YOUR future 2030

Community Strategic Plan 2018-2030

your city your vision your lifestyle

RESOURCING STRATEGY
OUR FINANCES

2018-29:

City of Canada Bay

Contents

1. EXECUTIVE SUMMARY

1.1 Who We Are

The City of Canada Bay is located in Sydney's Inner West, about six kilometres from Sydney's centre. The city is bounded by the Parramatta River in the north, Inner West Council in the east, Burwood and Strathfield
Council areas to the south and the City of Parramatta to the west.

The city's estimated resident population in 2017 is 93,858 people. The population of Canada Bay is forecast to reach 115,500 by 2030.

1.2 What Are the Challenges We Face

Similar to other councils in New South Wales, Canada Bay's annual rate income is subject to rate pegging, with each year's percentage increase determined by an independent body (IPART). Council is encouraged to continually strive to achieve efficiencies and find better ways to do things. Annual expenditure levels have often been based on what Council can afford with the funding that is available.

The main challenge facing Council is the need to remain financially sustainable and able to generate sufficient funding to renew essential community assets. Local government costs continually increase at a higher rate than the headline CPI, and community expectations and environmental standards are also continually increasing.

Over the short term the current situation is sustainable as Council is in a strong financial position. However, in the medium to long term, some action will be required to increase revenue and investment in asset infrastructure.

1.3 What We Know

All councils are required to complete a Long Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Delivery Plan. A number of financial sustainability measures have been developed to help determine how sustainable a council's finances are. As part of preparing its LTFP, Council has determined where it sits – and there are some challenges ahead.

In simple terms Council is not collecting enough money each year to adequately fund the cost of normal operations and maintain the community infrastructure. If the level of annual revenue and the corresponding level of expenditure on renewing assets is not increased the assets will deteriorate and future ratepayers will be asked to pay for the replacement of these assets. This is not equitable as each year ratepayers should be paying for their fair share of the cost of running Council, inclusive of a reasonable share of the cost of asset replacement.

In accounting terms, Council should be aiming for an operating surplus, meaning that enough funding is collected to fund the cost of normal operations plus a share of the cost of replacing assets. This includes collecting sufficient revenue to cover the cost of depreciation which is an accounting calculation that measures the value of the community's assets consumed or used during any given year. The funds collected for depreciation enable asset renewal expenditure to be funded, thereby ensuring the community's assets do not deteriorate.

The current year budget forecasts an annual operating deficit when capital revenues are excluded. This situation remains evident over the duration of the Base Case LTFP. Therefore, additional revenue or operating expenditure savings needs to be collected to reduce this funding gap if Council is to meet its obligation to be financially sustainable.

Council is currently in a strong financial position with low debt and cash reserves of $83 million projected for 30 June 2018. The average condition of most of Council's assets is satisfactory, however, Council needs to increase the amount it spends on asset renewals each year as a consequence of the expanding asset base.

The LTFP base case delivers fit for purpose assets by funding a 10 year asset renewal program totaling $161 million. Council's income is restricted because the State Government caps the level of rate increases each year. In order to achieve an average renewal ratio of 101% over the 10 years, cash reserves are utilised as and when required.

1.4 What are our scenarios?

Council has modeled two scenarios to see the effect of these different approaches. These are referred to as the Base Case – "Sustainable Assets" (status quo), and the "Sustainable Assets and Sustainable Services" covered by scenario two.

The sustainable asset scenario, the base case, is premised on Council having its assets fit for purpose and for Council to be in a position to deliver services to the expected standard. Assets are critical in the delivery of Council services and if not to standard often leads to deterioration of asset condition and the intensification of complaints from users.

Under the Base Case scenario a 10 year asset renewal program has been developed to mitigate any significant deterioration of Council's asset base. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is $161million. The second part of a sustainable asset scenario is an appropriate asset maintenance program. Incorporated in this scenario is an asset maintenance program that achieves 100% of required funding over the 10 years. To achieve this outcome an additional $24.9 million of asset maintenance over the 10 years has been included.

The financial outcome of a sustainable asset scenario is that there are 4 years of operating deficits commencing from 2019-20. This combined with the capital expenditure program also has an adverse impact on Council's cash position. The financial situation under this scenario is largely dealt with under Scenario Two – "Sustainable Assets and Sustainable Services.

In Summary:

Scenario One: Base Case –"Sustainable Assets"

- broadly models the continuation of Council's services as currently provided and funds asset renewal in accordance with the Asset Management Strategy
- continue to operate within the annual rate peg.
- tilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure.

Scenario Two: "Sustainable Assets and Sustainable Services"

- models the same level of asset renewal expenditure however includes Horizontal Service Improvements totalling $35 million over the period commencing 2018-19 to 2028-29
- utilises cash reserves and capital revenues as required to fund the planned level of asset renewals expenditure.
-

1.5 What is the proposed approach and why?

Council proposes to operate under Scenario Two "Sustainable Assets and Sustainable Services" from 2018-19 while undertaking the following actions:

1. Implement Horizontal Service Improvements incorporating revenue raising initiatives and cost savings valued at $35 million over the term of the LTFP. This scenario projects operating surplus (except for 2020-21 due to the one-off establishment cost for the Rhodes Recreation Facility).

2. Complete further modeling on the "Sustainable Assets and Sustainable Services" scenario as more clarity is achieved over the timing and certainty of the forecast Horizontal Service Improvements.

The Base Scenario is financially unsustainable and has been presented so that readers can view the effect of not addressing operating budget deficits.

2. INTRODUCTION

The NSW Government requires councils to have:

- a Community Strategic Plan (of at least10 years)
- a Delivery Plan (four years)
- an Operational Plan (one Year)
- a Resourcing Strategy containing:
  - Financial Strategy
  - Workforce Strategy
  - Asset Strategy

Councils are required to prepare a Resourcing Strategy for at least 10 years to identify the resources it needs to implement the Community Strategic Plan. An essential element of the Resourcing Strategy is that it must include provisions for long-term financial planning.

The Long Term Financial Plan must be for a minimum of 10 years and include the following:

- The planning assumptions used to develop the plan
- Projected income and expenditure, balance sheet and cash-flow statement
- Sensitivity analysis and testing
- Financial modelling for different scenarios
- Methods of monitoring financial performance.

The Long Term Financial Plan forecasts must be updated annually, together with preparation of the Operational Plan. On adoption of a new Community Strategic Plan every four years, a detailed review of the Long Term Financial Plan should be undertaken to ensure it still represents the outcomes of the Community Strategic Plan.

2.1 YOUR future 2030

YOUR future 2030 is the community's strategic plan outlining aspirations and priorities for at least the next 10 years.

Development of the plan commenced following the Council elections in 2017 with an extensive community engagement program that ran from September 2017 until February 2018. Community members were invited to 'have their say' on the future of the City of Canada Bay and over 1,200 people provided their perspectives on what they valued most, their priorities and vision for the area. A number of recurring themes arose and these themes inform the five vision areas of YOUR future 2030:

Inclusive, involved and prosperous
Environmentally responsible
Easy to get around
Engaged and future focused

Visionary, smart and accountable.

All Council's activities are aligned with these five themes and seek to achieve the aims of YOUR future 2030. As part of this aim, Council's vision is to provide the programs, services and projects that ensure our residents enjoy where they live and work.

2.2 Purpose of the Long Term Financial Plan

The Long Term Financial Plan acts as a tool for stakeholders (Council and the community) to use in deciding what resources Council needs to apply to deliver on the outcomes contained in the Community Strategic Plan – YOUR future 2030. This Long Term Financial Plan seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

In particular, this plan will model the financial implications of the YOUR future 2030 strategies, along with the ability to maintain existing facilities and infrastructure based on a range of assumptions and within any known constraints.

2.3 Current Financial Plan

Council has an existing long-term financial model. This provides a budgetary projection (from a profit and loss perspective) for a 10-year period. The model was used to prepare the previous LTFP, which was adopted in 2013.

The model has now been updated to include the latest actual results and budget information. It has also been informed by an updated Asset Management Plan and Workforce Plan and by a range of assumptions based on the best available data to guide forward projections. This forms the basis for the 10-year projections presented in this LTFP.
This LTFP is being prepared to inform the new 2018-2021 Delivery Plan for Canada Bay.

3. LONG TERM FINANCIAL SUSTAINABILITY

3.1 How do we define long term financial sustainability?

- A financially sustainable Council is one that has the ability to fund ongoing service delivery, and renew and replace assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:
- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure, and ensuring cash reserves are set asides for those works yet to be identified.

As deferring the renewal of assets compounds the asset renewal problem, as the older assets become, the more they cost to maintain, Council has committed to fully funding renewal based on the requirements in the Asset Management Strategy. Over the term of the LTFP, approximately $161 million will be invested on infrastructure renewal. The average renewal ratio over the ten years is 101% achieving the targeted benchmark of 100%.

3.2 How financially sustainable is Council currently?

The most recent Audited Financial Statements as at 30 June 2017 identified Council as being in a sound financial position. This was based on a number of performance indicators that measure Council's financial performance and position. The indicators measure both recurrent operations and capital sustainability.

These same indicators have been used to review Council's Long Term Financial Plan forecasts as part of assessing the long-term financial health of the organisation and its capacity to fund any proposed delivery program.

Ratio	Calculation	What is being measured?	Sustainable target	2016/17 actual ratio
Operating Performance Ratio	Total operating revenue less revenue for capital purposes less total operating expenditure	Is the Council sustainable in terms of its operating result?	Greater than zero	> 0 ✓
Own Source Operating Revenue	Total operating revenue less all grants and contributions divided by total operating expenditure	Council's ability to fund its short-term expenditure needs.	Over 60% Sustainable Less than 60% overly reliant on grants and contributions	80.16% ✓
Asset renewal ratio (buildings and infrastructure)	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Benchmark 100%	119.54% ✓
Infrastructure Backlog Ratio	Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets and reflects success of strategy to invest in Asset renewals	Benchmark 2%	3.49% ✗

4. FINANCIAL MANAGEMENT IN COUNCIL

4.1 Regulatory environment

- Council operates in a highly regulated environment driven by legislation and state strategies such as:
- Local Government Act 1993
    - The Act defines the scope and boundaries of Council's role and the way it must conduct its business
- NSW State Plan
    - The State Plan: A New direction for NSW defines the overarching goals and outcomes that the NSW Government has set for this state and which should shape public policy.
- The Sydney Metropolitan Strategy
    - The strategy sets out a long-term plan for the Sydney Metropolitan Region

4.2 Financial environment - rate pegging

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by IPART NSW.

4.3 Financial environment – the state of the Council's finances

While the Council faces challenges in generating sufficient revenue to balance the budget, it is currently in a very strong financial position.

As at 30 June 2017, Council had external borrowings of $3.6 million and cash reserves of $90.7 million. Total carrying value of infrastructure and land assets was $1,495 million while the total liabilities were only $30.8 million.

Most of the key ratios outlined in the table in section 3.2 are within industry benchmarks. Canada Bay is below the benchmark for infrastructure backlog ratio; however this is being addressed as part of the renewal program planned for the next 10 years.

Council has a sound base and an ability to borrow for key infrastructure if required. The fundamental issue faced by Canada Bay and other NSW councils is the restriction on the rate at which revenue can be increased. While Council is able to borrow to fund new works and renewals, it is not able to increase revenues to service the additional debt.

Council also faces a fundamental imbalance between its annual operating revenues and the annual operating costs, inclusive of depreciation. This imbalance is projected to grow over the term of this LTFP as demonstrated in Base Case Scenario.

4.4 Financial environment - balancing the budget

Council's budget has faced significant pressures including:

- an increasing burden as a result of cost shifting from other levels of government
- increasing costs to procure goods and services have been consistently higher than rate pegging increases as determined by IPART
- greater competition in the allocation of external funding such as the Financial Assistance Grants.

The above factors mean that, as with many councils in NSW, The City of Canada Bay is faced with an income gap, with costs increasing at a greater rate than revenues. This income gap has been addressed by way of productivity gains and efficiency savings. Council also actively pursues grants, works collaboratively with neighbouring councils and carefully manages its income and expenditure through the use of sound financial reporting systems and regular budgetary monitoring.

Council has worked hard to absorb as much as it can and aims to achieve a balanced budget each year without affecting service levels.

This approach is reflected in the LTFP, Scenario Two – "Sustainable Assets and Sustainable Services" where Horizontal Service Improvements incorporating revenue raising initiatives and cost savings valued at $35 million over the term of the plan are included. This scenario projects operating surplus (except for 2020-21 due to the one-off establishment cost for the Rhodes Recreation Facility).

4.5 Financial management principles

In preparing the 2018-29 Long Term Financial Plan, the following underpinning principles have been used:

- Council will endeavour to maintain its existing service levels to residents.
- Management will continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards.
- Services and infrastructure in any new areas will be provided when they are needed.
- Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision-making.
- Council will manage within the existing financial constraints as much as possible.

In conjunction with these principles, Council's Long Term Financial Plan is guided by a number of policies and strategies that are outlined below.

4.6 Rating Income Strategy

Rating income is generated by a levy on properties within the council area in order to provide local government services. Council continually reviews its rating system to ensure it is fair and equitable, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources.

Council's rates comprise:

- Ordinary residential rate
    - Minimum amount per separate residential parcel of land for 2018-19 being $691.43
- Ordinary business rate
    - Minimum amount per separate business parcel of land for 2018-19 being $691.43
- Stormwater Management Service Charge for residential and business.

4.6.1 Residential 2018-19

BASIS	AMOUNT	YIELD	% OF YIELD
Minimum rate	$691.43	$13,948,217	42%
Cents in dollar	0.0928807	$19,142,660	58%
Total		**$33,090,877**	**100%**

4.6.2 Business 2018-19

BASIS	AMOUNT	YIELD	% OF YIELD
Minimum rate	$691.43	$490,915	9%
Cents in dollar	0.231095	$4,862,467	91%
Total		**$5,353,382**	**100%**

4.7 Domestic Waste Management Charges

In addition Council charges a Domestic Waste Management Charge to owners of rateable properties. This covers the cost of general garbage, recycling and household clean-up and includes the full cost of administration, service provision, state government charges and tipping fees.

4.8 Investment principles

Council has an Investment Policy that reinforces its ongoing commitment to maintaining a conservative risk/return portfolio, an important component of its ongoing prudent financial management practices. The overall objectives of the policy are to ensure that Council invests its funds:

- in accordance with the requirements of the Local Government Act (1993) and Council's investment policy
- in a conservative manner where preservation of capital is the principal objective
- in a manner that seeks to ensure the security of Council's cash and investment portfolio, achieve appropriate earnings and manage cash resources to ensure there is sufficient liquidity to meet Council's business objectives.

The policy outlines:

- the manner in which Council may invest funds
- the institutions and products which Council can invest in
- delegations
- the reporting requirements, including benchmarking, of Council's investment portfolio.

Interest on investments is received on three types of funding:

- General fund revenues raised through the year from all sources of revenue, excluding reserves and developer contributions,
- Reserves held until expended
- Developer contributions held until expended

Council has control over the interest it earns on general fund revenues and reserves, but Developer contribution interest on investments must be used for the purpose for which the contribution relates. The interest Council earns on general fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

4.9 Loan borrowings

Council has a low level of loan borrowings at present and no new borrowings are proposed in the LTFP.

The Council's policy is that the use of debt (borrowings) is appropriate to fund the cost of major new community assets or to smooth the cost of major asset renewals. However, any minor asset acquisitions and the required level of asset renewals (guided by the level of the annual depreciation charge) should be funded out of operating revenues.

4.10 Cash reserves and restrictions

Council has a number of cash reserves that are either a legislative requirement (externally restricted) or were made through a Council decision (internally restricted).

Establishing cash reserves is a financial management strategy to provide funds for future expenditure that could not otherwise be financed during a single year without having a material impact on the budget. For example, local government elections occur every four years, so Council sets aside one quarter of the estimated cost of this activity each financial year.

The forecasted balance of cash reserves as at 30 June 2018 is $82,819,000 comprising:

- Externally restricted reserves $48,288,000
- Internally restricted reserves $26,133,000
- Unrestricted cash $ 8,398,000

The table below outlines the various reserves Council has established, the funds available in each, and the purpose of the reserve. Externally restricted reserves can only be used for the purpose for which they were collected.

RESERVE	BALANCE 30/06/2018 $'000	PURPOSE OF RESERVE
Externally restricted reserves		
Developer contributions – general and VPA	$28,560	In accordance with s7.11, 7.12 and 7.4 of the *Environmental Planning and Assessment Act* all unexpended developer contributions are to be restricted and only used for the purpose for which they were collected under the various contribution plans Council has adopted.
Unexpended grant funding	$492	This holds the balance of grants received for specific purposes that are yet to be spent. These funds can only be used for the purpose for which they were granted to Council.
Domestic Waste Management	$15,845	This reserve holds the balance of the Domestic Waste Management charges that have not yet been spent.
Stormwater Management	$170	This reserve holds the balance of the Stormwater Management Charges that have not yet been spent.
Unexpended Loans	$3,221	This reserve holds the balance of the unexpended loan relating to the civil infrastructure planned for the Strathfield Triangle.
Total external reserves	**$48,288**	

RESERVE	BALANCE 30/06/2018 $'000
Internally restricted reserves	
Plant replacement	$432
Employees leave entitlement	$1,706
Affordable housing	$1,693
Energy efficiency fund	$174
Bonds and Deposits	$9,129
Carry-over works	$1,618
North Strathfield rail underpass	$36
Concord Oval	$86
Concord Library and Wellbank Childcare Centre	$854
Infrastructure replacement	$650
Drummoyne oval	$23
Election of Councillors	$0
Investment fund	$3,949
Victoria Ave Children's Centre	$113
Parking meters	$763
Rhodes Traffic Management	$325
Risk management	$224
Five Dock Leisure Centre	$585
Workers compensation	$147
Financial sustainability	$3,331
Water for community	$295
Total internal reserves	**$26,133**

Council's reserves are considered as funding sources in the budget process.

4.11 Developer contributions

The Environmental Planning and Assessment Act (1979) enables Council to levy contributions for public amenities and services required as a consequence of development.

Council's adopted Developer Contributions Plan (section 94 Developer Contribution Plan) provides funds for:

- roads
- parking
- open space
- community facilities.

The Contributions Plan contains detailed schedules of works for which development contributions are required. The plan projects future contributions of approximately $75 million over the 20 year life of the plan to fund new and upgraded facilities projects. A balance of $23 million is forecast to be held as at 30 June 2018.

In addition, a 30 June 2018 balance of $5.6 million is forecast which will fund specific facilities under voluntary planning agreements.

4.12 Discretionary and regulatory fees and charges

Council has the ability to raise revenues by adopting a fee or a charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees – These fees are generally determined by state government legislation, and primarily relate to building, development or compliance activities. Council has no control over the calculation, or any annual increases of these fees and charges.

2. Discretionary fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

4.13 Asset disposal and investment strategy

The majority of Council's property assets deliver on services such as:

- transport Infrastructure
- environmental services, such as stormwater management
- community facilities
- operational assets, including administration buildings.

The only asset sales forecast in this LTFP are the sale of plant and equipment that is traded in on replacement.

Council has prepared a Draft Property Strategy that envisages some property disposals and the redevelopment of Council Land. The financial implications of the draft property strategy have not been incorporated into this plan.

4.14 Asset management

4.14.1 City of Canada Bay Asset Management Strategy

Canada Bay Council is the custodian of infrastructure assets with a replacement value of $816 million and a depreciated value of approximately $527 million.

The five asset classes included in the Asset Management Strategy and their values are detailed in the following table.

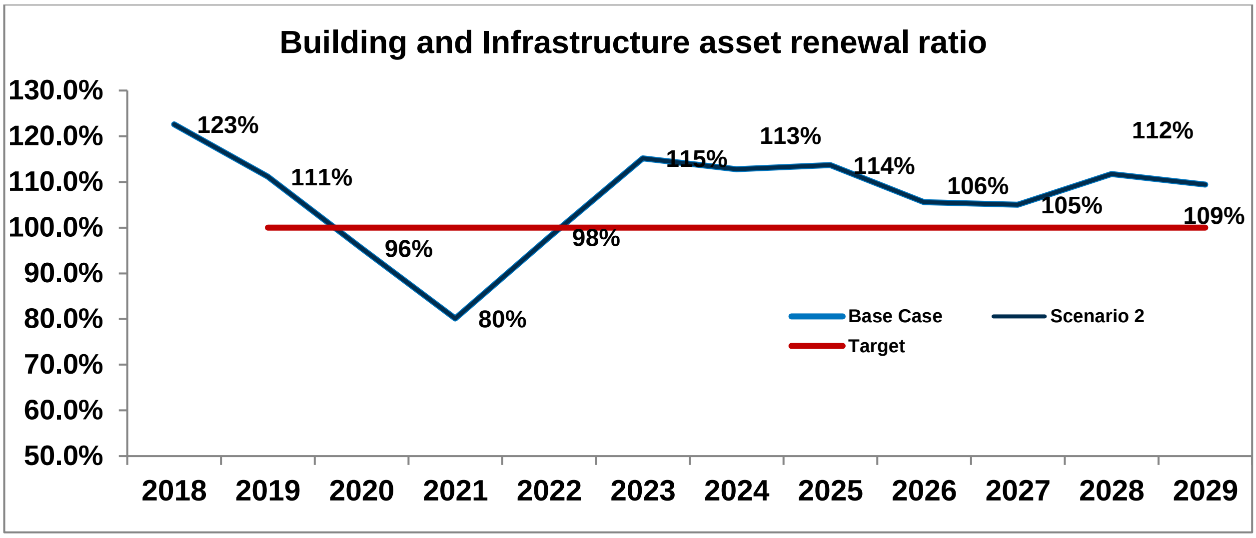
ASSET CLASS	REPLACEMENT VALUE	DEPRECIATED REPLACEMENT COST	ANNUAL DEPRECIATION
Transport	$363,507,876	$296,559,965	$4,882,233
Drainage	$132,540,977	$73,942,259	$1,207,369
Parks, Recreation and Other	$62,930,190	$45,445,057	$1,842,989
Buildings	$156,225,488	$93,029,245	$2,057,409
Marine	$100,425,600	$18,044,754	$271,219
Total	**$815,630,131**	**$527,021,279**	**$10,261,218**

The following graph shows Council's asset renewal ratio. This ratio is a key indicator of financial sustainability. It indicates whether a council is spending enough on asset renewals to maintain its assets in their current condition. The target ratio is 100% and a ratio in the range of 90% to 100% is considered to be acceptable.

The Base Scenario – "Sustainable Assets" takes a specific approach to deliver fit for purpose assets by developing a 10 year asset renewal program totalling $161 million over 10 years that achieves that. As a result, the average renewal ratio is 101% over the 10 year period. In order for Council to meet service expectations of the community it is imperative that assets are in a sound condition.

Scenario Two - "Sustainable Assets and Sustainable Services" retains the funding of Assets as described in the Base Case.

Chart 1



Note: The same levels of expenditure on asset renewals has been included in the base case and scenario two.

4.15 Workforce Plan

Scenario 1 and Two both maintain Council's workforce at current levels. The potential for new staff would only be achieved through increased revenues or increased efficiencies.

4.16 Long Term Financial Plan assumptions

The long-term financial model requires Council to identify all material items of revenue and expenditure, and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the 2018-19 to 2028-29 Long Term Financial Plan, the following underpinning principles have been adopted.

4.16.1 Population forecasts

The estimated current and forecast resident population of the Canada Bay local government area as provided by forecast.id are as follows:

4.16.2 Population projections

YEAR	TOTAL POPULATION	ANNUAL AVERAGE GROWTH RATE
2017	93,858	
2030	115,500	1.3%

4.16.3 Inflation

YEAR	2018-19	*2019-20*	2020-21	*2021-22 ONWARDS*
CPI	2.0%	*2.0%*	2.0%	*2.0%*

While Council will have a growing population and a resulting increase in the number of dwellings, the amount of revenue available to fund services will not increase at the same rate as the population growth. With the current practice of rate pegging, Council can only increase its rates by the amount of the rate peg each year and rates growth relating to additional dwellings. The projected additional revenue from rates growth is projected to range from 1.2% to 1.5% p.a and will be needed to fund existing services.

4.16.4 Interest rate movements

Council has used an average of 3% as the investment interest rate over the life of this LTFP.

No new borrowings are proposed.

4.16.5 Revenue and expenditure assumptions

The following tables outline Council's planning assumptions by revenue and expenditure types. Included is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.

Note: The assumptions included in the following tables are those which could have a material impact on Council finances.

RATES BUDGET ASSUMPTIONS	FACTOR 2018-19	FACTOR 2019-20 TO 2028-29
Minister's allowable increase	2.3%	2.25% plus an allowance for income growth from additional properties
Rate income growth	See table below	See table below

RATE INCOME GROWTH			
Financial Year	**Rate Peg**	**Rating Base Growth**	**Total Income Growth**
2018-19	2.30%	1.5%	3.80%
2019-20	2.25%	1.5%	3.75%
2020-21	2.25%	1.5%	3.75%
2021-22	2.25%	1.4%	3.69%
2022-23	2.50%	1.4%	3.90%
2023-24	2.50%	1.4%	3.90%
2024-25	2.50%	1.4%	3.90%
2025-26	2.50%	1.4%	3.90%
2026-27	2.50%	1.3%	3.80%
2027-28	2.50%	1.3%	3.80%
2028-29	2.50%	1.3%	3.80%

Key Revenue and expenditure assumptions

REVENUE BUDGET ASSUMPTIONS ALL SCENARIOS	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 ONWARDS
Annual charges	2.5%	1.8%	1.8%	2.0%	2.0%	2.0%
Fees and charges	*2.0%*	3.0%	3.0%	3.0%	3.0%	3.0%
Other revenues	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Capital revenues	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

EXPENDITURE BUDGET ASSUMPTIONS ALL SCENARIOS	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 ONWARDS
Employee benefits and on costs	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Utilities	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Materials and contracts	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Other expenditure	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Depreciation	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

Capital expenditure assumptions

CAPITAL EXPENDITURE AND REVENUE	2018-19	2019-20 TO 2028-29
Scenario 1: Sustainable Assets – Base Case Scenario	Asset renewals reflect the Asset Management Strategy requirements.	Asset renewals reflect the Asset Management Strategy requirements.
New works	As per Developer Contribution Plan Schedule of Works	As per Developer Contribution Plan Schedule of Works
Other	Minor asset purchases	Minor asset purchases
Scenario 2: Sustainable Assets and Sustainable Services –	Renewals reflect the Asset Management Strategy requirements.	Renewals reflect the Asset Management Strategy requirements.
New works	As per Developer Contribution Plan Schedule of Works	As per Developer Contribution Plan Schedule of Works
Other	Minor asset purchases	Minor asset asset purchases

5. SCENARIO ONE - BASE CASE

5.1 Introduction

The sustainable asset scenario, the base case, is premised on Council having its assets fit for purpose to have council in a position to deliver services to the expected standard. Assets are critical in the delivery of Council services and if not to standard often leads to deterioration of asset condition and the intensification of complaints from users.

Under this scenario a 10 year asset renewal program has been developed to mitigate any significant deterioration of Councils asset base. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is $161m.

The second part of a sustainable asset scenario is an appropriate asset maintenance program. Incorporated in this scenario is an asset maintenance program that achieves 100% of required funding over the 10 years. To achieve this outcome an additional $24.9m over the 10 years has been included.

The financial outcome of a sustainable asset scenario is that there are four years of operating deficits commencing from 2019-20. This combined with the capital expenditure program also has an adverse impact on Councils cash position. The financial situation under this scenario is largely dealt with under scenario 2 Sustainable Assets and Service Scenario.

5.2 Components included in scenario

- The NSW Government has set an annual rate cap for councils over the last 30 years. This responsibility now rests with IPART NSW who has set a rate increase of 2.3% for the 2018-19 year.
- The Workforce Plan Resourcing Strategy will not have any implications on the annual operating position.
- The capital maintenance, rehabilitation and new capital expenditure program is based on the requirements in the Asset Management Strategy.
- No new borrowings.
- Allowance for maintenance and depreciation on new assets constructed (many constructed using development levies and government grants).
- The base inflation and growth assumptions have been applied as outlined in section 4.4 above.

5.3 Sustainability assessment

The forecast financial position of the scenario has been assessed in relation to the four financial sustainability principles.

5.3.1 The first principle is:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, and depreciation.

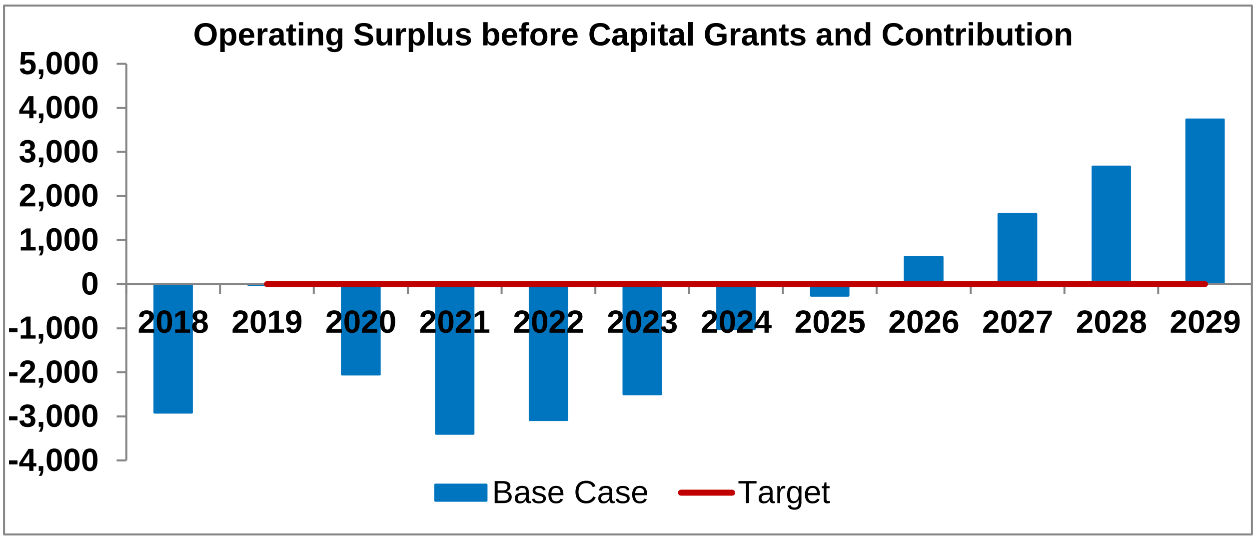
Council's operating position is generally in surplus, however there are four years of operating deficits commencing from 2019-20 under the base case scenario.

In addition the base case scenario uses additional revenue from growth in the rating base (new properties) to help fund services to the existing community. While it is reasonable to assume that a certain amount of growth in demand for services can be accommodated by becoming more efficient there will be a point when the cumulative increase in the population and number of properties will require Council to fund additional services or increase the level of resources required to deliver existing services.

Because of these factors the Base Case scenario is not sustainable.

The following graph shows the annual operating results over the term of the LTFP.

Chart 2



Units are in thousands for Chart 2.

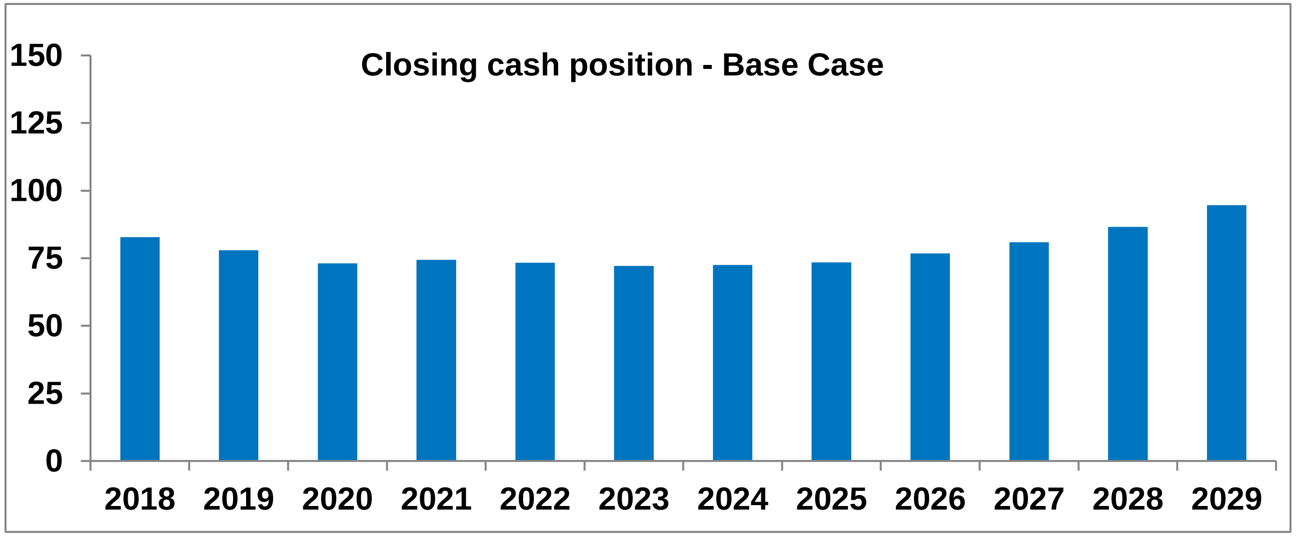
The net operating result before capital grants is a measure of Council's ability to contain operating expenditure within operating revenue.

Scenario One of the LTFP forecasts a period of operating deficits. Continuing operating deficits are not sustainable in the long term.

5.3.2 The second principle of financial sustainability is:

Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements.

Chart 3



Units are in millions for chart 3.

The above graph shows that Council's cash position will improve over the term of the LTFP. Cash and Equivalents are forecast at $77.9 million in 2018-19 and by 2028-29 are forecast to have increased to $94.7 million.

At first glance this appears to be good; however the improvement in the cash position is achieved as a result of growth in restricted reserves including Domestic Waste Management and Developer Contributions. These funds can only be utilised for specific purposes which exclude expenditure on the renewal of community infrastructure.

5.3.3 The third principle of financial sustainability is:

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

With the Base Case scenario, Council has a fully funded capital program. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is $161m.

The second part of a sustainable asset scenario is an appropriate asset maintenance program. Incorporated in this scenario is an asset maintenance program that achieves 100% of required funding over the 10 years.

To achieve this outcome an additional $24.9m over the 10 years has been included.

5.3.4 The fourth principle of financial sustainability is:

Council must **maintain its asset base**, by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

The Base Case provides for a sufficient level of asset renewal expenditure to maintain the community's assets in line with the Asset Management Strategy.

Under this scenario, the infrastructure backlog of asset renewal expenditure will decrease from the currently estimated 3.3% to 2.3%.

Cash reserves will be utilised as required to fund renewal. Some externally restricted cash cannot be utilised for expenditure on the renewal of community infrastructure. This scenario forecasts sufficient available cash to fund the level of asset renewals required in future years.

5.4 Base Case summary

In summary, the Base Case indicates that Council is able to maintain its financial liquidity (cash position), however, the operating position goes to deficit for a period of four years commencing 2019-20. Sufficient revenue is not being collected to fund all operating costs inclusive of asset depreciation during this period mainly due to over $100 million of new assets being constructed and scheduled for completion by 2020-21. A one off establishment cost of $1.5 million for the Rhodes Recreation Facility is also required for 2020-21.

Additional revenue from growth in the rating base is being used to help fund existing services and the additional demand that the growing population will place on Council resources. Over time a growing population will require additional services and facilities.

This scenario is not sustainable in the long term.

5.5 Sensitivity analysis

The data in the Base Case scenario has been tested for sensitivity to both favourable and unfavourable fluctuations in revenues and expenditure as follows:-

AVERAGE FACTOR	BASE CASE SCENARIO	PESSIMISTIC	OPTIMISTIC
Rates income increase (excl growth)	2.40%	2.1%	2.6%
Rates Income (growth)	840 properties	750 properties	870 Properties
User fees, grants and other income	3.0%	2.5%	3.5%
Employee costs	2.5%	2.8%	2.2%
Materials and contracts	2.0%	2.5%	1.5%
Other expenditure	5.0%	5.5%	4.5%
Capital construction costs	2.0%	2.5%	1.5%

The following graphs show the impact of the above sensitivities on Council's financial position.

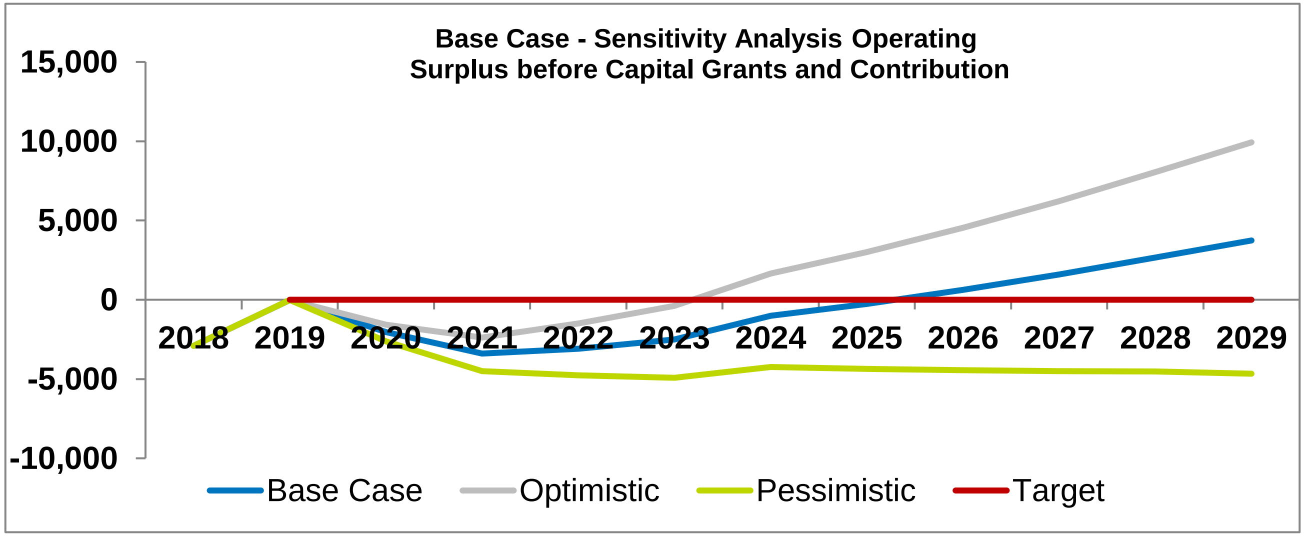
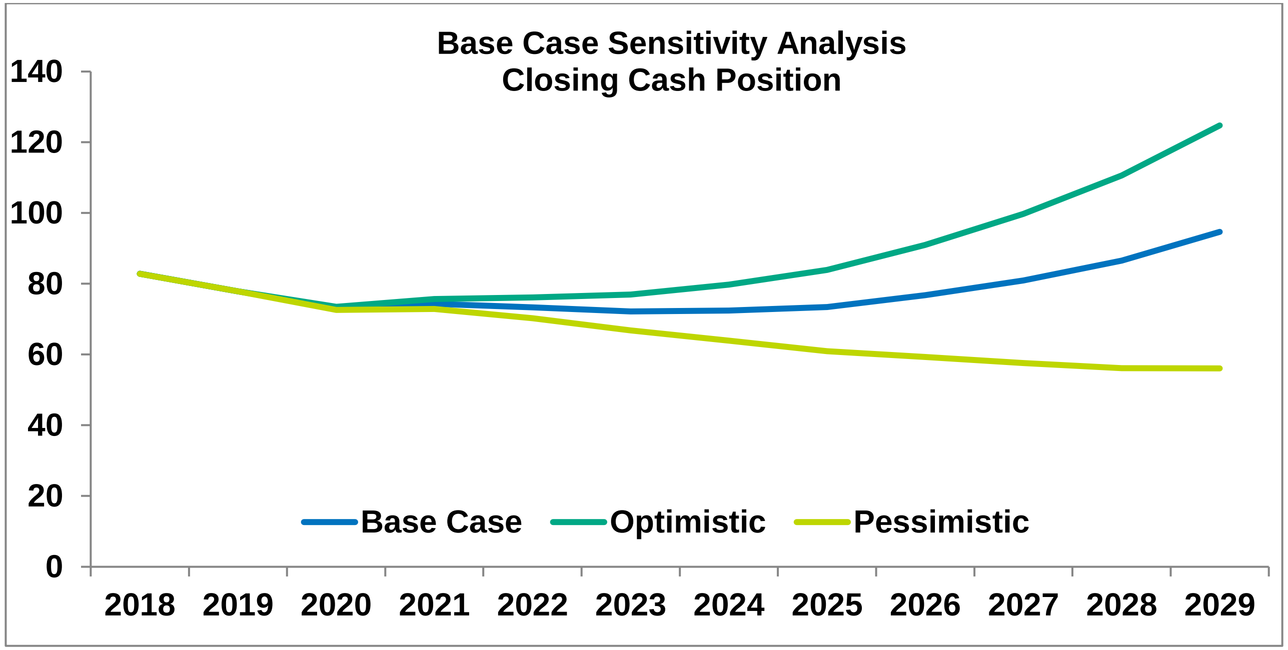


Chart 4

Units are in thousands in Chart 4

When modeling the base case, a range of pessimistic and optimistic variations to the standard model assumptions were included to gauge the models sensitivity to favourable and unfavourable fluctuations in revenue and expenses. Over the term of the LTFP, the pessimistic variation models deteriorating net operating results of up to $5 million in the years of the plan, whilst the optimistic variation forecasts improving net operating results when compared to the standard model assumptions. The optimistic variation reports a net operating result of $9.9 million in 2028-29 as compared to $3.7 million for the standard model.

Chart 5



Units are in millions in chart 5

Over the term of the LTFP, the pessimistic variation models deteriorating Cash and Equivalents with a balance of $56 million at the end of the 2028-29 financial year, whilst the optimistic variation forecasts improving Cash and Equivalents when compared to the standard model assumptions. The optimistic variation reports Cash and Equivalents of $125 million in 2028-29 as compared to $95 million for the standard model.

6. SCENARIO TWO – SUSTAINABLE ASSETS AND SUSTAINABLE SERVICES

6.1 Introduction

This scenario retains the underlying strategy relating to Asset Sustainability as indicated in the base case scenario of ensuring that the appropriate amount of spending on infrastructure maintenance and renewal is funded. This is achieved by reducing cash currently held in “reserve” as and when required.

To address the recurring operating budget deficits resulting in the base case scenario, the “Sustainable Assets and Sustainable Services” scenario incorporates a range of revenue growth initiatives and expenditure reduction options that have come out of Horizontal Service Improvement proposals.

Horizontal Service Improvements commenced with staff reviewing existing services to consider efficiency saving opportunities that would directly improve our financial operating position.

A workshop with staff was undertaken to critique the opportunities identified for further investigation.

Management then determined which of the proposed initiatives would be included in the Scenario Two – “Sustainable Assets and Sustainable Services” long term financial plan.

Under this scenario Council’s operating position improves and delivers operating surpluses for the majority of the 10 years. Continuing operating deficits are not sustainable in the long term so achieving the operating budget savings associated with the Horizontal Service Improvement Proposals are key initiatives in achieving a strong level of financial sustainability over the period 2018-19 to 2028-29.

Council’s cash position improves over the term of the LTFP as a result of the Horizontal Service Improvements. The net value of operating budget improvements commencing 2018-19 through to 2028-29 amounts to $35 million.

Council would continue to have a fully funded capital program under this scenario.

In summary, Scenario Two provides a sustainable approach to funding Council’s expenditure needs over the next 10 years and key financial sustainability ratios are enhanced.

This scenario adds to the base case with the identification of a range of service improvements, being a combination of new/additional income and expenditure savings. With these improvements Council’s financial position becomes sustainable over the long term.

Broadly models existing levels of service.

Under this scenario a 10 year asset renewal program has been developed to mitigate any significant deterioration of Councils asset base. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is $161m. The second part of a sustainable asset scenario is an appropriate asset maintenance program. Incorporated in this scenario is an asset maintenance program that achieves 100% of required funding over the 10 years. To achieve this outcome an additional $24.9m over the 10 years has been included.

6.2 Components included in scenario

- The NSW Government has set an annual rate cap for councils over the last 30 years. This responsibility has now been passed to IPART NSW, which has set a rate increase of 2.3% for the 2018-19 financial year.

- Workforce Plan Resourcing Strategy will not have any significant implications on the annual operating position.
- The capital maintenance, rehabilitation and new capital expenditure program is based on the Asset Management Strategy.
- No new borrowings. Council's outstanding loans as at 30 June 2018 will be $3.2 million.
- The base inflation assumptions have been applied as outlined in section 4 above.
- Allowance for maintenance and depreciation on new assets constructed (many constructed using development levies and government grants).
- New capital projects are in line with the adopted Developer Contribution Plans and Asset Management Strategy.

6.3 Sustainability assessment

The forecast financial position of the scenario has been assessed in relation to the four financial sustainability principles.

6.3.1 The first principle is:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure and depreciation.

Council's operating position is mostly in surplus, under the "Sustainable Assets and Sustainable Services" scenario. The following graph shows the annual operating results over the term of the LTFP.

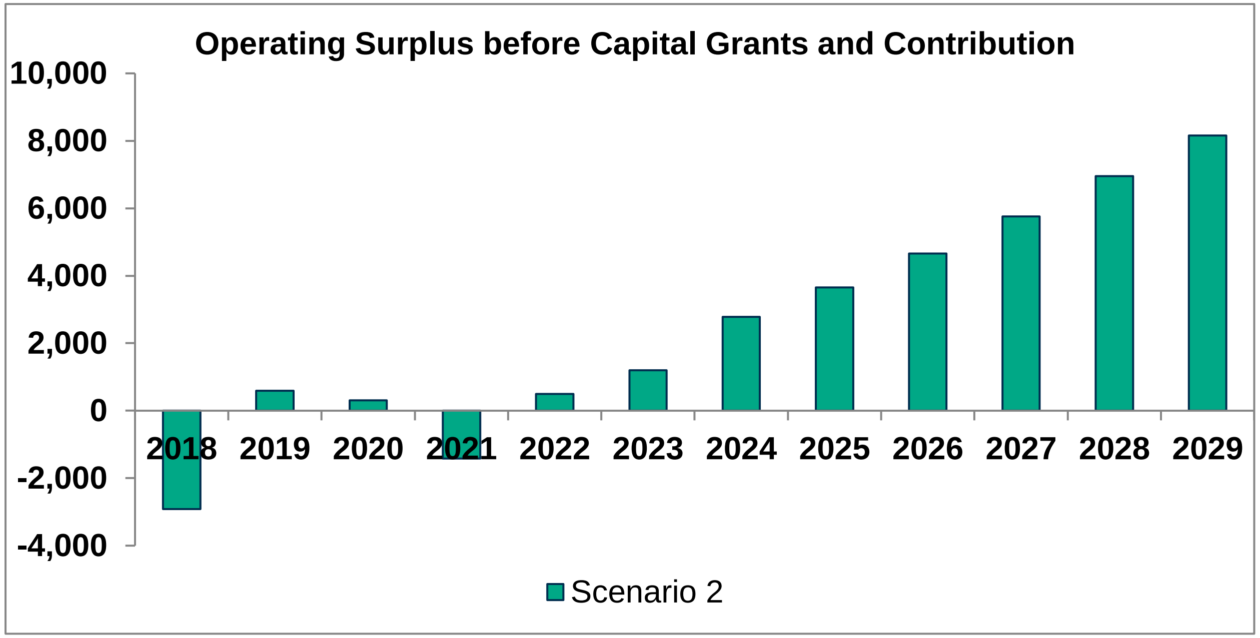
This scenario projects operating surplus (except for 2020-21 due to the one-off establishment cost of $1.5 million for the Rhodes Recreation Facility).

Horizontal Service Improvements incorporating revenue raising initiatives and cost savings valued at $35 million over the term of the LTFP are a key factor in the strengthening of operating results.

This places Council in a sound cash position providing capacity to take advantage of unplanned opportunities or unforeseen circumstances.

As with the Base Case, the use of available cash reserves for asset renewals will be drawn upon as required.

Chart 6



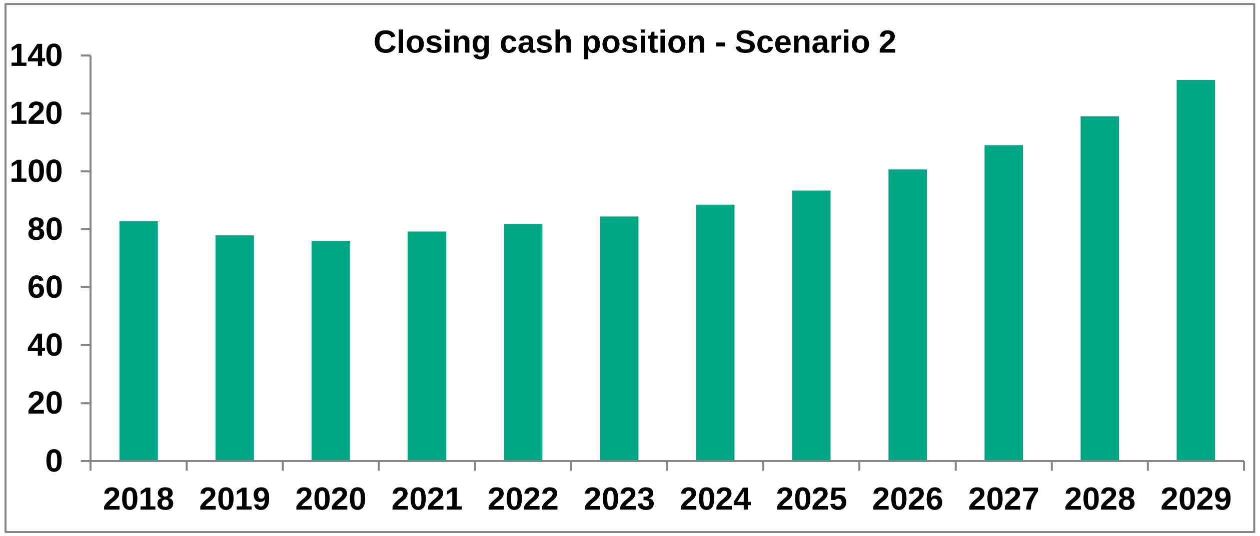
The net operating result before capital grants is a measure of Council’s ability to contain operating expenditure within operating revenue.

The second principle of financial sustainability is:

Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.

Council’s total cash trends downward from $83 million in 2017-18 to $63 million in 2020-21, with a total cash forecast position of $118 million in 2028-29. The improved cash position is a direct result of the service improvements. This places Council in a sound cash position providing capacity to take advantage of unplanned opportunities or unforeseen circumstances.

Chart 7



Units are in millions in chart 7

The above graph shows that Council's cash position will improve over the term of the LTFP.

The improving cash position is as a result of the forecast benefits of the horizontal service reviews.

By 2028-29 Cash and Equivalents is forecast to be $131 million. Under Scenario One, Cash and Equivalents by 2028-29 are forecast to be $95 million.

6.3.2 The third principle of financial sustainability is:

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

As with the Base Case scenario, Scenario Two "Sustainable Assets and Sustainable Services" has a fully funded capital program. The program has been structured to ensure all classes of assets have funds allocated to deal with the timely renewal of assets. The total renewal program for the 10 years is $161m.

The second part of a sustainable asset scenario is an appropriate asset maintenance program. Incorporated in this scenario is an asset maintenance program that achieves 100% of required funding over the 10 years. To achieve this outcome an additional $24.9m over the 10 years has been included.

6.3.3 The fourth principle of financial sustainability is:

Council must **maintain its asset base**, by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

As with the Base Case scenario, Scenario Two "Sustainable Assets and Sustainable Services" provides for a sufficient level of asset renewal expenditure to maintain the community's assets in line with the Asset Management Strategy.

Under this scenario, the infrastructure backlog of asset renewal expenditure will decrease from the currently estimated 3.3% to 2.3%. Cash reserves will be utilised as required to fund renewal. Some externally restricted cash cannot be utilised for expenditure on the renewal of community infrastructure. This scenario forecasts sufficient available cash to fund the level of asset renewals required in future years.

6.4 Sensitivity analysis

The data in the "Sustainable Assets and Sustainable Services scenarios has been tested for sensitivity to both favourable and unfavourable fluctuations in revenues and expenditure using the same factors as in the base case, as follows.

FACTOR	MODEL PRESENTED	PESSIMISTIC	OPTIMISTIC
Base Rates Income increase	2.40%	2.1%	2.6%
Rates Income (growth)	840 properties	750 properties	870 Properties
User fees, grants and other income	3.0%	2.5%	3.5%
Employee costs	2.5%	2.8%	2.2%
Materials and contracts	2.0%	2.5%	1.5%
Other expenditure	5.0%	5.5%	4.5%
Capital construction costs	2.0%	2.5%	1.5%

The following graphs show the impact of the above sensitivities on Council's financial position under the "Sustainable Assets and Sustainable Services"

Chart 8

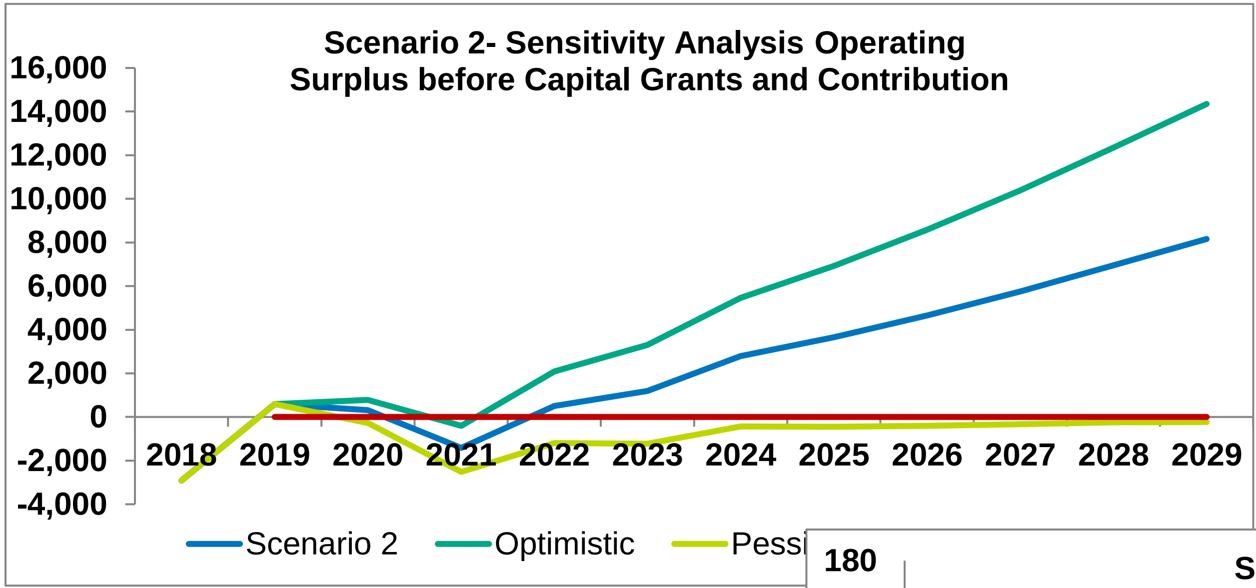
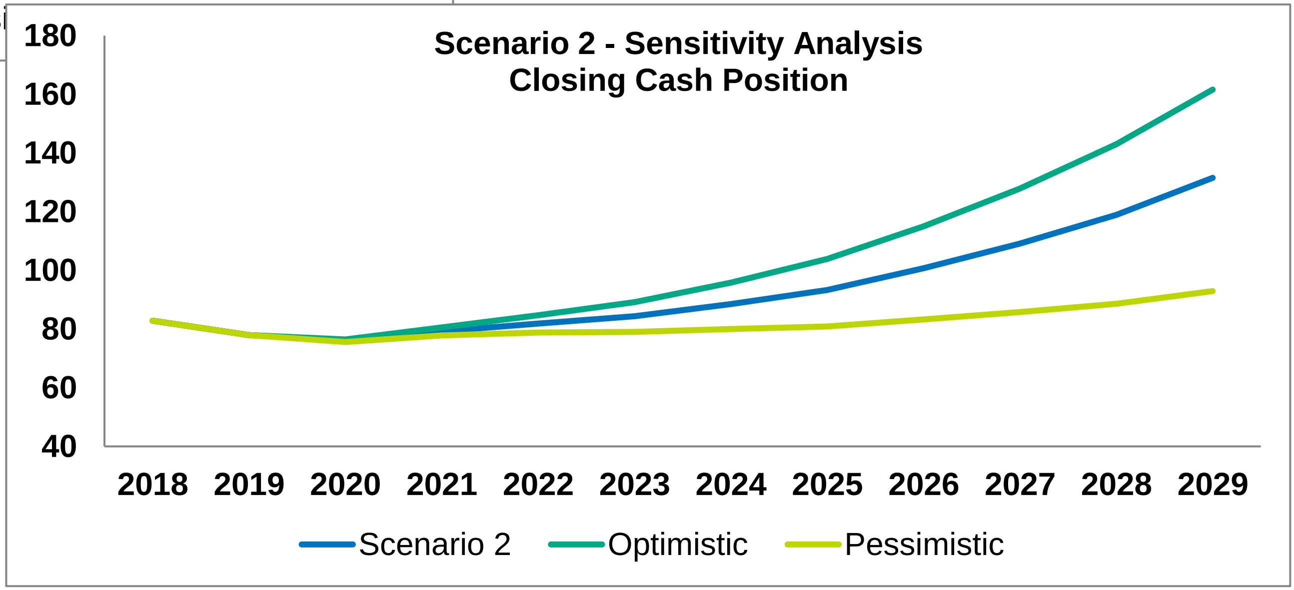


Chart 8 units are in thousands.

When modeling Scenario Two, a range of pessimistic and optimistic variations to the standard model assumptions were included to gauge the models sensitivity to favourable and unfavourable fluctuations in revenue and expenses. Over the term of the LTFP, the pessimistic variation model never reaches benchmark of $0, whilst the optimistic variation forecasts improving net operating results when compared to the standard model assumptions. The optimistic variation reports a net operating result of $14.3 million in 2028-29 as compared to $8.1 million for the standard model.

Chart 9



Units are in millions in chart 9.

Over the term of the LTFP, the pessimistic variation model reflects Cash and Equivalents with a balance of $93 million in 2028-29 whilst the optimistic variation forecasts improving Cash and Equivalents when compared to the standard model assumptions. The optimistic variation reports Cash and Equivalents of $162million in 2028-29 as compared to $131 million for the standard model.

7. LONG-TERM FINANCIAL SUSTAINABILITY

7.1 Conclusion

Council is able to demonstrate financial sustainability under the Scenario Two “Sustainable Assets and Sustainable Services”.

For Council to achieve financial sustainability, all four financial sustainable principles must be met:

Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation.

Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.

Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.

Council must **maintain its asset base**, by renewing identified ageing infrastructure and ensuring cash reserves are set aside for those works yet to be identified.

8. SCENARIO COMPARISON

The following table shows some of the key ratios and measures to demonstrate the differences in financial sustainability in the two scenarios presented. Refer to each Scenario for an explanation of the material differences incorporated in each.

Chart 10

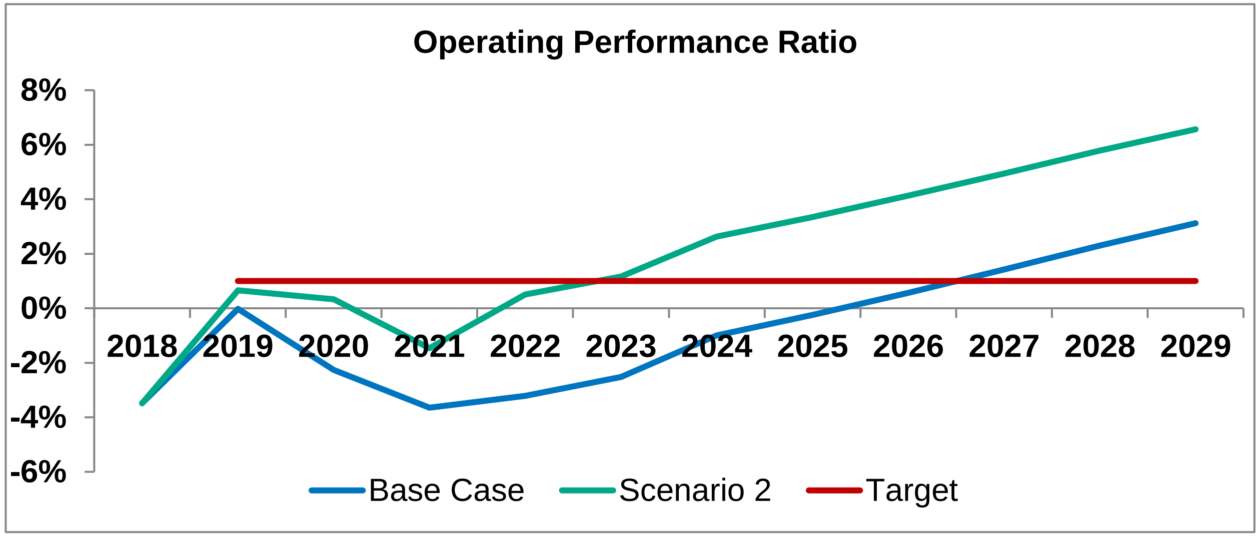
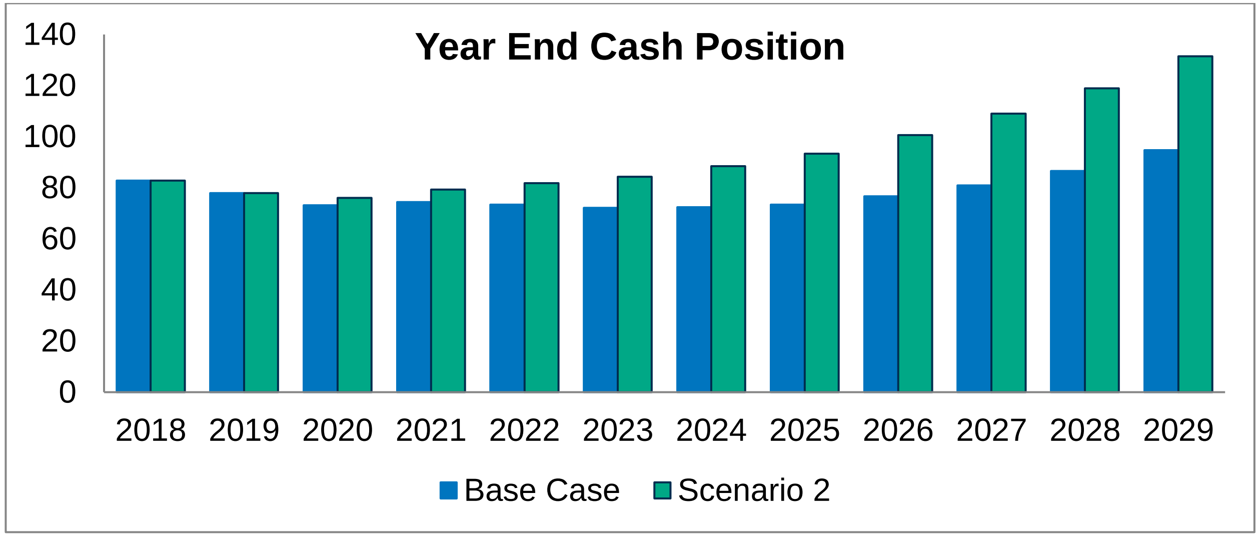


Chart 11



Units are in milions

9. FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS

Base Case

					2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
In ('000)					*Actual*	*Budget*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*
													Income Statement				
Revenue:																	
Ordinary Rates					35,934	51,055	38,051	38,907	40,384	41,907	43,585	45,320	47,116	48,972	50,892	52,877	54,930
Total Rates and Annual Charges					**50,281**	**51,055**	**53,630**	**55,356**	**57,131**	**58,960**	**60,989**	**63,420**	**65,580**	**67,809**	**70,109**	**72,482**	**74,931**
User Charges and Fees					16,199	17,021	17,721	18,253	18,800	19,380	19,962	20,561	21,181	21,816	22,471	23,145	23,839
Interest and Investment Revenue					2,669	2,651	2,811	2,265	2,212	2,216	2,183	2,170	2,188	2,252	2,365	2,512	2,718
Other Revenue					20,898	8,950	9,034	9,434	9,705	9,984	10,273	10,568	10,885	11,212	11,548	11,895	12,252
Own Source (Internal) Revenue					**90,047**	**79,677**	**83,196**	**85,308**	**87,849**	**90,541**	**93,407**	**96,719**	**99,835**	**103,090**	**106,494**	**110,034**	**113,740**
Grants and Contributions - Operating Purposes					7,078	3,851	5,016	5,116	5,219	5,323	5,430	5,538	5,649	5,762	5,877	5,995	6,115
Discontinued Operations					–	–	–	–	–	–	–	–	–	–	–	–	–
Improvement income					–	–	–	–	–	–	–	–	–	–	–	–	–
Other Income:																	
Net gain from the disposal of assets					–	–	–	–	–	–	–	–	–	–	–	–	–
Share of interests in joint ventures and associates					–	–	–	–	–	–	–	–	–	–	–	–	–
Total Income from Continuing Operations					**97,125**	**83,528**	**88,212**	**90,424**	**93,068**	**95,864**	**98,836**	**102,257**	**105,483**	**108,852**	**112,371**	**116,029**	**119,854**
Expenses																	
Employee benefits and on-costs					32,691	35,021	36,484	37,396	38,331	39,289	40,272	41,278	42,310	43,368	44,452	45,564	46,703
Borrowing costs (Interest expense)					222	197	170	142	112	79	45	11	–	–	–	–	–
Materials and contracts					20,544	24,689	17,161	17,510	17,867	18,231	18,604	18,976	19,355	19,742	20,137	20,540	20,951
Depreciation and amortisation					12,662	11,231	12,353	13,398	14,234	14,510	14,735	14,462	14,686	14,877	15,059	15,220	15,370
Impairment - DWM & SWL EXPENSES					–	–	13,214	13,483	13,758	14,038	14,325	14,612	14,904	15,202	15,506	15,816	16,132
Net Losses from the disposal of assets					367	–	–	–	–	–	–	–	–	–	–	–	–
Other expenses					14,013	15,304	8,845	9,287	9,752	10,239	10,751	11,289	11,853	12,446	13,068	13,721	14,408
Expenses on account of improvement					–	–	–	–	–	–	–	–	–	–	–	–	–
Maintenance and Operating Expenses - Additional					–	–	–	1,254	2,410	2,558	2,603	2,648	2,637	2,598	2,553	2,499	2,552
Maintenance & Ops expenses Gap for asset maintenance					–	–	–	813	1,959	2,097	2,131	2,163	2,141	2,089	2,032	1,964	2,004
Maintenance & Ops expenses - growth factor					–	–	–	441	451	461	473	484	497	509	522	535	548
Maintenance & Ops expenses because of efficiency gains					–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenses from Continuing Operations					**80,499**	**86,442**	**88,226**	**92,471**	**96,463**	**98,945**	**101,334**	**103,275**	**105,746**	**108,233**	**110,776**	**113,360**	**116,115**
Net Operating Result **before** Grants and Contributions - Capital Purposes					**16,626**	**(2,914)**	**(15)**	**(2,046)**	**(3,395)**	**(3,081)**	**(2,498)**	**(1,018)**	**(262)**	**618**	**1,594**	**2,668**	**3,739**
Grants and Contributions - Capital Purposes					12,497	5,439	9,207	49,691	53,295	5,401	5,509	5,619	5,731	5,846	5,963	6,082	6,204
Net Operating Result **after** Grants and Contributions - Capital Purposes					**29,123**	**2,525**	**9,192**	**47,645**	**49,900**	**2,319**	**3,011**	**4,601**	**5,469**	**6,464**	**7,557**	**8,751**	**9,943**

In ('000)	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
	Actual	*Budget*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
									Balance Sheet				
ASSETS													
Current Assets													
Cash and cash equivalents	5,516	4,259	–	(4,778)	(3,535)	(4,539)	(5,706)	(5,433)	(4,477)	(1,157)	3,057	8,639	16,785
Investments	81,150	75,034	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398
Receivables	6,128	5,899	6,199	6,655	6,865	7,083	7,319	7,593	7,844	8,103	8,370	8,646	8,930
Inventories	56	57	54	43	44	45	46	47	48	49	50	51	52
Other	201	258	246	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563
Non-Current Assets Classified As Held for Resale	2,100	–	–	–	–	–	–	–	–	–	–	–	–
Total Current Assets	95,151	85,507	80,897	76,563	78,018	77,232	76,302	76,850	78,058	81,638	86,120	91,979	100,410
Non-Current Assets													
Long term investments	4,000	3,526	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496
NCA Receivables	–	28	29	40	42	43	44	46	48	49	51	52	54
NCA Inventories	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure, property, plant and equipment (Net)	1,494,884	1,511,188	1,544,224	1,617,956	1,693,760	1,723,023	1,752,361	1,782,735	1,815,747	1,847,547	1,880,124	1,912,340	1,943,894
Capital work in progress	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment property	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920
Real Estate	–	–	–	–	–	–	–	–	–	–	–	–	–
Intangible Assets	1,587	896	536	363	189	104	48	–	–	–	–	–	–
Total Non-Current Assets	1,533,391	1,548,558	1,581,204	1,654,775	1,730,407	1,759,585	1,788,869	1,819,196	1,852,210	1,884,012	1,916,591	1,948,808	1,980,364
TOTAL ASSETS	**1,628,542**	**1,634,065**	**1,662,101**	**1,731,338**	**1,808,424**	**1,836,818**	**1,865,171**	**1,896,047**	**1,930,268**	**1,965,650**	**2,002,710**	**2,040,787**	**2,080,774**
LIABILITIES													
Current Liabilities													
Payables	15,414	17,006	16,856	10,758	11,237	11,559	11,873	12,196	12,519	12,847	13,185	13,533	13,909
Income received in advance	2,385	1,047	1,023	362	362	362	362	362	362	362	362	362	362
Borrowings (Debt)	463	490	518	548	581	615	415	–	–	–	–	–	–
Provisions	8,621	10,247	11,453	9,565	9,826	10,096	10,374	10,660	10,954	11,258	11,571	11,894	12,227
Total Current Liabilities	26,883	28,790	29,850	21,233	22,006	22,632	23,025	23,218	23,835	24,467	25,118	25,789	26,498
Non-Current Liabilities													
NCL Payables	–	–	–	–	–	–	–	–	–	–	–	–	–
NCL Borrowings (Debt)	3,166	2,677	2,159	1,611	1,030	415	–	–	–	–	–	–	–
NCL Provisions	757	495	553	286	286	286	286	286	286	286	286	286	286
Total Liabilities	**30,806**	**31,961**	**32,562**	**23,130**	**23,322**	**23,333**	**23,311**	**23,504**	**24,121**	**24,753**	**25,404**	**26,075**	**26,784**

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
In ('000)	*Actual*	*Budget*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
									Balance Sheet				
EQUITY													
Equity + Retained Earnings	1,141,635	1,144,160	1,153,352	1,200,997	1,250,897	1,253,217	1,256,228	1,260,829	1,266,298	1,272,762	1,280,320	1,289,070	1,299,014
Revaluation Reserves	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101
Total Equity	**1,597,736**	**1,600,261**	**1,609,453**	**1,657,098**	**1,706,998**	**1,709,317**	**1,712,329**	**1,716,930**	**1,722,399**	**1,728,863**	**1,736,421**	**1,745,171**	**1,755,115**

		2016 /2017	2017 /2018	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025	2025 /2026	2026 /2027	2027 /2028	2028 /2029
In ('000)		*Actual*	*Actual*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
Cash Flow Statement														
Net Income (net operating result)		29,123	2,525	(15)	(2,046)	(3,395)	(3,081)	(2,498)	(1,018)	(262)	618	1,594	2,668	3,739
Plus: Depreciation		12,662	11,231	12,353	13,398	14,234	14,510	14,735	14,462	14,686	14,877	15,059	15,220	15,370
(Increase)/ Decrease in current assets		(6,385)	143	(286)	(456)	(212)	(220)	(238)	(277)	(254)	(262)	(270)	(278)	(287)
Increase / (Decrease) in current liabilities		24,792	4,003	1,090	(8,914)	740	591	592	608	618	632	651	670	709
Cash flow from Operations		60,192	17,902	13,142	1,982	11,367	11,800	12,591	13,775	14,788	15,866	17,035	18,281	19,532
Receipts														
Sales of investments (current investments)		–	6,116	637	–	–	–	–	–	–	–	–	–	–
Sale of long term investments		–	474	30	–	–	–	–	–	–	–	–	–	–
Sale of Investment Securities (equity method)		–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of Investment Property		–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of Infrastructure, Property, Plant and Equipment		1,536	1,065	1,342	1,332	1,352	1,106	1,346	1,365	1,125	1,125	1,125	1,125	1,086
Sale of Real Estate Assets		–	–	–	–	–	–	–	–	–	–	–	–	–
Sales of Intangible Asset		–	691	361	173	173	85	56	48	–	–	–	–	–
Sale of Assets Held for Resale		(2,100)	2,100	–	–	–	–	–	–	–	–	–	–	–
Payments														
Purchase of investments (current investments)		(81,150)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of long term investments		(4,000)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Investment Securities (equity method)		–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Investment Property		(32,920)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Infrastructure, Property, Plant and Equipment		(31,041)	(20,786)	(23,097)	(63,762)	(64,396)	(18,816)	(20,054)	(20,119)	(20,689)	(19,518)	(19,910)	(19,906)	(18,676)
Purchase of Real Estate Assets		–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Intangible Assets		(1,587)	–	–	–	–	–	–	–	–	–	–	–	–
(Purchase) / Sale of CWIP		–	–	–	–	–	–	–	–	–	–	–	–	–
Cash flow from Investing		(151,262)	(10,341)	(20,728)	(62,257)	(62,870)	(17,625)	(18,652)	(18,705)	(19,563)	(18,392)	(18,784)	(18,781)	(17,590)
Receipts														
Proceeds from Grants and Contributions - Capital purposes		–	–	9,207	49,691	53,295	5,401	5,509	5,619	5,731	5,846	5,963	6,082	6,204
Proceeds from Borrowings (Debt) - Current		463	27	28	30	33	34	–	–	–	–	–	–	–
Proceeds from Borrowings (Debt) - Non - Current		3,166	–	–	–	–	–	–	–	–	–	–	–	–
Payments														
Repayments of Borrowings (Debt) - Current		–	–	–	–	–	–	(199)	(415)	–	–	–	–	–
Repayments of Borrowings (Debt) - Non - Current		–	(489)	(518)	(548)	(581)	(615)	(415)	–	–	–	–	–	–
Cash flow from Financing		3,629	(462)	8,717	49,173	52,747	4,820	4,894	5,204	5,731	5,846	5,963	6,082	6,204
Opening cash		–	5,583	9,725	6,324	(4,778)	(3,535)	(4,539)	(5,706)	(5,433)	(4,477)	(1,157)	3,057	8,639
Change in cash		(87,441)	7,098	1,132	(11,102)	1,243	(1,004)	(1,167)	273	956	3,320	4,214	5,583	8,146
Closing cash		**5,583**	**9,725**	**6,324**	**(4,778)**	**(3,535)**	**(4,539)**	**(5,706)**	**(5,433)**	**(4,477)**	**(1,157)**	**3,057**	**8,639**	**16,785**
		90,666	**82,819**	**77,894**	**73,115**	**74,359**	**73,355**	**72,188**	**72,461**	**73,416**	**76,736**	**80,950**	**86,533**	**94,679**
External Restrictions	*58.2%*	–	*48222*	*45,354*	*42,572*	*43,296*	*42,711*	*42,032*	*42,191*	*42,747*	*44,680*	*47,134*	*50,384*	*55,127*
Internal Restrictions	*31.6%*	–	*26133*	*24,579*	*23,071*	*23,463*	*23,147*	*22,778*	*22,865*	*23,166*	*24,214*	*25,543*	*27,305*	*29,875*
Unrestricted	*10.2%*	–	*8464*	*7,961*	*7,472*	*7,599*	*7,497*	*7,378*	*7,405*	*7,503*	*7,842*	*8,273*	*8,844*	*9,676*

Calculation	What is being measured?	Sustainable target	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
			Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio
Total operating revenue less total operating expenditure	Does the Council have a balanced budget?	Greater than zero	-3.49%	-0.02%	-2.26%	-3.65%	-3.21%	-2.53%	-1.00%	-0.25%	0.57%	1.42%	2.30%	3.12%
			✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓
Total operating revenue less revenue for capital purposes less total operating expenditure	Is the Council sustainable in terms of its operating result? Sufficient funding from operational activities?	Sustainable – Greater than 60%	94%	91%	65%	64%	95%	95%	95%	95%	95%	95%	95%	95%
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Greater than or equal to 100% Good Less than 100% Unsustainable	105%	102%	100%	100%	100%	102%	100%	100%	100%	100%	100%	100%
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets and reflects success of strategy to invest in Asset renewals	Benchmark 2%	3.40%	3.28%	3.02%	2.85%	2.82%	2.72%	2.64%	2.55%	2.49%	2.44%	2.36%	2.30%
			✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Asset maintenance divided by Asset Maintenance required	Is asset maintenance expenditure sufficient to maintain assets in the long-term?	Greater than or equal to 100% Good Less than 100% Unsustainable	105%	102%	100%	100%	100%	102%	100%	100%	100%	100%	100%	100%
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

SCENARIO 2

In ('000)	2016 /2017	2017 /2018	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025	2025 /2026	2026 /2027	2027 /2028	2028 /2029
	Actual	*Actual*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
1 2 3 4	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*
Income Statement													
Revenue:													
Total Rates and Annual Charges	50,281	51,055	53,630	55,356	57,131	58,960	60,989	63,420	65,580	67,809	70,109	72,482	74,931
User Charges and Fees	16,199	17,021	17,721	18,253	18,795	19,375	19,956	20,555	21,175	21,810	22,465	23,139	23,833
Interest and Investment Revenue	2,669	2,651	2,811	2,309	2,330	2,417	2,494	2,593	2,727	2,910	3,146	3,419	3,756
Other Revenue	20,898	8,950	9,034	9,434	9,705	9,984	10,273	10,568	10,885	11,212	11,548	11,895	12,252
Grants and Contributions - Operating Purposes	7,078	3,851	5,016	5,116	5,219	5,323	5,430	5,538	5,649	5,762	5,877	5,995	6,115
Improvement income	–	–	670	2,341	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381
Total Income from Continuing Operations	**97,125**	**83,528**	**88,882**	**92,810**	**96,562**	**99,441**	**102,523**	**106,055**	**109,397**	**112,885**	**116,526**	**120,311**	**124,266**
Expenses													
Employee benefits and on-costs	32,691	35,021	36,484	37,396	38,331	39,289	40,272	41,278	42,310	43,368	44,452	45,564	46,703
Borrowing costs (Interest expense)	222	197	170	142	112	79	45	11	–	–	–	–	–
Materials and contracts	20,544	24,689	17,161	17,510	17,867	18,231	18,604	18,976	19,355	19,742	20,137	20,540	20,951
Depreciation and amortisation	12,662	11,231	12,353	13,398	14,234	14,510	14,735	14,462	14,686	14,877	15,059	15,220	15,370
Impairment	–	–	13,214	13,483	13,758	14,038	14,325	14,612	14,904	15,202	15,506	15,816	16,132
Net Losses from the disposal of assets	367	–	–	–	–	–	–	–	–	–	–	–	–
Other expenses	14,013	15,304	8,845	9,287	9,752	10,239	10,751	11,289	11,853	12,446	13,068	13,721	14,408
Expenses on account of improvement	–	–	67	31	1,519	–	–	–	–	–	–	–	–
Maintenance and Operating Expenses - Additional	–	–	–	1,254	2,410	2,558	2,603	2,648	2,637	2,598	2,553	2,499	2,552
Total Expenses from Continuing Operations	**80,499**	**86,442**	**88,293**	**92,502**	**97,982**	**98,945**	**101,334**	**103,275**	**105,746**	**108,233**	**110,776**	**113,360**	**116,115**
Net Operating Result **before** Grants and Contributions - Capital Purposes	**16,626**	**(2,914)**	**588**	**308**	**(1,420)**	**496**	**1,189**	**2,780**	**3,652**	**4,651**	**5,750**	**6,950**	**8,152**
Grants and Contributions - Capital Purposes	12,497	5,439	9,207	49,691	53,295	5,401	5,509	5,619	5,731	5,846	5,963	6,082	6,204
Net Operating Result **after** Grants and Contributions - Capital Purposes	**29,123**	**2,525**	**9,795**	**49,999**	**51,875**	**5,897**	**6,697**	**8,399**	**9,383**	**10,497**	**11,713**	**13,033**	**14,355**

	2016 /2017	2017 /2018	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025	2025 /2026	2026 /2027	2027 /2028	2028 /2029
In ('000)	*Actual*	*Actual*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
1 2 3 4	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*
Balance Sheet													
ASSETS													
Current Assets													
Cash and cash equivalents	5,516	4,259	–	(1,821)	1,398	3,972	6,489	10,560	15,430	22,782	31,152	41,016	53,574
Investments	81,150	75,034	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398	74,398
Receivables	6,128	5,899	6,199	6,655	6,865	7,082	7,318	7,592	7,844	8,103	8,370	8,645	8,929
Inventories	56	57	54	43	44	45	46	47	48	49	50	51	52
Other	201	258	246	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563	245.563
Non-Current Assets Classified As Held for Resale	2,100	–	–	–	–	–	–	–	–	–	–	–	–
Total Current Assets	95,151	85,507	80,897	79,521	82,950	85,742	88,496	92,842	97,964	105,577	114,214	124,355	137,199
Non-Current Assets													
Long term investments	4,000	3,526	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496	3,496
NCA Receivables	–	28	29	40	42	43	44	46	48	49	51	52	54
NCA Inventories	–	–	–	–	–	–	–	–	–	–	–	–	–
Infrastructure, property, plant and equipment (Net)	1,494,884	1,511,188	1,544,224	1,617,956	1,693,760	1,723,023	1,752,361	1,782,735	1,815,747	1,847,547	1,880,124	1,912,340	1,943,894
Capital work in progress	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment property	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920	32,920
Real Estate	–	–	–	–	–	–	–	–	–	–	–	–	–
Intangible Assets	1,587	896	536	363	189	104	48	–	–	–	–	–	–
Total Non-Current Assets	1,533,391	1,548,558	1,581,204	1,654,775	1,730,407	1,759,585	1,788,869	1,819,196	1,852,210	1,884,012	1,916,591	1,948,808	1,980,364
TOTAL ASSETS	**1,628,542**	**1,634,065**	**1,662,101**	**1,734,295**	**1,813,357**	**1,845,328**	**1,877,365**	**1,912,039**	**1,950,175**	**1,989,589**	**2,030,805**	**2,073,163**	**2,117,562**
LIABILITIES													
Current Liabilities													
Payables	15,414	17,006	16,856	10,758	11,237	11,559	11,873	12,196	12,519	12,847	13,185	13,533	13,909
Income received in advance	2,385	1,047	1,023	362	362	362	362	362	362	362	362	362	362
Borrowings (Debt)	463	490	518	548	581	615	415	–	–	–	–	–	–
Provisions	8,621	10,247	11,453	9,565	9,826	10,096	10,374	10,660	10,954	11,258	11,571	11,894	12,227
Total Current Liabilities	26,883	28,790	29,850	21,233	22,006	22,632	23,025	23,218	23,835	24,467	25,118	25,789	26,498
Non-Current Liabilities													
NCL Payables	–	–	–	0	0	0	0	0	0	0	0	0	0
NCL Borrowings (Debt)	3,166	2,677	2,159	1,611	1,030	415	–	–	–	–	–	–	–
NCL Provisions	757	495	553	286	286	286	286	286	286	286	286	286	286
Total Liabilities	**30,806**	**31,961**	**32,562**	**23,130**	**23,322**	**23,333**	**23,311**	**23,504**	**24,121**	**24,753**	**25,404**	**26,075**	**26,784**
EQUITY													
Equity + Retained Earnings	1,141,635	1,144,160	1,153,955	1,203,954	1,255,830	1,261,727	1,268,424	1,276,823	1,286,206	1,296,704	1,308,417	1,321,449	1,335,805
Revaluation Reserves	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101	456,101
Total Equity	**1,597,736**	**1,600,261**	**1,610,056**	**1,660,055**	**1,711,931**	**1,717,828**	**1,724,525**	**1,732,924**	**1,742,307**	**1,752,805**	**1,764,518**	**1,777,550**	**1,791,906**

				2016 /2017	2017 /2018	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025	2025 /2026	2026 /2027	2027 /2028	2028 /2029
In ('000)				*Actual*	*Actual*	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*
Cash Flow Statement																
Net Income (net operating result)				29,123	2,525	588	308	(1,420)	496	1,189	2,780	3,652	4,651	5,750	6,950	8,152
Plus: Depreciation				12,662	11,231	12,353	13,398	14,234	14,510	14,735	14,462	14,686	14,877	15,059	15,220	15,370
(Increase)/ Decrease in current assets				(6,385)	143	(286)	(456)	(212)	(220)	(238)	(276)	(254)	(261)	(270)	(278)	(287)
Increase / (Decrease) in current liabilities				24,792	4,003	1,090	(8,914)	740	591	592	608	618	632	651	670	709
Cash flow from Operations				60,192	17,902	13,745	4,336	13,342	15,378	16,277	17,573	18,701	19,899	21,191	22,563	23,944
Receipts																
Sales of investments (current investments)				–	6,116	637	–	–	–	–	–	–	–	–	–	–
Sale of long term investments				–	474	30	–	–	–	–	–	–	–	–	–	–
Sale of Investment Securities (equity method)				–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of Investment Property				–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of Infrastructure, Property, Plant and Equipment				1,536	1,065	1,342	1,332	1,352	1,106	1,346	1,365	1,125	1,125	1,125	1,125	1,086
Sale of Real Estate Assets				–	–	–	–	–	–	–	–	–	–	–	–	–
Sales of Intangible Asset				–	691	361	173	173	85	56	48	–	–	–	–	–
Sale of Assets Held for Resale				(2,100)	2,100	–	–	–	–	–	–	–	–	–	–	–
Payments																
Purchase of investments (current investments)				(81,150)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of long term investments				(4,000)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Investment Securities (equity method)				–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Investment Property				(32,920)	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Infrastructure, Property, Plant and Equipment				(31,041)	(20,786)	(23,097)	(63,762)	(64,396)	(18,816)	(20,056)	(20,119)	(20,689)	(19,518)	(19,910)	(19,906)	(18,676)
Purchase of Real Estate Assets				–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of Intangible Assets				(1,587)	–	–	–	–	–	–	–	–	–	–	–	–
(Purchase) / Sale of CWIP				–	–	–	–	–	–	–	–	–	–	–	–	–
Cash flow from Investing				(151,262)	(10,341)	(20,728)	(62,257)	(62,870)	(17,625)	(18,655)	(18,705)	(19,563)	(18,392)	(18,784)	(18,781)	(17,590)
Receipts																
Proceeds from Grants and Contributions - Capital purposes				–	–	9,207	49,691	53,295	5,401	5,509	5,619	5,731	5,846	5,963	6,082	6,204
Proceeds from Borrowings (Debt) - Current				463	27	28	30	33	34	–	–	–	–	–	–	–
Proceeds from Borrowings (Debt) - Non - Current				3,166	–	–	–	–	–	–	–	–	–	–	–	–
Payments																
Repayments of Borrowings (Debt) - Current				–	–	–	–	–	–	(199)	(415)	–	–	–	–	–
Repayments of Borrowings (Debt) - Non - Current				–	(489)	(518)	(548)	(581)	(615)	(415)	–	–	–	–	–	–
Cash flow from Financing				3,629	(462)	8,717	49,173	52,747	4,820	4,894	5,204	5,731	5,846	5,963	6,082	6,204
Opening cash				–	5,583	9,725	6,927	(1,821)	1,398	3,972	6,489	10,560	15,430	22,782	31,152	41,016
Change in cash				(87,441)	7,098	1,735	(8,748)	3,219	2,573	2,517	4,072	4,870	7,353	8,370	9,865	12,558
Closing cash				**5,583**	**9,725**	**6,927**	**(1,821)**	**1,398**	**3,972**	**6,489**	**10,560**	**15,430**	**22,782**	**31,152**	**41,016**	**53,574**
				90,666	**82,819**	**77,894**	**76,073**	**79,292**	**81,865**	**84,382**	**88,454**	**93,323**	**100,676**	**109,045**	**118,910**	**131,468**
External Restrictions	*58.2%*			–	*48,222*	*45,354*	*44,294*	*46,168*	*47,667*	*49,132*	*51,503*	*54,338*	*58,619*	*63,492*	*69,236*	*76,548*
Internal Restrictions	*31.6%*			–	*26,133*	*24,579*	*24,004*	*25,020*	*25,832*	*26,626*	*27,911*	*29,447*	*31,768*	*34,409*	*37,521*	*41,484*
Unrestricted	*10.2%*			–	*8,464*	*7,961*	*7,775*	*8,104*	*8,367*	*8,624*	*9,040*	*9,538*	*10,289*	*11,144*	*12,153*	*13,436*

Calculation	What is being measured?	Sustainable target	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
			Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio	Forecast ratio
Total operating revenue less total operating expenditure	Does the Council have a balanced budget?	Greater than zero	-3.49%	0.66%	0.33%	-1.47%	0.50%	1.16%	2.62%	3.34%	4.12%	4.93%	5.78%	6.56%
			✘	✔	✔	✘	✔	✔	✔	✔	✔	✔	✔	✔
Total operating revenue less revenue for capital purposes less total operating expenditure	Is the Council sustainable in terms of its operating result? Sufficient funding from operational activities?	Sustainable – Greater than 60%	94%	91%	65%	64%	95%	95%	95%	95%	95%	95%	95%	95%
			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long-term?	Greater than or equal to 100% Good Less than 100% Unsustainable	123%	111%	96%	80%	98%	115%	113%	114%	106%	105%	112%	109%
			✔	✔	✘	✘	✘	✔	✔	✔	✔	✔	✔	✔
Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets and reflects success of strategy to invest in Asset renewals	Benchmark 2%	3.40%	3.28%	3.02%	2.85%	2.82%	2.72%	2.64%	2.55%	2.49%	2.44%	2.36%	2.30%
			✘	✘	✘	✘	✘	✘	✘	✘	✘	✘	✘	✘
Asset maintenance divided by Asset Maintenance required	Is asset maintenance expenditure sufficient to maintain assets in the long-term?	Greater than or equal to 100% Good Less than 100% Unsustainable	105%	102%	100%	100%	100%	100%	100%	102%	100%	100%	100%	100%
			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

1a Marlborough Street, Drummoyne NSW 2047
Tel 9911 6555 **www.canadabay.nsw.gov.au**

City of
Canada Bay