	18,500,900	18,189,800	19,093,200	19,962,900	21,081,200	21,638,600	22,208,900	22,892,000	23,593,800	24,309,800
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,770,300	4,865,000	5,211,900	5,060,600	5,160,800	5,263,000	5,694,500	5,529,100	5,666,900
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,165,200</b>	<b>51,639,000</b>	<b>53,337,600</b>	<b>54,695,000</b>	<b>55,747,500</b>	<b>56,723,900</b>	<b>58,347,800</b>	<b>59,411,800</b>	<b>60,810,200</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>3,402,500</b>	<b>3,348,800</b>	<b>4,750,600</b>	<b>6,421,200</b>	<b>6,606,100</b>	<b>6,522,700</b>	<b>6,391,200</b>	<b>6,881,900</b>	<b>6,825,600</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>1,493,400</b>	<b>1,387,200</b>	<b>3,186,000</b>	<b>4,811,900</b>	<b>5,233,500</b>	<b>5,336,500</b>	<b>5,190,800</b>	<b>5,666,700</b>	<b>5,995,600</b>



## Section 7 - Financial Outcomes Scenario 2 'Maintain'

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Scenario 2)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	26,800,700	29,048,100	31,510,200	34,208,200	35,056,100	35,925,200	36,816,000	37,729,000	38,664,900
User charges & fees	15,502,200	16,008,700	16,283,300	16,565,000	16,953,200	17,248,600	17,551,400	17,861,200	18,178,500	18,504,200
Investment revenue	1,373,500	1,219,900	1,203,800	1,330,900	1,376,900	1,466,300	1,610,000	1,771,200	1,961,800	2,305,700
Grants & contributions	22,124,200	8,238,400	7,152,600	7,382,100	7,277,900	7,282,600	6,860,000	6,990,600	7,124,400	6,861,000
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,754,600)	(18,109,200)	(18,471,200)	(18,840,300)	(19,216,800)	(19,600,600)	(20,086,300)	(20,584,400)	(21,094,500)
Materials & contracts	(18,500,900)	(18,189,800)	(19,093,200)	(19,962,900)	(21,081,200)	(21,638,600)	(22,208,900)	(22,892,000)	(23,593,800)	(24,309,800)
Borrowing costs	(1,041,800)	(1,074,000)	(1,111,100)	(1,146,300)	(1,082,200)	(1,014,600)	(847,700)	(783,400)	(724,500)	(669,200)
Other	(4,914,500)	(4,770,300)	(4,865,000)	(5,211,900)	(5,060,600)	(5,160,800)	(5,263,000)	(5,694,500)	(5,529,100)	(5,666,900)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>11,779,000</b>	<b>11,809,300</b>	<b>13,295,900</b>	<b>15,051,900</b>	<b>15,322,800</b>	<b>15,326,400</b>	<b>15,282,800</b>	<b>15,861,900</b>	<b>15,895,400</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(14,297,000)	(9,804,100)	(12,915,201)	(9,893,400)	(9,894,400)	(10,011,000)	(9,926,300)	(10,524,000)	(10,332,000)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(14,297,000)</b>	<b>(9,804,100)</b>	<b>(12,915,201)</b>	<b>(9,893,400)</b>	<b>(9,894,400)</b>	<b>(10,011,000)</b>	<b>(9,926,300)</b>	<b>(10,524,000)</b>	<b>(10,332,000)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances		2,000,000	2,000,000	2,000,000						
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(892,800)	(988,500)	(982,600)	(985,300)	(1,049,800)	(961,800)	(985,800)	(780,800)	(836,100)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>1,107,200</b>	<b>1,011,500</b>	<b>1,017,400</b>	<b>(985,300)</b>	<b>(1,049,800)</b>	<b>(961,800)</b>	<b>(985,800)</b>	<b>(780,800)</b>	<b>(836,100)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,099</b>	<b>4,173,200</b>	<b>4,378,600</b>	<b>4,353,600</b>	<b>4,370,700</b>	<b>4,557,100</b>	<b>4,727,300</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,589,642</b>	<b>40,606,342</b>	<b>42,004,441</b>	<b>46,177,641</b>	<b>50,556,241</b>	<b>54,909,841</b>	<b>59,280,541</b>	<b>63,837,641</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,589,642</b>	<b>40,606,342</b>	<b>42,004,441</b>	<b>46,177,641</b>	<b>50,556,241</b>	<b>54,909,841</b>	<b>59,280,541</b>	<b>63,837,641</b>	<b>68,564,941</b>



## Section 7 - Financial Outcomes Scenario 2 'Maintain'

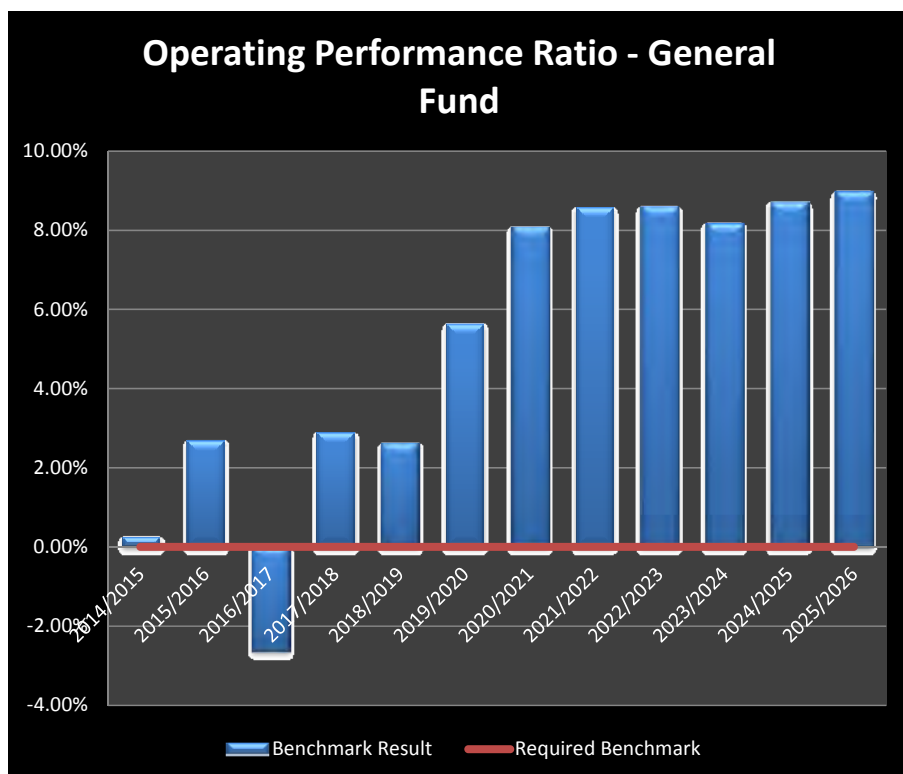
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Scenario 2)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected				
		2022	2023	2024	2025	2026				
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	1,493,400	1,387,200	3,186,000	4,811,900	5,233,500	5,336,500	5,190,800	5,666,700	5,995,600
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	2,000,000	2,000,000	2,000,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>13,779,000</b>	<b>13,809,300</b>	<b>15,295,900</b>	<b>15,051,900</b>	<b>15,322,800</b>	<b>15,326,400</b>	<b>15,282,800</b>	<b>15,861,900</b>	<b>15,895,400</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	14,297,000	9,804,100	12,915,201	9,893,400	9,894,400	10,011,000	9,926,300	10,524,000	10,332,000
Loan principal repayments	995,200	892,800	988,500	982,600	985,300	1,049,800	961,800	985,800	780,800	836,100
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>15,189,800</b>	<b>10,792,600</b>	<b>13,897,801</b>	<b>10,878,700</b>	<b>10,944,200</b>	<b>10,972,800</b>	<b>10,912,100</b>	<b>11,304,800</b>	<b>11,168,100</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,099</b>	<b>4,173,200</b>	<b>4,378,600</b>	<b>4,353,600</b>	<b>4,370,700</b>	<b>4,557,100</b>	<b>4,727,300</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,099</b>	<b>4,173,200</b>	<b>4,378,600</b>	<b>4,353,600</b>	<b>4,370,700</b>	<b>4,557,100</b>	<b>4,727,300</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>



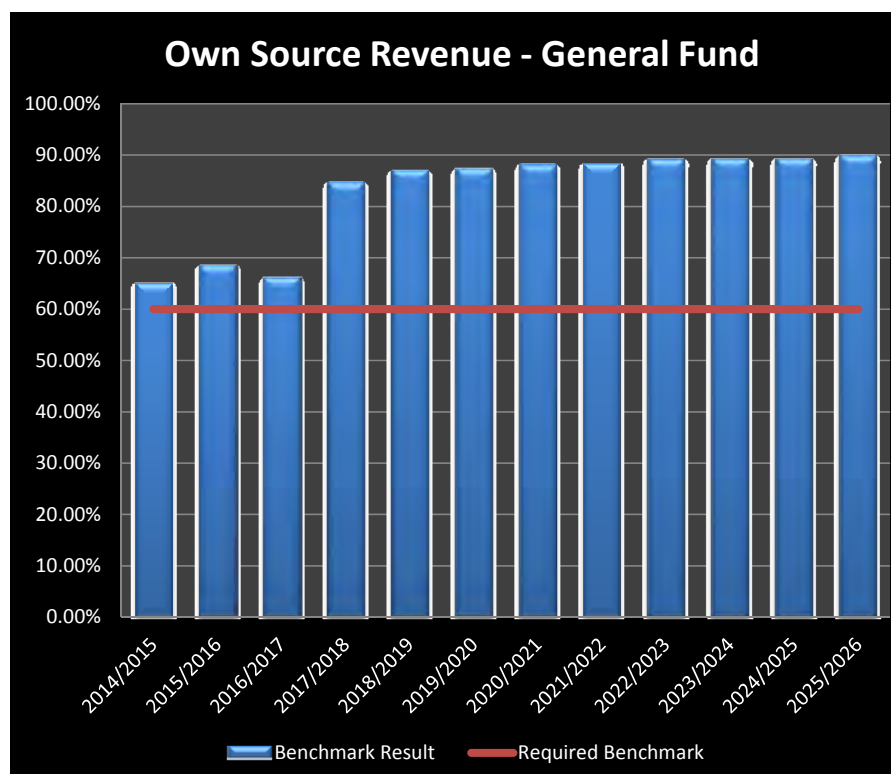
## Section 7 - Financial Outcomes Scenario 2 'Maintain'

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 2 'Maintain' reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue



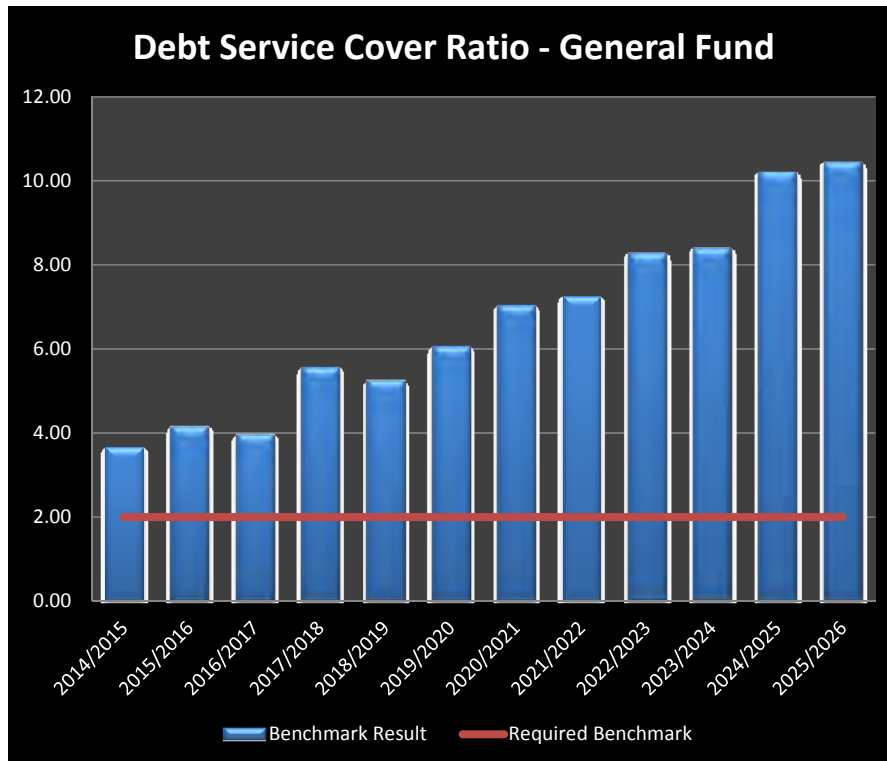




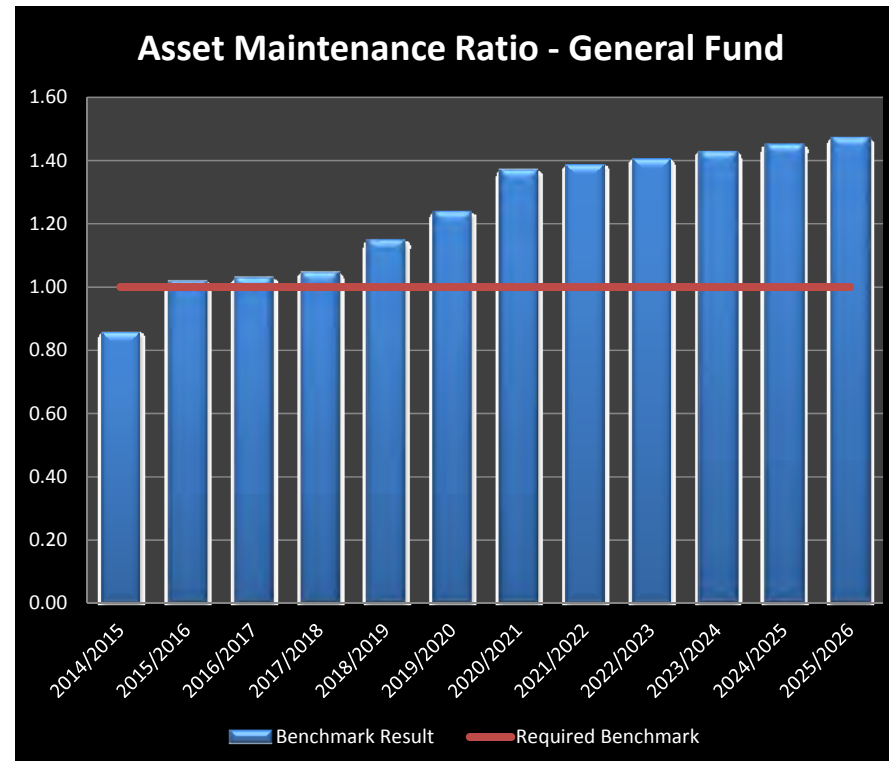
## Section 7 - Financial Outcomes Scenario 2 'Maintain'

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 2 'Maintain' reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

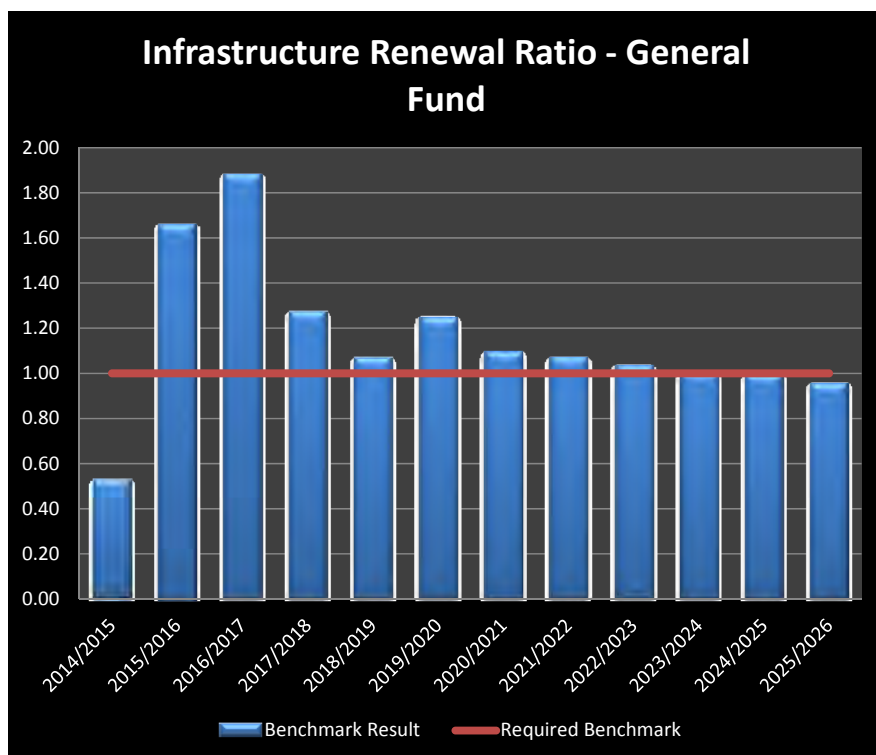




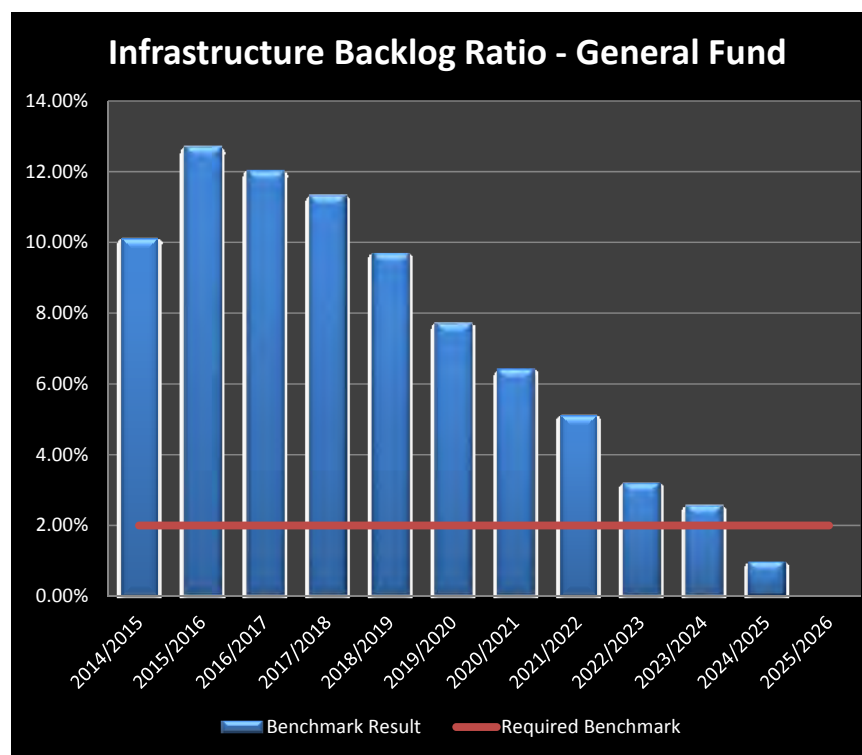
## Section 7 - Financial Outcomes Scenario 2 'Maintain'

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 2 'Maintain' reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio





## Section 7 - Financial Outcomes Scenario 2 'Maintain'

### General Fund Scenario 2 'Maintain' Outcome Comment

This scenario in terms of Infrastructure Backlog Ratio, Infrastructure Renewal Ratio and Infrastructure Backlog Ratio identifies that by 2025/2026 Council is able to invest funds to stop the decline of its infrastructure assets. Council is able to renew assets at the same pace they are wearing out plus from the year 2019/2020 allocate substantially more funding towards asset maintenance as the same time. Consistent with the Strategic Asset Management PI (SAMP), it is indicated that the current infrastructure backlog will be eliminated by the end of the 2025/2026 financial year.

If comparison is made against the infrastructure performance benchmarks, the following results are achieved:

### Infrastructure Renewal Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.88	0.85	0.51	0.53	0.46	0.44	0.41	0.38	0.39	0.35
Scenario 1	1.88	1.22	0.97	1.09	0.87	0.85	0.81	0.78	0.78	0.74
Scenario 2	1.88	1.27	1.07	1.25	1.10	1.07	1.03	1.00	1.00	0.95

### Infrastructure Backlog Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Base Case	13.14%	13.39%	14.22%	15.73%	16.63%	17.57%	18.56%	19.61%	21.05%	22.58%
Scenario 1	13.14%	13.27%	13.92%	15.19%	15.88%	16.60%	17.33%	18.10%	19.20%	20.34%
Scenario 2	13.14%	11.31%	9.68%	7.70%	6.04%	5.11%	3.19%	2.55%	0.96%	0.00%



## Section 8 - Financial Outcomes Scenario 3 'Improve'

Applying Scenario 3 provides the following financial outcomes for the General Fund in relation to the 2016-2026 Draft Financial Plan

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Scenario 3)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	27,285,700	30,121,800	33,299,100	36,859,800	37,773,900	38,711,100	39,671,500	40,656,000	41,665,000
User Charges & Fees	15,502,200	16,008,800	16,283,500	16,565,300	16,953,600	17,249,000	17,551,800	17,861,600	18,178,900	18,504,600
Interest and Investment Revenue	1,373,500	1,221,400	1,207,100	1,336,400	1,385,100	1,474,700	1,618,600	1,780,000	1,970,600	2,314,900
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,335,000	5,203,700	5,838,700	5,700,000	5,942,200	5,706,800	5,824,000	5,943,800	6,066,500
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>54,060,000</b>	<b>56,077,700</b>	<b>59,904,100</b>	<b>63,807,800</b>	<b>65,112,400</b>	<b>66,074,500</b>	<b>67,637,500</b>	<b>69,264,500</b>	<b>70,681,000</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,754,600	18,109,200	18,471,200	18,840,300	19,216,800	19,600,600	20,086,300	20,584,400	21,094,500
Borrowing Costs	1,041,800	1,074,000	1,111,100	1,146,300	1,082,200	1,014,600	847,700	783,400	724,500	669,200
Materials and Contracts	18,500,900	18,350,000	19,452,500	20,572,300	22,001,000	22,625,600	23,265,000	24,018,700	24,792,800	25,583,200
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,770,300	4,865,000	5,211,900	5,060,600	5,160,800	5,263,000	5,694,500	5,529,100	5,666,900
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,325,400</b>	<b>51,998,300</b>	<b>53,947,000</b>	<b>55,614,800</b>	<b>56,734,500</b>	<b>57,780,000</b>	<b>59,474,500</b>	<b>60,610,800</b>	<b>62,083,600</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>3,734,600</b>	<b>4,079,400</b>	<b>5,957,100</b>	<b>8,193,000</b>	<b>8,377,900</b>	<b>8,294,500</b>	<b>8,163,000</b>	<b>8,653,700</b>	<b>8,597,400</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>1,825,500</b>	<b>2,117,800</b>	<b>4,392,500</b>	<b>6,583,700</b>	<b>7,005,300</b>	<b>7,108,300</b>	<b>6,962,600</b>	<b>7,438,500</b>	<b>7,767,400</b>



## Section 8 - Financial Outcomes Scenario 3 'Improve'

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Scenario 3)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	27,285,700	30,121,800	33,299,100	36,859,800	37,773,900	38,711,100	39,671,500	40,656,000	41,665,000
User charges & fees	15,502,200	16,008,800	16,283,500	16,565,300	16,953,600	17,249,000	17,551,800	17,861,600	18,178,900	18,504,600
Investment revenue	1,373,500	1,221,400	1,207,100	1,336,400	1,385,100	1,474,700	1,618,600	1,780,000	1,970,600	2,314,900
Grants & contributions	22,124,200	8,244,100	7,165,300	7,403,300	7,309,300	7,314,800	6,893,000	7,024,400	7,159,000	6,896,500
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,754,600)	(18,109,200)	(18,471,200)	(18,840,300)	(19,216,800)	(19,600,600)	(20,086,300)	(20,584,400)	(21,094,500)
Materials & contracts	(18,500,900)	(18,350,000)	(19,452,500)	(20,572,300)	(22,001,000)	(22,625,600)	(23,265,000)	(24,018,700)	(24,792,800)	(25,583,200)
Borrowing costs	(1,041,800)	(1,074,000)	(1,111,100)	(1,146,300)	(1,082,200)	(1,014,600)	(847,700)	(783,400)	(724,500)	(669,200)
Other	(4,914,500)	(4,770,300)	(4,865,000)	(5,211,900)	(5,060,600)	(5,160,800)	(5,263,000)	(5,694,500)	(5,529,100)	(5,666,900)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>12,111,100</b>	<b>12,539,900</b>	<b>14,502,400</b>	<b>16,823,700</b>	<b>17,094,600</b>	<b>17,098,200</b>	<b>17,054,600</b>	<b>17,633,700</b>	<b>17,667,200</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(14,629,100)	(10,534,700)	(14,121,601)	(11,665,400)	(11,666,400)	(11,783,000)	(11,698,300)	(12,296,000)	(12,104,000)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(14,629,100)</b>	<b>(10,534,700)</b>	<b>(14,121,601)</b>	<b>(11,665,400)</b>	<b>(11,666,400)</b>	<b>(11,783,000)</b>	<b>(11,698,300)</b>	<b>(12,296,000)</b>	<b>(12,104,000)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances		2,000,000	2,000,000	2,000,000						
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(892,800)	(988,500)	(982,600)	(985,300)	(1,049,800)	(961,800)	(985,800)	(780,800)	(836,100)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>1,107,200</b>	<b>1,011,500</b>	<b>1,017,400</b>	<b>(985,300)</b>	<b>(1,049,800)</b>	<b>(961,800)</b>	<b>(985,800)</b>	<b>(780,800)</b>	<b>(836,100)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,199</b>	<b>4,173,000</b>	<b>4,378,400</b>	<b>4,353,400</b>	<b>4,370,500</b>	<b>4,556,900</b>	<b>4,727,100</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,589,642</b>	<b>40,606,342</b>	<b>42,004,541</b>	<b>46,177,541</b>	<b>50,555,941</b>	<b>54,909,341</b>	<b>59,279,841</b>	<b>63,836,741</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,589,642</b>	<b>40,606,342</b>	<b>42,004,541</b>	<b>46,177,541</b>	<b>50,555,941</b>	<b>54,909,341</b>	<b>59,279,841</b>	<b>63,836,741</b>	<b>68,563,841</b>



## Section 8 - Financial Outcomes Scenario 3 'Improve'

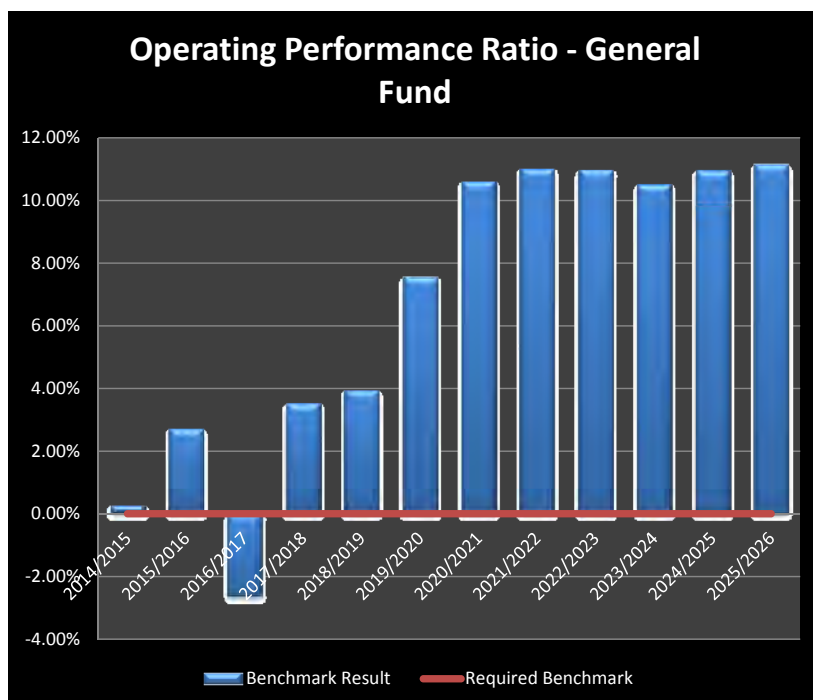
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Scenario 3)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected				
		2022	2023	2024	2025	2026				
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	1,825,500	2,117,800	4,392,500	6,583,700	7,005,300	7,108,300	6,962,600	7,438,500	7,767,400
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	2,000,000	2,000,000	2,000,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>14,111,100</b>	<b>14,539,900</b>	<b>16,502,400</b>	<b>16,823,700</b>	<b>17,094,600</b>	<b>17,098,200</b>	<b>17,054,600</b>	<b>17,633,700</b>	<b>17,667,200</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	14,629,100	10,534,700	14,121,601	11,665,400	11,666,400	11,783,000	11,698,300	12,296,000	12,104,000
Loan principal repayments	995,200	892,800	988,500	982,600	985,300	1,049,800	961,800	985,800	780,800	836,100
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>15,521,900</b>	<b>11,523,200</b>	<b>15,104,201</b>	<b>12,650,700</b>	<b>12,716,200</b>	<b>12,744,800</b>	<b>12,684,100</b>	<b>13,076,800</b>	<b>12,940,100</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,199</b>	<b>4,173,000</b>	<b>4,378,400</b>	<b>4,353,400</b>	<b>4,370,500</b>	<b>4,556,900</b>	<b>4,727,100</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,410,800)</b>	<b>3,016,700</b>	<b>1,398,199</b>	<b>4,173,000</b>	<b>4,378,400</b>	<b>4,353,400</b>	<b>4,370,500</b>	<b>4,556,900</b>	<b>4,727,100</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>



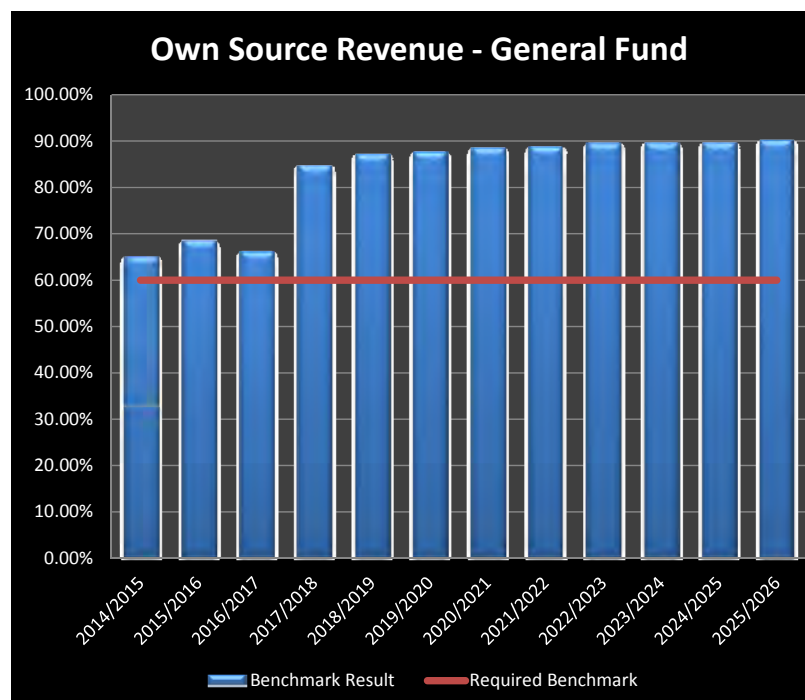
## Section 8 - Financial Outcomes Scenario 3 'Improve'

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 3 'Improve' reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue



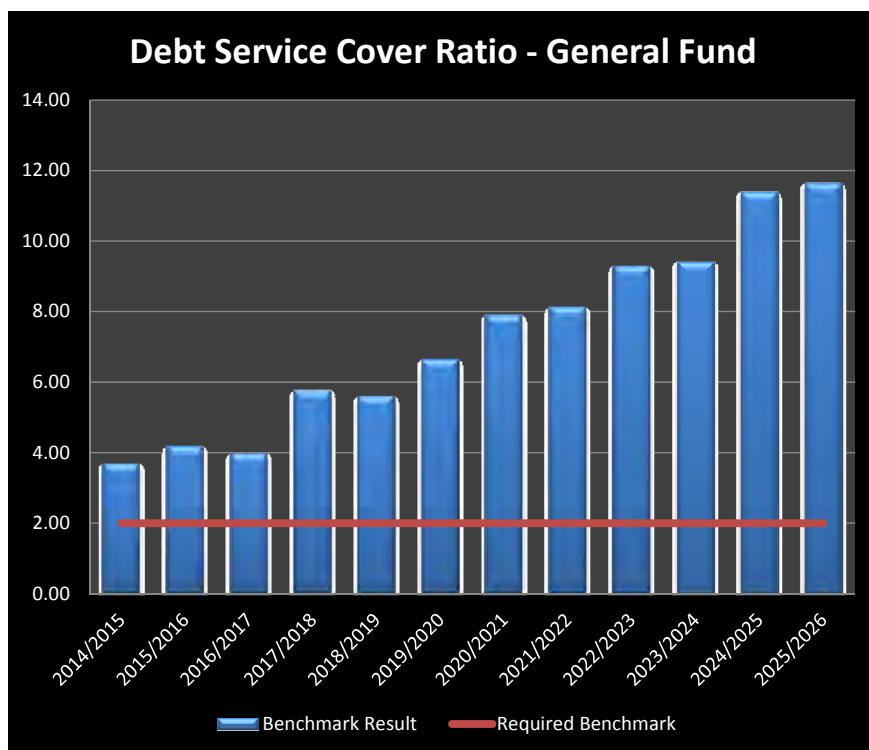




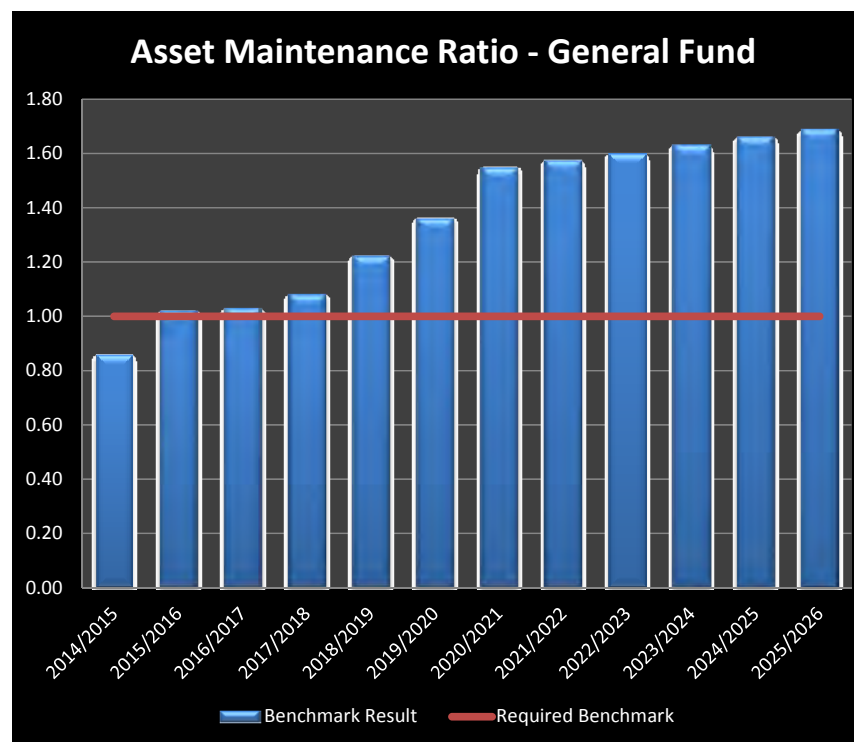
## Section 8 – Financial Outcomes Scenario 3 ‘Improve’

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 3 ‘Improve’ reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

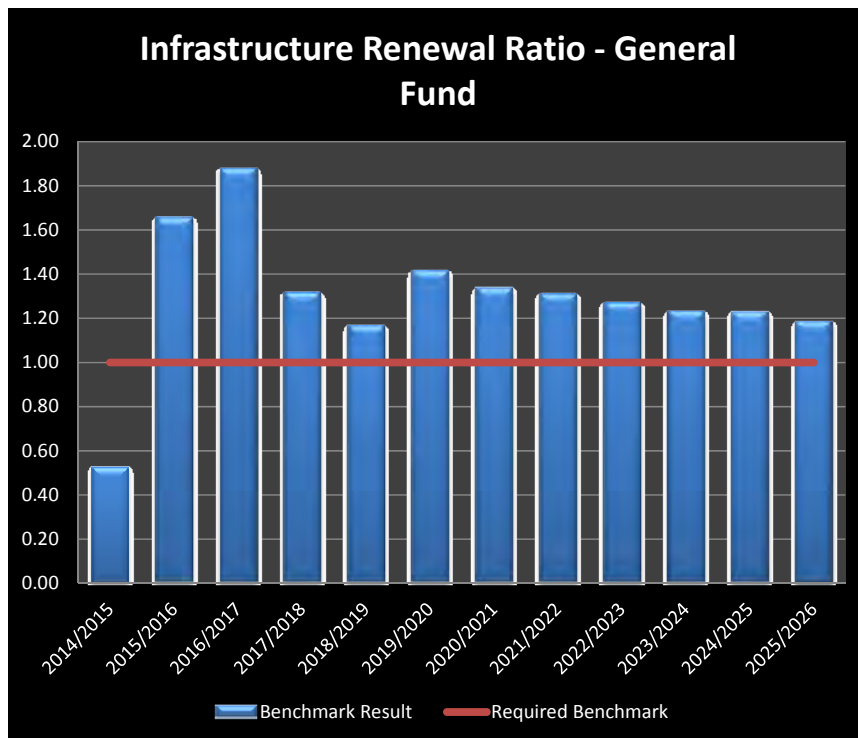




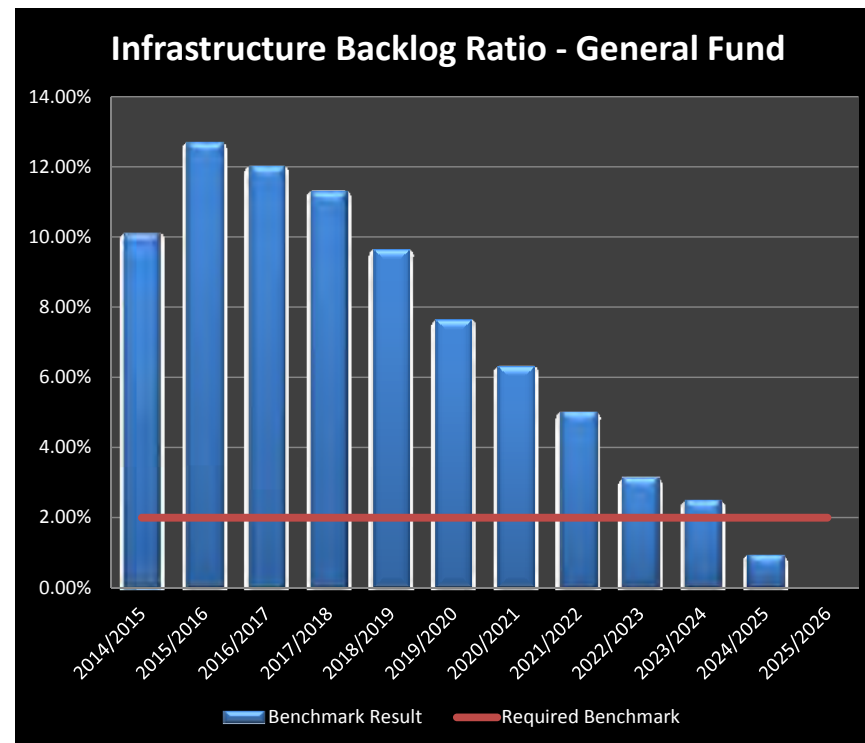
## Section 8 – Financial Outcomes Scenario 3 ‘Improve’

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Scenario 3 ‘Improve’ reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio





## Section 8 – Financial Outcomes Scenario 3 ‘Improve’

### General Fund Scenario 3 ‘Improve’ Outcome Commentary

Following from Scenario 2 the performance indicators identify further improvement and given there is more funding, the infrastructure backlog reduction would be accelerated. This option is providing also the ability to increase asset maintenance to further strengthen the condition of assets.

If comparison is made against the infrastructure renewal benchmark and asset maintenance benchmark, the following results are achieved:

### Infrastructure Renewal Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.88	0.85	0.51	0.53	0.46	0.44	0.41	0.38	0.39	0.35
Scenario 1	1.88	1.22	0.97	1.09	0.87	0.85	0.81	0.78	0.78	0.74
Scenario 2	1.88	1.27	1.07	1.25	1.10	1.07	1.03	1.00	1.00	0.95
Scenario 3	1.88	1.32	1.17	1.42	1.34	1.31	1.27	1.23	1.23	1.19

### Asset Maintenance Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.03	1.03	1.02	1.02	1.01	1.01	1.00	1.00	1.00	1.00
Scenario 1	1.03	1.04	1.08	1.12	1.20	1.21	1.23	1.24	1.26	1.27
Scenario 2	1.03	1.04	1.15	1.24	1.37	1.39	1.41	1.43	1.45	1.47
Scenario 3	1.03	1.08	1.22	1.36	1.55	1.57	1.60	1.63	1.66	1.69



## Section 9 – Key Performance Indicator Definitions

It is important with any Long Term Financial Plan (LTFP) to establish Key Performance Indicators (KPI)s that are relevant and set against benchmarks to highlight any forecasted trends that require attention if projected results fall below acceptable benchmarks. To assist the evaluation of the Byron Shire Council Draft Long Term Financial Plan 2016-2026, the following six performance benchmarks are identified to measure the performance of the General Fund

Benchmark	Calculation Basis	Description	Benchmark Requirement
Operating Performance Ratio	$\frac{\text{Total continuing operating revenue (excl capital grants and contributions less operating expenses)}}{\text{Total continuing operating revenue (excl capital grants and contributions)}}$	Provides an indication of how a Council generates income and allocates expenditure. It is an indicator of continued capacity to meet ongoing expenditure commitments.	Greater than or equal to break-even
Own Source Revenue Ratio	$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$	Measures the degree of reliance on external funding sources ie grants and contributions. Councils with a higher own source revenue have a greater ability to control or manage their own operating performance and financial sustainability.	Greater than 60%
Debt Service Cover Ratio	$\frac{\text{Operating result before capital excluding interest and depreciation}}{\text{Loan principal repayments plus interest costs}}$	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Greater than 2.00



## Section 9– Key Performance Indicator Definitions

Benchmark	Calculation Basis	Description	Benchmark Requirement
Infrastructure Renewal Ratio	$\frac{\text{Asset renewals (infrastructure)}}{\text{Depreciation, amortisation and impairment (infrastructure)}}$	Measures the proportion spent on infrastructure assets renewals and compares to the same assets deterioration.	Greater than 100%
Infrastructure Backlog Ratio	$\frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets}}$	Measures the proportion of backlog against the total value of Council's infrastructure assets. Higher backlog ratios and the inability to reduce will create future struggles with service delivery and infrastructure demands.	Less than 2%
Asset Maintenance Ratio	$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$	Measures the actual asset maintenance expenditure relative to the required asset maintenance. Ratio provides a measure of asset degradation.	Greater than 100%

Specific performance measure outcomes using the indicators defined in this section are presented in the following sections of the document as follows:

1. Section 4 – Financial Outcomes for the Base Case
2. Section 6 – Financial Outcomes for Scenario 1 'Decline'
3. Section 7 – Financial Outcomes for Scenario 2 'Maintain'
4. Section 8 – Financial Outcomes for Scenario 3 'Improve'



# Long Term Financial Plan

## 2016-2026

(To support IPART SRV Application for 2017/2018)

#E2017/8695





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## Section 1 - Introduction

The Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting framework for New South Wales (NSW) Local Government and forms part of the Resourcing Strategy. The Resourcing Strategy is a document that Council is required to develop to detail the provision of resources required to implement the strategies established by the Community Strategic Plan (CSP). The Long Term Financial Plan (LTFP) can be described as a decision making and problem solving tool where long term community aspirations can be tested against financial realities.

Specifically, the requirement to develop a Long Term Financial Plan (LTFP) is a requirement of Section 403(2) of the Local Government Act 1993.

The Long Term Financial Plan (LTFP) provides a framework in which a Council can assess its revenue building capacity to meet the activities and level of services outlined in its Community Strategic Plan. It also:

- ⇒ Establishes greater transparency and accountability of Council to the Community.
- ⇒ Provides an opportunity for early identification of financial issues and any likely impacts in the longer term.
- ⇒ Provides a mechanism to solve financial problems as a whole, see how other plans fit together and understand the impact of some decisions on other plans or strategies.
- ⇒ Provides a means of measuring Council's success in implementing strategies.
- ⇒ Confirms that Council can remain financially sustainable in the longer term.

The Long Term Financial Plan (LTFP) must support or provide for the following essential elements:

- ⇒ Must be used to inform the decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.
- ⇒ Must be for a minimum of 10 years.
- ⇒ Must be updated at least annually as part of the development of the Operational Plan.
- ⇒ Must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

The basic structure of the Long Term Financial Plan (LTFP) must include the following:

- ⇒ Projected income/expenditure and financial statements.
- ⇒ Planning assumptions used.
- ⇒ Methods of monitoring financial performance.
- ⇒ Sensitivity analysis and modelling for different scenarios.





## Section 1 - Introduction

The Long Term Financial Plan (LTFP) should be updated on a regular basis at least annually. This update is for the period 2016-2026 and covers all operations of Council including Council's General, Water and Sewerage Funds. There is also separate disclosure for each Fund operated by Council. Specifically further throughout this document in Sections 6, there is specific modelling on the General Fund in relation to a proposed Special Rate Variation (SRV) scenario subject to an application to the Independent Pricing and Regulatory Tribunal (IPART).

The base case for this Long Term Financial Plan (LTFP) incorporates the strategies implemented from Council's adopted Council Improvement Plan (CIP) submitted as part of its response to the NSW Government 'Fit for the Future' program and has been updated to incorporate the outcomes realised since the date of lodgement in June 2015. This Long Term Financial Plan (LTFP) utilises the adopted 2016/2017 original budget estimates as the starting point.

The Scenario in this document representative of a Special Rate Variation (SRV) option to be considered are as follows:

1. A Special Rate Variation of 7.5% per annum for four years commencing in 2017/2018 defined by Council as the 'Deteriorate' option.

Council had also considered two other SRV scenarios being:

2. A Special Rate Variation of 10.0% per annum for four years commencing in 2017/2018 defined by Council as the 'Maintain' option.
3. A Special Rate Variation of 12.5% per annum for four years commencing in 2017/2018 defined by Council as the "Improve" option.

The rationale for the proposed SRV options has been the subject of an engagement process with the Byron Shire Council community. Council has engaged with the Community under the banner 'Funding our Future'. The community has consistently told Council that assets such as roads, bridges, footpaths and drainage are important to them but Council needs to improve their condition. Community satisfaction surveys in 2013 and 2016 rated roads as the most important asset to the extent in the 2016 survey, 80% of the community said rural and urban roads should be a priority and more funding needs to be invested.

As part of Council's 'Fit for the Future' submission, a review of asset condition and long term financial modelling revealed a significant funding gap that revealed the need to increase investment in the maintenance and renewal of Council's ageing infrastructure.

Council at its Ordinary Meeting held on 2 February 2017 (Resolution 17-020) resolved to proceed to lodge an SRV application to IPART based on a rate increase of 7.5% per annum for a period of four years with this increase being a permanent addition to income following community feedback.

Subsequent pages to this document detail the Long Term Financial Plan (LTFP) for Byron Shire Council for the period 2016 to 2026 taking into consideration the assumptions detailed in Section 3 – Modelling Assumptions and the adopted SRV scenario parameter outlined directly above. This includes disclosure of the base case scenario for the General Fund and modelling as to the impacts of the endorsed SRV option on the General Fund. This document has also been updated with information contained in and to support Council's SRV application to the IPART



## Section 2 - Historical Financial Statistics

As a snapshot, the following table provides consolidated historical financial information for Byron Shire Council for the five year period from 2011/2012 to 2015/2016 on a Consolidated basis including General, Water and Sewerage Fund Operations combined:

Statistic	2011/2012 \$'000	2012/2013 \$'000	2013/2014 \$'000	2014/2015 \$'000	2015/2016 \$'000
<b>Revenue/Expenditure</b>					
Total Operating Revenue	71,506	68,442	77,665	85,560	90,620
Total Operating Expenditure	74,951	76,272	74,229	78,715	74,646
Operating Result – Surplus/(Deficit)	(3,445)	(7,830)	3,436	6,845	15,974
Operating Result before capital grants & contributions – Surplus/(Deficit)	(12,187)	(10,397)	(4,952)	(425)	3,267
General Rate Income	16,131	16,815	17,529	18,055	18,622
Financial Assistance Grant	3,130	2,358	1,440	2,611	2,774
Interest Expense on Loans	5,297	5,392	5,277	4,976	4,887
Depreciation Expense	16,808	18,810	14,599	12,766	13,234
<b>Cash and Investments</b>					
Externally Restricted Cash	43,212	45,738	50,180	55,043	57,838
Internally Restricted Cash	15,637	12,401	12,222	16,790	20,506
Unrestricted Cash	0	242	1,036	1,143	1,145
Total Cash and Investments	58,849	58,381	63,438	72,975	79,489
<b>Other Non Current Assets/Liabilities</b>					
Outstanding Loan Principal	72,784	72,879	69,548	66,286	62,721
Written Down Value of Property, Plant and Equipment	789,851	818,038	840,661	674,715	720,697
<b>Performance Indicators</b>					
Unrestricted Current Ratio	2.89	2.93	2.79	2.91	2.96
Debt Service Ratio	13.17%	13.99%	N/A*	N/A*	N/A*
Rates and Annual Charges Coverage Ratio	40.04%	44.83%	N/A*	N/A*	N/A*
Rates and Charges Outstanding Ratio	5.23%	5.28%	4.48%	3.81%	4.00%
Buildings and Infrastructure Renewals Ratio	34.38%	21.50%	53.55%	37.46%	136.80%

\*Debt Service Ratio and Rates and Annual Charges Ratio no longer reported from 2013/2014 financial year onwards.



## Section 3 – Modelling Assumptions

The 2016-2026 Draft Long Term Financial Plan for Byron Shire Council has provided a Base Case Scenario outcome utilising assumptions. Council's Finance Advisory Committee considered assumptions to be utilised in compiling the 2016-2016 Draft Long Term Financial Plan at its Meeting held on 18 August 2016. Following that consideration, the following assumptions are generally applied to the Base Case Outcome outlined in Section 4 of this document with some assumptions updated where new information has become available:

- ⇒ Unrestricted cash balance target of \$1,000,000 for the General Fund as a measure of short term liquidity.
- ⇒ 2016/2017 Financial Year provides the base financial year as per the original budget estimates adopted by Council on 29 June 2016 (Resolution 16-348). These budget estimates includes the gains or outcomes achieved to date from Council's Financial Sustainability Plan implemented since 2013.
- ⇒ Unregulated fees and charges be increased in line with Consumer Price Index (CPI) as a minimum.
- ⇒ Rate pegging for 2017/2018 identified at 1.50% with remaining future years of the LTFP identified at 2.50%.
- ⇒ Growth in Financial Assistance Grant to be set at 1% per annum from the 2017/2018 financial year.
- ⇒ Salary and wage indexation to be set at Consumer Price Index (CPI) plus 0.50%.
- ⇒ All other costs to be indexed by the Consumer Price Index (CPI) less continuation of an efficiency dividend.
- ⇒ Investment rates will be the 90 day bank bill rate reported monthly averaged over the last twelve months. An assessment will be made to compare this to current investment rates for reasonableness
- ⇒ Loan borrowing rates will be assumed at the current investment bill rate for the respective term plus 1.00%.
- ⇒ New loan borrowings will only be for the following:
  - Capital works where funding for annual recurrent operational costs attributable to new assets has been factored into the budget as affordable and funded.
  - To reduce the funding gap for the renewal of existing infrastructure.
  - When it is for commercial purpose and repayments can be met from additional revenue sources.
  - The term of the loan must also accord with Council's loan borrowing policy 09/006 in that the loan borrowing term should be relevant to the useful life of the asset being funded from the loan borrowings.

In addition to the above the Byron Shire Council Long Term Financial Plan (LTFP) is assumed to have as its base case all of the outcomes identified by the Community Strategic Plan, Delivery Program, Operational Plan and Strategic Asset Management Plan for the General Fund (SAMP) so by virtue of that is linked to those documents.



## Section 4 – Financial Outcomes (Base Case)

The financial outcomes identified in the base case of the 2016-2026 Draft Long Term Financial Plan are outlined below incorporating the assumptions outlined in Section 3 on a Consolidated basis (General Fund, Water Fund and Sewerage Fund combined):

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Income Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	37,240,000	37,826,000	38,451,800	39,093,100	39,750,500	40,424,100	41,115,100	41,823,100	42,549,000	43,293,000
User Charges & Fees	27,229,200	27,150,200	27,434,500	27,725,600	28,123,700	28,429,000	28,741,800	29,062,700	29,390,900	29,727,400
Interest and Investment Revenue	1,697,400	1,813,400	1,791,400	1,781,500	1,919,200	2,049,200	2,244,900	2,456,700	2,681,800	2,876,300
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	6,014,400	6,503,600	5,350,700	5,960,400	5,792,300	6,036,900	5,804,000	5,923,600	6,045,900	6,171,100
Grants & Contributions for Capital Purposes	18,313,000	3,909,100	3,961,600	3,564,600	3,609,300	3,372,600	3,186,200	3,200,400	3,215,200	2,830,000
<b>Total Income from Continuing Operations</b>	<b>91,806,800</b>	<b>78,502,300</b>	<b>78,290,000</b>	<b>79,425,200</b>	<b>80,495,000</b>	<b>81,611,800</b>	<b>82,392,000</b>	<b>83,766,500</b>	<b>85,182,800</b>	<b>86,197,800</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	20,374,000	21,575,400	22,007,000	22,446,500	22,894,900	23,351,800	23,819,200	24,410,300	25,016,400	25,637,800
Borrowing Costs	4,571,900	4,341,900	4,171,300	4,003,600	3,785,000	3,607,000	3,291,600	3,071,900	2,822,800	2,615,500
Materials and Contracts	30,326,700	29,417,800	30,007,100	30,607,400	31,219,000	31,842,800	32,478,900	33,291,200	34,125,600	34,977,700
Depreciation	12,515,100	12,640,200	12,766,800	12,894,600	13,023,500	13,153,500	13,284,900	13,417,600	13,551,200	13,686,700
Other Expenses	4,925,100	4,804,200	4,899,700	5,247,100	5,096,300	5,197,100	5,299,900	5,732,300	5,568,200	5,706,900
<b>Total Expenses from Continuing Operations</b>	<b>72,712,800</b>	<b>72,779,500</b>	<b>73,851,900</b>	<b>75,199,200</b>	<b>76,018,700</b>	<b>77,152,200</b>	<b>78,174,500</b>	<b>79,923,300</b>	<b>81,084,200</b>	<b>82,624,600</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>19,094,000</b>	<b>5,722,800</b>	<b>4,438,100</b>	<b>4,226,000</b>	<b>4,476,300</b>	<b>4,459,600</b>	<b>4,217,500</b>	<b>3,843,200</b>	<b>4,098,600</b>	<b>3,573,200</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>781,000</b>	<b>1,813,700</b>	<b>476,500</b>	<b>661,400</b>	<b>867,000</b>	<b>1,087,000</b>	<b>1,031,300</b>	<b>642,800</b>	<b>883,400</b>	<b>743,200</b>



## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Cash Flow Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	37,240,000	37,826,000	38,451,800	39,093,100	39,750,500	40,424,100	41,115,100	41,823,100	42,549,000	43,293,000
User charges & fees	27,229,200	27,150,200	27,434,500	27,725,600	28,123,700	28,429,000	28,741,800	29,062,700	29,390,900	29,727,400
Investment revenue	1,697,400	1,813,400	1,791,400	1,781,500	1,919,200	2,049,200	2,244,900	2,456,700	2,681,800	2,876,300
Grants & contributions	24,327,400	10,412,700	9,312,300	9,525,000	9,401,600	9,409,500	8,990,200	9,124,000	9,261,100	9,001,100
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(20,374,000)	(21,575,400)	(22,007,000)	(22,446,500)	(22,894,900)	(23,351,800)	(23,819,200)	(24,410,300)	(25,016,400)	(25,637,800)
Materials & contracts	(30,326,700)	(29,417,800)	(30,007,100)	(30,607,400)	(31,219,000)	(31,842,800)	(32,478,900)	(33,291,200)	(34,125,600)	(34,977,700)
Borrowing costs	(4,571,900)	(4,341,900)	(4,171,300)	(4,003,600)	(3,785,000)	(3,607,000)	(3,291,600)	(3,071,900)	(2,822,800)	(2,615,500)
Other	(4,925,100)	(4,804,200)	(4,899,700)	(5,247,100)	(5,096,300)	(5,197,100)	(5,299,900)	(5,732,300)	(5,568,200)	(5,706,900)
<b>Net Cash provided in Operating Activities</b>	<b>31,609,100</b>	<b>18,363,000</b>	<b>17,204,900</b>	<b>17,120,600</b>	<b>17,499,800</b>	<b>17,613,100</b>	<b>17,502,400</b>	<b>17,260,800</b>	<b>17,649,800</b>	<b>17,259,900</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments	0	0	0	0	0	0	0	0	0	0
Sale of property, plant and equipment	1,673,000	0	0	0	0	0	0	0	0	0
Sale of interests in joint ventures/associates	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Purchase of investments	0	0	0	0	0	0	0	0	0	0
Purchase of infrastructure property, plant & equipment	(52,159,600)	(17,412,011)	(8,521,331)	(20,103,305)	(7,784,134)	(7,471,253)	(7,744,214)	(7,861,581)	(9,904,240)	(19,957,002)
Purchase of real estate	0	0	0	0	0	0	0	0	0	0
Purchase of interests in joint ventures/associates	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Net Cash used in Investing Activities</b>	<b>(50,486,600)</b>	<b>(17,412,011)</b>	<b>(8,521,331)</b>	<b>(20,103,305)</b>	<b>(7,784,134)</b>	<b>(7,471,253)</b>	<b>(7,744,214)</b>	<b>(7,861,581)</b>	<b>(9,904,240)</b>	<b>(19,957,002)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Payments:</b>										
Borrowings and advances	(2,664,300)	(2,550,100)	(2,713,600)	(2,771,100)	(2,928,200)	(3,103,200)	(3,163,700)	(3,343,100)	(2,816,000)	(3,023,400)
Other	0	0	0	0	0	0	0	0	0	0
<b>Net Cash used in Financing Activities</b>	<b>(2,664,300)</b>	<b>(2,550,100)</b>	<b>(2,713,600)</b>	<b>(2,771,100)</b>	<b>(2,928,200)</b>	<b>(3,103,200)</b>	<b>(3,163,700)</b>	<b>(3,343,100)</b>	<b>(2,816,000)</b>	<b>(3,023,400)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(21,541,800)</b>	<b>(1,599,111)</b>	<b>5,969,969</b>	<b>(5,753,805)</b>	<b>6,787,466</b>	<b>7,038,647</b>	<b>6,594,486</b>	<b>6,056,119</b>	<b>4,929,560</b>	<b>(5,720,502)</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>78,343,915</b>	<b>56,802,115</b>	<b>55,203,004</b>	<b>61,172,973</b>	<b>55,419,168</b>	<b>62,206,634</b>	<b>69,245,281</b>	<b>75,839,767</b>	<b>81,895,886</b>	<b>86,825,446</b>
<b>Cash and Investments at end of reporting period</b>	<b>56,802,115</b>	<b>55,203,004</b>	<b>61,172,973</b>	<b>55,419,168</b>	<b>62,206,634</b>	<b>69,245,281</b>	<b>75,839,767</b>	<b>81,895,886</b>	<b>86,825,446</b>	<b>81,104,944</b>



## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 Consolidated Funding Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	781,000	1,813,700	476,500	661,400	867,000	1,087,000	1,031,300	642,800	883,400	743,200
<b>Add: Non Cash Items</b>										
Depreciation	12,515,100	12,640,200	12,766,800	12,894,600	13,023,500	13,153,500	13,284,900	13,417,600	13,551,200	13,686,700
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	18,313,000	3,909,100	3,961,600	3,564,600	3,609,300	3,372,600	3,186,200	3,200,400	3,215,200	2,830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>33,282,100</b>	<b>18,363,000</b>	<b>17,204,900</b>	<b>17,120,600</b>	<b>17,499,800</b>	<b>17,613,100</b>	<b>17,502,400</b>	<b>17,260,800</b>	<b>17,649,800</b>	<b>17,259,900</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	52,159,600	17,412,011	8,521,331	20,103,305	7,784,134	7,471,253	7,744,214	7,861,581	9,904,240	19,957,002
Loan principal repayments	2,664,300	2,550,100	2,713,600	2,771,100	2,928,200	3,103,200	3,163,700	3,343,100	2,816,000	3,023,400
<b>Total Funds Used</b>	<b>54,823,900</b>	<b>19,962,111</b>	<b>11,234,931</b>	<b>22,874,405</b>	<b>10,712,334</b>	<b>10,574,453</b>	<b>10,907,914</b>	<b>11,204,681</b>	<b>12,720,240</b>	<b>22,980,402</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(21,541,800)</b>	<b>(1,599,111)</b>	<b>5,969,969</b>	<b>(5,753,805)</b>	<b>6,787,466</b>	<b>7,038,647</b>	<b>6,594,486</b>	<b>6,056,119</b>	<b>4,929,560</b>	<b>(5,720,502)</b>
<b>Net Reserve Movement</b>	<b>(21,579,400)</b>	<b>(1,574,311)</b>	<b>5,996,869</b>	<b>(5,723,905)</b>	<b>6,756,466</b>	<b>7,004,747</b>	<b>6,556,886</b>	<b>6,014,919</b>	<b>4,884,560</b>	<b>(5,770,802)</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>(24,800)</b>	<b>(26,900)</b>	<b>(29,900)</b>	<b>31,000</b>	<b>33,900</b>	<b>37,600</b>	<b>41,200</b>	<b>45,000</b>	<b>50,300</b>



## Section 4 – Financial Outcomes (Base Case)

More importantly is the financial outcomes of the General Fund which includes all operations and assets of the Council except for Water and Sewerage. The base case for the 2016-2026 Draft Long Term Financial Plan is indicated below:

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	25,534,300	26,165,400	26,812,200	27,475,200	28,154,600	28,851,400	29,565,400	30,297,400	31,047,700
User Charges & Fees	15,502,200	15,954,300	16,227,900	16,508,000	16,894,800	17,188,700	17,489,700	17,798,500	18,114,500	18,438,500
Interest and Investment Revenue	1,373,500	1,213,200	1,189,600	1,307,700	1,407,200	1,497,700	1,642,900	1,805,300	1,996,900	2,345,000
Other Revenues	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,296,300	5,138,200	5,742,600	5,569,100	5,808,100	5,569,500	5,683,200	5,799,500	5,918,500
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>52,207,200</b>	<b>51,982,700</b>	<b>53,235,100</b>	<b>54,255,600</b>	<b>55,321,700</b>	<b>56,039,700</b>	<b>57,352,800</b>	<b>58,723,500</b>	<b>59,879,700</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,838,100	18,194,300	18,557,600	18,928,400	19,306,200	19,692,600	20,180,600	20,681,200	21,193,900
Borrowing Costs	1,041,800	976,600	918,200	860,200	802,700	742,000	582,400	525,700	474,700	430,900
Materials and Contracts	18,500,900	18,149,800	18,514,300	18,885,000	19,262,500	19,647,200	20,039,200	20,540,300	21,055,300	21,580,700
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,793,400	4,888,700	5,235,900	5,084,900	5,185,500	5,288,100	5,720,300	5,555,800	5,694,100
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,134,400</b>	<b>50,976,000</b>	<b>52,084,000</b>	<b>52,709,200</b>	<b>53,597,600</b>	<b>54,406,000</b>	<b>55,858,500</b>	<b>56,747,000</b>	<b>57,969,400</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>2,072,800</b>	<b>1,006,700</b>	<b>1,151,100</b>	<b>1,546,400</b>	<b>1,724,100</b>	<b>1,633,700</b>	<b>1,494,300</b>	<b>1,976,500</b>	<b>1,910,300</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>163,700</b>	<b>(954,900)</b>	<b>(413,500)</b>	<b>(62,900)</b>	<b>351,500</b>	<b>447,500</b>	<b>293,900</b>	<b>761,300</b>	<b>1,080,300</b>





## Section 4 – Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	25,534,300	26,165,400	26,812,200	27,475,200	28,154,600	28,851,400	29,565,400	30,297,400	31,047,700
User charges & fees	15,502,200	15,954,300	16,227,900	16,508,000	16,894,800	17,188,700	17,489,700	17,798,500	18,114,500	18,438,500
Investment revenue	1,373,500	1,213,200	1,189,600	1,307,700	1,407,200	1,497,700	1,642,900	1,805,300	1,996,900	2,345,000
Grants & contributions	22,124,200	8,205,400	7,099,800	7,307,200	7,178,400	7,180,700	6,755,700	6,883,600	7,014,700	6,748,500
Other	1,312,800	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,838,100)	(18,194,300)	(18,557,600)	(18,928,400)	(19,306,200)	(19,692,600)	(20,180,600)	(20,681,200)	(21,193,900)
Materials & contracts	(18,500,900)	(18,149,800)	(18,514,300)	(18,885,000)	(19,262,500)	(19,647,200)	(20,039,200)	(20,540,300)	(21,055,300)	(21,580,700)
Borrowing costs	(1,041,800)	(976,600)	(918,200)	(860,200)	(802,700)	(742,000)	(582,400)	(525,700)	(474,700)	(430,900)
Other	(4,914,500)	(4,793,400)	(4,888,700)	(5,235,900)	(5,084,900)	(5,185,500)	(5,288,100)	(5,720,300)	(5,555,800)	(5,694,100)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>10,449,300</b>	<b>9,467,200</b>	<b>9,696,400</b>	<b>10,177,100</b>	<b>10,440,800</b>	<b>10,437,400</b>	<b>10,385,900</b>	<b>10,956,500</b>	<b>10,980,100</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(11,167,700)	(5,711,700)	(7,617,201)	(5,269,300)	(5,270,300)	(5,386,900)	(5,302,200)	(5,899,900)	(5,707,900)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(11,167,700)</b>	<b>(5,711,700)</b>	<b>(7,617,201)</b>	<b>(5,269,300)</b>	<b>(5,270,300)</b>	<b>(5,386,900)</b>	<b>(5,302,200)</b>	<b>(5,899,900)</b>	<b>(5,707,900)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances										
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(850,700)	(902,100)	(849,800)	(845,900)	(903,500)	(808,300)	(824,600)	(611,600)	(655,500)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>(850,700)</b>	<b>(902,100)</b>	<b>(849,800)</b>	<b>(845,900)</b>	<b>(903,500)</b>	<b>(808,300)</b>	<b>(824,600)</b>	<b>(611,600)</b>	<b>(655,500)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,569,100)</b>	<b>2,853,400</b>	<b>1,229,399</b>	<b>4,061,900</b>	<b>4,267,000</b>	<b>4,242,200</b>	<b>4,259,100</b>	<b>4,445,000</b>	<b>4,616,700</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,431,342</b>	<b>40,284,742</b>	<b>41,514,141</b>	<b>45,576,041</b>	<b>49,843,041</b>	<b>54,085,241</b>	<b>58,344,341</b>	<b>62,789,341</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,431,342</b>	<b>40,284,742</b>	<b>41,514,141</b>	<b>45,576,041</b>	<b>49,843,041</b>	<b>54,085,241</b>	<b>58,344,341</b>	<b>62,789,341</b>	<b>67,406,041</b>





## Section 4 – Financial Outcomes (Base Case)

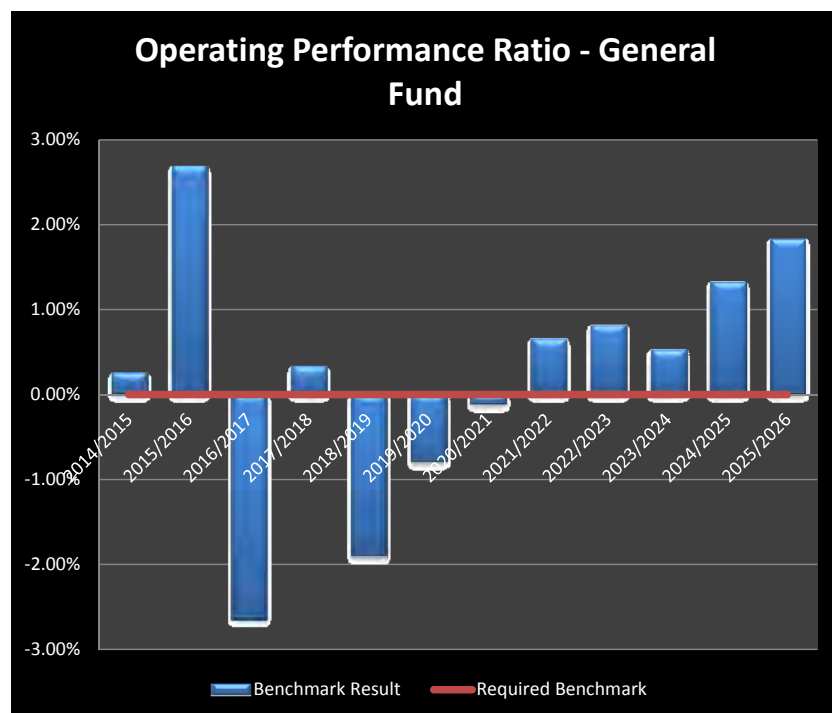
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Base Case)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	163,700	(954,900)	(413,500)	(62,900)	351,500	447,500	293,900	761,300	1,080,300
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>10,449,300</b>	<b>9,467,200</b>	<b>9,696,400</b>	<b>10,177,100</b>	<b>10,440,800</b>	<b>10,437,400</b>	<b>10,385,900</b>	<b>10,956,500</b>	<b>10,980,100</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	11,167,700	5,711,700	7,617,201	5,269,300	5,270,300	5,386,900	5,302,200	5,899,900	5,707,900
Loan principal repayments	995,200	850,700	902,100	849,800	845,900	903,500	808,300	824,600	611,600	655,500
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>12,018,400</b>	<b>6,613,800</b>	<b>8,467,001</b>	<b>6,115,200</b>	<b>6,173,800</b>	<b>6,195,200</b>	<b>6,126,800</b>	<b>6,511,500</b>	<b>6,363,400</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,569,100)</b>	<b>2,853,400</b>	<b>1,229,399</b>	<b>4,061,900</b>	<b>4,267,000</b>	<b>4,242,200</b>	<b>4,259,100</b>	<b>4,445,000</b>	<b>4,616,700</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,544,300)</b>	<b>2,880,300</b>	<b>1,259,299</b>	<b>4,030,900</b>	<b>4,233,100</b>	<b>4,204,600</b>	<b>4,217,900</b>	<b>4,400,000</b>	<b>4,566,400</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>(24,800)</b>	<b>(26,900)</b>	<b>(29,900)</b>	<b>31,000</b>	<b>33,900</b>	<b>37,600</b>	<b>41,200</b>	<b>45,000</b>	<b>50,300</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,157,400</b>	<b>1,130,500</b>	<b>1,100,600</b>	<b>1,131,600</b>	<b>1,165,500</b>	<b>1,203,100</b>	<b>1,244,300</b>	<b>1,289,300</b>	<b>1,339,600</b>



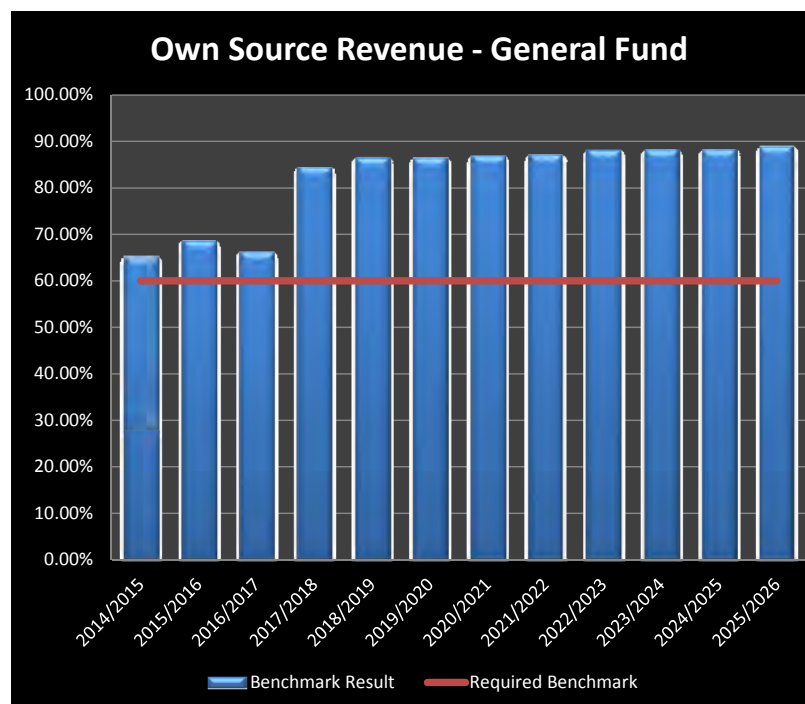
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue

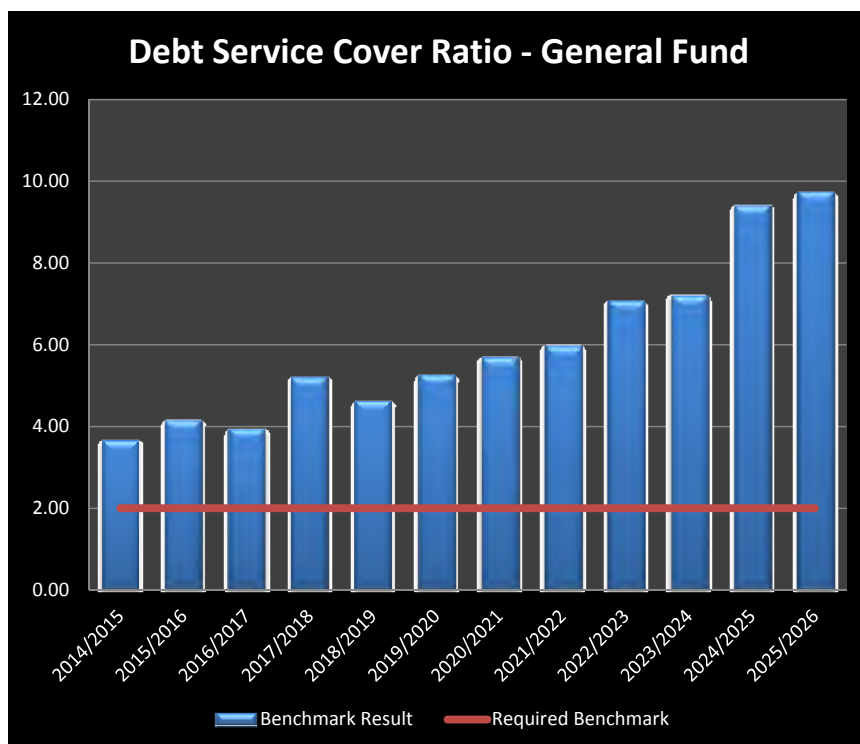




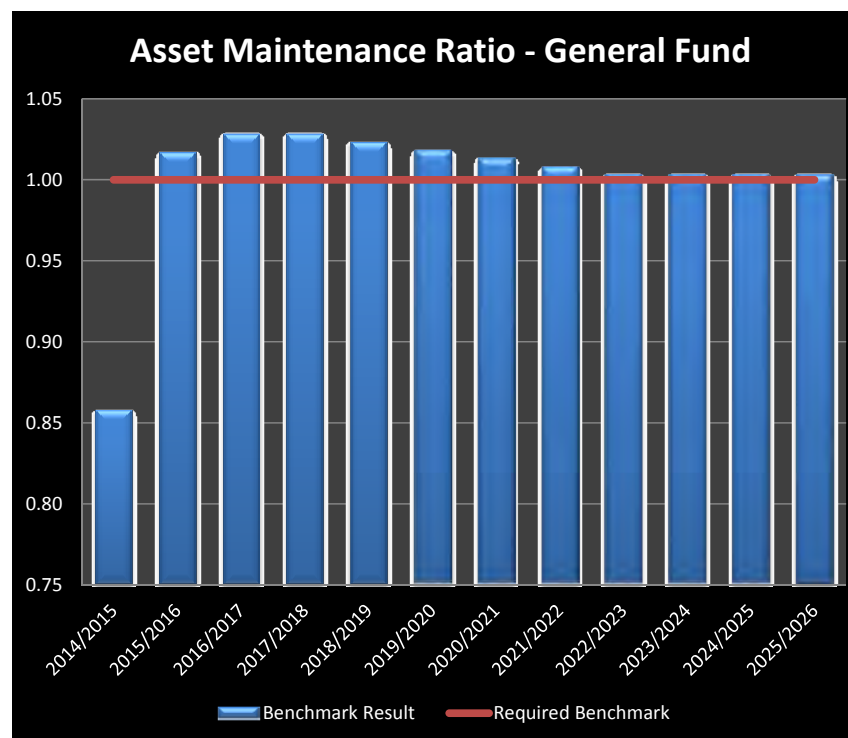
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

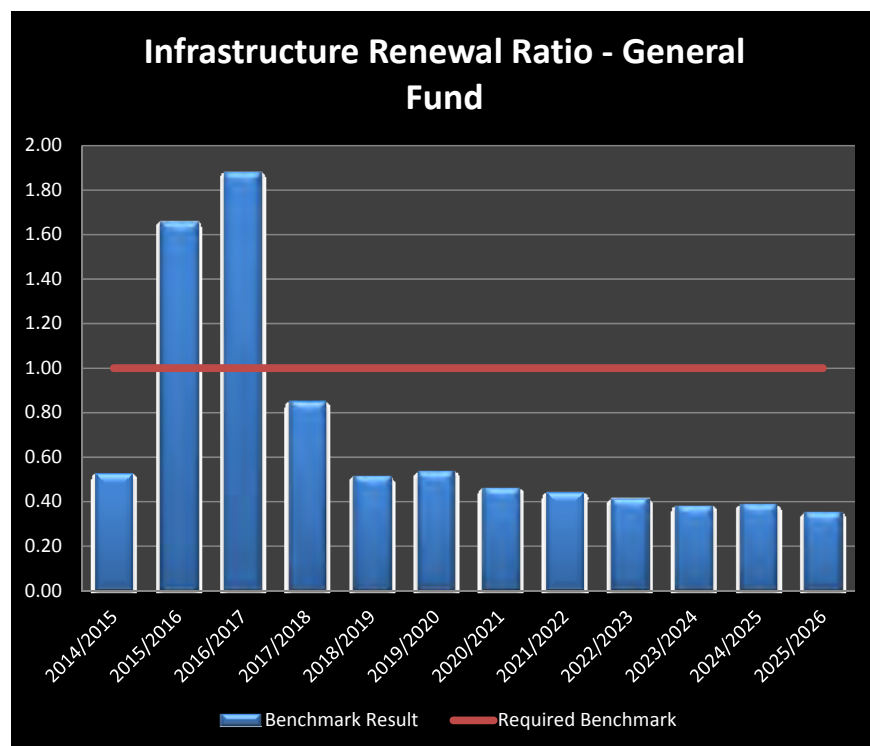




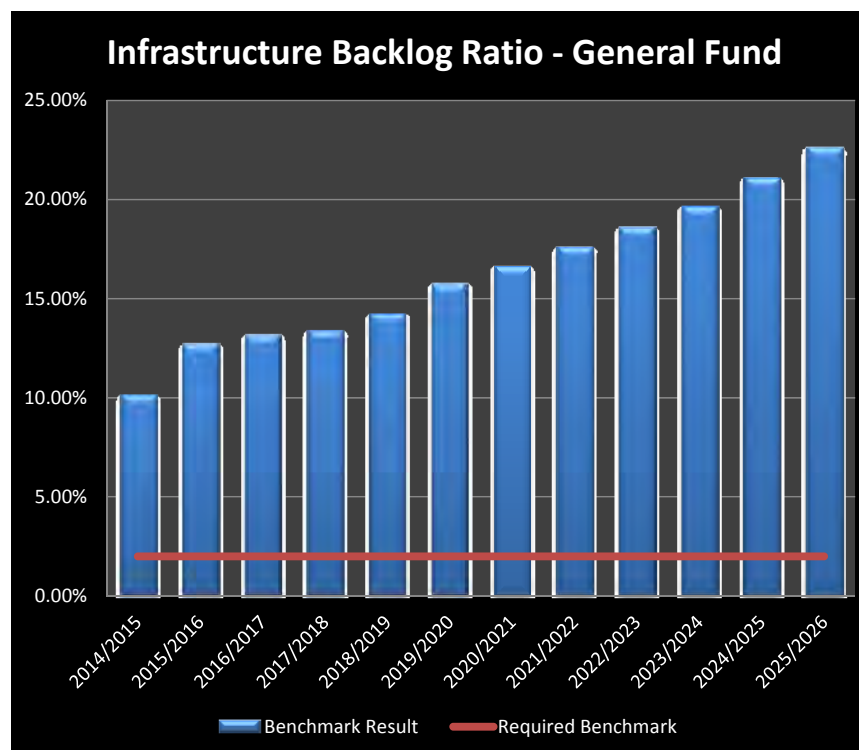
## Section 4 – Financial Outcomes (Base Case)

Detailed in Section 9 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio





## Section 4 – Financial Outcomes (Base Case)

### **General Fund Base Case Financial Outcome Commentary**

Council has done significant work over the last four years through the implementation of its Financial Sustainability Plan. Council is continuing to progress initiatives in its Financial Sustainability Plan Council has:

1. Reviewed expenditure and revenue.
2. Implemented paid parking in Byron Bay CBD to generate additional revenue to reinvest into infrastructure.
3. Reviewed assets surplus to requirements.
4. Undertaken an Organisation Restructure
5. Developed and progressing a Strategic Procurement Roadmap.
6. Refinanced and early repayment of outstanding loans where a financial advantage existed.

Having progressed the above, and as part of Council's Fit for the Future response, it has been flagged that Council needs to seek additional revenue through a Special Rate Variation. As the performance indicators indicate in the Base Case scenario for the General Fund, there is a progressive increase in the infrastructure backlog. Whilst Council appears to be managing asset maintenance it is doing this only on the basis of addressing 'high risk' assets but it is not stopping the decline in existing assets. There are also assets that are approaching poor condition but these have been left out of the calculation of asset maintenance as they are considered low risk.

The Infrastructure Renewal ratio does not meet benchmark after 2016/2017 as Council does not have the revenue to allocate to asset renewals whilst maintaining existing service levels. The Cashflow statement for the General Fund Base Case scenario shows growth over time but these funds are restricted for specific purposes. Of the \$61million restricted in the General Fund projected by the end of 2025/2026, \$41million is subject to external restriction including \$38million in developer contributions with a further \$7million reserved for waste management and \$5million reserved from Holiday Park operations. Whilst these funds exist, they cannot be used for asset maintenance nor asset renewal in the General Fund.

Investment in infrastructure during 2015/2016 and 2016/2017 has and is at record levels. It needs to be recognised this has been achieved through use of sale proceeds from assets, reallocation of internal reserves to infrastructure works and grant funding. These funding sources are not recurrent and as such are creating the impression of additional works then is the norm. As these funding sources cannot be sustained, this is why the levels of infrastructure renewals falls below benchmark after 2016/2017.

Based on the condition assessment of the transportation network, Council's predictive asset condition modelling indicates the failure of significant assets and sections of road network. The financial outcome of those failures will be to increase the Council's Infrastructure Asset Backlog and the estimated costs to reinstate failed assets and bring the assets back to an acceptable condition would be beyond Council's current capacity to fund.



## Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenarios

### Sensitivity Analysis

Long Term Financial Plans (LTFP) are by their nature based on assumptions and predictions. The longer the term of a plan in years the greater the impact on the relevance of assumptions used for the latter years, in terms of their accuracy, as events may occur in future years that at this point in time are not known. Consequently if assumptions are wrong they can possibly have a significant impact upon the Long Term Financial Plan (LTFP) results which can vary depending upon the degree of variance in assumptions. If the assumptions identified in Section 4 of this document are not correct, Council will need to reconsider the financial outcomes and whether this will impact upon the ability to provide the financial resources to deliver outcomes identified in the Community Strategic Plan. It is on this basis that the Long Term Financial Plan (LTFP) will need to be regularly reviewed (at least annually).

### Scenarios

A Long Term Financial Plan (LTFP) should also provide the ability to predict financial outcomes if Council chose to alter service levels within programs or increase service levels. The Draft 2016-2026 Long Term Financial Plan is modelling three scenarios from the Base Case scenario of the General Fund that incorporate three options for Special Rate Variations (SRV) as outlined below:

- **Base Case Scenario** – Current Original 2016/2017 Budget Estimates plus 9 year projections based on current service levels as per resolution **16-348** as outlined in Section 4 of this document and assumptions as outlined in Section 3 of this document. Under this scenario Council's existing assets would deteriorate with transportation assets deteriorating at an accelerated rate. 43% of the transportation network is currently rates as poor to very poor condition. Council's asset condition predictive modelling indicates the imminent failure of a number of significant assets (including bridges). This option would see the infrastructure backlog increase and also dramatically increase the costs to bring assets to acceptable condition from a high risk poor condition. Council under this option would not be able to afford the funding for the renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 9.3% over the period.
- **Adopted Scenario** - This scenario involves an SRV of 7.5% per annum each year for four years commencing from 2017/2018. The SRV if approved would be retained as a permanent addition to rate income. Under this scenario Council's existing assets would still deteriorate but the focus would be to invest the funds raised into high risk poor condition asset renewal and maintenance. This option would generate an additional \$11.72 million over four years. In addition Council would borrow an additional \$6million over three years allocated specifically to renewal of bridges. The cumulative increase of this option over four years would see average rates increase by 33.5% over the period.



## Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenario

- The overall impact on ratepayers in terms of average rates is indicated below:

Rating Category	2016/2017 Average Rate \$	2017/2018 Average Rate \$	2018/2019 Average Rate \$	2019/2020 Average Rate \$	2020/2021 Average Rate \$
Residential	1,139	1,224	1,316	1,415	1,521
Business – Byron Bay	4,437	4,770	5,128	5,512	5,926
Business – Other	2,071	2,227	2,394	2,573	2,766
Farmland	1,608	1,729	1,858	1,998	2,147
Cumulative Increase %		7.50%	15.60%	24.20%	33.50%



## Section 6 – Financial Outcome Adopted Scenario

Applying the Council adopted Scenario provides the following financial outcomes for the General Fund in relation to the 2016-2026 Draft Financial Plan

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Income Statement (Adopted Scenario)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	24,944,200	26,409,400	28,100,600	29,911,900	31,852,000	32,640,700	33,449,500	34,278,500	35,128,400	35,999,400
User Charges & Fees	15,502,200	15,954,400	16,228,100	16,508,300	16,895,200	17,189,100	17,490,100	17,798,900	18,114,900	18,438,900
Interest and Investment Revenue	1,373,500	1,216,900	1,197,600	1,320,400	1,362,400	1,449,500	1,590,400	1,748,400	1,935,200	2,275,100
Other Revenues	1,312,800	1,320,300	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Grants & Contributions for Operating Purposes	5,811,200	6,307,700	5,162,200	5,780,400	5,622,000	5,862,300	5,625,100	5,740,200	5,857,900	5,978,400
Grants & Contributions for Capital Purposes	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
<b>Total Income from Continuing Operations</b>	<b>65,256,900</b>	<b>53,117,800</b>	<b>53,950,100</b>	<b>56,385,600</b>	<b>58,640,900</b>	<b>59,814,200</b>	<b>60,641,300</b>	<b>62,066,400</b>	<b>63,551,600</b>	<b>64,821,800</b>
<b>Expenses from Continuing Operations</b>										
Employee Costs	17,488,400	17,754,600	18,109,200	18,471,200	18,840,300	19,216,800	19,600,600	20,086,300	20,584,400	21,094,500
Borrowing Costs	1,041,800	1,074,000	1,111,100	1,146,300	1,082,200	1,014,600	847,700	783,400	724,500	669,200
Materials and Contracts	18,500,900	18,140,200	18,682,100	19,284,000	20,068,900	20,483,500	20,906,700	21,439,000	21,986,200	22,542,900
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
Other Expenses	4,914,500	4,770,300	4,865,000	5,211,900	5,060,600	5,160,800	5,263,000	5,694,500	5,529,100	5,666,900
<b>Total Expenses from Continuing Operations</b>	<b>50,239,200</b>	<b>50,115,600</b>	<b>51,227,900</b>	<b>52,658,700</b>	<b>53,682,700</b>	<b>54,592,400</b>	<b>55,421,700</b>	<b>56,894,800</b>	<b>57,804,200</b>	<b>59,043,300</b>
<b>Operating Result from Continuing Operations Surplus/(Deficit)</b>	<b>15,017,700</b>	<b>3,002,200</b>	<b>2,722,200</b>	<b>3,726,900</b>	<b>4,958,200</b>	<b>5,221,800</b>	<b>5,219,600</b>	<b>5,171,600</b>	<b>5,747,400</b>	<b>5,778,500</b>
<b>Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)</b>	<b>(1,295,300)</b>	<b>1,093,100</b>	<b>760,600</b>	<b>2,162,300</b>	<b>3,348,900</b>	<b>3,849,200</b>	<b>4,033,400</b>	<b>3,971,200</b>	<b>4,532,200</b>	<b>4,948,500</b>





## Section 6 – Financial Outcome Adopted Scenario

Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Cash Flow Statement (Adopted Scenario)										
	Estimated Budget 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Cash flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates & annual charges	24,944,200	26,409,400	28,100,600	29,911,900	31,852,000	32,640,700	33,449,500	34,278,500	35,128,400	35,999,400
User charges & fees	15,502,200	15,954,400	16,228,100	16,508,300	16,895,200	17,189,100	17,490,100	17,798,900	18,114,900	18,438,900
Investment revenue	1,373,500	1,216,900	1,197,600	1,320,400	1,362,400	1,449,500	1,590,400	1,748,400	1,935,200	2,275,100
Grants & contributions	22,124,200	8,216,800	7,123,800	7,345,000	7,231,300	7,234,900	6,811,300	6,940,600	7,073,100	6,808,400
Other	1,312,800	1,320,300	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Payments:</b>										
Employee benefits and oncosts	(17,488,400)	(17,754,600)	(18,109,200)	(18,471,200)	(18,840,300)	(19,216,800)	(19,600,600)	(20,086,300)	(20,584,400)	(21,094,500)
Materials & contracts	(18,500,900)	(18,140,200)	(18,682,100)	(19,284,000)	(20,068,900)	(20,483,500)	(20,906,700)	(21,439,000)	(21,986,200)	(22,542,900)
Borrowing costs	(1,041,800)	(1,074,000)	(1,111,100)	(1,146,300)	(1,082,200)	(1,014,600)	(847,700)	(783,400)	(724,500)	(669,200)
Other	(4,914,500)	(4,770,300)	(4,865,000)	(5,211,900)	(5,060,600)	(5,160,800)	(5,263,000)	(5,694,500)	(5,529,100)	(5,666,900)
<b>Net Cash provided in Operating Activities</b>	<b>23,311,300</b>	<b>11,378,700</b>	<b>11,182,700</b>	<b>12,272,200</b>	<b>13,588,900</b>	<b>13,938,500</b>	<b>14,023,300</b>	<b>14,063,200</b>	<b>14,727,400</b>	<b>14,848,300</b>
<b>Cash flows from Investing Activities</b>										
<b>Receipts:</b>										
Sale of investments										
Sale of property, plant and equipment	1,673,000									
Sale of interests in joint ventures/associates										
Other										
<b>Payments:</b>										
Purchase of investments										
Purchase of infrastructure property, plant & equipment	(35,318,700)	(13,969,200)	(9,251,400)	(11,967,301)	(8,508,100)	(8,590,000)	(8,789,500)	(8,790,100)	(9,474,900)	(9,372,300)
Purchase of real estate										
Purchase of interests in joint ventures/associates										
Other										
<b>Net Cash used in Investing Activities</b>	<b>(33,645,700)</b>	<b>(13,969,200)</b>	<b>(9,251,400)</b>	<b>(11,967,301)</b>	<b>(8,508,100)</b>	<b>(8,590,000)</b>	<b>(8,789,500)</b>	<b>(8,790,100)</b>	<b>(9,474,900)</b>	<b>(9,372,300)</b>
<b>Cash flows from Financing Activities</b>										
<b>Receipts:</b>										
Borrowings & advances		2,000,000	2,000,000	2,000,000						
Other										
<b>Payments:</b>										
Borrowings and advances	(995,200)	(892,800)	(988,500)	(982,600)	(985,300)	(1,049,800)	(961,800)	(985,800)	(780,800)	(836,100)
Other										
<b>Net Cash used in Financing Activities</b>	<b>(995,200)</b>	<b>1,107,200</b>	<b>1,011,500</b>	<b>1,017,400</b>	<b>(985,300)</b>	<b>(1,049,800)</b>	<b>(961,800)</b>	<b>(985,800)</b>	<b>(780,800)</b>	<b>(836,100)</b>
<b>Net increase/(decrease) in Cash and Investments</b>	<b>(11,329,600)</b>	<b>(1,483,300)</b>	<b>2,942,800</b>	<b>1,322,299</b>	<b>4,095,500</b>	<b>4,298,700</b>	<b>4,272,000</b>	<b>4,287,300</b>	<b>4,471,700</b>	<b>4,639,900</b>
<b>Cash and Investments at beginning of reporting period</b>	<b>50,330,042</b>	<b>39,000,442</b>	<b>37,517,142</b>	<b>40,459,942</b>	<b>41,782,241</b>	<b>45,877,741</b>	<b>50,176,441</b>	<b>54,448,441</b>	<b>58,735,741</b>	<b>63,207,441</b>
<b>Cash and Investments at end of reporting period</b>	<b>39,000,442</b>	<b>37,517,142</b>	<b>40,459,942</b>	<b>41,782,241</b>	<b>45,877,741</b>	<b>50,176,441</b>	<b>54,448,441</b>	<b>58,735,741</b>	<b>63,207,441</b>	<b>67,847,341</b>



## Section 6 – Financial Outcome Adopted Scenario

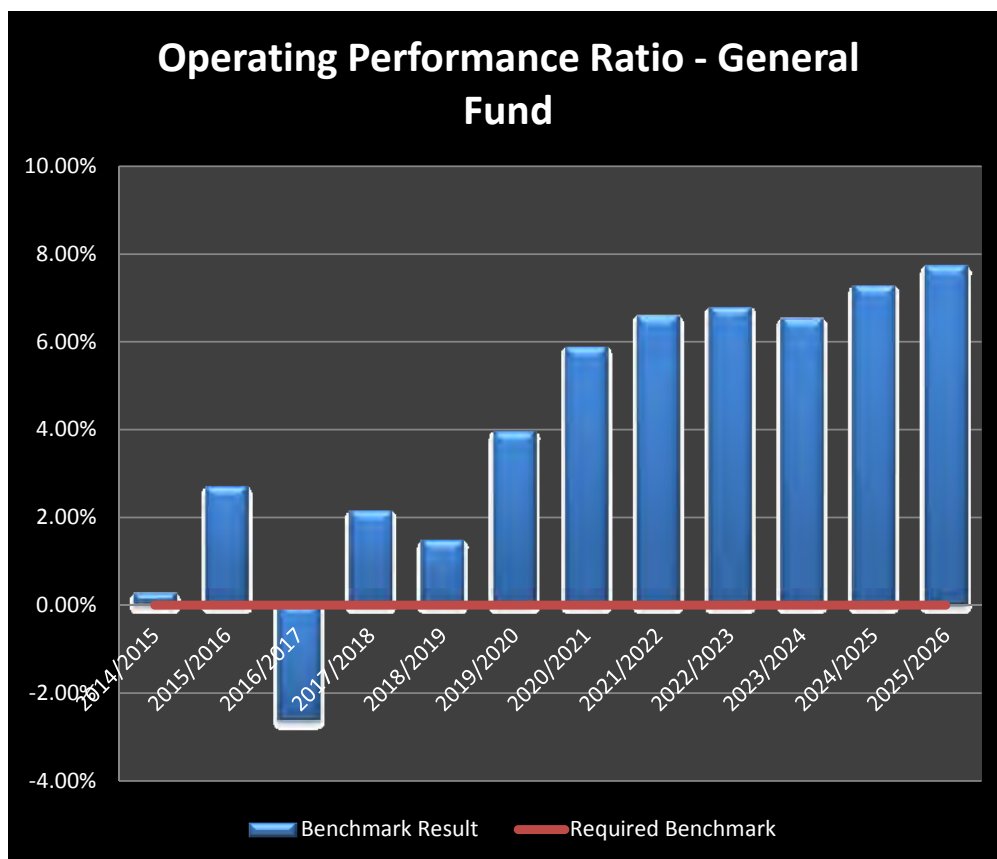
Byron Shire Council Long Term Financial Plan 2016-2026 General Fund Funding Statement (Adopted Scenario)										
	Estimated Budget 2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026
<b>Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)</b>	<b>(1,295,300)</b>	1,093,100	760,600	2,162,300	3,348,900	3,849,200	4,033,400	3,971,200	4,532,200	4,948,500
<b>Add: Non Cash Items</b>										
Depreciation	8,293,600	8,376,500	8,460,500	8,545,300	8,630,700	8,716,700	8,803,700	8,891,600	8,980,000	9,069,800
<b>Add: Non Operating Funding Sources</b>										
Capital Grants and Contributions	16,313,000	1,909,100	1,961,600	1,564,600	1,609,300	1,372,600	1,186,200	1,200,400	1,215,200	830,000
Proceeds from sale of Assets	1,673,000	0	0	0	0	0	0	0	0	0
Loan fund utilised	0	2,000,000	2,000,000	2,000,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
<b>Funds Available</b>	<b>24,984,300</b>	<b>13,378,700</b>	<b>13,182,700</b>	<b>14,272,200</b>	<b>13,588,900</b>	<b>13,938,500</b>	<b>14,023,300</b>	<b>14,063,200</b>	<b>14,727,400</b>	<b>14,848,300</b>
<b>Less: Funds applied to</b>										
Purchase and construction of Assets	35,318,700	13,969,200	9,251,400	11,967,301	8,508,100	8,590,000	8,789,500	8,790,100	9,474,900	9,372,300
Loan principal repayments	995,200	892,800	988,500	982,600	985,300	1,049,800	961,800	985,800	780,800	836,100
<b>Total Funds Used</b>	<b>36,313,900</b>	<b>14,862,000</b>	<b>10,239,900</b>	<b>12,949,901</b>	<b>9,493,400</b>	<b>9,639,800</b>	<b>9,751,300</b>	<b>9,775,900</b>	<b>10,255,700</b>	<b>10,208,400</b>
<b>Increase/(Decrease) in Cash Position</b>	<b>(11,329,600)</b>	<b>(1,483,300)</b>	<b>2,942,800</b>	<b>1,322,299</b>	<b>4,095,500</b>	<b>4,298,700</b>	<b>4,272,000</b>	<b>4,287,300</b>	<b>4,471,700</b>	<b>4,639,900</b>
<b>Net Reserve Movement</b>	<b>(11,367,200)</b>	<b>(1,483,300)</b>	<b>2,942,800</b>	<b>1,322,299</b>	<b>4,095,500</b>	<b>4,298,700</b>	<b>4,272,000</b>	<b>4,287,300</b>	<b>4,471,700</b>	<b>4,639,900</b>
<b>Increase/(Decrease) in Unrestricted Cash</b>	<b>37,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Estimated Unrestricted Cash Balance</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>	<b>1,182,200</b>



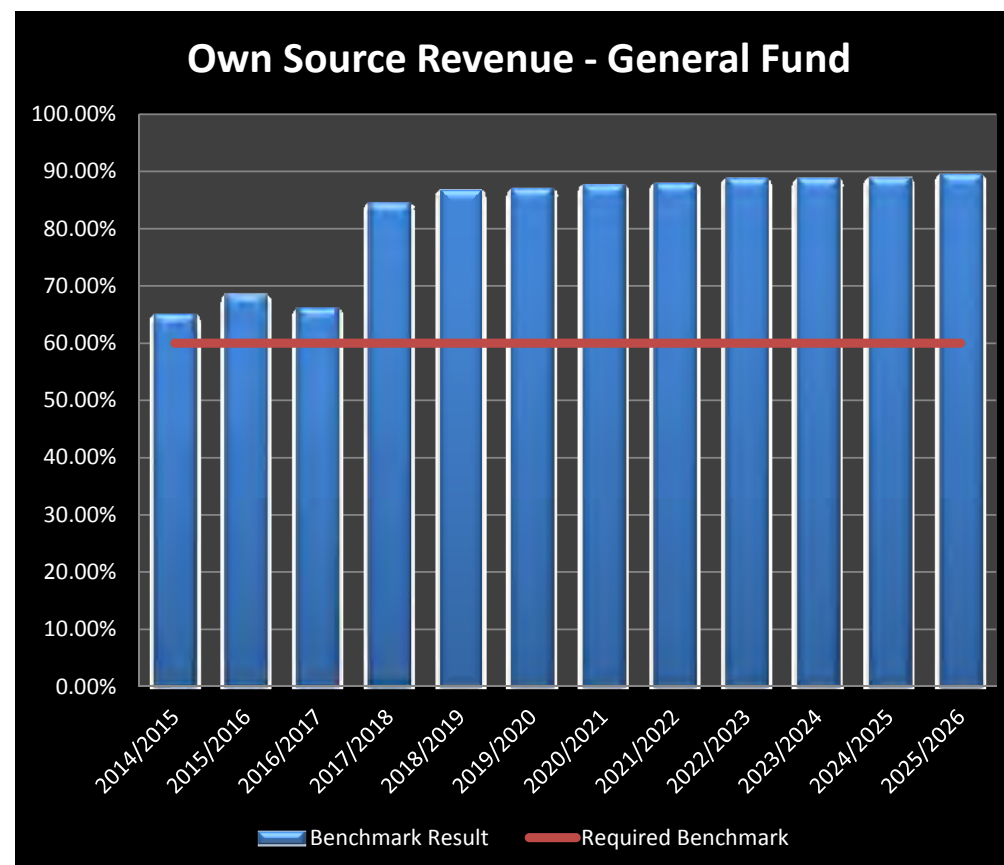
## Section 6 – Financial Outcome Adopted Scenario

Detailed in Section 7 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Adopted Scenario reveals the following:

### 1. Operating Performance Ratio



### 2. Own Source Revenue

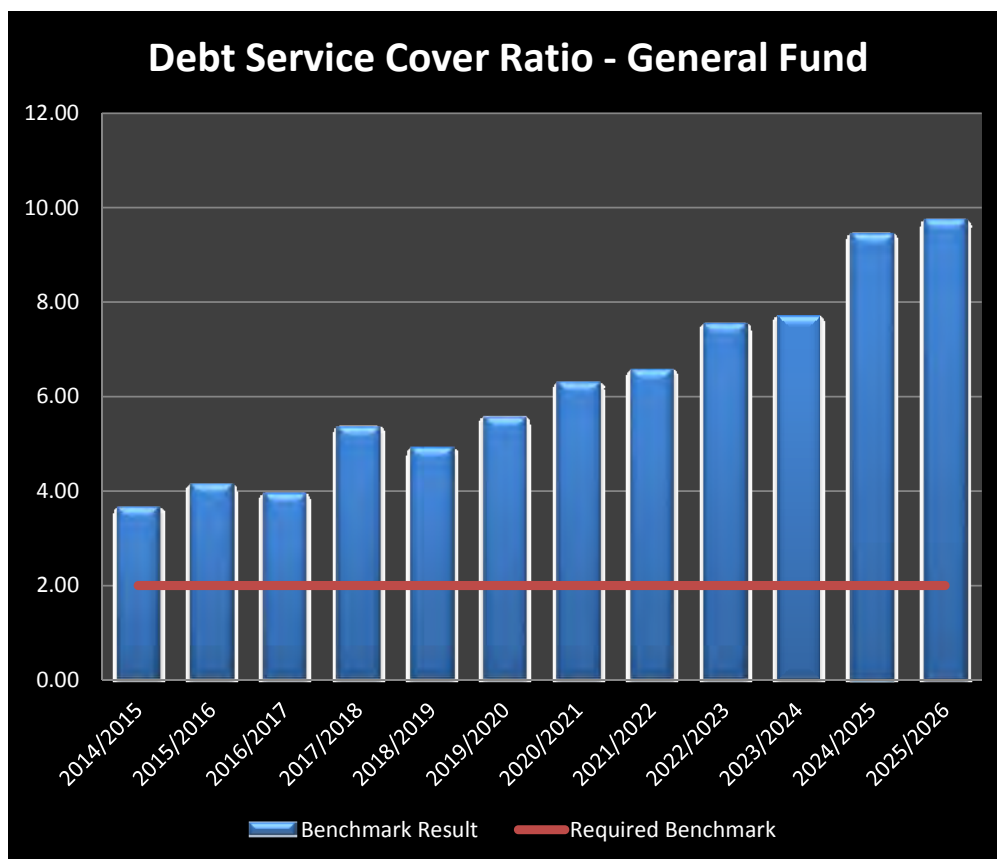




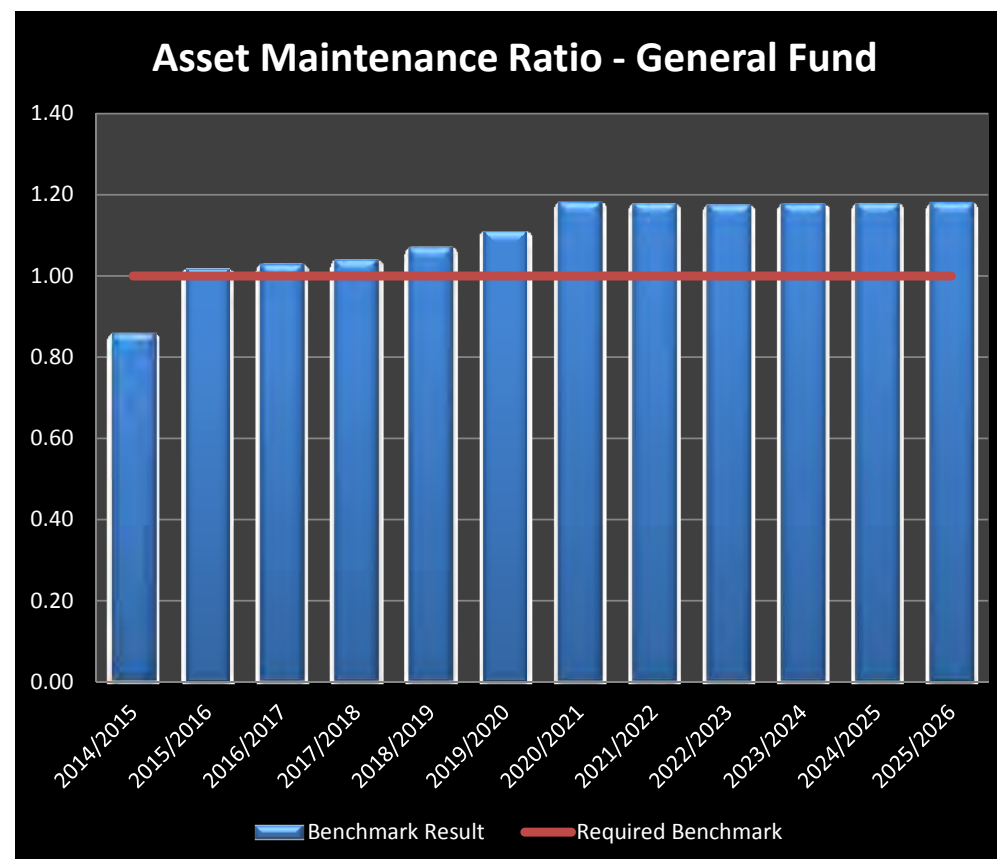
## Section 6 – Financial Outcome Adopted Scenario

Detailed in Section 7 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Adopted Scenario reveals the following:

### 3. Debt Service Cover Ratio



### 4. Asset Maintenance Ratio

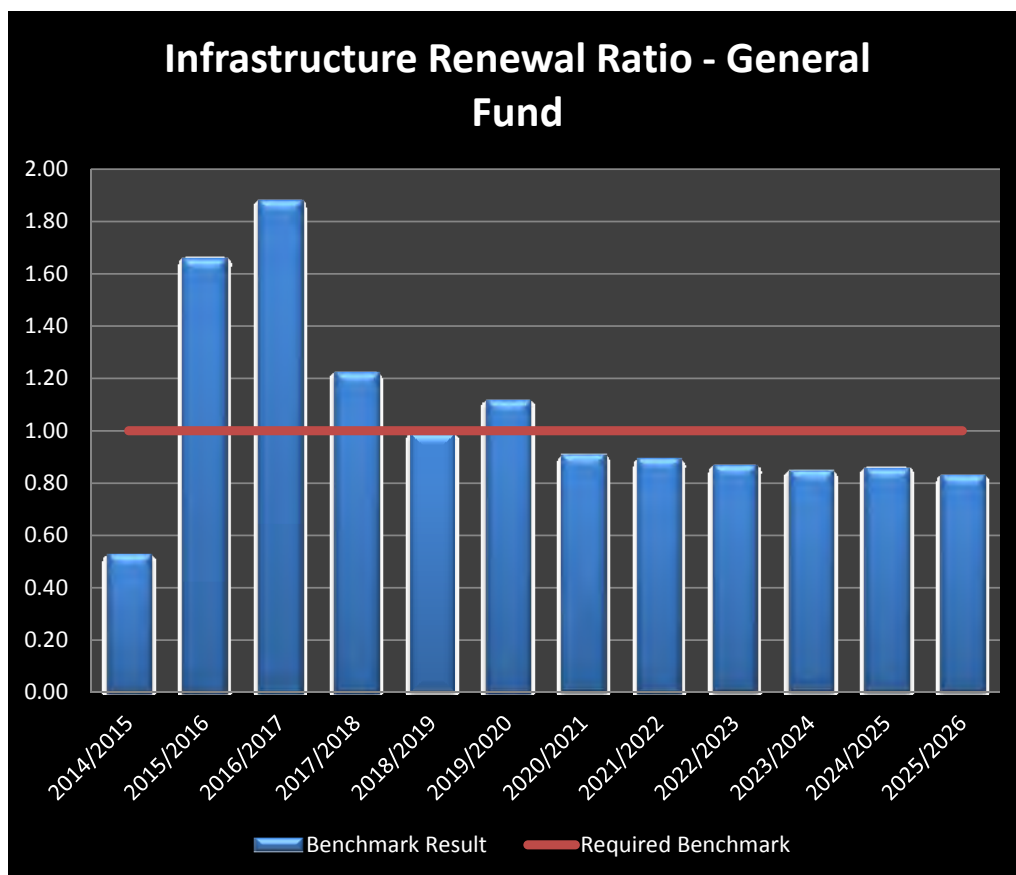




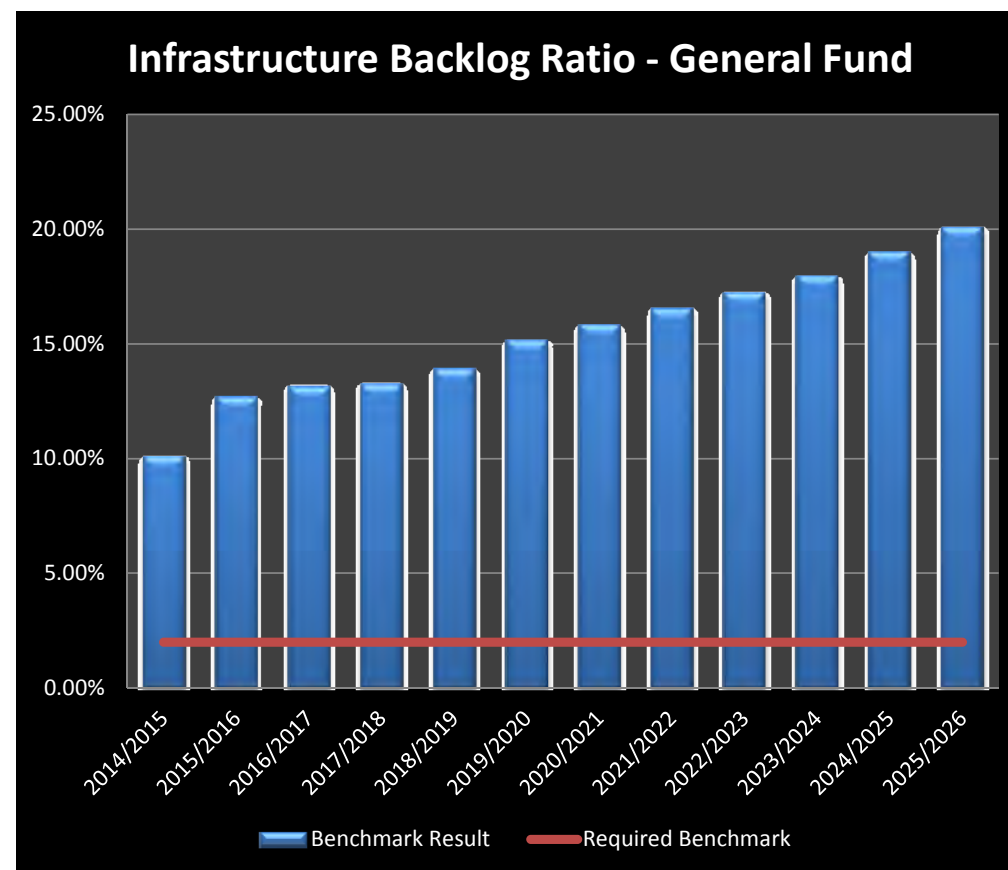
## Section 6 – Financial Outcome Adopted Scenario

Detailed in Section 7 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Adopted Scenario reveals the following:

### 5. Infrastructure Renewal Ratio



### 6. Infrastructure Backlog Ratio





## Section 6 - Financial Outcome Adopted Scenario

### General Fund Adopted Scenario Outcome Comment

As can be seen from the results of the Infrastructure Renewal Ratio and the Infrastructure Backlog ratio, the Adopted Scenario still sees an overall deterioration in the state of Council's infrastructure. Projections suggests whilst there is improvement in both the Infrastructure Renewal Ratio and Infrastructure Backlog Ratio, it is still not enough to meet benchmark and arrest the decline in Council's infrastructure assets but is certainly an improvement to the Base Case Scenario outlined in Section 4 of this document.

If comparison is made against the infrastructure performance benchmarks, the following results are achieved:

### Infrastructure Renewal Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.88	0.85	0.51	0.53	0.46	0.44	0.41	0.38	0.39	0.35
Scenario	1.88	1.22	0.99	1.12	0.90	0.89	0.87	0.85	0.86	0.83

### Infrastructure Backlog Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Base Case	13.14%	13.39%	14.22%	15.73%	16.63%	17.57%	18.56%	19.61%	21.05%	22.58%
Scenario	13.14%	13.27%	13.92%	15.17%	15.85%	16.54%	17.25%	17.97%	19.03%	20.10%



## Section 7 – Key Performance Indicator Definitions

It is important with any Long Term Financial Plan (LTFP) to establish Key Performance Indicators (KPI)s that are relevant and set against benchmarks to highlight any forecasted trends that require attention if projected results fall below acceptable benchmarks. To assist the evaluation of the Byron Shire Council Draft Long Term Financial Plan 2016-2026, the following six performance benchmarks are identified to measure the performance of the General Fund

Benchmark	Calculation Basis	Description	Benchmark Requirement
Operating Performance Ratio	$\frac{\text{Total continuing operating revenue (excl capital grants and contributions less operating expenses)}}{\text{Total continuing operating revenue (excl capital grants and contributions)}}$	Provides an indication of how a Council generates income and allocates expenditure. It is an indicator of continued capacity to meet ongoing expenditure commitments.	Greater than or equal to break-even
Own Source Revenue Ratio	$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$	Measures the degree of reliance on external funding sources ie grants and contributions. Councils with a higher own source revenue have a greater ability to control or manage their own operating performance and financial sustainability.	Greater than 60%
Debt Service Cover Ratio	$\frac{\text{Operating result before capital excluding interest and depreciation}}{\text{Loan principal repayments plus interest costs}}$	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Greater than 2.00



## Section 7– Key Performance Indicator Definitions

Benchmark	Calculation Basis	Description	Benchmark Requirement
Infrastructure Renewal Ratio	$\frac{\text{Asset renewals (infrastructure)}}{\text{Depreciation, amortisation and impairment (infrastructure)}}$	Measures the proportion spent on infrastructure assets renewals and compares to the same assets deterioration.	Greater than 100%
Infrastructure Backlog Ratio	$\frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets}}$	Measures the proportion of backlog against the total value of Council's infrastructure assets. Higher backlog ratios and the inability to reduce will create future struggles with service delivery and infrastructure demands.	Less than 2%
Asset Maintenance Ratio	$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$	Measures the actual asset maintenance expenditure relative to the required asset maintenance. Ratio provides a measure of asset degradation.	Greater than 100%

Specific performance measure outcomes using the indicators defined in this section are presented in the following sections of the document as follows:

1. Section 4 – Financial Outcomes for the Base Case
2. Section 6 – Financial Outcomes for the Adopted Scenario





## Section 8– Key Financial Indicator Analysis (Question 3.3) Special Rate Variation Application

As part of lodging an application for a Special Rate Variation (SRV), Council must analyse what impacts on key financial indicators the proposed SRV will have. This section is provided to address Question 3.3 of the SRV application concerning financial indicators for the General Fund and is included as an addendum to this Long Term Financial Plan (LTFP) as requested by IPART.

This section proposes to compare the financial performance indicators already included in earlier sections of this LTFP and those requested by IPART by comparing the base case scenario ie business as usual with rate pegging compared to the scenario that includes Council's SRV application being a 7.50% rate increase per annum for a period of four years including rate pegging with the additional income being a permanent addition to Council income (With SRV).

### Indicators in the LTFP (See Section 7 for definitions)

#### Operating Performance Ratio or Operating Balance Ratio (IPART)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	>=0	>=0	>=0	>=0	>=0	>=0	>=0	>=0	>=0	>=0
Base Case	-2.65%	0.33%	-1.91%	-0.80%	-0.12%	0.65%	0.82%	0.52%	1.32%	1.83%
With SRV	-2.65%	2.13%	1.46%	3.94%	5.87%	6.59%	6.78%	6.52%	7.27%	7.73%
Change	0.00%	+1.80%	+3.37%	+4.74%	+5.99%	+5.94%	+5.96%	+6.00%	+5.95%	+5.90%

Comment: Rate revenue is classed as operating revenue whereas most of the expenditure from the proposed SRV is related to asset renewal or capital expenditure so there is little recognition of operating expenditure which therefore improves this indicator.

#### Own Source Revenue

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%
Base Case	66.10%	84.28%	86.34%	86.27%	86.77%	87.02%	87.94%	88.00%	88.05%	88.73%
With SRV	66.10%	84.53%	86.80%	86.97%	87.67%	87.90%	88.77%	88.82%	88.87%	89.50%
Change	0.00%	+0.25%	+0.46%	+0.70%	+0.90%	+0.88%	+0.83%	+0.82%	+0.82%	+0.77%

Comment: There is minor change in this indicator as the additional revenue from the SRV whilst classified as own source revenue also increases total revenue.



## Section 8– Key Financial Indicator Analysis (Question 3.3) Special Rate Variation Application

### Debt Service Cover Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	>2.00	>2.00	>2.00	>2.00	>2.00	>2.00	>2.00	>2.00	>2.00	>2.00
Base Case	3.95	5.21	4.63	5.26	5.68	5.96	7.07	7.19	9.40	9.74
With SRV	3.95	5.36	4.92	5.57	6.32	6.58	7.56	7.71	9.46	9.76
Change	0.00	+0.15	+0.29	+0.31	+0.64	+0.62	+0.49	+0.52	+0.06	+0.02

Comment: This indicator demonstrating with the SRV that there is an improvement in the capacity of Council to undertake new borrowings including the \$6million to be borrowed between 2017/2018 and 2019/2020 but this needs to be balanced against the intent of Council to expend the SRV funds on works.

### Asset Maintenance Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00
Base Case	1.03	1.03	1.02	1.02	1.01	1.01	1.00	1.00	1.00	1.00
With SRV	1.03	1.04	1.07	1.11	1.18	1.18	1.17	1.18	1.18	1.18
Change	0.00	+0.01	+0.05	+0.09	+0.17	+0.17	+0.17	+0.18	+0.18	+0.18

Comment: This ratio has improved slightly given part of the SRV funds are also being allocated to additional asset maintenance not included in the base case scenario.

### Infrastructure Renewal Ratio or Asset Renewal Ratio (IPART)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Base Case	1.88	0.85	0.51	0.53	0.46	0.44	0.41	0.38	0.39	0.35
With SRV	1.88	1.22	0.99	1.12	0.90	0.89	0.87	0.85	0.86	0.83
Change	0.00	+0.37	+0.48	+0.59	+0.44	+0.45	+0.46	+0.47	+0.47	+0.48

Comment: The SRV funds are improving this ratio given they are in the majority to be allocated to asset renewal.



## Section 8– Key Financial Indicator Analysis (Question 3.3) Special Rate Variation Application

### Infrastructure Backlog Ratio

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Base Case	13.14%	13.39%	14.22%	15.73%	16.63%	17.57%	18.56%	19.61%	21.05%	22.58%
With SRV	13.14%	13.27%	13.92%	15.17%	15.85%	16.54%	17.25%	17.97%	19.03%	20.10%
Change	0.00%	+0.12%	+0.30%	+0.56%	+0.78%	+1.03%	+1.31%	+1.64%	+2.02%	+2.48%

Comment: The proposed SRV does not provide the ability to reduce the infrastructure backlog to the acceptable benchmark of 2.00%, however it does show improvement as time progresses compared to the base case with no SRV albeit the infrastructure backlog is increasing but at a lesser rate than the base case.

### Other Financial Indicators requested by IPART

#### Unrestricted Current Ratio (unrestricted current assets divided by unrestricted current liabilities)

Comment: It is difficult to project actual unrestricted current assets and unrestricted current liabilities over a ten year period. Having said that, in a historical context, Council has managed to maintain the unrestricted ratio in the General Fund at near 3 to 1. In 2013/2014 the ratio was 2.79 to 1, in 2014/2015 the ratio was 2.91 to 1, 2015/2016 the ratio was 2.96 to 1. Given the intent is to spend all the SRV funds received each financial year on works, it is not expected Council will 'bank' this revenue or not restrict any unexpended revenue so it would be expected this indicator would stay around existing levels between 2.50 to 3.00 to 1 but not increase. It is also not expected given the Council's budgetary control that Council will reduce its working capital or reduce its liquidity position.

#### Rates and Annual Charges Ratio (rates and annual charges divided by operating revenues)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Base Case	38.22%	48.91%	50.33%	50.37%	50.64%	50.89%	51.48%	51.55%	51.59%	51.85%
With SRV	38.22%	49.72%	52.09%	53.05%	54.32%	54.57%	55.16%	55.23%	55.28%	55.54%
Change	0.00%	+0.81%	+1.76%	+2.68%	+3.68%	+3.68%	+3.67%	+3.68%	+3.69%	+3.69%

Comment: The additional funds from the SRV will increase the yield from rates and annual charges as a proportion of total operating revenues. It shows progressive increase from years 2017/2018 to 2020/2021 where the SRV is progressively introduced and then stabilises after this time where rate pegging in both the base case and SRV scenarios occurs.



## Section 8– Key Financial Indicator Analysis (Question 3.3) Special Rate Variation Application

**Debt Service Ratio** (principal an interest debt service costs divided by operating revenue excluding capital grants and contributions)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Benchmark	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%	>0%<20%
Base Case	4.16%	3.63%	3.64%	3.31%	3.13%	3.05%	2.54%	2.40%	1.89%	1.84%
With SRV	4.16%	3.84%	4.04%	3.88%	3.63%	3.53%	3.04%	2.91%	2.41%	2.35%
Change	0.00%	+0.21%	+0.40%	+0.57%	+0.50%	+0.48%	+0.60%	+0.51%	+0.52%	+0.51%

Comment: The debt service cost increases from 2017/2018 as new borrowings from 2017/2018 to 2019/2020 totalling \$6million start to be repaid. There are no new borrowings proposed in the base case and result starts to demonstrate retirement of existing borrowings.

**Broad Liabilities Ratio** (total debt plus cost to clear infrastructure backlog as per Special Schedule 7 divided by operating revenue)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Base Case	83.30%	103.63%	106.20%	109.64%	109.99%	110.34%	111.55%	111.74%	113.60%	115.39%
With SRV	83.30%	105.54%	109.51%	113.69%	111.31%	111.17%	111.82%	111.54%	112.79%	113.98%
Change	0.00%	+1.91%	+3.31%	+4.05%	+1.32%	+0.83%	+0.27%	-0.20%	-0.81%	-1.41%

Comment: The broad liabilities ratio increases with the SRV through new borrowings from 2017/2018 to 2019/2020 of \$6million. During this time there is only a marginal reduction in the infrastructure backlog so this creates a greater broad liabilities ratio up until 2023/2024 where the broad liabilities ratio starts to be less than the ratio under the base case. This is due to marginal reduction in the infrastructure backlog plus the reduction in debt due to retirement of borrowings as there are no new loan borrowings in the base case.