

Berrigan Shire 2027



Long Term Financial Plan 2021 – 2031 Resourcing Strategy

Our Vision

In 2027 we will be recognised as a Shire that builds on and promotes our natural assets and advantages to create employment and economic activity to attract residents, families and tourists

Creating our Preferred Future

Berrigan Shire 2027 is the third Community Strategic Plan developed by the Council in partnership with our communities. It is a common strategic planning lens or framework that can be used by other agencies, our local community and the Council to demonstrate the steps we are taking to realise the aspirations of our community. It is also the Shire Council's statement about how it will work with local communities and other levels of government.

The **Long Term Financial Plan** includes the financial forecasts for the Council for the next ten years, and is updated annually and rolled forward by one year as part of the development of the Council's **Annual Operational Plan**. The **Long Term Financial Plan** is used by the Council to inform its decision-making about the actions it will undertake to contribute to the vision of **Berrigan Shire 2027** and the development of the Council's **Delivery Program**.

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1. INTRODUCTION

This review of the Council's **Long-term Financial Plan** (LTFP) 2021 - 2031 has been developed in accordance with the requirements of the NSW Local Government's Integrated Planning and Reporting Framework. Integrated Planning and Reporting describes how the Council will work toward the realisation of our community's Vision.

Integrated Planning and Reporting involves the development by the Council of a **Resourcing Strategy 2021 – 2031** a critical element of which is the Council's **Long Term Financial Plan 2021 – 2031** together with the Council's **Asset Management Plans** and reviewed **Workforce Development Strategy** (2017 – 2022). These complementary and integrated strategies and plans describe how Council resources and activities contribute toward the planning, development, implementation and review of **Berrigan Shire 2027**.

Council's base case LTFP is used by Council to assess its capacity to deliver the Council activities and services described in its Community Strategic Plan **Berrigan Shire 2027**, extended due to COVID19 pandemic **Delivery Program 2017 – 2022** and our annual **Operating Plans**. It:

- Improves Council transparency and accountability;
- Is an opportunity to identify early financial issues and likely longer term impacts;
- Reinforces how the Council's various plans come together;
- Measures Council's progress and the success of its financial planning; and
- Verifies Council's longer-term financial sustainability.

Covering a 10-year period the LTFP base case scenario is updated annually and substantially reviewed and its alternate scenarios (Scenario 2 and Scenario 3) are modelled and updated once every four years as part of the review of our **Community Strategic Plan**.

The LTFP is not a series of complex financial statements and spreadsheets. It has been developed recognising that residents, local business and other stakeholders do not necessarily need the complex financial information used by Council Officers. As the Council's principal financial planning document it includes:

- Projected income and expenditure, balance sheet and cash flow statements.
- The assumptions used in planning Council services and the factors that influence demand.
- How we will monitor and report upon our financial performance.
- A sensitivity analysis and financial models that test 'what if' financial scenarios.

2. PLAN DEVELOPMENT

The LTFP describes the financial basis of Council's short term, medium term and long term activities and is used to guide Council decision making on the sustainability of Council operations, planned actions, future project proposals and strategies.

Berrigan Shire 2027 is the Shire's long term plan; the 2017 – 2022 **Delivery Program** is a medium term plan; whereas Council's **Annual Operational Plans** describing Council operations, project proposals and strategies is a short term plan.

The LTFP is the tool used by Council to model or 'test' the long term, medium term and or short term financial impact of Council activities, change in service levels and Council programs. It discusses the financial implications of core Council activities and consolidates these as projected income and expenditure, balance sheet and cash flow statements.

The sustainability of the Council's 10-year financial position and hence the validity of this LTFP is based on there being no change to existing policy. As part of the **Long Term Financial Plan's** development a number of different varying scenarios are also modelled. A sensitivity analysis informs each scenario modelled. This analysis describes implications of each scenario and the likely impact on the Council's capacity to deliver the services described in its **Delivery Program 2017 – 2022** should there be significant or material 'change' in projected income or expenditure.

The Council's **Financial Strategy 2016** appended to the LTFP and summarised in the next section is used to inform the development of the LTFP and in doing so ensure that the Council's decision making is informed and does not compromise the financial sustainability of Council's operations and its contribution to the realisation of **Berrigan Shire 2027** Strategic Outcomes.

Financial Strategy 2021

The Council's **Financial Strategy 2021** adopted by Council at its Ordinary Council Meeting on 17 March 2021 identifies four key objectives:

1. Financial sustainability
2. Cost effective maintenance of infrastructure service levels
3. Financial capacity and freedom
4. Economic and community growth

To achieve these objectives Council will:

1.1	Prepare and review annually a Long Term Financial Plan with the aim of achieving the financial objectives identified in this strategy.
1.2	Prepare Capital Expenditure Reviews, including an assessment of lifecycle costs, for all new and/or upgraded infrastructure assets – with the exception of upgrades of roads, water mains and sewer mains.
1.3	Resist the pressure to fund services that are the responsibility of other levels of government.
1.4	Retain control of urban water supply and sewer services.
1.5	Recognise that funding for renewal and upgrading of sport, recreation and cultural infrastructure requires a combination of Council funding, community support and preferably some contribution from other levels of government.
1.6	Seek methods of achieving a return (or at least minimise ratepayer subsidy) on business activities such as the Finley Saleyards, Tocumwal Caravan Park and Tocumwal Aerodrome. Subsidies to programs not directly related to core Council services should be regularly reviewed.
1.7	Encourage and support the existing model of community provision and operation of sport, recreation and cultural infrastructure.
1.8	Actively lobby the State and Federal Governments to retain existing grant funding levels for road maintenance and upgrades.
2.1	Prepare and review its Asset Management Strategy and its Asset Management Plans for the Council's major infrastructure assets annually as part of annual budget preparation.
2.2	Prioritise the renewal of existing assets over the development and delivery of new services.
2.3	Implement a Borrowing Policy that allows the Council to borrow only for the development of infrastructure where <ul style="list-style-type: none"> 1. There is an urgent need for the asset in the short term, or 2. It is most cost-effective to construct the asset in the short term (as opposed to waiting until sufficient on-hand funds are available), and <ul style="list-style-type: none"> a. The Council has access to a funding stream to meet its debt obligations without compromising its other activities, or b. To create economic growth and development
3.1	Look to improve investment returns while managing investment risk through a diverse and secure investment portfolio
3.2	Continue to actively recover outstanding rates debt as identified in the Council's Revenue Policy.
3.3	Set utility charges for water supply, sewer and waste management services at a level that delivers a return on those assets sufficient to ensure long term sustainability.

3.4	Consider seeking a Special Rates Variation where there is a clearly identified demand for new or significantly improved service levels. Consideration should also be given to the extended lead time and the cost involved in seeking a variation.
4.1	Where appropriate and affordable, invest in community and infrastructure assets which directly boost the local economy and create employment.
4.2	Actively look for grant funds to deliver improved community amenity

3. ASSUMPTIONS

A successful Community Strategic Plan reflects community aspirations (vision) and the steps that residents, business, and government will take to achieve their vision.

The LTFP is informed by the Council's [Financial Strategy 2021](#) analysis of the political, social, economic and environmental assumptions that informed [Berrigan Shire 2027](#) Community Strategic Plan. Namely:

- 1) **Policy context:** - That all levels of government are involved in the development of strategic plans that look at the next 10 years and beyond and that these plans consider:
 - Population change, growth and decline.
 - The changing social, economic and environmental expectations and needs of the people who live and work in our communities.
- 2) **Challenges and Opportunities:** which include
 - a) Ageing Population
 - b) Cost of maintaining, developing and operating Council and community owned facilities and services
 - c) Economic forecasts and likely impact on Council operations and service delivery
- 3) **Change** imposed by regulatory change by other levels of government which impact service delivery, such as the responsibilities of Crown Land reserve management.

Service Delivery

The review of [Berrigan Shire 2023](#) and the subsequent development of [Berrigan Shire 2027](#) did not identify any issues that would change significantly the range and type of services delivered by Council.

Further, a Service Review conducted by Council – February 2015 as part of its Corporate Workshop similarly found no significant or emerging issues likely to change the range and type of services delivered by Council. Finding that the

with the exception of its Economic Development activities and discretionary community development activities that statutory reporting requirements and regulations determine to a great extent the service model developed by the Council to meet the needs of our local communities.

Rate pegging

The LTFP base scenario assumes that there will be no significant increase in the total amount of Ordinary rates raised and

that future Ordinary rate increases will be the maximum permissible amount allowed by the Independent Pricing and Regulatory Tribunal (IPART). In 2021/22 IPART determined a 1.8% increase in the Local Government Cost Index. For all LTFP base scenarios the figure has been set conservatively at 2.5% ongoing.

The base scenario included in this LTFP includes expenditure on major projects identified in the Council's [Delivery Program 2017 – 2022](#). It also includes changes in its organisational structure and reviewed [Workforce Development Plan](#).

Major planned expenditure

In accordance with the Council's [Financial Strategy 2021](#) the Council will implement a Borrowing Policy that allows the Council to borrow only for the development of infrastructure where

1. There is an urgent need for the asset in the short term, or
2. It is most cost-effective to construct the asset in the short term (as opposed to waiting until sufficient on-hand funds are available), and
 - a. The Council has access to a funding stream to meet its debt obligations without compromising its other activities, or
 - b. To create economic growth and development.

5. REVENUE FORECASTS

The major sources of revenue for Council are:

1. Rates and Annual Charges
2. User Charges and Fees
3. Interest and Investment Revenues
4. Other Revenues
5. Grants and contributions provided for Operating Purposes
6. Grants and contributions provided for Capital Purposes

Figure 1 shows the breakdown on Council's 2019/20 revenues and gives an indication of Council's reliance on the various revenue streams. Whereas Table 1 summarises the percentage change in income projected across revenue streams.

Council does not envision that there will be significant change in the source or percentage of Council's revenue across revenue streams.

Population profiling and environmental scans, undertaken as part of the development of [Berrigan Shire 2027](#), further supports the view that there will be and should be no significant change in this regard.

Figure 1 Council Operational Revenue 2019/20

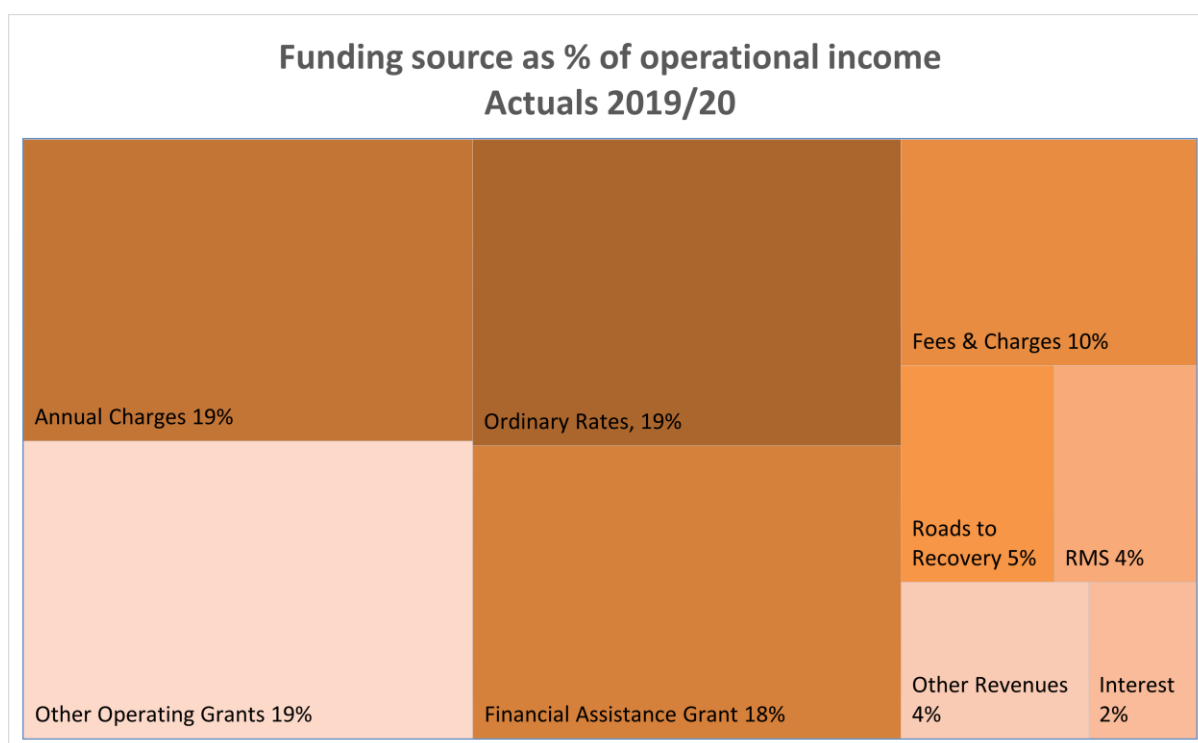


Table 1 Projected % Change in Global Income Berrigan Shire Council 2021 – 2031 (Base Scenario)

Operating Income	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rates - Ordinary	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Annual Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Charges - Specific	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees & Charges - Statutory & Regulatory	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees & Charges - Other	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest & Investment Revenues - o/s Rates & Annual Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest & Investment Revenues - Investments	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Revenues	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Grants - General Purpose (Untied)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Operating Grants - Specific Purpose	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Operating Contributions - General Purpose (Untied)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

4.1 Rates and Annual Charges

Council reviews its Rates and Annual Charges Policy each year cognisant of legislative requirements, projected and upcoming change in the number of rating assessments, planned developments and the adequacy of its current schedule of annual charges.

The LTFP's base scenario assumes (Table 1) that Annual Charges will increase by 2.5% (2021/22), then continue to increase by approximately 2.5% per annum 2021 – 2031.

A copy of Council's Rates and Annual Charges Policy is included as an Appendix to the Council's Annual Operating Plan.

4.2 User Charges and Fees

Council also reviews annually its schedule of User Charges and Fees and includes this as an Appendix to the Shire's Annual Operating Plan. The Schedule describes:

- The activity or function
- The title of the fee/charge
- Absorbed cost of the service
- Community Service Obligation
- Council's Pricing Policy (% cost recovery);
- The fee or cost to be levied/ GST treatment
- Public/ Private good

The LTFP's base scenario also assumes (Table 1) that User Charges and Fees will increase by 2.5% (2021/22), then continue to increase by approximately 2.5% per annum in 2021 – 2031.

4.3 Interest and Investments and Other Revenues

Council's [Financial Strategy 2021](#) (Appended) notes that interest and investment income makes up around 2.5% of the Council's total revenue. The Council traditionally takes a conservative approach to investment income. Berrigan Shire Council's [Investment Policy 2020](#) makes the following statement.

Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and

safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.

The Council is a "price-taker" with regard to its investment returns with interest rates determined by the market. At present, the vast majority of the Council's investments are in Term Deposits with institutions under the oversight of the Australian Prudential Regulation Authority. There may be scope to explore other investment options over the life of this strategy with the aim of improving returns without undue added risk.

Interest rates and investment returns are at historic lows and the Council expects this will continue in the medium term. The impact of COVID-19 on the national and international economy may see low returns continue for an extended period of time.

The Council may need to revisit its investment policy and strategy to improve returns while still ensuring that public funds are secure.

4.4 Other Revenues

Council's Other Revenues are derived from assets used or leased for commercial purposes which include:

- Tocumwal Caravan Park
- Tocumwal Aerodrome
- Hire of Council Plant; and
- Lease arrangements related to Council property

Table 1 notes that the projected change in Other Revenue used for the base scenario is an average 2.5% per annum increase for the period 2021 – 2031.

4.5 Grants - Operating & Capital

Operating and Capital Grants make up a significant proportion of the Council's income. The nature, amount and timing of these grants are not generally in the control of the Council and as such assumptions need to be made about future years. In general, the base case assumes that unless specific information is at hand, recurring grant programs will continue in a similar manner as in the recent past.

The LTFP base case assumes that Financial Assistance Grants and Rural Local Road grants will increase by 1.5% per year

This is consistent with the previous long term pattern of growth in Financial Assistance Grants and is a conservative position to take.

As part of the Local and State Government Road Safety Package announced in the 2019-20 Budget, the Australian Government has committed an additional \$100 million per year to the Roads to Recovery Program from 2019-20. From the 2013-2014 financial year to the 2022-2023 financial year, the Government will provide \$5.6 billion under the Roads to Recovery Program, with an on-going commitment of \$500 million each year following.

Councils share of the Roads to Recovery program is \$5,265,162 over the 5 year program - \$877,527 p.a. and has been included in this plan. This plan assumes the program will continue until 2028 and funding in years post 2023 has been estimated at pre 2019-20 levels (\$877,527 p.a.).

A similar assumption has been made regarding grant funding from Roads and Maritime Services for the Block Grant and the REPAIR program. The Council has taken a conservative position regarding funding likely to be due under the *Natural Disaster Relief and Recovery Assistance* program.

Capital grants have been included where specifically known and agreements have been reached. Where appropriate a matching contribution from the Council has been included. The base case scenario does not include any funding for future infrastructure upgrades over and above the grants specifically identified above.

4.6 Net gain from disposal of assets

The LTFP assumes that the Council will not dispose of any significant assets over the life of the plan. The Council will routinely continue to trade plant and equipment and the LTFP assumes that this will be generally be on a cost recovery basis and no significant gain will be made.

5. EXPENDITURE FORECASTS

The LTFP in addition to considering the implications of forecast revenues also reviews planned expenditures based on the contribution of Council operations to [Berrigan Shire 2027](#) strategic objectives and Council's [Resourcing Strategy](#) requirements. As previously mentioned, [Berrigan Shire 2027](#) and Council's response to the challenges faced by its community rely not on the development of new services and or a substantive increase in service levels but on ensuring that Council assets and resources continue to be focused on:

- Financial Sustainability
- Investment in the maintenance and further development of the Shire's critical physical infrastructure: levees, roads, stormwater, water supply, sewer and waste management facilities – Life cycle cost Asset Management and Planning
- Economic and Regional Development projects,
- Planning for an Ageing population; and
- Engaging our communities in the implementation of [Berrigan Shire 2027](#).

Table 2 describes the % change in expenditure by type used in the development of the LTFP base scenario the basis of this LTFP.

Table 2 Berrigan Shire Council Projected % Change in Global Expenses 2021 – 2031 (Base Scenario)

Operating Expenditure	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Employee Costs - Salaries	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs - Superannuation	2.50%	2.50%	2.75%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee Costs - Workers Comp	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Costs - Other	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Materials & Contracts - Raw Materials & Consumables	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Materials & Contracts - Contracts	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Materials & Contracts - Legal Expenses	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Materials & Contracts - Other	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Depreciation - IPP&E	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Expenses - Insurance	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Expenses - Utilities	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Expenses - Other	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

5.1 On-going Commitments

Much of Council's expenditure is regular and ongoing. Council's [Resourcing Strategy – Asset Management Plans](#) and [Workforce Development Plan](#) provide detailed information about the extent of the services and resources controlled and needed to maintain service levels and Council's ongoing commitments.

Scheduled review of the Shire's Asset Management Plan's and the effectiveness of its [Workforce Management Plan](#) during the life of Council's 4-year [Delivery Program](#) embeds ongoing monitoring and review of Council's ongoing commitments ensuring that any changes can be anticipated and expenditure forecasts varied at subsequent reviews of the LTFP.

5.1.1 Employee Costs

The Shire Council's [Workforce Management Plan & Development Plan 2017 – 2022](#) an element of Council's [Resourcing Strategy 2021 – 2031](#) assumes no material change in the base skills, knowledge and competency profile of the Shire's workforce and was developed from a

- Comprehensive analysis of the Shire's Community Strategic Plan [Berrigan Shire 2027](#);
- Summary profile of the Shire's workforce; and
- A survey of Council staff

Therefore, in developing LTFP provision has been made for an increase in staffing costs related to the employment of additional design and project management personnel. This has been factored into the (Table 2) base scenario and global index of 2.5 % applied for employee costs as per the Award.

Wage growth in the private sector has stagnated, and the local government sector is in the midst of negotiating the next Local Government (State) Award. In this context a 2.5% increase year on year over the life of the 10-year long term financial plan is simply a use of the last information to hand, and will need to be closely monitored.

5.1.2 Borrowing Costs

The Council currently has two significant outstanding loans (external) summarised in the table below:

Table 3 Outstanding Loans - 31 March 2021

Purpose	Amount	Term	Rate	Annual repayments	DUE	Lender
LIRS Drainage	\$1,630,000	10 y	4.260%	\$200,488	Dec 2024	NAB
LCLI Lewis Cres	\$1,000,000	10 y	2.32%	\$112,391	May 2030	ANZ
LCLI Water Plant (Barooga)	\$4,000,000	10 y	1.48%	\$430,586	Jan 2031	NAB

The interest cost of the LIRS drainage loan is partially offset by a 3% (300 basis point) interest rate subsidy from the NSW government under the Local Infrastructure Renewal Scheme (LIRS) program. The interest cost of the Lewis Crescent loan is partially offset by a 50% interest rate subsidy from the NSW Government under the Low Cost Loans Initiative (LCLI) – Supporting Local Housing program. The Council will also fund the remediation and upgrade of the Barooga WTP through a subsidised loan under the NSW Government’s Low Cost Loan Initiative (LCLI) - the same program funding the Lewis St works. The necessary \$4m loan will require additional annual repayments of approximately \$431,500.

The Council also proposes to borrow internally for the Finley Water Treatment Plan from its Sewer Fund for which it has approval from the Minister of Local Government. The Sewer Fund holds healthy cash reserves that are not required for use for some time so these funds at present are sitting in investment. The Water Fund will pay the Sewer Fund a commercial rate of interest – which will be less than the market rate and better than can be earned on investment.

The alternative for the Council is borrow on the market – from NSW Treasury Corporation or a private sector bank. The Council has considered this and on balance, determined that an internal loan is preferred.

Interest rates and annual repayments are estimated and notional until confirmed at the date of draw down

Purpose	Amount	Term	Rate	Annual repayments	DUE	Lender
Water Fund – Finley WTP	\$2,600,000	10 y	3.000%	\$302,878	Dec 2030	Sewer fund
General Fund – LED Light Replacement	\$550,000	10y	2.000%		DEC 2031	TBC

The use of loan funds for these works is in line with the Council's **Financial Strategy**.

The Council's **Financial Strategy** states that Council will:

*Implement a **Borrowing Policy** that allows the Council to borrow only for the development of infrastructure where*

- a) There is an urgent need for the asset in the short term, or*
- b) It is most cost-effective to construct the asset in the short term (as opposed to waiting until sufficient on-hand funds are available), and*
- c) The Council has access to a funding stream to meet its debt obligations without compromising its other activities*

Based on the current LTFP Council is in a position to make these repayments. It will however impact on the Council's financial freedom and flexibility over the term of the LTFP.

Based on the Council's loan program, the Council's projected net debt outstanding debt is:

Table 4 Projected Outstanding Debt - 2020/21 to 2023/24

FUND	30 JUNE 2021	30 JUNE 2022	30 JUNE 2023	30 JUNE 2024
General	2,473,837	2,610,996	2,185,954	1,748,333
Water	6,201,723	5,578,283	4,945,578	4,303,471
Sewer	-	-	-	-
Sub Total	8,675,561	8,189,279	7,131,532	6,051,804
Less Internal loans	3,263,330	2,921,678	2,574,969	2,223,129
TOTAL	5,412,231	5,267,601	4,556,562	3,828,674

Outstanding Loans and Redemptions

Total actual and proposed repayments of principal and interest for loans are as follows:

Table 5 Loan Redemption - 2020/21 to 2023/24

FUND	2020/2021	2021/2022	2022/2023	2023/2024
General	421,133	482,169	482,169	482,169
Water	461,041	712,216	712,216	712,216
Sewer	-	-	-	-
Sub Total	882,174	1,194,385	1,194,385	1,194,385
Less Internal loans	389,950	389,950	389,950	389,950
TOTAL	492,224	804,435	804,435	804,435
Less LIRS subsidy	22,306	17,221	11,694	6,120
Less LCLI subsidy	23,177	36,925	33,038	29,084
NET COST	446,741	750,289	759,703	769,231

5.1.3 Materials and Contracts

The Council has not identified significant changes in this area over the term of the LTFP, other than spending associated with the capital works grant program. There is an identified program to upgrade the Council's information technology and financial management systems, the delivery of which has been deferred.

5.1.4 Depreciation

This LTFP has included depreciation determined from the Council's existing asset management system and its Asset Management Plans. Where new assets have been proposed, depreciation for those amounts has been included in this report. Depreciation is determined in line with the Council's asset accounting policy as identified in the appropriate Notes to its Annual Financial Statements.

5.1.5 Other Expenses

The LTFP base case proposes that the expenses in this category will increase in general terms by 2.0% per year from 2021 - 2031.

While not included in the LTFP base case, the Council has considered the possibility of additional support for the volunteer committees managing some of the Council's recreation and cultural infrastructure such as public halls and recreation reserves. Items such as

contributions to NSW Fire & Rescue and NSW Rural Fire Service have been included at historic levels and inflated in the absence of more specific advice.

Income statement: The operating deficit before capital grants and contributions is forecast to be around \$220,000 for 2021/22 due to significant capital works being undertaken including the upgrade of Water Treatment Plants in Barooga and Finley and finalising the Tocumwal Foreshore Development. Council projects a \$500,000 surplus in 2022/23 which will continue to moderately increase over the 10-year period to reach \$1.85m in 2030/31.

Balance Sheet and Cash Flow Statement: Council's cash and investments are forecast to decrease initially due to large capital works as mentioned above. Council's cash and investments will begin to increase again over the ten-year life of this plan – from \$23.6m in June 2022 – to \$56.4m in June 2031. This increase is forecast with the Council's capital works program remaining upwards of \$2.5m per annum. This should allow the Council to meet its asset management and funding obligations.

The Council's cash holdings in 2029/30 is mainly restricted for use in the Water and Sewer funds, Council's unrestricted cash will decrease in the short term over this period and begin to steadily increase from 2026/27 onwards.

6. ASSET MANAGEMENT

Council's **Asset Management Strategy** specifies what is required to maintain and develop Council's asset management capability and meet its objectives. While, its asset management plans identify service levels and the condition of assets and the likely cost of asset maintenance and development.

The costs resulting from Council's Asset Management Plan are included in the LTFP as capital costs for new assets, renewals, rehabilitation and non-capital expenditure for costs related to maintenance, Council operating costs and depreciation.

Asset related expenditure identified in the Asset Management Plan is being incorporated into the LTFP. Moreover, subsequent reviews of the LTFP will factor in greater detail on planned and forecast expenditure as the Council strengthens its Asset Management capacity through exploration of:

- More efficient use and operation of assets.
- Demand management.
- Asset rationalisation and review of asset growth requests.
- Low cost strategies over high cost strategies.
- Re-evaluation of service levels and standards.

The Council already incorporates into its Asset Management and Planning:

- Forward provision for renewal by reducing its reliance on debt
- Creating and funding its renewal reserves
- Conducting capital reviews for new and existing projects

7. PERFORMANCE MEASURES

The Council's **Financial Strategy 2021** incorporates the Office of Local Government's *Code of Financial Practice* benchmarks. The Council's **Financial Strategy 2021** describes the key performance indicators (KPIs) used to measure the Council's financial performance and the financial sustainability and efficiency of its **Delivery Program** and ongoing operations. These include:

- Operating Performance Ratio
- Own Source Operating Revenue Ratio
- Unrestricted Current Ratio
- Debt Service Cover Ratio
- Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage
- Cash Expenses Cover Ratio
- Building and Infrastructure Renewals Ratio
- Infrastructure Backlog Ratio
- Asset Maintenance Ratio

Council reviews its progress against these Key Performance Indicators on an annual basis.

8. MODELLING

Base Case Scenario: Scenario 1

The base case scenario (Appendices 1 – 4) is that previously described in section 5 and is in part repeated as part of the modelling undertaken by Council Officers. The base case scenario reflects the expected financial outcomes from the Council's service delivery and policy settings set out in its 4-year **Delivery Program 2017 – 2022** and is for the LTFP projected until 2031. As part of the review of this LTFP the base case scenario continues to reflect the expected financial outcomes described by the current Council's COVID19 extended 5-year **Delivery Program 2017 – 2022**.

As with any financial projection, the financial predictions become less certain as the projection is pushed further into the future.

Income statement: The operating surplus before capital grants and contributions is forecast to increase gradually to around \$1.84m by 2030/31.

No new income streams are anticipated, although some modest growth in rateable properties as a result of growth predominately in Tocumwal and Barooga, and as a result of Council subdivision in Finley will help to grow the underlying rate base.

Balance Sheet and Cash Flow Statement: Council's cash and investments are forecast to generally increase over the ten-year life of the base case scenario – from \$23.6m in June 2022 – to \$56.4m in June 2031.

Figure 2 Cash and Investments by Fund

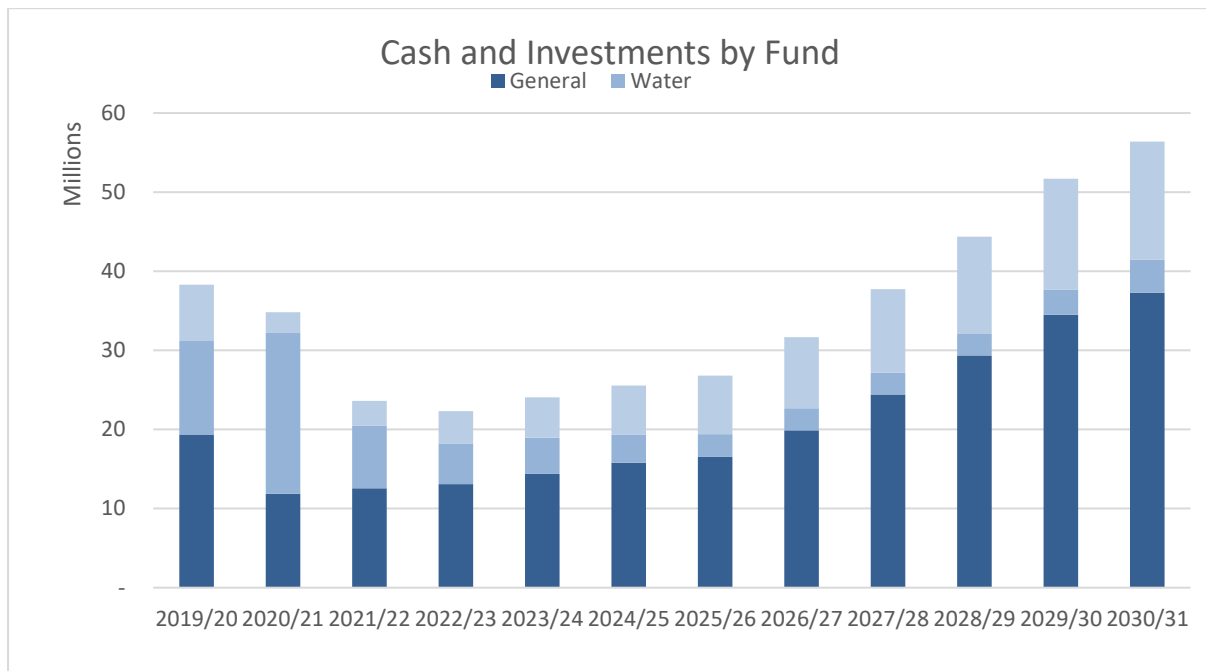
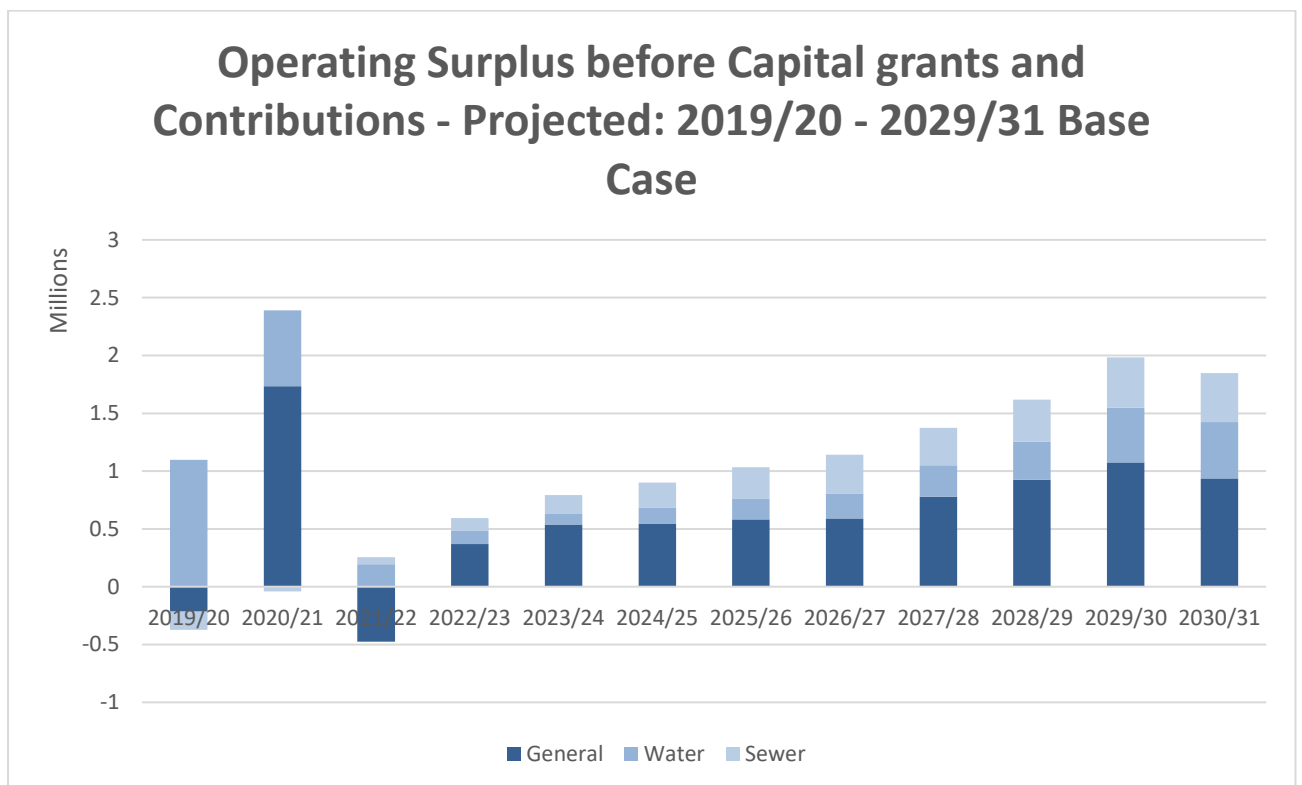


Figure 3 Operating Surplus before Capital grants and Contributions - Projected: 2019/20 - 2029/31 Base Case



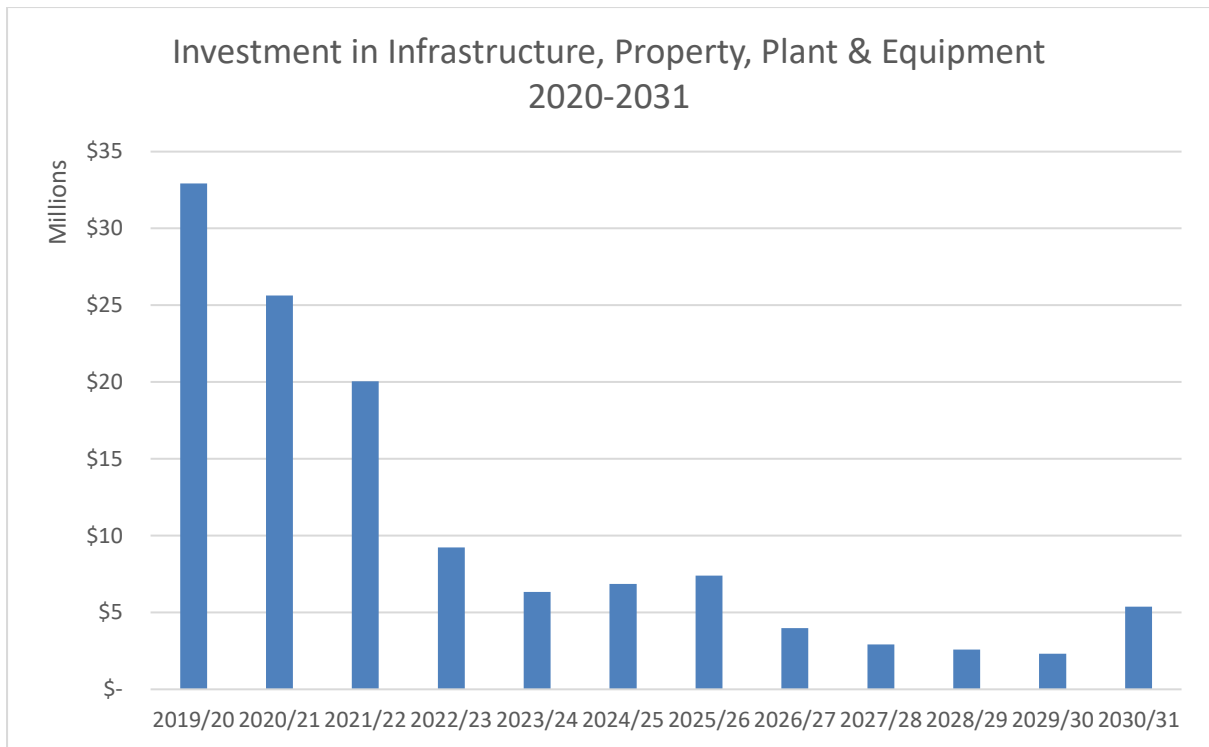


Figure 4 Investment in Infrastructure, Property, Plant & Equipment

Scenario 2 – Operation of the Tocumwal Foreshore development:

Scenario 2 (Appendices 5 - 8) models the impact of the Council delivering, funding and operating the proposed new facilities included in Tocumwal Foreshore development masterplan: facilities that include a splash park, town square and extended riverside dining area.

The scenario includes the cost of financing the development (including an internal loan of \$500,000 over 10 years) and the additional operating, maintenance and depreciation costs associated with the project.

An analysis of the modelled scenario indicates that the development will have an impact on the Council's financial performance and position; however the Council can comfortably manage to maintain an operating surplus and meet its financial benchmarks

Income statement: Under Scenario 1, the operating surplus before capital grants

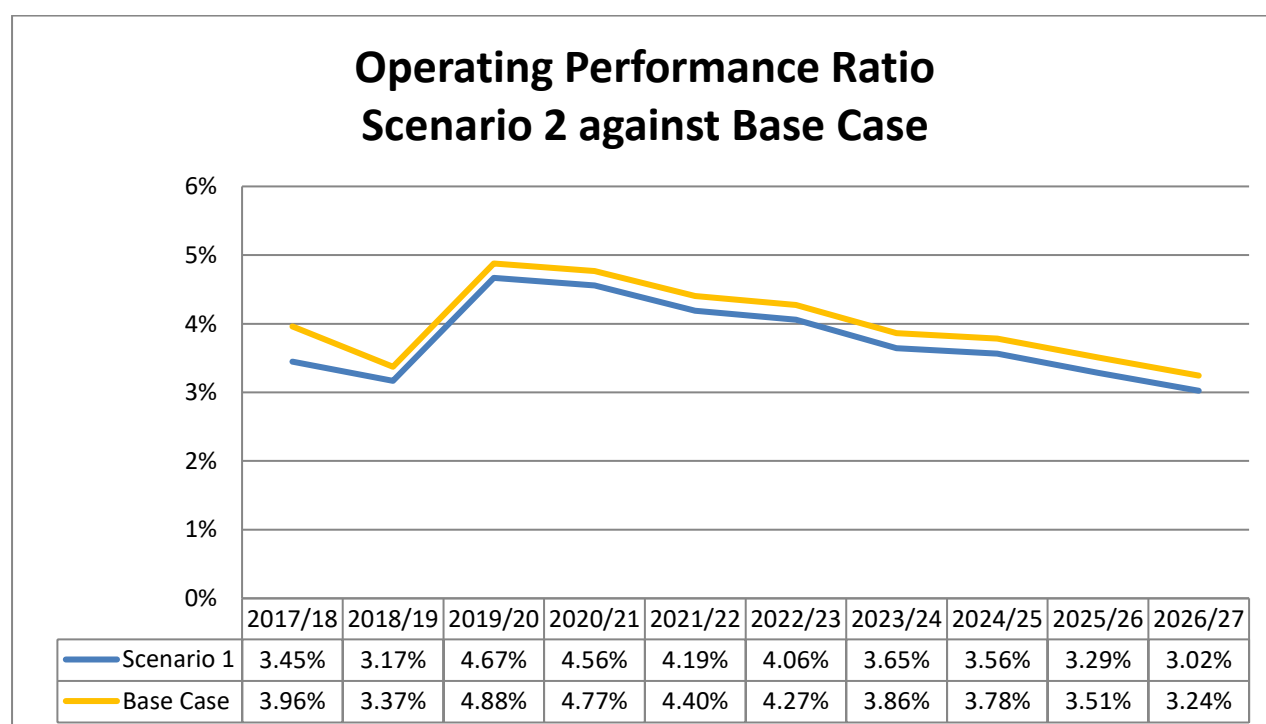
and contributions in the Council's general fund is expected to remain in surplus each year, however, the surplus expected to be approximately \$30,000 to \$60,000 less year on year when compared to the base case.

The Operating Performance Ratio in the General Fund under Scenario 1, while less than the base case, remains comfortably above the Council's benchmark of 2%

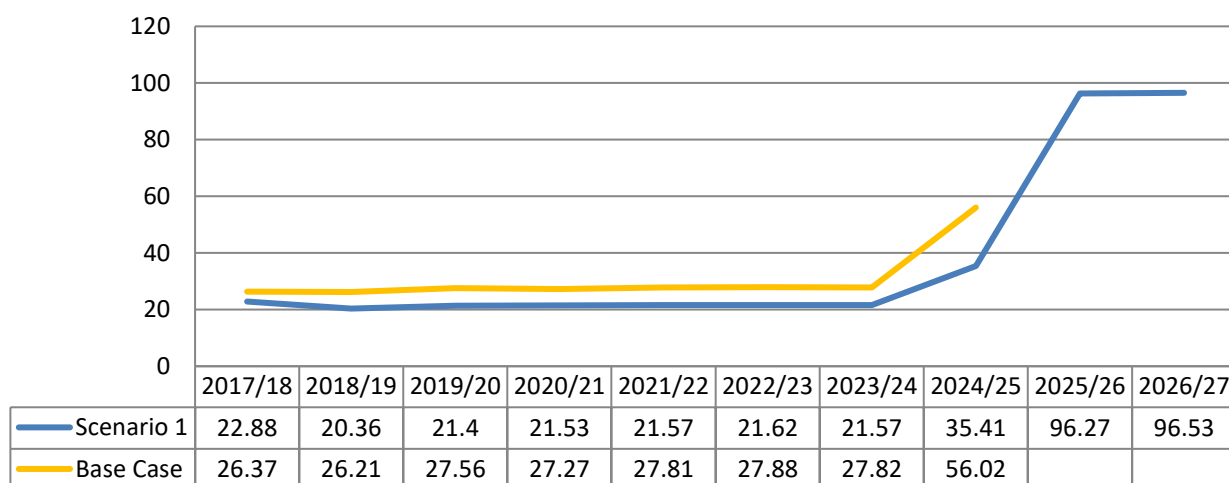
Balance Sheet and Cash Flow

Statement: Under Scenario 1, the Council's total borrowings in its General Fund will increase by \$500,000 in 2017/18 with the Fund not returning to a debt-free status until 2026/27.

Debt redemption (principal and interest) is expected to be approximately \$58,333 per annum. The Debt Service Cover ratio will decline somewhat on a year to year basis but will still remain well above the Council's adopted benchmark.



Debt Service Cover Ratio Scenario 2 against Base Case



Scenario 3 – Continuation of the Financial Assistance Grant pause:

Scenario 3 (Appendices 9 - 12) models the impact of the Federal Government electing to continue their three year “pause” on indexation of the Financial Assistance Grant (FAG) for a further four years.

FAG is an untied payment made to Councils annually to assist them to deliver services essential to their community. In the case of Berrigan Shire, FAG totals over \$4m or nearly 20% of its overall budget.

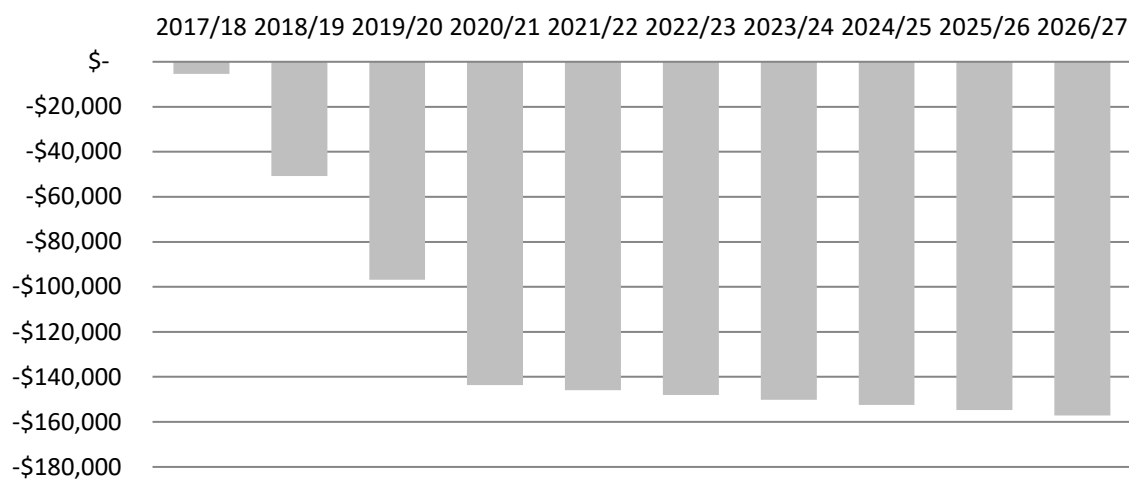
Until 2014/15, the Federal Government would increase the pool of funds to be distributed to Councils as FAG based on a cost index – i.e. indexation – thus allowing Councils to keep up with inflation. In that year, the Federal Government temporarily “paused” this indexation.

This pause is due to expire in 2017/18. However the Federal Government having set the precedent may similarly choose to index or not index the FAG. This uncertainty around FAG creates a real risk for the Council. The modelling for Scenario 2 is therefore, an attempt to determine the impact of the continuation of a FAG indexation “pause” on the delivery of Council services.

The model for Scenario 2 includes two steps

1. Pausing the indexing of FAG for the period 2017/18 to 2020/21 – i.e. no increase in FAG is assumed
2. Reducing Council expenditure on services to cover all but \$30,000 of the shortfall

Impact on revenue - Financial Assistance Grant Freeze Scenario 2 against Base Case



Income statement: Given the model for Scenario 2, the operating surplus before capital grants and contributions in the Council's general fund will be approximately \$30,000 to \$40,000 less year on year when compared to the base case.

However, income from FAG will have declined year on year, starting at \$50,800 in 2018/19 and increasing to \$157,105 in 2026/27. Over the life of this plan, revenue will have declined by \$1.2m

Absorbing this loss of revenue is not a sustainable long term position for the Council and costs must be cut to match expenditure. This model cuts expenditure by approximately \$100,000 to \$120,000 year-on-year from 2020/21 onwards.

Cutting expenditure means the Council will have to reduce services. Much of the Council's services are compulsory in nature – i.e.: building regulation and road maintenance services that cannot be cut beyond a certain point.

To put this level of expenditure cut in context, it may be useful to consider the Berrigan Shire Library Service.

The library service has 73 hours of operation per week across its four branches. Cutting expenditure to this service by \$120,000 would require reducing this service's operating hours to around 50 hours of operation of week – i.e. each branch would be open for one less day per week. In the case of the Berrigan branch, this could mean the Berrigan library only open for Tuesday and for Saturday morning.

Balance Sheet and Cash Flow

Statement: Under Scenario 2, there would be little change in the Council's cash flow or balance sheet as it would have reduced services to match its income.

However, had it failed to do so, its cash position would have declined by around \$1m over the life of this plan, meaning Council's unrestricted cash holdings would be essentially static over that period.

APPENDICIES

Appendix 1 – Reviewed (June 2021) Base Case
Projected Income and Expenditure

Appendix 2 – Reviewed (June 2021) Base Case
Projected Balance Sheet

Appendix 3 – Reviewed (June 2021) Base Case
Projected Cash Flow

Appendix 4 – Reviewed (June 2019) Base Case
Key Performance Indicators

Appendix 5 – Scenario 2 Projected Income and
Expenditure (June 2017/18)

Appendix 6 – Scenario 2 Projected Balance
Sheet (June 2017/18)

Appendix 7 – Scenario 2 Projected Cash Flow
(June 2017/18)

Appendix 8 – Scenario 2 Key Performance
Indicators (June 2017/18)

Appendix 9 – Scenario 3 Projected Income and
Expenditure (June 2017/18)

Appendix 10 – Scenario 3 Projected Balance
Sheet (June 2017/18)

Appendix 11 – Scenario 3 Projected Cash Flow
(June 2017/18)

Appendix 12 – Scenario 3 Key Performance
Indicators (June 2017/18)

Appendix 13 – Berrigan Shire Council Financial
Strategy 2021

Appendix 13 – Berrigan Shire Council Financial Strategy 2016

Appendix I Income Statement

Berrigan Shire Council 10 Year Financial Plan for the Years ending 30 June 2031 INCOME STATEMENT - CONSOLIDATED Scenario: Base Case												
	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					
	\$	\$	\$	\$	\$	\$	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
							\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	10,570,000	10,737,637	11,106,000	11,359,000	11,612,000	11,875,000	12,138,000	12,411,000	12,627,000	12,911,000	13,102,000	13,064,000
User Charges & Fees	2,648,000	2,006,960	1,911,000	1,931,000	1,949,000	1,972,000	1,991,000	2,018,000	2,030,000	2,044,000	2,018,000	2,018,000
Other Revenues	1,010,000	1,253,530	726,582	622,196	628,825	637,495	646,186	654,938	655,938	657,133	658,046	659,822
Grants & Contributions provided for Operating Purposes	7,834,000	8,653,832	6,633,161	6,674,264	6,821,809	6,917,825	7,018,241	7,123,386	7,229,994	7,337,194	7,451,018	7,508,378
Grants & Contributions provided for Capital Purposes	3,631,000	11,297,400	2,482,000	1,524,000	1,247,000	1,257,000	1,277,000	1,219,000	1,218,000	1,216,000	1,215,000	1,380,000
Interest & Investment Revenue	669,000	783,469	784,000	795,000	768,000	806,000	843,000	904,000	948,000	996,000	1,005,000	1,005,000
Other Income:												
Net Gains from the Disposal of Assets	-	30,000	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	152,000	-	-	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Joint Ventures & Associated Entities - Gain	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	26,514,000	34,762,828	23,642,743	22,957,460	23,078,634	23,517,320	23,965,427	24,382,324	24,760,932	25,213,327	25,501,064	25,687,200
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,617,000	4,652,520	4,815,484	4,939,900	5,062,527	5,190,377	5,317,477	5,452,816	5,581,917	5,711,754	5,841,106	5,921,438
Borrowing Costs	257,000	92,431	131,803	124,520	104,694	84,740	70,633	57,877	44,825	31,471	17,806	6,321
Materials & Contracts	5,109,000	7,450,863	7,068,012	7,139,469	7,139,946	7,243,432	7,334,924	7,463,439	7,486,439	7,533,439	7,390,927	7,432,508
Depreciation & Amortisation	6,225,000	6,369,518	6,429,650	6,493,325	6,559,028	6,622,758	6,691,516	6,757,300	6,766,113	6,783,953	6,765,823	6,768,721
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,394,000	2,551,768	2,936,621	2,141,748	2,171,738	2,217,767	2,240,816	2,289,908	2,288,908	2,319,911	2,288,037	2,330,664
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	558,000	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,160,000	21,117,100	21,381,570	20,838,962	21,037,933	21,359,074	21,655,366	22,021,340	22,168,202	22,380,528	22,303,699	22,459,652
Operating Result from Continuing Operations	4,354,000	13,645,728	2,261,173	2,118,498	2,040,701	2,158,246	2,310,061	2,360,984	2,592,730	2,832,799	3,197,365	3,227,548
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	4,354,000	13,645,728	2,261,173	2,118,498	2,040,701	2,158,246	2,310,061	2,360,984	2,592,730	2,832,799	3,197,365	3,227,548
Net Operating Result before Grants and Contributions provided for Capital Purposes	723,000	2,348,328	(220,827)	594,498	793,701	901,246	1,033,061	1,141,984	1,374,730	1,616,799	1,982,365	1,847,548

Appendix II Balance Sheet

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2031
BALANCE SHEET - CONSOLIDATED
Scenario: Base Case

	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					
	\$	\$	\$	\$	\$	\$	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
							\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	11,245,000	14,300,384	2,438,266	1,440,409	2,889,794	4,108,777	4,816,251	9,720,754	15,826,938	22,469,312	29,778,125	34,498,609
Investments	27,046,000	20,515,288	21,180,280	20,859,860	21,182,689	21,435,584	22,002,703	21,938,907	21,912,441	21,912,441	21,912,441	21,912,441
Receivables	1,743,000	2,452,794	2,288,766	2,315,108	2,356,092	2,405,048	2,441,668	2,520,366	2,603,351	2,695,884	2,764,375	2,804,436
Inventories	275,000	2,480,166	2,275,086	2,295,534	2,281,416	2,315,088	2,342,338	2,385,708	2,388,087	2,396,728	2,356,612	2,376,125
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	51,000	154,075	153,802	137,652	137,407	139,651	141,172	143,865	143,822	144,651	142,538	144,329
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	40,360,000	39,902,708	28,336,200	27,048,563	28,847,397	30,404,147	31,744,134	36,709,599	42,874,640	49,619,017	56,954,091	61,735,940
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)	(20,614)
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	302,964,000	321,514,593	334,771,943	337,272,618	336,792,590	336,780,832	337,244,316	334,089,016	329,945,903	325,466,950	320,727,127	319,057,406
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	302,964,000	321,523,979	334,781,329	337,282,004	336,801,976	336,790,218	337,253,702	334,098,402	329,955,289	325,476,336	320,736,513	319,066,792
TOTAL ASSETS	343,324,000	361,426,687	363,117,529	364,330,567	365,649,373	367,194,365	368,997,835	370,808,000	372,829,928	375,095,353	377,690,603	380,802,732
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	1,975,000	2,518,435	2,383,589	2,226,014	2,228,617	2,262,856	2,300,569	2,310,886	2,311,064	2,327,990	2,315,767	2,363,563
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	622,000	848,385	492,286	442,301	435,527	441,619	448,610	451,527	457,651	463,808	470,274	482,475
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	259,000	630,790	699,325	719,171	655,052	552,786	565,564	578,638	592,015	596,356	425,250	60,029
Provisions	2,702,000	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026	2,760,026
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	5,558,000	6,757,636	6,335,226	6,147,513	6,079,222	6,017,286	6,074,770	6,101,078	6,120,757	6,148,181	5,971,316	5,666,094
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,567,000	4,882,349	4,734,428	4,016,682	3,363,077	2,811,759	2,247,685	1,670,558	1,080,077	485,279	60,029	249,833
Provisions	688,000	629,974	629,974	629,974	629,974	629,974	629,974	629,974	629,974	629,974	629,974	629,974
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,255,000	5,512,323	5,364,402	4,646,656	3,993,051	3,441,733	2,877,659	2,300,532	1,710,051	1,115,253	690,003	879,807
TOTAL LIABILITIES	7,813,000	12,269,959	11,699,628	10,794,168	10,072,273	9,459,019	8,952,428	8,401,609	7,830,807	7,263,433	6,661,319	6,545,901
Net Assets	335,511,000	349,156,728	351,417,901	353,536,399	355,577,100	357,735,346	360,045,407	362,406,391	364,999,121	367,831,920	371,029,284	374,256,832
EQUITY												
Retained Earnings	122,304,000	135,949,728	138,210,901	140,329,399	142,370,100	144,528,346	146,838,407	149,199,391	151,792,121	154,624,920	157,822,284	161,049,832
Revaluation Reserves	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000	213,207,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	335,511,000	349,156,728	351,417,901	353,536,399	355,577,100	357,735,346	360,045,407	362,406,391	364,999,121	367,831,920	371,029,284	374,256,832
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	335,511,000	349,156,728	351,417,901	353,536,399	355,577,100	357,735,346	360,045,407	362,406,391	364,999,121	367,831,920	371,029,284	374,256,832

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2031
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Base Case

	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					
	\$	\$	\$	\$	\$	\$	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
							\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	10,927,000	10,744,170	11,106,025	11,352,056	11,604,920	11,867,719	12,130,719	12,403,238	12,622,183	12,903,007	13,094,741	13,063,827
User Charges & Fees	2,582,000	1,503,328	1,937,364	1,922,659	1,941,866	1,962,302	1,983,054	2,007,343	2,025,119	2,038,993	2,027,888	2,018,000
Investment & Interest Revenue Received	814,000	801,075	786,261	784,949	749,559	785,827	832,841	855,769	883,589	925,458	932,367	965,716
Grants & Contributions	11,381,000	20,341,051	8,794,558	8,153,262	8,062,710	8,180,310	8,301,536	8,345,012	8,453,508	8,558,737	8,671,839	8,899,364
Bonds & Deposits Received	187,000	-	-	-	-	-	-	-	-	-	-	-
Other	2,634,000	802,505	839,567	673,567	677,144	683,849	693,200	700,849	705,568	706,727	713,469	710,985
Payments:												
Employee Benefits & On-Costs	(8,910,000)	(4,608,588)	(4,809,609)	(4,934,093)	(5,056,360)	(5,184,201)	(5,310,982)	(5,446,356)	(5,576,099)	(5,705,931)	(5,835,190)	(5,917,801)
Materials & Contracts	(4,978,000)	(8,928,183)	(6,864,664)	(7,303,167)	(7,127,883)	(7,257,071)	(7,348,541)	(7,482,760)	(7,489,088)	(7,534,579)	(7,369,885)	(7,436,124)
Borrowing Costs	(41,000)	(92,431)	(131,803)	(124,520)	(104,694)	(84,740)	(70,633)	(57,877)	(44,825)	(31,471)	(17,806)	(6,321)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2,386,000)	(2,559,507)	(2,936,428)	(2,142,563)	(2,171,596)	(2,217,468)	(2,240,561)	(2,289,572)	(2,288,745)	(2,319,694)	(2,287,999)	(2,330,453)
Net Cash provided (or used in) Operating Activities	12,210,000	18,003,421	8,721,270	8,382,149	8,575,667	8,736,528	8,970,632	9,035,644	9,291,211	9,541,247	9,929,423	9,967,192
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	954,000	6,530,712	-	854,099	577,171	1,047,105	658,243	63,796	26,466	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	870,000	54,000	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	291,000	707,000	359,000	241,000	251,000	251,000	251,000	373,000	310,000	291,000	291,000	291,000
Sale of non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	93,519	1,384	1,405	1,425	1,447	1,468	1,489	1,512	1,534	1,557	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	(664,991)	(533,679)	(900,000)	(1,300,000)	(1,225,363)	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(11,290,000)	(25,925,504)	(20,197,991)	(9,243,505)	(6,336,709)	(6,862,044)	(7,395,721)	(4,003,863)	(2,944,366)	(2,599,393)	(2,316,811)	(5,362,290)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(9,175,000)	(18,540,273)	(20,502,598)	(8,680,681)	(6,407,112)	(6,862,493)	(7,710,372)	(3,565,578)	(2,606,388)	(2,306,859)	(2,024,254)	(5,071,290)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	1,000,000	4,000,000	550,000	-	-	-	-	-	-	-	-	285,363
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(168,000)	(407,764)	(630,790)	(699,325)	(719,171)	(655,052)	(552,786)	(565,564)	(578,638)	(592,015)	(596,356)	(460,780)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	832,000	3,592,236	(80,790)	(699,325)	(719,171)	(655,052)	(552,786)	(565,564)	(578,638)	(592,015)	(596,356)	(175,417)
Net Increase/(Decrease) in Cash & Cash Equivalents	3,867,000	3,055,384	(11,862,118)	(997,856)	1,449,384	1,218,984	707,474	4,904,502	6,106,185	6,642,374	7,308,813	4,720,485
plus: Cash & Cash Equivalents - beginning of year	7,378,000	11,245,000	14,300,384	2,438,266	1,440,409	2,889,794	4,108,777	4,816,251	9,720,754	15,826,938	22,469,312	29,778,125
Cash & Cash Equivalents - end of the year	11,245,000	14,300,384	2,438,266	1,440,409	2,889,794	4,108,777	4,816,251	9,720,754	15,826,938	22,469,312	29,778,125	34,498,609
Cash & Cash Equivalents - end of the year	11,245,000	14,300,384	2,438,266	1,440,409	2,889,794	4,108,777	4,816,251	9,720,754	15,826,938	22,469,312	29,778,125	34,498,609
Investments - end of the year	27,046,000	20,515,288	21,180,280	20,859,860	21,182,689	21,435,584	22,002,703	21,938,907	21,912,441	21,912,441	21,912,441	21,912,441
Cash, Cash Equivalents & Investments - end of the year	38,291,000	34,815,672	23,618,545	22,300,269	24,072,483	25,544,361	26,818,955	31,659,661	37,739,380	44,381,753	51,690,566	56,411,051
Representing:												
- External Restrictions	24,675,000	28,928,673	17,771,555	16,742,600	17,965,478	18,874,266	20,205,922	22,516,650	24,904,946	27,455,799	30,501,687	33,406,498
- Internal Restrictions	5,560,000	4,538,000	4,933,000	4,999,000	5,551,000	6,209,000	6,235,000	6,335,000	7,495,000	8,161,000	8,161,000	8,810,000
- Unrestricted	8,056,000	1,348,999	913,991	558,670	556,004	461,095	378,033	2,808,011	6,005,434	9,430,955	13,027,878	14,194,553
	38,291,000	34,815,672	23,618,545	22,300,269	24,072,483	25,544,361	26,818,955	31,659,661	37,739,380	44,381,753	51,690,566	56,411,051

Appendix IV - Base Case Financial Performance Indicators

Berrigan Shire Council

10 Year Financial Plan for the Years ending 30 June 2027

FINANCIAL PERFORMANCE INDICATORS

Scenario: Base Case

	Past Years				Current Year	Projected Years									
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
New Note 13 Ratios															
Operating Performance Ratio 1)					10.18%	4.73%	4.62%	5.96%	6.19%	6.23%	6.57%	6.75%	7.19%	7.46%	7.80%
Own Source Operating Revenue Ratio 1)					53.21%	56.61%	66.61%	65.64%	65.32%	66.05%	66.66%	66.96%	67.25%	67.52%	67.81%
Unrestricted Current Ratio	3.49	4.05	4.19	7.05	3.08	3.25	3.30	3.22	3.34	3.58	3.71	4.06	4.58	4.95	5.32
Debt Service Cover Ratio 1)					25.59	34.28	34.51	36.23	36.81	37.32	37.96	38.54	78.85	0.00	0.00
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5.44%	5.05%	4.44%	3.53%	4.68%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%
Cash Expense Cover Ratio 1)					2.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TCorp Ratios															
Operating Performance Ratio 2)					10.18%	4.73%	4.62%	5.96%	6.19%	6.23%	6.57%	6.75%	7.19%	7.46%	7.80%
Own Source Operating Revenue Ratio 2)					48.03%	51.04%	60.01%	59.14%	58.82%	59.43%	59.83%	59.89%	59.94%	59.98%	59.99%
Unrestricted Current Ratio					3.08	3.25	3.30	3.22	3.34	3.58	3.71	4.06	4.58	4.95	5.32
Debt Service Cover Ratio 2)					25.59	34.28	34.51	36.23	36.81	37.32	37.96	38.54	78.85	0.00	0.00
Capital Expenditure Ratio					2.30	1.73	1.06	1.07	1.12	0.82	0.81	0.75	0.72	0.71	0.70
Infrastructure Backlog Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asset Maintenance Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building & Infrastructure Renewals Ratio					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Expense Cover Ratio 2)					2.57	2.28	2.00	2.19	1.82	2.19	2.72	3.82	4.59	4.86	7.98
Interest Cover Ratio					131.47	132.83	152.32	187.21	233.01	305.95	458.28	889.23	6323.57	0.00	0.00

Appendix V - Scenario 2 Income Statement

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - CONSOLIDATED
Scenario: Tocumwal Foreshore Operating Costs & Loan

	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	9,201	9,449	9,586	9,781	9,982	10,188	10,397	10,612	10,831	11,054	11,282	11,515
User Charges & Fees	2,367	1,694	1,669	1,691	1,714	1,738	1,762	1,786	1,812	1,838	1,861	1,888
Interest & Investment Revenue	722	617	720	745	760	784	811	863	929	1,001	1,070	1,154
Other Revenues	820	585	535	544	553	563	573	583	593	603	614	625
Grants & Contributions provided for Operating Purposes	7,993	8,591	6,250	6,307	6,647	6,712	6,777	6,843	6,910	6,978	7,052	7,128
Grants & Contributions provided for Capital Purposes	2,586	2,267	3,318	75	148	320	170	65	65	65	65	65
Other Income:												
Net gains from the disposal of assets	198	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	23,887	23,202	22,077	19,143	19,805	20,304	20,490	20,752	21,139	21,540	21,944	22,375
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,188	3,998	4,034	4,132	4,234	4,337	4,444	4,552	4,664	4,778	4,895	5,015
Borrowing Costs	87	61	52	45	39	32	24	17	9	1	-	0
Materials & Contracts	3,031	6,555	5,903	5,982	6,092	6,164	6,257	6,352	6,472	6,545	6,643	6,744
Depreciation & Amortisation	5,758	5,876	5,967	6,026	6,086	6,147	6,225	6,270	6,333	6,396	6,459	6,524
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	1,941	2,314	1,980	2,015	2,051	2,087	2,124	2,162	2,201	2,240	2,280	2,321
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	18,005	18,805	17,935	18,201	18,502	18,767	19,075	19,353	19,678	19,960	20,278	20,604
Operating Result from Continuing Operations	5,882	4,397	4,143	942	1,303	1,537	1,415	1,399	1,460	1,580	1,665	1,770
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	5,882	4,397	4,143	942	1,303	1,537	1,415	1,399	1,460	1,580	1,665	1,770
Net Operating Result before Grants and Contributions provided for Capital Purposes	3,296	2,131	825	867	1,155	1,217	1,245	1,334	1,395	1,515	1,600	1,705

Appendix VI - Scenario 2 Balance Sheet

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - CONSOLIDATED
Scenario: Tocumwal Foreshore Operating Costs & Loan

	Actuals 2015/16 \$'000	Current Year 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projected Years					
							2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	4,125	2,756	1,787	1,604	1,860	1,525	1,972	2,609	3,902	4,848	5,263	9,025
Investments	19,630	18,317	18,796	19,276	19,776	20,776	22,676	24,476	26,076	28,376	31,526	31,526
Receivables	1,230	1,297	1,287	1,283	1,304	1,331	1,364	1,393	1,427	1,466	1,506	1,548
Inventories	223	530	473	479	487	491	498	504	513	517	524	531
Other	27	71	61	62	63	64	65	66	67	68	69	70
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	25,235	22,970	22,405	22,704	23,489	24,187	26,574	29,048	31,985	35,276	38,889	42,701
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	79	79	79	79	79	79	79	79	79	79	108
Inventories	185	118	118	118	118	118	118	118	118	118	118	118
Infrastructure, Property, Plant & Equipment	215,802	223,433	227,722	228,061	228,450	229,143	228,022	226,792	225,160	223,372	221,455	219,444
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	215,987	223,630	227,919	228,259	228,647	229,340	228,220	226,990	225,358	223,570	221,653	219,671
TOTAL ASSETS	241,222	246,600	250,324	250,963	252,137	253,527	254,794	256,038	257,342	258,846	260,541	262,371
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	929	2,167	1,897	1,749	1,782	1,804	1,832	1,861	1,897	1,920	1,950	1,981
Borrowings	253	149	155	162	169	176	184	192	99	0	-	29
Provisions	2,641	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	3,823	4,964	4,701	4,559	4,599	4,629	4,665	4,702	4,645	4,569	4,599	4,659
Non-Current Liabilities												
Payables	-	8	8	8	8	8	8	8	8	8	8	8
Borrowings	1,297	1,136	981	820	651	475	291	99	0	(0)	(0)	-
Provisions	354	346	346	346	346	346	346	346	346	346	346	346
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,651	1,491	1,336	1,174	1,005	829	645	453	354	354	354	354
TOTAL LIABILITIES	5,474	6,455	6,036	5,733	5,605	5,458	5,310	5,155	5,000	4,923	4,954	5,013
Net Assets	235,748	240,145	244,288	245,230	246,532	248,069	249,484	250,883	252,343	253,922	255,588	257,358
EQUITY												
Retained Earnings	100,527	104,924	109,067	110,009	111,311	112,848	114,263	115,662	117,122	118,701	120,367	122,137
Revaluation Reserves	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221
Council Equity Interest	235,748	240,145	244,288	245,230	246,532	248,069	249,484	250,883	252,343	253,922	255,588	257,358
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	235,748	240,145	244,288	245,230	246,532	248,069	249,484	250,883	252,343	253,922	255,588	257,358

Appendix VII - Scenario 2 Cash Flow Statement

Berrigan Shire Council												
10 Year Financial Plan for the Years ending 30 June 2027												
CASH FLOW STATEMENT - CONSOLIDATED												
Scenario: Tocumwal Foreshore Operating Costs & Loan												
	Actuals	Current Year					Projected Years					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	9,275	9,328	9,580	9,771	9,972	10,178	10,387	10,601	10,820	11,043	11,271	11,504
User Charges & Fees	2,937	1,712	1,676	1,688	1,711	1,734	1,758	1,783	1,808	1,834	1,857	1,884
Interest & Investment Revenue Received	743	623	723	750	758	776	796	852	914	982	1,049	1,132
Grants & Contributions	10,579	10,857	9,568	6,382	6,795	7,032	6,947	6,908	6,975	7,043	7,117	7,193
Bonds & Deposits Received	10	-	-	-	-	-	-	-	-	-	-	-
Other	1,666	527	542	560	552	562	573	583	593	604	615	625
Payments:												
Employee Benefits & On-Costs	(7,279)	(3,930)	(4,026)	(4,305)	(4,234)	(4,337)	(4,444)	(4,552)	(4,664)	(4,778)	(4,895)	(5,015)
Materials & Contracts	(4,705)	(5,705)	(6,106)	(5,967)	(6,072)	(6,150)	(6,240)	(6,334)	(6,450)	(6,530)	(6,624)	(6,724)
Borrowing Costs	(29)	(61)	(52)	(45)	(39)	(32)	(24)	(17)	(9)	(1)	-	(0)
Bonds & Deposits Refunded	(53)	-	-	-	-	-	-	-	-	-	-	-
Other	(1,943)	(2,256)	(1,994)	(2,014)	(2,050)	(2,086)	(2,123)	(2,161)	(2,200)	(2,240)	(2,280)	(2,321)
Net Cash provided (or used in) Operating Activities	11,201	11,095	9,910	6,821	7,394	7,676	7,631	7,664	7,788	7,956	8,110	8,278
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	1,513	70	320	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	330	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	164	459	346	399	456	314	249	289	281	291	291	291
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	148	-	0	0	0	-	0	-	-	0	-	0
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(3,000)	(200)	(550)	(800)	(500)	(1,000)	(1,900)	(1,800)	(1,600)	(2,300)	(3,150)	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(9,068)	(13,966)	(10,602)	(6,765)	(6,930)	(7,154)	(5,354)	(5,329)	(4,981)	(4,899)	(4,833)	(4,804)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	(79)	-	(1,000)	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(11,505)	(12,194)	(11,735)	(6,846)	(6,975)	(7,840)	(7,005)	(6,840)	(6,300)	(6,908)	(7,692)	(4,513)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	1,000	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(262)	(265)	(149)	(155)	(162)	(169)	(176)	(184)	(192)	(99)	(0)	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(262)	(265)	851	(155)	(162)	(169)	(176)	(184)	(192)	(99)	(0)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(566)	(1,364)	(974)	(180)	258	(332)	450	640	1,296	949	418	3,765
plus: Cash, Cash Equivalents & Investments - beginning of year	4,691	4,125	2,761	1,787	1,607	1,865	1,532	1,982	2,622	3,917	4,866	5,284
Cash & Cash Equivalents - end of the year	4,125	2,761	1,787	1,607	1,865	1,532	1,982	2,622	3,917	4,866	5,284	9,049
Cash & Cash Equivalents - end of the year	4,125	2,761	1,787	1,607	1,865	1,532	1,982	2,622	3,917	4,866	5,284	9,049
Investments - end of the year	19,630	18,317	18,796	19,276	19,776	20,776	22,676	24,476	26,076	28,376	31,526	31,526
Cash, Cash Equivalents & Investments - end of the year	23,755	21,077	20,583	20,883	21,641	22,308	24,658	27,098	29,993	33,243	36,810	40,575
Representing:												
- External Restrictions	14,018	13,832	13,255	13,902	14,774	15,134	16,824	18,889	21,213	23,604	26,239	29,036
- Internal Restrictions	4,649	3,871	3,780	3,871	3,755	3,921	4,448	4,911	5,402	5,920	6,454	7,006
- Unrestricted	5,088	3,374	3,548	3,110	3,112	3,253	3,386	3,298	3,379	3,719	4,117	4,533
	23,755	21,077	20,583	20,883	21,641	22,308	24,658	27,098	29,993	33,243	36,810	40,575

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
EQUITY STATEMENT - CONSOLIDATED
Scenario: Tocumwal Foreshore Operating Costs & Loan

	Actuals 2015/16 \$'000	Current Year 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projected Years					
							2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
Opening Balance	231,081	235,748	240,145	244,288	245,230	246,532	248,069	249,484	250,883	252,343	253,922	255,588
a. Current Year Income & Expenses Recognised direct to Equity												
- Transfers to/(from) Asset Revaluation Reserve	(1,625)	-	-	-	-	-	-	-	-	-	-	-
- Transfers to/(from) Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Other Income/Expenses recognised	410	-	-	-	-	-	-	-	-	-	-	-
- Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Recognised Directly in Equity	(1,215)	-	-	-	-	-	-	-	-	-	-	-
b. Net Operating Result for the Year	5,882	4,397	4,143	942	1,303	1,537	1,415	1,399	1,460	1,580	1,665	1,770
Total Recognised Income & Expenses (c&d)	4,667	4,397	4,143	942	1,303	1,537	1,415	1,399	1,460	1,580	1,665	1,770
c. Distributions to/(Contributions from) Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	235,748	240,145	244,288	245,230	246,532	248,069	249,484	250,883	252,343	253,922	255,588	257,358

Appendix VIII - Scenario 3 Financial Performance Indicators

Berrigan Shire Council

10 Year Financial Plan for the Years ending 30 June 2027

FINANCIAL PERFORMANCE INDICATORS

Scenario: Tocumwal Foreshore Operating Costs & Loan

	Past Years				Current Year	Projected Years									
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
New Note 13 Ratios															
Operating Performance Ratio 1)					10.18%	4.40%	4.55%	5.87%	6.09%	6.13%	6.45%	6.62%	7.05%	7.31%	7.64%
Own Source Operating Revenue Ratio 1)					53.21%	56.66%	66.66%	65.69%	65.37%	66.10%	66.71%	67.00%	67.30%	67.57%	67.85%
Unrestricted Current Ratio	3.49	4.05	4.19	7.05	3.08	3.39	3.44	3.34	3.44	3.66	3.77	4.10	4.60	4.94	5.24
Debt Service Cover Ratio 1)					24.70	34.13	34.61	36.31	36.89	37.38	38.01	38.59	78.92		
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5.44%	5.05%	4.44%	3.53%	4.68%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%
Cash Expense Cover Ratio 1)					2.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TCorp Ratios															
Operating Performance Ratio 2)					10.18%	4.40%	4.55%	5.87%	6.09%	6.13%	6.45%	6.62%	7.05%	7.31%	7.64%
Own Source Operating Revenue Ratio 2)					48.03%	50.98%	59.93%	59.06%	58.73%	59.34%	59.74%	59.81%	59.85%	59.89%	59.90%
Unrestricted Current Ratio					3.08	3.39	3.44	3.34	3.44	3.66	3.77	4.10	4.60	4.94	5.24
Debt Service Cover Ratio 2)					24.70	34.13	34.61	36.31	36.89	37.38	38.01	38.59	78.92		
Capital Expenditure Ratio					2.30	1.72	1.06	1.06	1.11	0.82	0.80	0.74	0.72	0.70	0.69
Infrastructure Backlog Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asset Maintenance Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building & Infrastructure Renewals Ratio					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Expense Cover Ratio 2)					2.57	1.80	1.59	1.80	1.45	1.84	2.40	3.51	4.29	4.57	7.69
Interest Cover Ratio					131.47	132.26	152.72	187.64	233.48	306.47	458.94	890.26	6327.13	0.00	

Appendix IX - Scenario 3 Income Statement

Berrigan Shire Council 10 Year Financial Plan for the Years ending 30 June 2027 INCOME STATEMENT - CONSOLIDATED Scenario: Continuing Financial Assistance Grant Freeze												
	Actuals	Current Year	Projected Years									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	9,201	9,449	9,586	9,781	9,982	10,188	10,397	10,612	10,831	11,054	11,282	11,515
User Charges & Fees	2,367	1,694	1,669	1,691	1,714	1,738	1,762	1,786	1,812	1,838	1,861	1,888
Interest & Investment Revenue	722	617	720	745	760	784	811	863	929	1,001	1,070	1,154
Other Revenues	820	585	509	517	526	535	544	553	563	572	582	593
Grants & Contributions provided for Operating Purposes	7,993	8,591	6,245	6,256	6,550	6,568	6,631	6,695	6,760	6,826	6,897	6,971
Grants & Contributions provided for Capital Purposes	2,586	2,267	3,318	75	148	320	170	65	65	65	65	65
Other Income:												
Net gains from the disposal of assets	198	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	23,887	23,202	22,046	19,065	19,680	20,132	20,315	20,574	20,958	21,356	21,757	22,185
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,188	3,998	4,034	4,119	4,189	4,262	4,366	4,473	4,583	4,695	4,810	4,928
Borrowing Costs	87	61	52	45	39	32	24	17	9	1	-	-
Materials & Contracts	3,031	6,555	5,847	5,917	6,010	6,070	6,164	6,256	6,373	6,442	6,538	6,635
Depreciation & Amortisation	5,758	5,876	5,935	5,994	6,054	6,114	6,193	6,237	6,299	6,362	6,425	6,489
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	1,941	2,314	1,980	2,065	2,101	2,130	2,168	2,206	2,244	2,284	2,324	2,365
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	18,005	18,805	17,848	18,140	18,392	18,608	18,916	19,188	19,509	19,784	20,097	20,417
Operating Result from Continuing Operations	5,882	4,397	4,198	925	1,288	1,525	1,399	1,386	1,450	1,572	1,660	1,768
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	5,882	4,397	4,198	925	1,288	1,525	1,399	1,386	1,450	1,572	1,660	1,768
Net Operating Result before Grants and Contributions provided for Capital Purposes	3,296	2,131	880	850	1,140	1,205	1,229	1,321	1,385	1,507	1,595	1,703

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - CONSOLIDATED
Scenario: Continuing Financial Assistance Grant Freeze

	Actuals 2015/16 \$'000	Current Year 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projected Years					
							2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	4,125	2,756	2,257	2,017	2,222	1,838	2,251	2,856	4,118	5,037	5,426	9,164
Investments	19,630	18,328	18,361	18,862	19,362	20,362	22,262	24,062	25,662	27,962	31,112	31,112
Receivables	1,230	1,297	1,277	1,272	1,293	1,320	1,353	1,383	1,417	1,456	1,497	1,540
Inventories	223	530	469	473	479	483	490	496	504	509	515	522
Other	27	71	61	62	63	63	64	65	67	67	68	69
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	25,235	22,981	22,424	22,686	23,420	24,067	26,421	28,862	31,769	35,032	38,619	42,407
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	79	79	79	79	79	79	79	79	79	79	79
Inventories	185	118	118	118	118	118	118	118	118	118	118	118
Infrastructure, Property, Plant & Equipment	215,802	223,433	227,753	228,125	228,546	229,271	228,169	226,958	225,344	223,576	221,679	219,688
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	215,987	223,630	227,951	228,322	228,743	229,469	228,367	227,155	225,542	223,774	221,876	219,885
TOTAL ASSETS	241,222	246,612	250,375	251,009	252,163	253,536	254,788	256,018	257,311	258,805	260,495	262,293
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	929	2,167	1,881	1,744	1,772	1,789	1,818	1,846	1,881	1,903	1,932	1,962
Borrowings	253	149	155	162	169	176	184	192	99	-	-	-
Provisions	2,641	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	3,823	4,964	4,685	4,555	4,590	4,614	4,651	4,686	4,629	4,552	4,581	4,611
Non-Current Liabilities												
Payables	-	8	8	8	8	8	8	8	8	8	8	8
Borrowings	1,297	1,148	993	831	662	486	302	110	11	11	11	11
Provisions	354	346	346	346	346	346	346	346	346	346	346	346
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,651	1,502	1,347	1,185	1,017	841	657	465	366	366	366	366
TOTAL LIABILITIES	5,474	6,466	6,032	5,740	5,606	5,454	5,307	5,151	4,995	4,918	4,947	4,977
Net Assets	235,748	240,145	244,343	245,269	246,557	248,081	249,480	250,866	252,316	253,888	255,548	257,316
EQUITY												
Retained Earnings	100,527	104,924	109,123	110,048	111,336	112,861	114,259	115,645	117,095	118,667	120,327	122,095
Revaluation Reserves	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221	135,221
Council Equity Interest	235,748	240,145	244,343	245,269	246,557	248,081	249,480	250,866	252,316	253,888	255,548	257,316
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	235,748	240,145	244,343	245,269	246,557	248,081	249,480	250,866	252,316	253,888	255,548	257,316

Appendix XI - Scenario 3 Cash Flow Statement

Berrigan Shire Council 10 Year Financial Plan for the Years ending 30 June 2027 CASH FLOW STATEMENT - CONSOLIDATED Scenario: Continuing Financial Assistance Grant Freeze												
	Actuals 2015/16 \$'000	Current Year 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projected Years					
							2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	9,275	9,328	9,580	9,771	9,972	10,178	10,387	10,601	10,820	11,043	11,271	11,504
User Charges & Fees	2,937	1,712	1,676	1,688	1,711	1,734	1,758	1,783	1,808	1,834	1,857	1,884
Interest & Investment Revenue Received	743	622	730	749	758	776	795	852	914	981	1,048	1,131
Grants & Contributions	10,579	10,857	9,562	6,331	6,698	6,888	6,801	6,760	6,825	6,891	6,962	7,036
Bonds & Deposits Received	10	-	-	-	-	-	-	-	-	-	-	-
Other	1,666	522	519	532	522	532	542	551	560	570	580	590
Payments:												
Employee Benefits & On-Costs	(7,279)	(3,930)	(4,026)	(4,291)	(4,189)	(4,262)	(4,366)	(4,473)	(4,583)	(4,695)	(4,810)	(4,928)
Materials & Contracts	(4,705)	(5,705)	(6,060)	(5,891)	(5,992)	(6,060)	(6,146)	(6,238)	(6,351)	(6,429)	(6,519)	(6,616)
Borrowing Costs	(29)	(61)	(52)	(45)	(39)	(32)	(24)	(17)	(9)	(1)	-	-
Bonds & Deposits Refunded	(53)	-	-	-	-	-	-	-	-	-	-	-
Other	(1,943)	(2,256)	(1,989)	(2,064)	(2,100)	(2,130)	(2,167)	(2,205)	(2,243)	(2,283)	(2,323)	(2,364)
Net Cash provided (or used in) Operating Activities	11,201	11,089	9,940	6,781	7,342	7,625	7,580	7,614	7,740	7,911	8,066	8,237
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	1,502	517	299	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	330	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	164	459	346	399	456	314	249	289	281	291	291	291
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	148	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(3,000)	(200)	(550)	(800)	(500)	(1,000)	(1,900)	(1,800)	(1,600)	(2,300)	(3,150)	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(9,068)	(13,966)	(10,602)	(6,765)	(6,930)	(7,154)	(5,339)	(5,314)	(4,967)	(4,884)	(4,818)	(4,789)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	(79)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(11,505)	(12,205)	(10,289)	(6,867)	(6,975)	(7,840)	(6,990)	(6,825)	(6,286)	(6,893)	(7,677)	(4,498)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(262)	(254)	(149)	(155)	(162)	(169)	(176)	(184)	(192)	(99)	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(262)	(254)	(149)	(155)	(162)	(169)	(176)	(184)	(192)	(99)	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(566)	(1,369)	(498)	(241)	205	(384)	413	605	1,262	918	389	3,738
plus: Cash, Cash Equivalents & Investments - beginning of year	4,691	4,125	2,756	2,257	2,017	2,222	1,838	2,251	2,856	4,118	5,037	5,426
Cash & Cash Equivalents - end of the year	4,125	2,756	2,257	2,017	2,222	1,838	2,251	2,856	4,118	5,037	5,426	9,164
Cash & Cash Equivalents - end of the year	4,125	2,756	2,257	2,017	2,222	1,838	2,251	2,856	4,118	5,037	5,426	9,164
Investments - end of the year	19,630	18,328	18,361	18,862	19,362	20,362	22,262	24,062	25,662	27,962	31,112	31,112
Cash, Cash Equivalents & Investments - end of the year	23,755	21,083	20,619	20,879	21,584	22,200	24,514	26,918	29,781	32,999	36,538	40,276
Representing:												
- External Restrictions	14,018	13,832	13,726	14,314	15,128	15,429	17,061	19,067	21,332	23,665	26,242	28,980
- Internal Restrictions	4,649	3,871	3,780	3,871	3,755	3,921	4,448	4,911	5,402	5,920	6,454	7,006
- Unrestricted	5,088	3,380	3,112	2,694	2,701	2,850	3,005	2,941	3,046	3,415	3,842	4,290
	23,755	21,083	20,619	20,879	21,584	22,200	24,514	26,918	29,781	32,999	36,538	40,276

Berrigan Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
EQUITY STATEMENT - CONSOLIDATED
Scenario: Continuing Financial Assistance Grant Freeze

	Actuals 2015/16 \$'000	Current Year 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projected Years					
			2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000				
Opening Balance	231,081	235,748	240,145	244,343	245,269	246,557	248,081	249,480	250,866	252,316	253,888	255,548
a. Current Year Income & Expenses Recognised direct to Equity												
- Transfers to/(from) Asset Revaluation Reserve	(1,625)	-	-	-	-	-	-	-	-	-	-	-
- Transfers to/(from) Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Other Income/Expenses recognised	410	-	-	-	-	-	-	-	-	-	-	-
- Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Recognised Directly in Equity	(1,215)	-	-	-	-	-	-	-	-	-	-	-
b. Net Operating Result for the Year	5,882	4,397	4,198	925	1,288	1,525	1,399	1,386	1,450	1,572	1,660	1,768
Total Recognised Income & Expenses (c&d)	4,667	4,397	4,198	925	1,288	1,525	1,399	1,386	1,450	1,572	1,660	1,768
c. Distributions to/(Contributions from) Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	235,748	240,145	244,343	245,269	246,557	248,081	249,480	250,866	252,316	253,888	255,548	257,316

Appendix XII - Scenario 3 Financial Performance Indicators

Berrigan Shire Council

10 Year Financial Plan for the Years ending 30 June 2027

FINANCIAL PERFORMANCE INDICATORS

Scenario: Continuing Financial Assistance Grant Freeze

	Past Years				Current Year	Projected Years									
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
New Note 13 Ratios															
Operating Performance Ratio 1)					10.18%	4.70%	4.48%	5.84%	6.08%	6.10%	6.44%	6.63%	7.08%	7.35%	7.70%
Own Source Operating Revenue Ratio 1)					53.21%	56.63%	66.79%	65.97%	65.79%	66.52%	67.14%	67.44%	67.73%	68.00%	68.29%
Unrestricted Current Ratio	3.49	4.05	4.19	7.05	3.08	3.25	3.29	3.20	3.31	3.55	3.67	4.01	4.52	4.88	5.25
Debt Service Cover Ratio 1)					25.59	34.25	34.37	36.08	36.66	37.14	37.78	38.37	78.51	0.00	0.00
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5.44%	5.05%	4.44%	3.53%	4.68%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%
Cash Expense Cover Ratio 1)					2.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TCorp Ratios															
Operating Performance Ratio 2)					10.18%	4.70%	4.48%	5.84%	6.08%	6.10%	6.44%	6.63%	7.08%	7.35%	7.70%
Own Source Operating Revenue Ratio 2)					48.03%	51.05%	60.17%	59.43%	59.23%	59.85%	60.26%	60.32%	60.36%	60.41%	60.42%
Unrestricted Current Ratio					3.08	3.25	3.29	3.20	3.31	3.55	3.67	4.01	4.52	4.88	5.25
Debt Service Cover Ratio 2)					25.59	34.25	34.37	36.08	36.66	37.14	37.78	38.37	78.51	0.00	0.00
Capital Expenditure Ratio					2.30	1.73	1.06	1.07	1.12	0.82	0.81	0.74	0.72	0.70	0.69
Infrastructure Backlog Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asset Maintenance Ratio					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building & Infrastructure Renewals Ratio					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Expense Cover Ratio 2)					2.57	2.28	2.00	2.17	1.77	2.13	2.65	3.74	4.50	4.76	7.90
Interest Cover Ratio					131.47	132.73	151.66	186.44	232.06	304.49	456.15	885.19	6295.76	0.00	0.00

Financial Strategy 2021

Adopted 19-05-2021

Making an even better Berrigan Shire

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Executive Summary

The Financial Strategy has been prepared as part of Berrigan Shire Council's overall Integrated Planning and Reporting model. Along with the Asset Management Strategy, the Financial Strategy is designed to inform the preparation of the Council's Long Term Financial Plan (LTFP), itself a part of the Council's Resourcing Strategy.

The financial strategy provides guidance on the financial 'assumptions' or objectives that will guide the development of the LTFP. By establishing a financial strategy, the Council can demonstrate where it wishes to progress and the goals it wishes to achieve.

As with everything that Berrigan Shire Council does, this Strategy has been prepared to help Council achieve its stated purpose:

'Building an even better Berrigan Shire'

The Financial Strategy can be broken down into the following components:

- A brief review of the Council's current position – demographically, economically and financially
- A brief analysis of the Council's activities and future plans – especially the Community Strategic Plans and the Asset Management Plans.
- A set of financial objectives that the Council aims to achieve while delivering on its future plans
- Actions that will assist in meeting financial objectives
- A set of indicators and targets to measure progress against the objectives.

Objectives

The Financial Strategy identifies four key objectives:

1. Financial sustainability
2. Maintenance of infrastructure service levels
3. Financial capacity and freedom
4. Economic and community growth

Actions

To achieve these objectives, the Council has identified 17 core actions.

1.1	Prepare and review annually a Long Term Financial Plan with the aim of achieving the financial objectives identified in this strategy.
1.2	Prepare Capital Expenditure Reviews, including an assessment of lifecycle costs, for all new and/or upgraded infrastructure assets – with the exception of upgrades of roads, water mains and sewer mains.



1.3	Resist the pressure to fund services that are the responsibility of other levels of government.
1.4	Retain control of urban water supply and sewer services.
1.5	Recognise that funding for renewal and upgrading of sport, recreation and cultural infrastructure requires a combination of Council funding, community support and preferably some contribution from other levels of government.
1.6	Seek methods of achieving a return (or at least minimise ratepayer subsidy) on business activities such as the Finley Saleyards, Tocumwal Caravan Park and Tocumwal Aerodrome. Subsidies to programs not directly related to core Council services should be regularly reviewed.
1.7	Encourage and support the existing model of community provision and operation of sport, recreation and cultural infrastructure.
1.8	Actively lobby the State and Federal Governments to retain existing grant funding levels for road maintenance and upgrades.
2.1	Prepare and review its Asset Management Strategy and its Asset Management Plans for the Council's major infrastructure assets annually as part of annual budget preparation.
2.2	Prioritise the renewal of existing assets over the development and delivery of new services.
2.3	<p>Implement a Borrowing Policy that allows the Council to borrow only for the development of infrastructure where</p> <ol style="list-style-type: none"> 1. There is an urgent need for the asset in the short term, or 2. It is most cost-effective to construct the asset in the short term (as opposed to waiting until sufficient on-hand funds are available), and <ol style="list-style-type: none"> a. The Council has access to a funding stream to meet its debt obligations without compromising its other activities, or b. To create economic growth and development
3.1	Look to improve investment returns while managing investment risk through a diverse and secure investment portfolio
3.2	Continue to actively recover outstanding rates debt as identified in the Council's Revenue Policy.
3.3	Set utility charges for water supply, sewer and waste management services at a level that delivers a return on those assets sufficient to ensure long term sustainability.
3.4	Consider seeking a Special Rates Variation where there is a clearly identified demand for new or significantly improved service levels. Consideration should also be given to the extended lead time and the cost involved in seeking a variation.
4.1	Where appropriate and affordable, invest in community and infrastructure assets which directly boost the local economy and create employment.
4.2	Actively look for grant funds to deliver improved community amenity

Performance Measures

Berrigan Shire Council will measure whether or not this strategy achieves its objectives using following indicators and performance measures

These measures have been selected as ones common across local government and able to be derived simply from the Council's existing financing reporting systems.

Financial Objectives	Strategy	Possible Indicators	Performance Measures/Target
1. Financial sustainability		Operating Performance Ratio	Greater than 0% across any five year period
		Unrestricted Current Ratio	At least 1.5X
		Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	To remain under 10% as at 30 June each year
2. Cost effective maintenance of infrastructure service levels		Building, Infrastructure & Other Structures Renewals Ratio	To remain over 100% on average over the life of the LTFP.
		Infrastructure Backlog Ratio	Less than 2%
		Asset Maintenance Ratio	To remain over 100% on average over the life of the LTFP.
3. Financial capacity and freedom		Debt Service Cover Ratio	Greater than 2X
		Cash Expense Cover Ratio	Greater than 3 months

Statutory and Regulatory Environment

Berrigan Shire Council is a body politic of NSW, Australia and constituted as a local government area by proclamation and duly empowered by the *Local Government Act 1993 (LGA)*

The LGA, along with the associated Local Government (General) Regulation 2005 provides the Council with the authority to raise and collect funds and to expend those funds as required to fulfil its functions. The Council also has a range of obligations under other legislation.

The Council is also bound by other guidelines issued by the Office of Local Government including:

- The Local Government Code of Accounting Practice and Financial Reporting (issued annually)
- [Capital Expenditure Guidelines](#)
- [Local Government Borrowing Order - 13 May 2009](#)
- [Debt Management and Hardship Guidelines](#)
- [Local Government Investment Order - 12 January 2011](#)
- [Investment Policy Guidelines](#)
- [Council Rating and Revenue Raising Manual](#)
- [Stormwater Management Service Charge Guidelines](#)
- [Tendering Guidelines](#)
- [Integrated Planning and Reporting Manual](#)

The LGA requires the Council to undertake an Integrated Planning and Reporting (IP&R) process. This includes the preparation of a Long Term Financial Plan (LTFP). The LTFP is to be used to inform decision making on the Council's other integrated plans and has a minimum 10-year duration. It must be updated annually.

The Council's ability to raise revenue is highly constrained by regulation. The Council is only permitted to increase its general income - for Berrigan Shire, this is its ordinary rate levy - by a maximum percentage each year. This maximum percentage is known as the **rate peg**. The rate peg is set annually by the Independent Pricing and Regulatory Tribunal (IPART).

Councils wishing to increase general income by an amount over the rate peg must seek approval from IPART for a Special Rates Variation (SRV). This is a costly and time-consuming process effectively working as a deterrent.



Where are we now?

Berrigan Shire is a rural community on the New South Wales and Victorian border with an economy based largely around irrigated agriculture and to a lesser extent, tourism. The Shire has an estimated population of 8,750, growing at around 1% per annum.

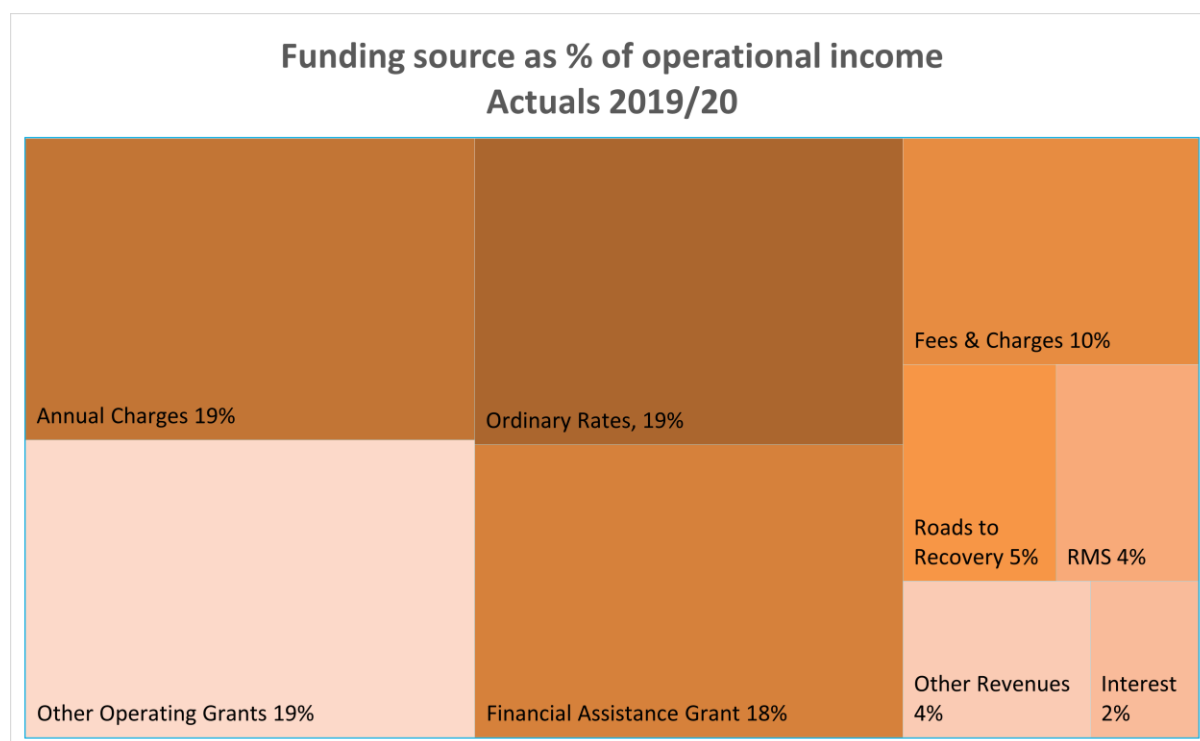
Berrigan Shire has four towns. The Murray River border towns of Tocumwal and Barooga support a range of tourism, leisure and lifestyle services while the “inland” towns of Berrigan and Finley service the surrounding dry land and irrigated farming districts.

Drought and the impact of the implementation of the Murray-Darling Basin Plan have had a significant impact on the economy of Berrigan and Finley. Recent population growth has been in the Murray River border townships of Barooga and Tocumwal attracting families to lifestyle blocks and retirees from metropolitan Melbourne.

The COVID-19 pandemic and the subsequent closure of state borders and other restrictions highlighted Berrigan Shire’s dependence on Victoria - for its services, for its markets, for its visitors and also for its future residents.

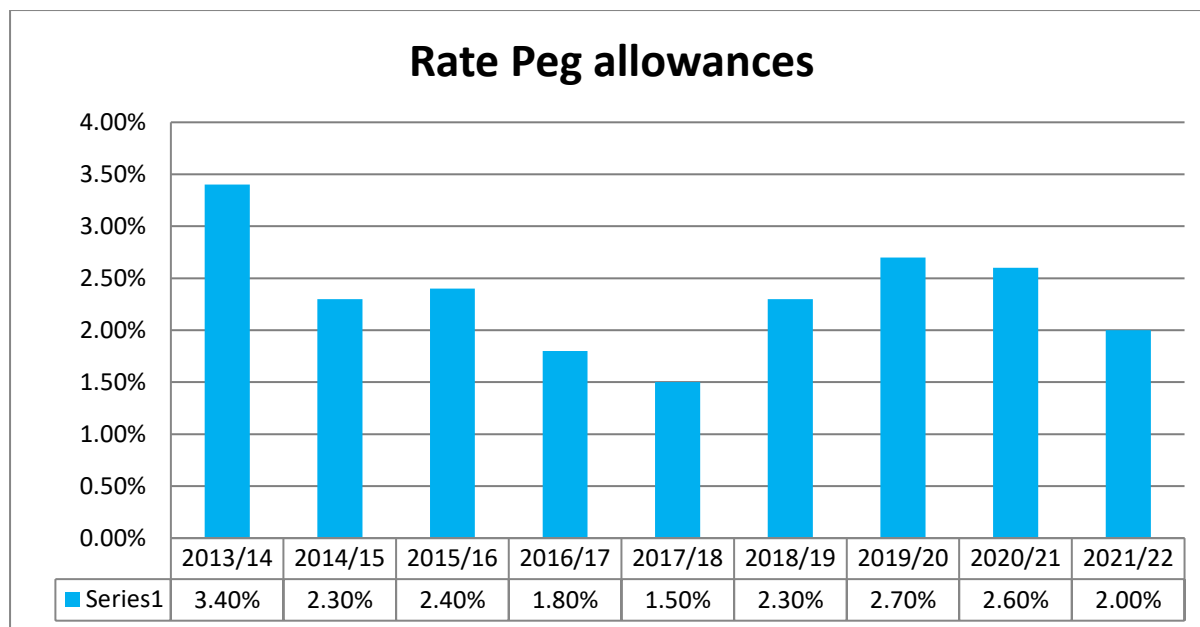
Funding

The following figures provide a summary of the source of Council’s funds. The overwhelming majority of the Council’s income is subject to rate pegging or external regulation or control.



Council does not anticipate significant growth in rateable properties. Growth in the Council's Ordinary Rate Revenue will need to come from Rate Peg increases set by the Independent Pricing and Regulatory Tribunal (IPART).

Since 2013/14, Rate Peg allowances have ranged between permissible increases of 1.5% and 3.4%. The Council does not expect the Rate Peg to move much outside the lower end of this range.

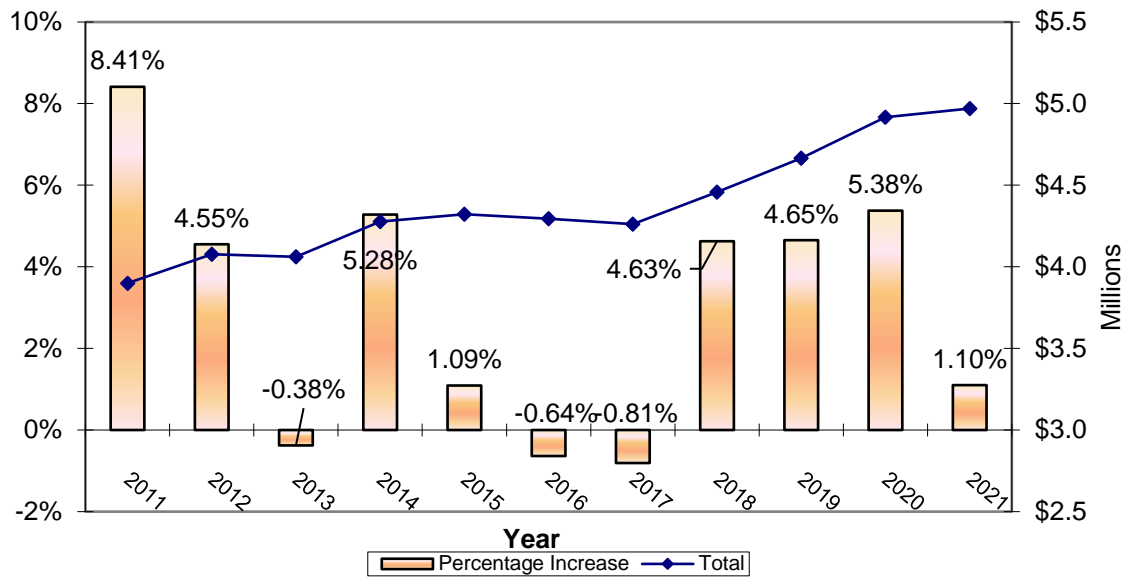


Berrigan Shire Council has little control over the amount of Financial Assistance Grant (FAG) it receives, with a complex formula distributing the state-wide amount set by the Federal Government across NSW Councils.

There has been some discussion at NSW Government level about modifying the formula to provide more of the NSW allocation to smaller, rural Councils. This does not appear to have led to any appetite for change at this stage.

In recent years, the Federal Government has made a habit of paying up to 50% of the Council's allocation in advance. For the purposes of the Council, this makes little difference in the use of these funds and this strategy assumes the funds will be used in the year for which they are allocated, rather than the year in which they are received.

Berrigan Shire Council Financial Assistance Grant



Berrigan Shire Council uses Roads to Recovery (R2R) and Transport for NSW (TfNSW) funding to maintain its extensive rural and urban road network. Any reduction in the amount of these grants will significantly impact the Council's ability to maintain its existing road infrastructure service levels.

TfNSW Block Grant funding increases are not keeping up with the increased cost of road maintenance, repair and construction. This is putting pressure on the Council's budget and works program.

The Federal Government in particular has increased funding for programs such as R2R in recent years as part of the general trend to reduce general purpose unpaid grants and increase tied funds for projects such as road construction. The Council expects this trend to continue – meaning capital works on roads will continue to increase while other projects such as upgrades of community facilities may be left behind unless specific grant funding can be found.

The past three years has seen both the Federal and NSW Governments develop large-scale infrastructure grant programs. This has included:

- Stronger Country Communities (NSW)
- Drought Communities Programme (Federal)
- Local Roads and Community Infrastructure Program (Federal)
- Regional Growth - Environment and Tourism Fund (NSW)

While this additional income is welcome, it is mostly tied to specific capital projects. It does, however, allow the Council to upgrade and replace ageing infrastructure and - increasingly - allow the Council to provide increased amenity to help attract visitors and residents.



Approximately 20% of Council's revenue is derived from its utility services and investments. Utility charges for water supply, sewer and waste management services are set at a level that delivers a return on those assets.

Interest and investment income makes up around 2.5% of the Council's total revenue. The Council traditionally takes a conservative approach to investment income. Berrigan Shire Council's [Investment Policy 2020](#) makes the following statement.

Preservation of capital is the principal objective of the investment portfolio. Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.

The Council is a "price-taker" with regard to its investment returns with interest rates determined by the market. At present, the vast majority of the Council's investments are in Term Deposits with institutions under the oversight of the Australian Prudential Regulation Authority. There may be scope to explore other investment options over the life of this strategy with the aim of improving returns without undue added risk.

Interest rates and investment returns are at historic lows and the Council expects this will continue in the medium term. The impact of COVID-19 on the national and international economy may see low returns continue for an extended period of time.

The Council may need to revisit its investment policy and strategy to improve returns while still ensuring that public funds are secure.

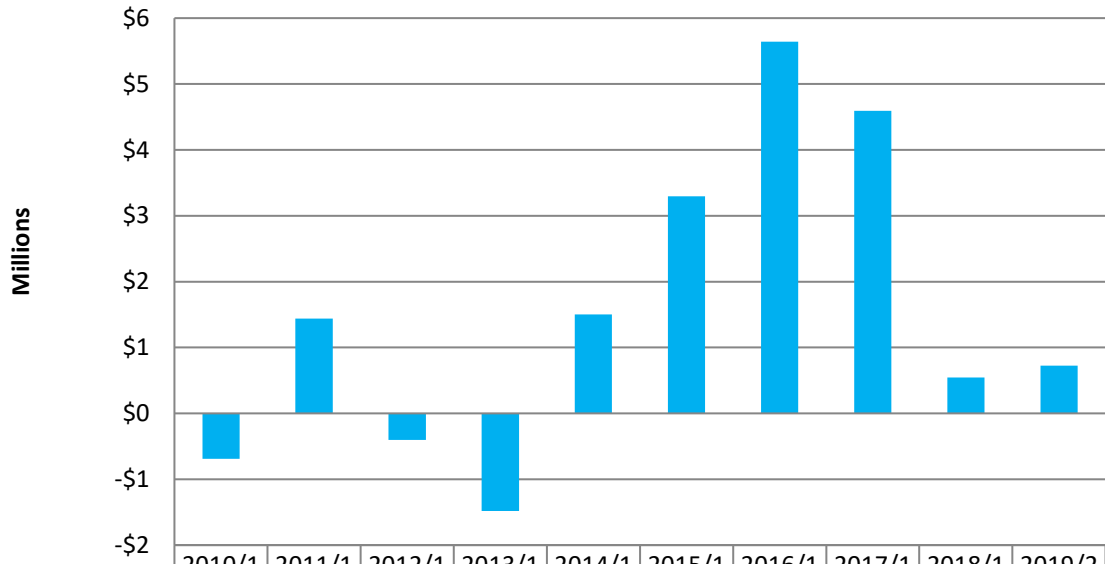
Operating results

Over the past 10 years, the Council has moved to a position where it ordinarily makes an operating profit after capital grants and contributions. This position can jump around somewhat from year-to-year - generally as operating grants fluctuate.

The recent, but persistent, habit of the Federal Government paying a portion of the Financial Assistance Grant in advance each year creates a distortion in the Council's operating result - artificially inflating the operating result when first implemented but artificially deflating it when it ceases.



Operating surplus before capital grants and contributions



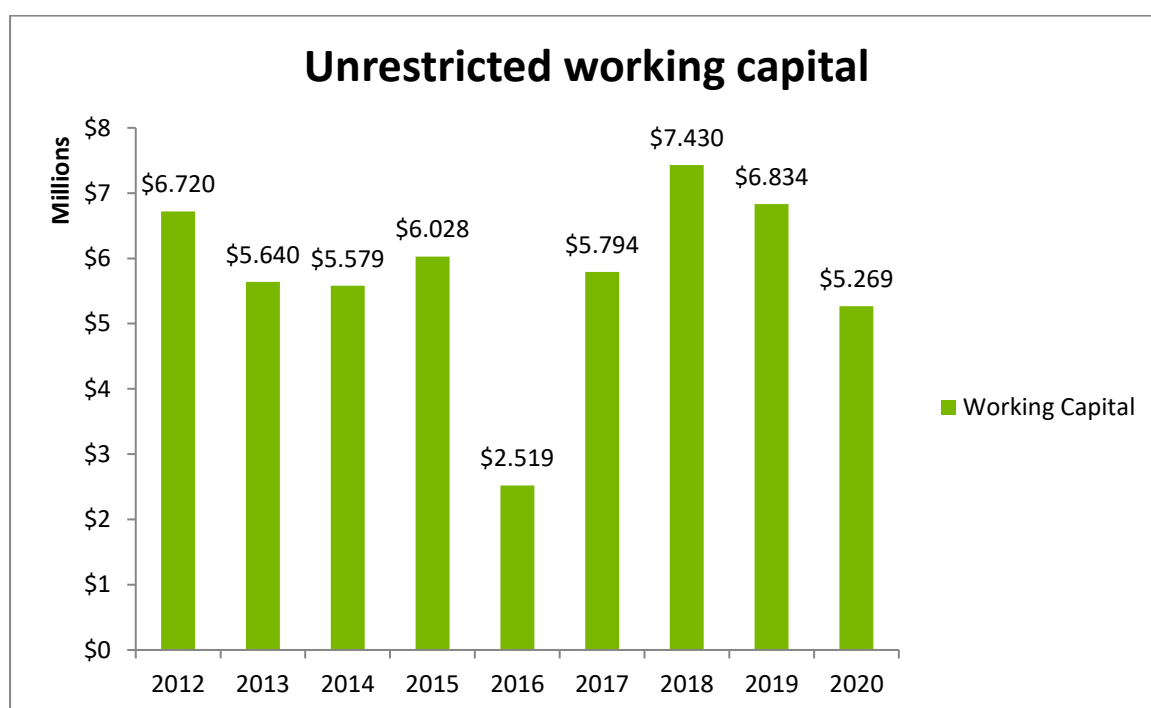
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
■ Surplus/Deficit	-\$690	\$1,441	-\$402	-\$1,483	\$1,502	\$3,296	\$5,645	\$4,591	\$546	\$723

Working capital

At 30 June 2020, the Council had \$5.3 million in unrestricted working capital. The Council's unrestricted working capital are those funds available to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

Unrestricted working capital is required not just for future infrastructure works but also to meet items such as staff leave entitlements and to allow a buffer for day-to-day Council operations.

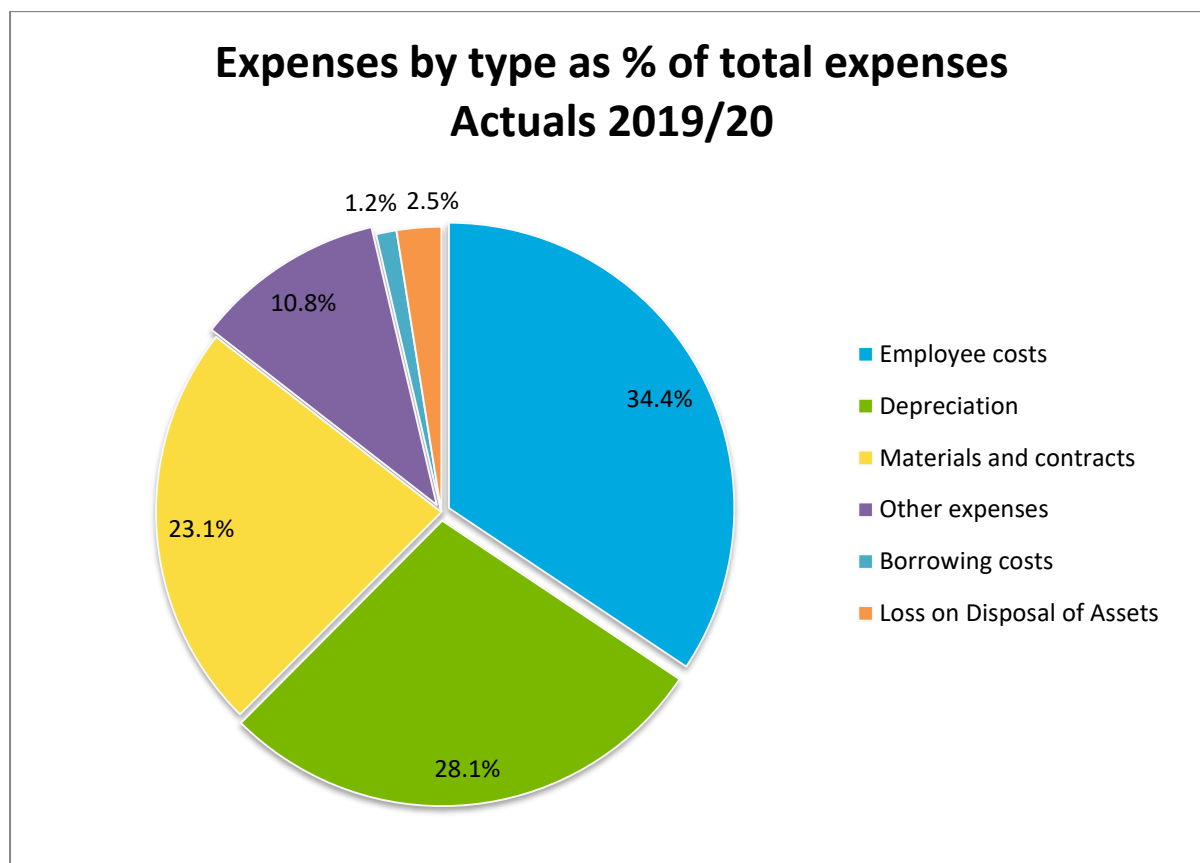
The Council has in recent years made use of its working capital to fund community infrastructure projects such as the Tocumwal Foreshore redevelopment.



Expenses

The chart below provides a summary of the Council's operating expenses by type. Employee costs, Materials and Contracts, and Depreciation make up the majority of the Council's operating costs.

As can be seen, the largest expenditure item for the Council is employee costs – overwhelmingly consisting of wages and salaries.



The Council's wages and salaries expense is influenced by two major factors:

- The number of staff employed
- The wage and salary rates payable

The Council's Workforce Development Plan does not identify any significant increase in staff numbers and the Council's Community Strategic Plan does not identify any new services likely to require additional staff.

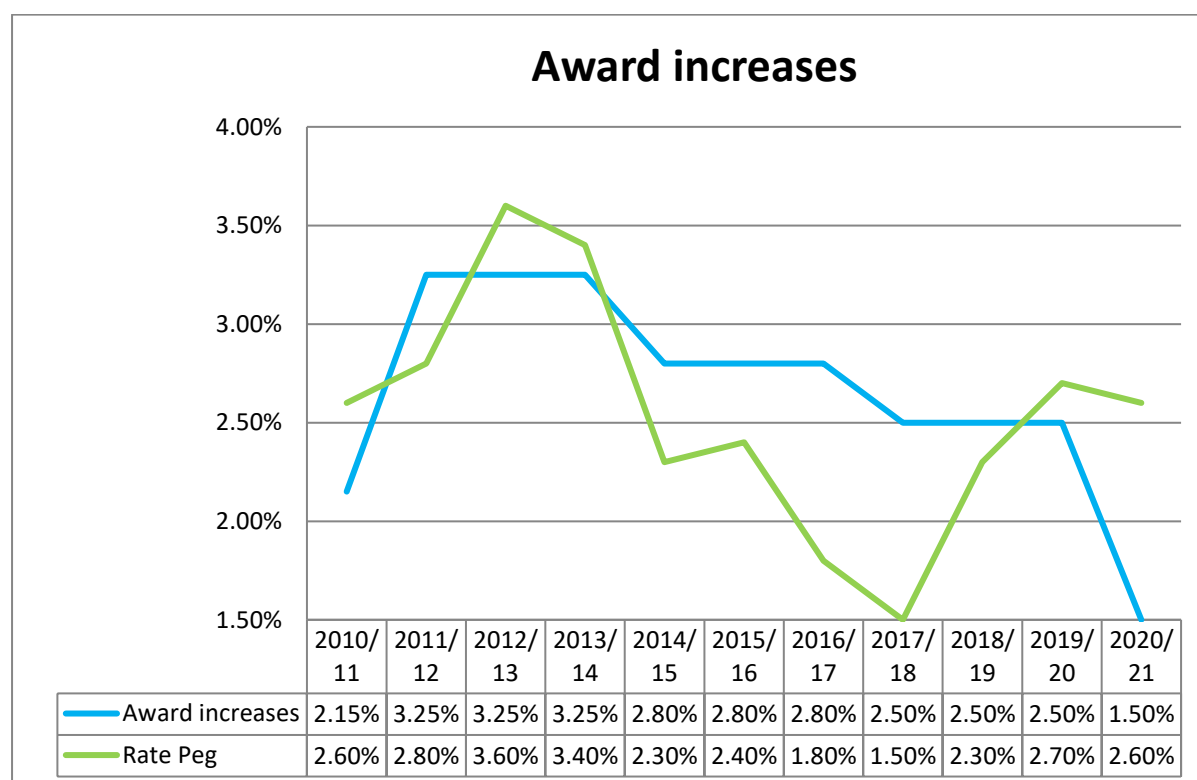
However, the Council is coming under pressure from two directions that may require hiring additional staff.

1. The Council's tourism strategy is designed around the Council providing high quality community infrastructure - in the form of parks, playgrounds, streetscapes and public

toilets. While the provision of this infrastructure is often provided by grants, the ongoing maintenance is labour-intensive.

2. The burden placed on the Council to meet requirements from other levels of government continues to grow. As these regulatory and reporting requirements grow, it starts to impact on the Council's ability to actually deliver service.

Berrigan Shire Council operates under the *NSW Local Government (State) Award 2020*. The Award sets out the annual increase in wage rates and salaries that the Council is obliged to pay its workforce. The annual increase has been agreed for 2020/21.



Note that in general, the net amount received from the Council general rate peg allowance is not sufficient to meet its additional wages and salary expense. The Council expects wages and salaries to increase by around 2.0% per annum in the medium term, this is inclusive of the .5% increase in Superannuation Guarantee Contributions.

Materials and contracts will increase as a result of inflation. The Reserve Bank has indicated that its medium-term target for inflation is between 2-3% on average, as measured by the Consumer Price Index. Given the unique cost pressures on local government, for the Council's purposes the Local Government Cost Index prepared by IPART provides a better guide to inflation. The Council estimates that its costs will increase by around 2% more than CPI. At the time of writing, inflation as measured by CPI is 0.7% per annum. Therefore, Council estimates the cost of materials and contracts will increase by around 2.5%.

On the revenue side, the Council makes the assumption that the rate peg will continue to be set in reference to the Local Government Cost Index (i.e. a measure of inflation). It also makes the assumption that – post-“pause” – FAG will be increased more-or-less in line with inflation.

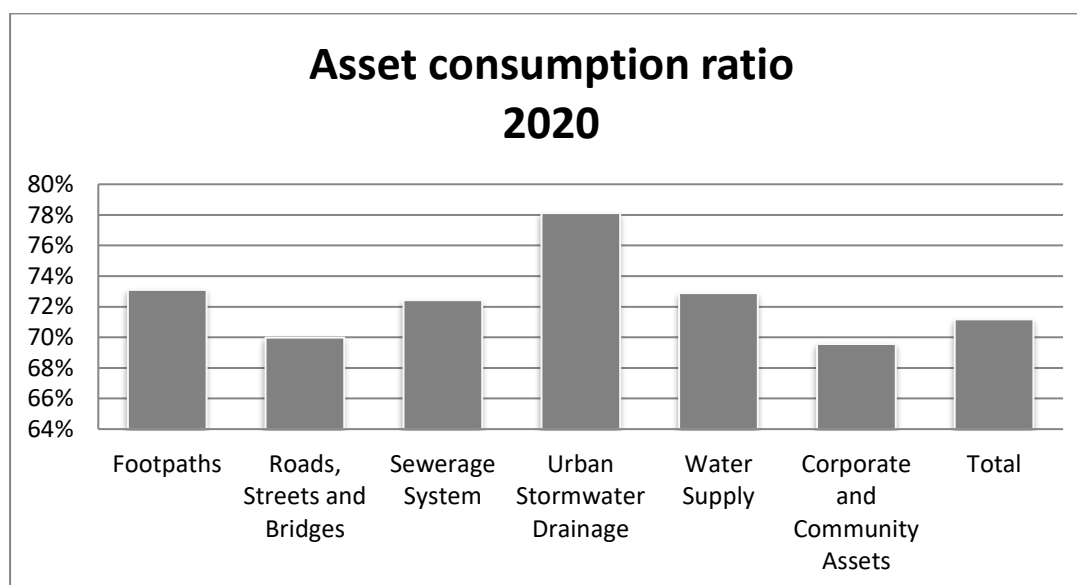
Depreciation expense is simply a method of allocating the cost of assets across multiple accounting periods (i.e. financial years) and as such is discussed in detail in the Asset Management section below.

Asset condition

One method of assessing the condition of the Council's assets is to measure how much the Council asset has been depreciated down from its "as new" condition. This gives a rough guide as to how much of the original service potential or productive capacity remains in the asset.

This measurement is done by dividing the written down value of the asset (the fair value of the asset less accumulated depreciation) by the fair value of the asset. This is called the Asset Consumption Ratio.

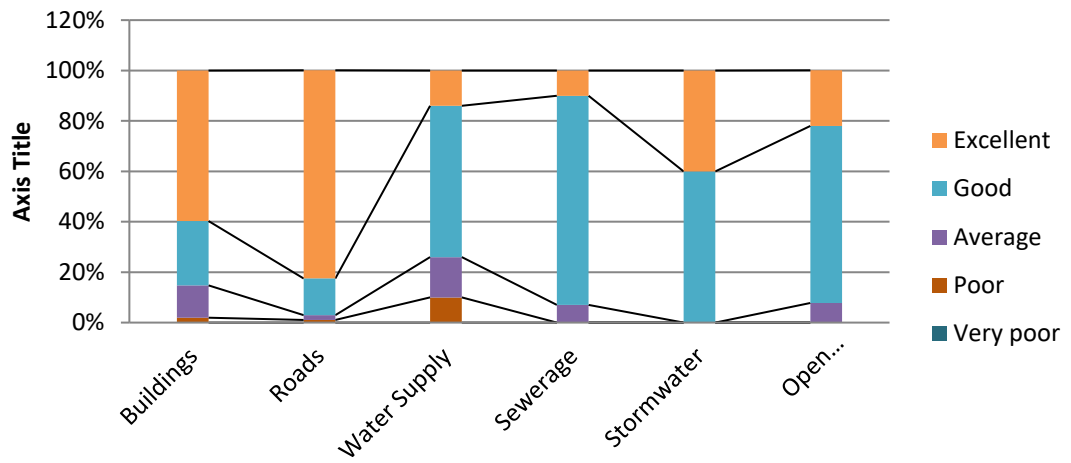
The Asset Consumption ratios of Council's assets at 30 June 2020 are shown below. The Asset Consumption Ratio shows the average proportion of "as new condition" left in assets by comparing the "written down" value of the Council's assets – replacement cost less the depreciation charged to the asset over time – against the replacement of the Council's assets. An asset with a 100% ratio is in "brand new" condition while one at 0% has been fully depreciated over time.



Another method of measuring the condition of the Council's assets is to make a technical assessment of their condition using measures such as number of faults or breaks along with some professional judgement.

A technical assessment of the condition of the Council's infrastructure assets is shown in the chart below. These condition ratings have been derived from the ratings shown in the Report on Infrastructure Assets included in the 2019/20 Financial Statements

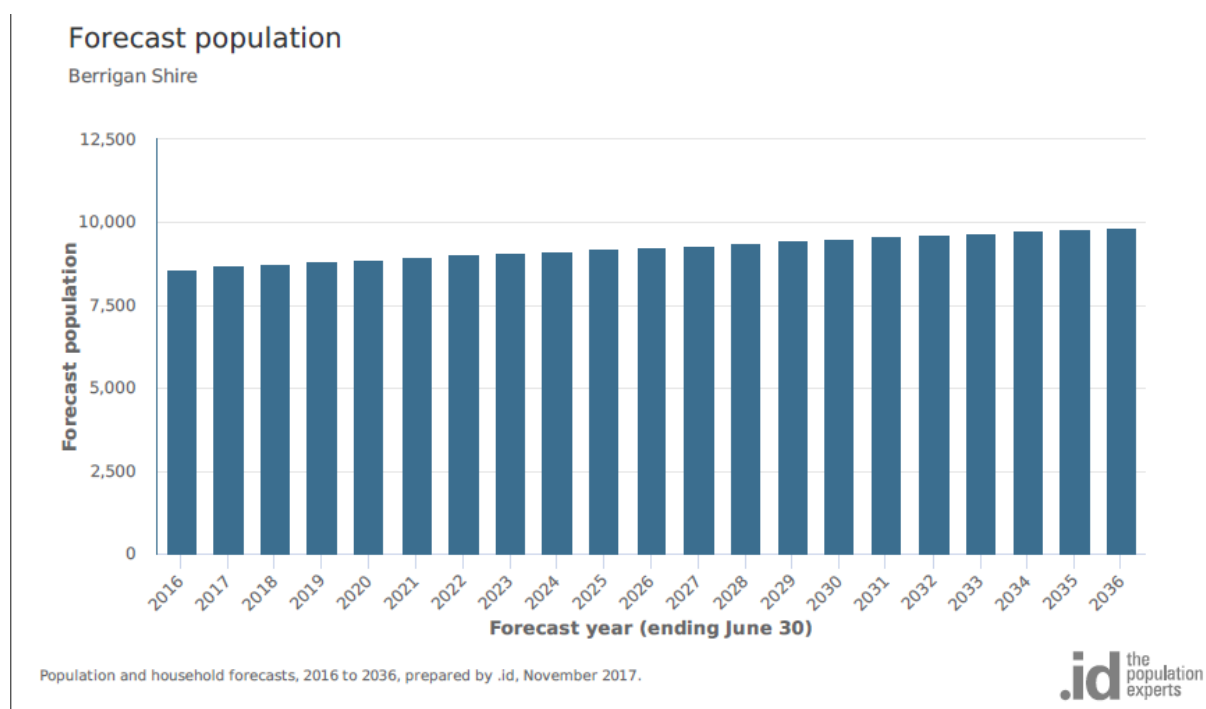
Asset Condition 2020



Where are we going?

Population growth

Berrigan Shire is expected to continue growing at a modest rate with the Shire population in 2036 expected to be around 9,818. Population growth will be mainly in the south of the Shire, along the Murray River in Tocumwal and Barooga. Population growth in the northern towns of Berrigan and Finley will be minor.



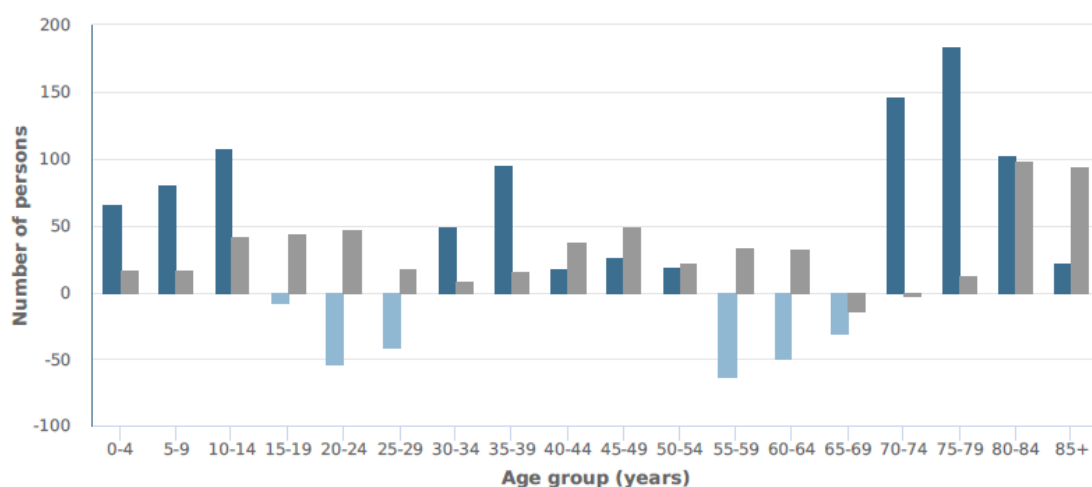
The population profile of the Shire will be an ageing one with 31.0% of the population aged over 65 in 2036. Consequently, consideration is being given by Council to how the delivery of its current activities and services will be influenced by the needs of an ageing population.



Forecast change in age structure - 5 year age groups

Berrigan Shire - Total persons

■ 2016 to 2026 ■ 2026 to 2036



Population and household forecasts, 2016 to 2036, prepared by .id the population experts, November 2017.

.id the population experts

A [Land Use Strategy](#) developed in 2018 identified sufficient spare infrastructure capacity in the all four towns to cater for expected population growth. As a result, there is not expected to be great demand for new “greenfield” infrastructure - with the possible exception of water supply in both Tocumwal and Barooga.

Rather, the focus is expected to be on maintaining existing infrastructure, identification of surplus community infrastructure, and improvement on the margins. Similarly, there is not expected to be huge demand pressure on most Council-funded services.

On the other hand, there is also unlikely to be a significant increase in the Council’s rating and revenue base. The Council has the option to raise additional rates via a special rate variation but should be cognisant of the ability of the community to meet a larger rating burden.

Community Strategic Plan

Berrigan Shire Council has facilitated the development of a Community Strategic Plan – [Berrigan Shire 2027](#). The plan adopts the following vision for the shire.

In 2027 we will be recognised as a Shire that builds on and promotes our natural assets and advantages to create employment and economic activity to attract residents, families and tourists.

The aim of this Financial Strategy is to ensure the Council has the financial resources it needs to progress the implementation of Berrigan Shire 2027 objectives and associated Council activities and services.

Council Activities / Services and Berrigan Shire 2027

CSP Strategic Outcome	CSP Strategic Objective	Council Activities and Services
1. Sustainable Natural and Built Landscapes	<p>1.1 Support sustainable use of our natural resources and built landscapes</p> <p>1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife</p> <p>1.3 Connect and protect our communities</p>	<p>Water, sewerage and drainage</p> <p>Local roads and paths</p> <p>Land use planning and development</p>
2. Good Government	<p>2.1 Berrigan Shire 2022 objectives and strategies inform Council planning and community led projects</p> <p>2.2 Ensure effective governance by Council of Council operations and reporting</p> <p>2.3 Strengthen strategic relationships and partnerships with community, business and government</p>	<p>Council governance, enterprise risk management and business operations</p> <p>Community Planning</p>
3. Supported and Engaged Communities	<p>3.1 Create safe, friendly and accessible communities</p> <p>3.2 Support community engagement through life-long learning, culture and recreation</p>	<p>Libraries and community services</p> <p>Parks and reserves</p> <p>Environmental health</p> <p>Animal Control</p>
4. Diverse and Resilient Business	<p>4.1 Invest in local job creation, retention and innovation</p> <p>4.2 Strong and diverse local economy</p> <p>4.3 Diversify and promote local tourism</p>	<p>Business and economic development</p>



	4.4 Connect local, regional and national road, rail and aviation infrastructure	
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These activities and services all require the Council:

- To be financially sustainable
- To cost effectively maintain existing infrastructure service levels and increase them when opportunities arise
- To retain sufficient financial flexibility to undertake new projects and/or activities as desired.

Berrigan Shire 2027 does not indicate any major change in direction or significant new activity for the Council.

Asset planning

The development of this Financial Strategy is also informed by the Council's *Asset Management Strategy*. The *Asset Management Strategy* was adopted by the Council in May 2020 and is reviewed annually. The Council also has adopted an Asset Management Policy and a series of Asset Management Plans:

- Roads, streets and bridges
- Water
- Sewer
- Urban Stormwater
- Footpaths etc.
- Corporate and Community Assets

The *Asset Management Strategy* has the following aim:

To ensure adequate provision is made for the long-term management and replacement of major technical and physical assets, (including land and property).

In line with this aim, the objectives of the Shire's *Asset Management Strategy* include:

- *Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.*
- *Establishing processes that integrate asset management and community strategic planning with Council corporate and long-term financial planning.*
- *Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the Council.*



- *Meeting legislative requirements for asset management.*
- *Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.*
- *Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.*

This review of the Financial Strategy has been undertaken in conjunction with a concurrent review of Council's Asset Management Policy.

Assumptions and scenarios

When preparing its Long Term Financial Plan, the Council is obliged to make a series of assumptions about future events that will have an impact on the Council's financial position. These assumptions are based on the analysis of the Council's position shown above.

These assumptions are as follows:

- Inflation, as measured by the Local Government Cost Index will average 2.5% per annum
- Wages growth will average 2.0% per annum inclusive of the .5% increase in Superannuation Guarantee Charge, after the expiration of the current mandated award wage rate increases.
- Staffing levels will increase gradually over time to reflect changed community expectations.
- The rate peg will increase by the rate of inflation as measured by the Local Government Cost Index
- The number of rateable properties will increase slowly
- User charges and other fees and charges will increase by the rate of inflation, as will operating grants and contributions.
- Financial Assistance Grant will increase by the rate of inflation as measured by the Local Government Cost Index
- Roads to Recovery (or an analogous program) will continue indefinitely
- Investment returns will average around 1% per annum.
- Interest rates for Council borrowings will remain approximately 1-2% per annum

What is our financial direction?

The medium to long term financial outcomes to be achieved by this strategy are:

1. Financial sustainability



Berrigan Shire will be financially sustainable if its infrastructure capital and its financial capital are able to be maintained over the long term.

A financially sustainable Berrigan Shire will be able to manage likely developments and unexpected financial shocks in future periods without having at some time to introduce economically significant or socially destabilising income or expenditure adjustments.

Financial sustainability is determined by comparing the Council's long-term financial capacity with its long-term financial requirements.

- **Financial capacity** is the sum total of the financial resources (operating and capital) that a Council can mobilise through its (present and prospective) revenue-raising and financing policies.
- **Financial requirements** is the sum total of the spending (operating and capital) that is necessary to meet the Council's present obligations and expected future functions, pressures and shocks.

Maintaining Berrigan Shire's financial capital will require the Council to maintain a position where it is making operating surpluses before capital grants and contributions. Achieving an operating breakeven position or better on average over time is likely to generate sufficient funds to enable renewal or replacement of the Council's existing assets

2. Maintenance — and gradual and sustainable increase — of service level standards for infrastructure assets.

One of local government's roles is to provide facilities and services to communities that cannot be or are not provided by the private or for-profit sector. In the case of local government, these services are largely physical infrastructure-based services and facilities such as:

- transportation (roads, footpaths etc.);
- public health (water, sewer, waste management, cemeteries, drainage etc.);
- recreational (pools, parks, sporting fields);
- cultural (buildings etc.).

Maintaining the level of service for infrastructure-based services such as the above requires the Council to maintain its physical productive capacity – that is “Is the Council's infrastructure – in an overall sense – in a position to deliver the same level of service at the end of the period as it was at the beginning of the period.”

As a general rule, the level of service supplied by infrastructure assets is a function of their age – provided that the assets are maintained in a reasonable fashion. Therefore, a systematic replacement, renewal and improvement program for these assets is the key to ensuring service level standards are maintained.

While the Council continues to look to improve the standard of its infrastructure where possible, this needs to be done in a sustainable and responsible manner.

3. Sufficient financial capacity and freedom to undertake new projects and activities if desired.



As community expectations, wants and needs change Berrigan Shire Council needs to retain sufficient financial capacity and flexibility to ensure that it can cater for those changes.

As listed above, the Council's financial capacity is the sum total of the financial resources that a Council can mobilise through its revenue-raising and financing policies. As well as obvious items such as rates and charges, grants and fees, this includes:

- Cash reserves
- Borrowing capacity
- Discretionary funds (i.e. funds not committed to other specific projects and activities)

In simple terms retaining financial capacity is about ensuring the Council has the ability to access funds as it requires. This means limiting its commitments to new activities with on-going costs, minimising the costs of servicing debt and putting aside funds for future projects.

4. Economic and community growth through investment in improved community amenity where appropriate and affordable

The Council's suite of strategic plans have an emphasis on growing our economy.

Berrigan Shire 2027 lists as objectives:

- Families with young children will want to live in or come to the area"
- "Tourists will go out of their way to come to the area"
- "Strengthen and diversify the local economy and invest in local job creation and innovation "

The Council's Tourism Strategy also states that investment in infrastructure and amenity can help grow our economy:

- "The Council will continue to invest in infrastructure that promotes tourism and improves community amenity"
- "Maintenance of, and investment in, infrastructure that enhances the tourism and community experience should remain the Councils primary role"

To this end, the Council has recently invested heavily in community infrastructure — including the development of the Tocumwal and Barooga foreshores, main street beautification, upgrading parks and gardens and the construction of a museum at Tocumwal Aerodrome.

This investment has been assisted through large scale grant programs from other levels of government. Lower interest rates have also provided an incentive for the Council to borrow.



How are we going to get there?

Actions

To achieve its financial objectives, Berrigan Shire Council has identified a range of specific actions and activities aligned with Berrigan Shire 2027. These will be used in the preparation of the Council's Long Term Financial Plan.

Berrigan Shire 2027 and Financial Strategy Actions	
2. Good Government	
<i>2.2 Ensure effective governance by Council of Council operations and reporting</i>	
2.2.2 Council operations support ethical, transparent and accountable corporate governance	

Objectives	Actions
1. Financial sustainability	1.1 Prepare and review annually a Long Term Financial Plan with the aim of achieving the financial objectives identified in this strategy.
	Using a ten year financial planning horizon allows the Council to take into account the longer term consequences of current decision making. It also allows for consideration of short term fluctuations etc.
	A minimum 10 year Long Term Financial Plan is a component of the Council's resourcing strategy, a core requirement of the new Integrated Planning and Reporting Model
	1.2 Prepare Capital Expenditure Reviews, including an assessment of lifecycle costs, for all new and/or upgraded infrastructure assets – with the exception of upgrades of roads, water mains and sewer mains.
	When making decisions regarding new and upgraded infrastructure it is important that the costs of operating, maintaining and replacing that infrastructure is taken into account. A sustainable Council only takes on obligations that it can afford to meet

Objectives	Actions
	<p>1.3 Resist the pressure to fund services that are the responsibility of other levels of government.</p> <p>While cost-shifting is often inevitable, the Council will resist this where possible and certainly will not look to take on obligations properly belonging to other levels of government without a corresponding funding stream.</p> <p>The Council's response to inadequate service delivery from other levels of government will not be to take on these obligations itself but to act as an advocate for the community to the NSW and Federal governments.</p>
<p>1. Financial sustainability cont.</p>	<p>1.4 Retain control of urban water supply and sewer services.</p> <p>The Council will continue to resist plans to remove control of its urban water supply and sewer services. Berrigan Shire Council runs these services in an efficient and effective manner.</p> <p>These services share the cost of running the Council's governance, corporate and financial services. Losing these services will significantly financially disadvantage Berrigan Shire Council with little if any benefit to the local community.</p> <p>1.5 Recognise that funding for renewal and upgrading of sport, recreation and cultural infrastructure requires a combination of Council funding and community support and preferably some contribution from other levels of government.</p> <p>Berrigan Shire Council does not have the capacity to fund the replacement and upgrade of this recreational, sporting and cultural infrastructure (Recreation Reserves, Community Halls, etc.) without support from the community and ideally other levels of government.</p> <p>Without funding assistance from the community and/or other levels of government, the Council cannot responsibly consider upgrade and replacement of these assets</p> <p>1.6 Seek methods of achieving a return (or at least minimise ratepayer subsidy) on business activities such as the Finley Saleyards, Tocumwal Caravan Park and Tocumwal Aerodrome. Subsidies to programs not directly related to core Council services should be regularly reviewed.</p> <p>Berrigan Shire Council has made significant progress over the past ten years in limiting its exposure to loss-making commercial enterprises. The Finley Saleyards, the Tocumwal Caravan Park and the Berrigan Caravan park have</p>

Objectives	Actions
	<p>all been leased to private operators to run on a commercial basis and this has markedly improved the Council's financial position.</p> <p>The development of the Tocumwal Residential Airpark has increased activity at the precinct, helping to justify the Council's subsidy of its operations.</p> <p>On the other hand, the Council has developed land and buildings for lease on a commercial basis. This needs constant review to ensure that any arrangements are providing value for the Council.</p> <p>1.7 Encourage and support the existing model of community provision and operation of sport, recreation and cultural infrastructure.</p> <p>Berrigan Shire Council relies on a volunteer-driven model to provide services such as sporting fields, public swimming pools and community halls.</p> <p>Without the in-kind support of these volunteers, the community would be required to choose between service level reductions or rate increases.</p> <p>Cultural change and increasing regulatory burdens have seen this volunteer model come under some stress in recent years. The Council will conduct a range of activities to support, retain and attract volunteers to assist in supplying these services.</p>
1. Financial sustainability cont	<p>1.8 Actively lobby the State and Federal Governments to retain existing grant funding levels for road maintenance and upgrades.</p> <p>Without the retention of existing levels of TfNSW and R2R funding, the Council cannot continue to maintain its existing road service levels.</p>
2. Cost effective maintenance of infrastructure service levels	<p>2.1 Prepare and review its Asset Management Strategy and its Asset Management Plans for the Council's major infrastructure assets annually as part of annual budget preparation.</p> <p>The Council reviews its Asset Management Strategy annually and has prepared Asset Management Plans for all its major classes of assets.</p> <p>The Council's major expenditure items relate to replacement and upgrading of its infrastructure assets. It is important that the Council continues to review its asset plans and strategies as circumstances change.</p> <p>2.2 Prioritise the renewal of existing assets over the development and delivery of new assets and services.</p>

Objectives	Actions
	<p>A sustainable Council ensures it can fund its existing range of services before taking on new obligations. The challenge is to be able to manage community expectations on sustainable service levels</p>
<p>2. Cost effective maintenance of infrastructure service levels cont</p>	<p>2.3 Implement a Borrowing Policy that allows the Council to borrow only for the development of infrastructure where</p> <ul style="list-style-type: none"> a) There is an urgent need for the asset in the short term, or b) It is most cost-effective to construct the asset in the short term (as opposed to waiting until sufficient on-hand funds are available), and <ul style="list-style-type: none"> i. The Council has access to a funding stream to meet its debt obligations without compromising its other activities, or ii. To create economic growth and development. <p>This has been traditionally the Council’s preference and adoption of a policy will formalise this process.</p> <p>In effect, this will mean that borrowing will be largely be restricted to functions such as urban water supply, sewer and waste management where the Council retains some control over its future revenues. It may also be an appropriate funding tool for land development in limited circumstances.</p> <p>The policy will still allow for the possibility of borrowing for other services where borrowing is identified as the cheaper whole-of-life funding option or immediate construction allows the Council to access an opportunity that would otherwise be missed. Interest subsidies may influence any decision to borrow.</p> <p>The Council now has the opportunity to cheaper finance via NSW Treasury Corporation which may make borrowing a more attractive option in the future.</p> <p>Finally, if community support can be demonstrated, the borrowing policy for the replacement of recreational, sporting and community assets where it can be tied to additional funding from a Special Rates Variation.</p>

Objectives	Actions
3. Financial capacity and freedom	<p>3.1 Look to improve investment returns while managing investment risk through a diverse and secure investment portfolio</p> <p>Berrigan Shire Council has historically sought to avoid investment risk through the use of relatively safe investment products such as Term Deposits and through a diverse investment portfolio.</p> <p>Traditionally Council has only invested funds over a period of less than 12 months, due to historic low interest rates Council will consider investing funds over a longer period of time to take advantage of higher interest rates and minimise re-investment risk.</p> <p>At the same time, the Council is acutely aware that the community's risk appetite regarding investments is low and expects that all Council's investments are secure.</p>
	<p>3.2 Continue to actively recover outstanding rates debt as identified in the Council's Revenue Policy.</p> <p>The Council has an active and successful debt recovery process and this will continue. This assists the Council to maintain an adequate level of working capital.</p>
3. Financial capacity and freedom cont	<p>3.3 Set utility charges for water supply, sewer and waste management services at a level that delivers a return on those assets sufficient to ensure long term sustainability.</p> <p>The Council may not receive funding assistance for replacement or upgrade of its assets for these services should look to generate sufficient funds from its own sources to do so. Making a return on these assets will generate sufficient funds to ensure the sustainability of these services.</p> <p>A necessary corollary of this action is that revenues generated from these assets should be reasonably predictable. This means targets such as raising at least 50% of its water revenue from variable user charges may not always be appropriate.</p>

Objectives	Actions
	<p>3.4 Consider seeking a Special Rates Variation where there is a clearly identified demand for new or significantly improved service levels.</p> <p>While Berrigan Shire Council's preferred approach will be to live within its means where possible, it is of course required to respond to community demand.</p> <p>Where the community has clearly identified that is willing to pay for increased levels of service, the Council will consider applying for a Special Rate Variation to fund this. This will only occur after considering and exhausting all other actions as identified above.</p>
<p>4. Economic and community growth</p>	<p>4.1 Invest in community assets - such as parks, public toilets and main street beautification - that improve town amenity</p> <p>In its suite of integrated plans, the Council has placed an emphasis on attracting more people to live, work and invest in Berrigan Shire. One activity it has identified to achieve this aim is to invest in community infrastructure that make our community a more pleasant place to be - such as parks and streetscapes.</p> <p>While these investments do not necessarily generate a financial return for the Council directly, the intent is to build a larger economic base for Berrigan Shire.</p> <p>4.2 Actively look for grant funds to deliver improved community amenity</p> <p>The Council has been successful in recent times in obtaining grant funds to deliver its plans to improve community amenity - often well ahead of schedule.</p> <p>While there is a risk that the grant funding "tap" will be turned off, the Council will actively look for opportunities to leverage its own funds with grants from other levels of government.</p>

How will we know if we are on course?

Berrigan Shire Council will measure its progress against its three desired outcomes by tracking performance against a set of key performance measures. The Australian Local Government Planning Ministers Council's National Financial Sustainability Frameworks defined



performance measures as “signals used to convey the directions being taken by the Council and to assess whether or not desired outcomes are being achieved.

Effective performance indicators:

- Measure those factors which define financial sustainability
- Are relatively few in number
- Are based on information that is readily available and reliable.

Performance measures cannot and should not try and measure everything but rather should be pitched at a reasonably high level. They should be used as a guide as to where to look for reasons behind any differences and trends and to identify specific areas for further analysis.

The Council has chosen to base its performance measures on data that can be found in its Annual Financial Statements. While this is necessarily a “broad-bush” approach, it has the advantages of not requiring the additional work and expense involved in data-gathering and analysis. Data from the Annual Financial Statements is transparent, audited and reasonably consistent from Council to Council.

The measures below have been selected as ones common across local government:

- Operating Performance Ratio
- Own Source Operating Revenue Ratio
- Unrestricted Current Ratio
- Debt Service Cover Ratio
- Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage
- Cash Expenses Cover Ratio
- Building and Infrastructure Renewals Ratio
- Infrastructure Backlog Ratio
- Asset Maintenance Ratio

The Council will need to determine which of these measures (or other measures not listed here) will be adopted to track progress against the objectives of this strategy.

There are no measures identified in the strategy to measure Objective 4: the economic and community growth through improving community amenity. This is not a traditional financial outcome and finding an appropriate measure that can be found in (or calculated from) the Council’s financial statements is difficult.

The Council has chosen not to use a measure that effectively measures inputs - such as expenditure on community amenity. This type of indicator does not measure how effective the activity has been and therefore isn’t suitable. Other measures such as changes in the Socio-Economic Indexes for Areas (SEIFA) index may be more suitable but this is provided by a third-party and only measured infrequently - every five years.



To that end, the Council will investigate suitable measures and include them in this strategy at a later date.

Financial Objectives	Strategy	Possible Indicators
1. Financial sustainability		<p>Operating Performance Ratio</p> <p>Unrestricted Current Ratio</p> <p>Operating Surplus before Capital Grants and Contributions</p> <p>Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage</p>
2. Cost effective maintenance of infrastructure service levels		<p>Building and Infrastructure Renewals Ratio</p> <p>Infrastructure Backlog Ratio</p> <p>Asset Maintenance Ratio</p> <p>Asset Consumption Ratio</p>
3. Financial capacity and freedom		<p>Debt Service Cover Ratio</p> <p>Cash Expense Cover Ratio</p>
4. Economic and community growth		Investigation to determine appropriate measures

- See Appendix for description of indicator and indicative targets

Appendix

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
1. Operating Performance Ratio	The percentage by which income (excluding capital grants) varies from expenses	The operating performance ratio is the operating surplus (or deficit) before capital grants expressed as a percentage of total expenses	Operating surplus/deficit divided by operating expenditure.	An operating performance ratio greater than 0% across any five year period
	What does it mean?	<p>A positive value indicates the Council is meeting its operating expenses, including depreciation.</p> <p>A negative value indicates the Council needs to reduce its expenses or raise additional revenue to be sustainable in the long term.</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
2. Unrestricted Current Ratio	The ratio between current assets and current liabilities – not including those assets and liabilities held for a specific purpose	This measure is the Council's current assets (i.e. liquid assets) expressed as a ratio of its current liabilities (i.e. short term debts) –	Current assets (less all external restrictions.) divided by current expenses	An Unrestricted Current Ratio of at least 2x
	What does it mean?	<p>If the Council is not maintaining its current assets at the at least the level of its current assets it may not be able to pay its debts and other obligations as and when they fall due.</p> <p>It means that the Council's obligations over the next 12 months exceed the funds available to pay them as they fall due. If the Council's current liabilities exceed its current assets and the Long Term Financial Plan does not provide a proposal to turn this around, it is inevitable that the Council will face a cash flow crisis in the future.</p> <p>The position would come to a head when a major obligation was required to be paid and the Council would be required to borrow to meet this obligation – increasing its debt and reducing its financial flexibility.</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
3. Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	What rates, annual charges are owing to the Council as a proportion of its total rates and annual charges revenue.	Indicates the amount of rates and changes outstanding as a percentage of total rates and charges.	Rates, annual and extra charges outstanding divided by rates, annual and extra charges, expressed as a percentage	Outstanding rates, annual and extra charges percentage to remain under 8% as 30 June each year
	What does it mean?	<p>This indicator identifies how well the Council collects its outstanding rates, annual and extra charges</p> <p>A result of greater than 8% per year – if unchecked – would lead to Council facing potential cash flow problems in the future due to a lack of working capital.</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
4. Building, Infrastructure & Other Structures Renewals Ratio	The amount spent on asset renewals expressed as a percentage of depreciation and impairment.	Indicates the extent to which Council is renewing its asset base	Asset renewals on buildings, infrastructure and other structures divided by depreciation, amortisation and impairment expressed as a percentage	<p>Building, Infrastructure & Other Structures Renewals Ratio to remain over 100% on average over life of the LTFP.</p> <p>When setting this target, the Council should consider that asset replacement is often lumpy – with large changes in asset renewals depending on the needs of the time</p> <p>The Council should consider its performance on this measure over no shorter than a 10 year period and preferably longer.</p>
	What does it mean?	<p>It is possible for the Council to save money by not renewing its assets as they deteriorate over time. This indicator attempts to measure if the Council is renewing its assets at an adequate rate.</p> <p>A measure below 100% indicates that the Council's asset base is depreciating faster than the Council is able to renew it.</p> <p>If this continues over time, the Council's assets will eventually become unsuited for purpose, adding to its infrastructure backlog and creating severe financial pressure for future generations.</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
5. Infrastructure Backlog Ratio	The cost to bring the Council's assets to a satisfactory condition as a proportion of its overall assets.	An overall indicator the standard of the Council's assets. Provides a measure of the amount of work that is required to bring its assets to an acceptable standard	Estimated cost to bring Assets to a Satisfactory Condition divided by the total Value of Infrastructure, Building, Other Structures and depreciable Land Improvement assets, expressed as a percentage	Infrastructure Backlog Ratio to remain at less than 2% at all times
	What does it mean?	<p>This indicator is a general guide to the condition of the Council assets.</p> <p>This indicator tends to reflect the Council's performance against the Building, Infrastructure & Other Structures Renewals Ratio over time, If that ratio is consistently under 100%, the Infrastructure Backlog Ratio will increase. Conversely, reducing the Infrastructure Backlog Ratio tends to require maintaining the Building, Infrastructure & Other Structures Renewals Ratio at greater than 100% over time</p> <p>If this ratio is over 2% and growing, it indicates that the Council needs to either put more effort into renewing its assets (perhaps requiring rate increases to fund) or reconsider what standard of asset the community feels is acceptable</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
6. Asset Maintenance Ratio	The ratio of actual asset maintenance vs. required asset maintenance	Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Actual asset maintenance divided by Required Asset Maintenance	Asset Maintenance Ratio to remain at greater than 100% at all times
	What does it mean?	The indicator is a general guide to how Council is keeping up with Asset Maintenance.		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
7. Asset Consumption Ratio	The ratio of the consumption of Council Assets.	This ratio highlights the aged condition of Council's assets.	Written Down Value of Assets vs. Current Replacement Cost	Asset Consumption Ration to remain above 60% at all times
	What does it mean?	This ratio shows the current value of Council's depreciable assets relative to their "as new value" in current prices.		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
8. Debt Service Cover Ratio	The amount of operating cash available as a proportion of its debt repayment obligations	Measures the availability of operating cash to service debt including interest, principal and lease payments	Operating result before capital excluding interest and depreciation, impairment divided by principal repayments and borrowing costs	Debt service ratio is greater than 2.00 x
	What does it mean?	<p>This ratio seeks to highlight if the Council is generating sufficient cash to meet its debt obligations</p> <p>A ratio of less than 2.00 x, unless addressed, may see the Council struggle to raise sufficient cash to pay its debt obligations without selling realisable assets.</p> <p>The Council currently has a low level of indebtedness and its Long Term Financial Strategy does not seek to change this.</p>		

Indicator	Description	Comment	Calculation (\$M)	Indicative Target
9. Cash Expense Cover Ratio	How many months work of operating expenses can the Council meet with its existing holdings of cash	Measures the number of months a Council can continue paying for its immediate expenses without additional cash inflow	Cash and Cash Equivalents and Term Deposits divided by payments from cash flow of operating and financing activities x 12	Cash Expense Cover Ratio is to be no less than three months
	What does it mean?	<p>This ratio seeks to highlight the Council's ability to meet a short term revenue and/or cash flow shock and continue to operate.</p> <p>A ratio of less than three months could see the Council struggling to meet expenses on a periodic basis without having to borrow. Rates instalments and Financial Assistance Grants tend to paid in three-monthly cycles.</p>		